

TOWN OF SIMSBURY
POLICY FOR BUDGETARY TRANSFERS AND SUPPLEMENTAL
APPROPRIATIONS

Adopted by the Board of Finance on September 21, 2021

Objective: It is the purpose of this policy to outline the process and circumstances for amending the budget via supplemental appropriation or transfers within and between departments.

A. Transfers *within* a Department – Use of Current Year Savings

The Board of Selectmen has the sole power to approve transfers within Town department budgets with the exception of the Board of Education.

For transfers within a department budget, control is maintained at the departmental level and can happen any time during the year. In no case may the total expenditures of a particular department exceed that which is appropriated for the department as a whole.

The Board of Education has the sole power to approve transfers within the Board of Education budget so long as it does not exceed the total appropriation allocated to the Board of Education.

The Board of Finance does not approve transfers within departments so long as the total expenditure of a particular department does not exceed that which is appropriated for the whole department. The Board of Finance annually reviews transfers made within departments at the close of the fiscal year pursuant to CGS Chapter 106, Sec. 7-345.

B. Transfers *Between* Departments - Use of Current Year Savings

Pursuant to Simsbury Town Charter, Section 812 (f), upon the request of the Board of Selectmen during the last six (6) months of the fiscal year, the Board of Finance may, by vote, transfer any unencumbered appropriation, balance or portion thereof from one (1) department, commission, board or office to another. This provision shall not apply to the Board of Education.

Such transfers may be granted provided that:

- the purpose for which the transferred funds are to be expended remains unchanged; or
- the purpose for which the funds were initially appropriated no longer exists; or

- the proposed transfer is from a fund in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation approved at referendum.

C. Transfers *Between* Funds

All transfers between funds require the approval of the Board of Finance upon the request of the Board of Selectmen.

D. Supplemental Appropriations

No expenditure and no commitment to make an expenditure shall be made, caused to be made, or authorized by any officer, agency or agency of the Town, or by any board of commission of the Town unless an appropriation shall have been made covering such expenditure or commitment in accordance with the provisions of the Town Charter and state law (Charter Section 812(d)).

The Board of Finance shall have the power, by resolution and only upon the recommendation of a majority of the Board of Selectmen, to make any appropriation supplemental to those provided in the annual budget for the then current fiscal year. Except as set forth in Section 810 (Emergency Appropriations), any individual appropriation for any purpose made equal to or greater than two percent (2%) of the annual budget for the then current fiscal year is subject to automatic referendum pursuant to Section 406 of the Charter. Any individual appropriation for any purpose less than two percent (2%) of that annual budget for the then current fiscal year may be made upon approval of the Board of Selectmen and the Board of Finance. Supplemental appropriations as described in this section not approved at referendum may not exceed in any fiscal year a cumulative total of three percent (3%) of the annual budget for the then fiscal year. (Charter Section 809)

All budget increases above the budget approved at referendum must be recommended by the Board of Selectmen and approved by the Board of Finance. Common supplemental appropriations include, but are not limited to:

- Fiscal Year End Transfers: usually adopted in September/October to re-appropriate funds from the previous year's ending balance for projects or obligations that were approved but not completed during the year or to fund a new project.
- Grants or unanticipated revenues: if revenue is received during the fiscal year from a source that was not anticipated at the time of budget adoption or appropriation for the fiscal year, such as grants or implementation of a new fee, the Board of Finance, upon recommendation of the Board of Selectmen, may appropriate that unanticipated revenue for expenditure when received anytime during the

year. It is the practice of the Board of Finance that known or anticipated recurring grants be budgeted during the regular budget cycle.

- Emergency appropriations: For the purpose of meeting a public emergency threatening the lives, health or property of citizens, emergency appropriations, the total amount of which shall not exceed fifty percent (50%) of the undesignated fund balance for the then current fiscal year, may be made upon the recommendation of at least four (4) members of the Board of Selectmen and by an affirmative vote of no fewer than four (4) members of the Board of Finance. In the absence of sufficient general fund resources to meet such appropriations, additional means of financing shall be provided in such manner, consistent with the provisions of the General Statutes and of this Charter, as may be determined by the Board of Finance. (Charter, Section 810)

Supplemental appropriations for special projects/activities shall be kept to a minimum when feasible via utilization of the annual budgeting process, year-end close out process or during the mid-year financial review.

Supplemental appropriations for necessary repairs and maintenance will be approved during the mid-year financial review or year-end close out. However, the Board of Finance will be notified of the intended purchases in their monthly meeting in advance of the purchase.

E. Appropriation Lapses

All appropriations unexpended or unencumbered at the end of the fiscal year shall lapse to the applicable general fund, except for:

- Capital expenditure appropriations from whatever source derived, shall not lapse until the purpose for which the appropriation was made shall have been accomplished or abandoned, provided any such project shall be deemed to have been abandoned if three (3) fiscal years shall lapse without any expenditure from or encumbrances of the appropriation therefore; and
- Federal or state grants do not lapse until the expiration of the federal or state grant or as required by law or
- Special Revenue Funds, unless explicitly stated as part of the creation of the fund.