



School District Governance Association of New Hampshire

Model Policy approved Apr. 15 2024

Line Item Transfer Authority

Policy Code(s) DBK

Policy Text	Annotations
It is the policy of this district, under the terms of RSA 32:10-II, that the budget presented to the Legislative Body by line item at the Function Code / Object Code level, and approved at School District Annual Meeting, constitutes the line item appropriations which shall be honored per RSA 32:8.	The intent of this policy is to ensure that the school district is able to respond to changing financial pressures during the budget year, while maintaining accountability to the Board and the public, and transparency for how the Board plans to fund shortfalls within a fixed overall budget.
No line item shall be over-expended without prior approval by the School Board, and then only if the total expenditure for the school district will not exceed the total appropriation approved for the budget year.	<p>Prior approval to overexpend the approved appropriation is required by RSA 32:8.</p> <p>Limitation of the total expenditure to the total budget appropriated is required by RSA 32:10 I (a).</p>
The Board hereby grants general approval to the Superintendent to over-expend any line item by an amount not to exceed \$5,000 for the full budget year. Such over-expenditure shall be reported to the Board in monthly financial reporting when the overexpenditure is known by reason of actual and pending spending commitments for that budget line.	<p>It is logical and reasonable for the School Board to pre-approve some level of over-expenditure, but such overexpenditure should still be subject to reporting to the Board.</p> <p>Note that an over-expenditure may occur months before the actual expenditure on a line item exceeds the line item appropriation. The Superintendent and Business Manager should be aware that an expenditure made early in the fiscal year may consume more money than planned, making it certain that the appropriation will be exceeded before the end of the fiscal year. The reporting to the School Board should occur when the expenditure is made with knowledge that the full year appropriation will be exceeded.</p> <p>Note that over-expenditure is not evaluated on a single purchase/expenditure, but on the anticipated impact on the full-year appropriation for the line item which funds that purchase/expenditure.</p>

<p>The Superintendent has no authority to make an expenditure which will cause total expenditures in the budget year to exceed the appropriation for a line item by more than \$5,000, without prior approval of the Board. To obtain prior approval, the Superintendent shall report in writing:</p> <ul style="list-style-type: none"> • the amount of the recommended expenditure • the reason the expenditure will result in over-expenditure of the appropriated amount for the line item • the anticipated full-year overexpenditure for the line item as compared to the appropriated amount • a list of line items and amounts which the Superintendent recommends be under-expended in order to fund the over-expenditure, as well as an assessment of the problems or risks caused by such under-expenditures. With this information provided, the Board may approve the anticipated full-year overexpenditure for the line item as well as the corresponding under-expenditures required to keep total annual expenditures within the total appropriated budget for the school district. 	
<p>The Superintendent shall maintain a register of all variances, both those specifically approved by the Board, as well as those covered by the general approval for small variances. The Superintendent shall make best efforts to integrate the approved variances into the monthly financial reporting system while retaining clear visibility for the original appropriations.</p>	
<p>All variances over budget, whether approved by the Board or undertaken on the Superintendent's general approval for small variances, are nevertheless variances from the original line item appropriations, and must be so reported.</p> <p>The reporting shall also be provided to the Budget Committee if one exists.</p>	
<p>It is the policy of this School District to interpret the term Transfer of Appropriations (per RSA 32:10) to mean approved over- or under-expenditure of the line item appropriations approved at School District Annual Meeting.</p> <p>Reporting of variances to the public and to other agencies shall be based on the original line item appropriations. Transfer of Appropriations creates no alteration to the approved budget or its line item appropriations.</p>	<p>Debate on this policy is sometimes diverted into the incorrect proposition that "transfer of appropriation" can erase the difference between the approved budget appropriation and the actual expenditure. RSA 32:10 (c) clearly lays out that reporting to the public must clearly compare the actual expenditures to the voted budget appropriations.</p>
<p>References</p>	

NH RSA 32:8 Limitation on Expenditures	No board of selectmen, school board, village district commissioners or any other officer, employee, or agency of the municipality acting as such shall pay or agree to pay any money, or incur any liability involving the expenditure of any money, for any purpose in excess of the amount appropriated by the legislative body for that purpose, or for any purpose for which no appropriation has been made, except as provided in RSA 32:9-11.
NH RSA 32:10 Transfer of Appropriations	<p>I. If changes arise during the year following the annual meeting that make it necessary to expend more than the amount appropriated for a specific purpose, the governing body may transfer to that appropriation an unexpended balance remaining in some other appropriation, provided, however, that:</p> <p>(a) The total amount spent shall not exceed the total amount appropriated at the town or district meeting.</p> <p>(b) Records shall be kept by the governing body, such that the budget committee, if any, or any citizen requesting such records pursuant to RSA 91-A:4, may ascertain the purposes of appropriations to which, and from which, amounts have been transferred; provided, however, that neither the budget committee nor other citizens shall have any authority to dispute or challenge the discretion of the governing body in making such transfers.</p> <p>(c) A statement comparing all legislative body appropriations against all expenditures shall be deemed adequate for purposes of the records required by subparagraph (b), so long as every expenditure has been properly authorized and properly classified and entered and any expenditures exceeding the original legislative appropriations are offset by unexpended balances remaining in other appropriations, in which case the governing body shall not be required to designate the specific source of each transfer.</p>