

TRANSFER OF FUNDS BETWEEN LINE ITEMS/AMENDMENTS/  
PURCHASES NOT BUDGETED

Appropriate fiscal controls shall ensure that the board does not spend more than authorized funds. The board secretary shall keep the board informed of the district's financial status according to law.

Except in the case of federal basic skills improvement funds, the board designates the Superintendent to approve such transfers among line items and programs as are necessary between meetings of the board. Transfers approved by the Superintendent shall be reported to the board, ratified, and recorded in the minutes at a subsequent meeting of the board, but not less than monthly.

When the necessity arises for an unbudgeted expenditure, and there are no available funds in other line items in the same category, the procedures required by administrative code shall be initiated.

**Date:**            **Reviewed: May 17, 2000; May 15, 2002; August 18, 2004; December 15, 2010**  
**Readopted: May 17, 2000; January 21, 2004; February 16, 2011**

Legal References:    Use legal reference sheet.

Cross References:    List your appropriate policies. See legal reference sheet for possibilities.

Key Words

Transfer of Funds, Budget, Budget Amendment

\*\*Mandated if the district wishes to adopt an expanded chart of accounts pursuant to N.J.A.C. 6:20-2A.2(m)2.

Legal References

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**Monitored:**

Indicator 7.3

**Mandated:**

N.J.A.C. 6A:23-2.11(a)2 requires that when a district board of education adopts an expanded chart of accounts pursuant to N.J.A.C. 6A:23-2.2(g)2, that district board of education must adopt a policy concerning the controls over appropriations for line item accounts that exceed the minimum level of detail established pursuant to N.J.A.C. 6A:23-2.2(g)1. If the board fails to adopt such a policy, the restrictions contained in N.J.A.C. 6A:23-2.11(a)1 shall apply to line item accounts that exceed the minimum level of detail.

**Other Reasons:**

N.J.S.A. 2C:30-4 establishes knowing disbursement of moneys or incurring of obligations by board members in excess of appropriations or an amount limited by law as a crime of the fourth degree subject to fine and imprisonment.

N.J.S.A. 18A:22-8.1 provides (1) that a board may transfer funds among line items and program categories by resolution of the board; (2) that a board (by resolution) may designate the Superintendent to approve such transfers as are necessary between meetings of the board and that such transfers shall be reported to the board, on at least a monthly basis, ratified and duly recorded in the minutes; and (3) that when the commissioner of education directs a comprehensive compliance investigation of a district in Level III monitoring, the board of education must obtain the written approval of the county superintendent prior to implementing any transfer of funds.

N.J.S.A. 18A:22-8.2 lists funds transfers that are prohibited.

N.J.A.C. 6A:23-2.11 forbids the board to incur a deficit.

\*\*Mandated if the district wishes to adopt an expanded chart of accounts pursuant to N.J.A.C. 6A:23-2.2(g)2.

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TRANSFER OF FUNDS BETWEEN LINE ITEMS/  
AMENDMENTS/PURCHASES NOT BUDGETED (continued)

Regulations for management of federal basic skills improvement funds require county superintendent approval of certain transfers.

BSI application assurances (reflecting federal law) require that the board as LEA retain control of federal funds.

**Recommendation:**

A policy addressing the prohibition on incurring a deficit and on restrictions on the transfer of federal basic skills improvement funds. It should include board authorization of the Superintendent to transfer other funds, between meetings of the board, if that is the board's wish.

<b><u>Legal References:</u></b>	<p><u>N.J.S.A.</u> 2C:30-4                      Disbursing moneys, incurring obligations in excess of appropriations</p> <p><u>N.J.S.A.</u> 18A:17-9                      Secretary; report of appropriations, etc.; custodial duties, etc.</p> <p><u>N.J.S.A.</u> 18A:18A-7                      Emergency purchases and contracts</p> <p><u>N.J.S.A.</u> 18A:22-8.1                      Transfer of amounts among line items and program categories</p> <p><u>N.J.S.A.</u> 18A:22-8.2                      Prohibited transfers</p> <p><u>N.J.S.A.</u> 18A:24-48 through -54                      Application of proceeds to new purpose; in districts having boards of school estimate; certification by boards of education</p> <p><u>N.J.A.C.</u> 6A:23-2.1 <u>et seq.</u>              Double Entry Bookkeeping and GAAP</p> <p><u>See particularly:</u></p> <p><u>N.J.A.C.</u> 6A:23-2.2, -2.11              Accounting in Local School Districts</p> <p><u>N.J.A.C.</u> 6A:30-1.1 <u>et seq.</u>              Evaluation of the Performance of School Districts</p> <p>Hawkins-Stafford Elementary and Secondary School Improvement Act of 1988 (Pub. L. 100-297)</p> <p><u>Manual for the Evaluation of Local School Districts</u></p> <p><u>Guidelines for Development of Application--Basic Skills Improvement Plan--New Jersey State Department of Education, revised annually</u></p> <p><u>Guidelines for Development of Program Plan--Bilingual/ESL Education Programs--New Jersey State Department of Education, revised annually</u></p>
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**Possible**

<b><u>Cross References:</u></b>	*3000/3010	Concepts and roles in business and noninstructional operations; goals and objectives
	*3100	Budget planning, preparation and adoption
	3170	Budget administration
	3300	Expenditures/expending authority
	*3320	Purchasing procedures
	*3570	District records and reports
	3571	Financial reports
	*6142.2	English as a second language; bilingual/bicultural
	*6171.3	At-risk and Title 1
	9127	Appointment of auditor
	*9325.4	Voting method
	*9326	Minutes

\*Indicates policy is included in the Critical Policy Reference Manual.