



TOWN OF GOFFSTOWN, NH

FUND BALANCE POLICY

Policy Type	Town Financial Policy
Adopted By	Goffstown Select Board
Current Policy	Fund Balance Policy
Adoption Date	04/23/2007
Revision Date(s)	10/24/2022; 08/25/2025
Current Version Effective Date	08/25/2025

PURPOSE AND SCOPE

The general purpose of this policy is to improve the Town of Goffstown's financial stability by protecting itself against emergencies, negative economic trends, and unforeseen circumstances. This policy is also designed to create a stable fiscal position that will mitigate current and future risk, and ensure a stable cash flow for the continuity of financial operations. This policy encompasses the minimum required fund balance reserves and the allowable uses of fund balance reserves.

DEFINITIONS

Fund Balance: Used to describe the net position of a particular fund, the fund balance is the difference between fund's assets and liabilities at the time of calculation. Otherwise known as the accumulated equity balance. This accumulated equity balance in a governmental fund may result from under expenditure of appropriations, and/or from increased revenues, operations over a number of years.

Unrestricted Fund Balance: The difference between the total fund balance and the sum of the nonspendable and restricted fund balances. The Unrestricted Fund Balance has three (3) components – committed, assigned and unassigned.

Assigned Fund Balance: The general fund fund balance that the Town intends to use for a specific purpose, assigned through the annual encumbrance process prior to year end.

Committed Fund Balance: A portion of a government's fund balance in governmental funds that can only be used for specific purposes based on a formal action of the government's highest level of decision-making authority, Annual Town Meeting. Examples include: Special Revenue Funds and Expendable Trust Funds.

Unassigned Fund Balance: The fund balance, excluding all nonspendable, restricted, committed, and assigned reserves, as defined by the Generally Accepted Accounting Principles standards (GAAP) and any other balances dedicated for another purpose.

General Fund Operating Expenditures: The calculation of the Town's general fund operating appropriations, the State education tax commitment, the local school tax commitment, and the county tax commitment, less the enterprise funds and current year bonds.



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UNASSIGNED FUND BALANCE

Fund Balances recommended by the NH Department of Revenue Administration (DRA) and the Government Finance Officers Association (GFOA) are as follows:

Total General Fund Operating Expenditures:	Unassigned Fund Balance DRA Recommended:		Unrestricted Fund Balance Minimum GFOA Recommended:
	5%	17%	2 Months' Worth of GF Operating Expenditures
\$45,000,000	\$2,250,000	\$7,650,000	\$7,500,000
\$50,000,000	\$2,500,000	\$8,500,000	\$8,833,333
\$55,000,000	\$2,750,000	\$9,350,000	\$9,166,667
\$60,000,000	\$3,000,000	\$10,200,000	\$10,000,000
\$65,000,000	\$3,250,000	\$11,050,000	\$10,833,333
\$70,000,000	\$3,500,000	\$11,900,000	\$11,666,667
\$75,000,000	\$3,750,000	\$12,750,000	\$12,500,000

Appropriate Level of Unassigned Fund Balance: The adequacy of unassigned fund balance in the general fund should take into account each government's own unique circumstances. GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating expenditures, plus any amounts defined in the municipality's stabilization fund policy, if applicable. The Goffstown Select Board deems it appropriate to exclude from consideration assigned and committed fund balance and focus on unassigned fund balance, rather than on unrestricted fund balance. ¹

Minimum Balance: The Town shall achieve and maintain a minimum unassigned fund balance at 12% of the calculated general fund operating expenditures as defined above.

Target Balance: The Town shall work toward maintaining an unassigned fund balance of at least 16% of the general fund operating expenditures as defined above.

Total General Fund Operating Expenditures:	Minimum Balance: 12%	Target Balance: 16%
\$45,000,000	\$5,400,000	\$7,200,000
\$50,000,000	\$6,000,000	\$8,000,000
\$55,000,000	\$6,600,000	\$8,800,000
\$60,000,000	\$7,200,000	\$9,600,000
\$65,000,000	\$7,800,000	\$10,400,000
\$70,000,000	\$8,400,000	\$11,200,000
\$75,000,000	\$9,000,000	\$12,000,000

¹ "Fund Balance Guidelines for the General Fund." 30 September 2015. *Government Finance Officers Association of the United States and Canada*. <<https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>>.



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Fund Balance Uses: There are three ways to access unassigned fund balance.

- 1) At tax rate setting time the Select Board can use fund balance to stabilize the town side of the tax rate.
- 2) The Select Board may propose appropriations of any amount of unassigned fund balance in excess of the designated percentage, as allowed by NH law. These appropriations must go before the voters at Town Meeting.
- 3) The Select Board may appropriate unassigned fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the designated percentage. Emergency use of fund balance must follow the current legal procedure at the time of the transaction. An emergency purpose does not include the offsetting of property taxes or mismanagement of funds.

POLICY REVIEW AND AMENDMENTS

This policy shall be reviewed and re-affirmed on a regular basis, no less often than every five (5) years, to ensure the accuracy and applicability of long-term financing consideration, debt issuance and debt management.

EFFECTIVE DATE

This policy shall be effective upon a vote of the Select Board and shall replace any and all debt management policies previously enacted by the Town.



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This policy was adopted by the Goffstown Select Board on April 23, 2007.

This policy was revised by the Goffstown Select Board on October 24, 2022.

This policy was revised by the Goffstown Select Board August 25, 2025.

Peter Georgantas, Chair

Jim Craig

Mark Lemay, Vice Chair

Joshua Douglas

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Adopted By	Goffstown Select Board
Current Policy	Fund Balance Policy
Adoption Date	04/23/2007
Revision Date(s)	<i>10/24/2022 – revised definitions and language to match GASB 54; updated minimum balance (12% from 5%) and target balance (16% from 8%) of unassigned fund balance; adjusted tables; added footnotes to reference material. 08/25/2025 – added definitions for assigned and committed fund balance, added standard language for regular review and effective date of the policy.</i>
Current Version Effective Date	08/25/2025