



TOWN OF GOFFSTOWN, NH

DEBT MANAGEMENT POLICY

Policy Type	Town Financial Policy
Adopted By	Goffstown Select Board
Current Policy	Debt Management Policy
Adoption Date	07/30/2007
Revision Date(s)	08/25/2025
Current Version Effective Date	08/25/2025

Purpose

The incurring of debt to fund public infrastructure is a key tool in the Town's available resources to spread the cost of significant long-term assets over their useful life. Further, spreading the cost of the asset over a longer period of time ensures that future users will help to pay for those costs. This document outlines the Town's policy regarding debt limits, structuring, issuance and management.

Applicability

This policy applies to all departments of the Town of Goffstown.

This policy applies to debt issued for municipal purposes as defined and permitted by NH RSA Chapter 33 (Municipal Finance Act) and not for debt issued in connection with the Goffstown School District, Hillsborough County, or any municipal district therein.

This debt policy will be all-inclusive of debt issued by the Town, but not be limited to general obligation debt, government-purpose revenue debt, economic development related debt, lease obligations, and all forms of debt having an annual appropriation of Town revenues.

Definitions

"Bond" refers to a general obligation bond which are municipal bonds backed by the full faith and credit of the issuing government, primarily funded through taxation.

"Debt Service" is the combination of principal and interest payments.

"General Obligation Debt" is municipal debt, generally in the form of a bond, backed by the full faith and credit of the issuing government, primarily funded through taxation.

"Interest" is effectively the cost of financing, generally in the form of a percent-per-year owed in fees on the principal of the money borrowed.

"Principal" is the value or original sum of money borrowed, generally repaid in pre-defined increments alongside interest over the term of repayment for the money borrowed. Any one payment reduces the principal balance due, assuming the payment contributes to principal and not interest alone.

"RSA" is the standard abbreviation for Revised Statutes Annotated, the codified law of New Hampshire.

"Debt Structuring" is the terms of financing, such as the rate of interest and period or term of principal repayment.



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Administrative Policy and Procedures

I. Debt Limits

A. Legal Restrictions

All debt legally permitted to be issued by the Town is typically General Obligation Debt, supported by full faith and credit of the Town. Debt issued is pursuant NH RSA 33, the Municipal Finance Act, and NH RSA 33-B, Municipal Revenue Bonds.

B. General Fund Debt Limits

This policy sets debt limits for the Town's General Operating Fund that are in compliance with present statutes and meets the goals of the Town. The Town shall abide by, and consult with legal (bond) counsel to confirm compliance with, NH RSA 33:4-a Debt Limit, Municipalities.

Total indebtedness is restricted to an amount at any one time not to exceed 3% of the last locally assessed valuation of the municipality as last equalized by the commissioner of revenue administration.

C. Sewer Fund Debt Limits

This policy, in accordance with the Town's Sewer Commission internal procedure, sets debt limits for the Town's Sewer Fund that are in compliance with present statutes and meets the goals of the Town. The Sewer Commission shall abide by, and consult with legal (bond) counsel to confirm compliance with, NH RSA 33:4-a Debt Limit, Municipalities for projects not subject to compliance under NH RSA 33:5 Sewerage Systems and Sewage Treatment Works, which may exempt them from the limit of indebtedness prescribed by RSA 33:4.

II. Debt Structuring

- A. Maturity of Bonds – Generally, bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.
- B. Short Term Financing/Capital Lease Debt – may be considered to finance certain equipment. Adequate funds for the repayment of principal and interest must be included in the requesting department's approved budget. The Term of short-term financing will be limited to the usual life period of the equipment.

III. Debt Issuance Practices

Debt may be issued through on or more of the following means depending on what is the best interest of the Town –

- A. New Hampshire Municipal Bond Bank,
- B. State Revolving Loan Funds or other State programs,
- C. Federal Revolving Loan Funds or other Federal programs,
- D. Leases or other types of short and long-term debt issued to the Town by financial institutions,
- E. Partnerships with not-for-profit, for-profit entities and other government entities involving structural arrangements that are not in conflict with Federal or State laws.



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General obligation debt may be used in lieu of revenue debt if expenses can be significantly reduced (as compared to financing from self-supporting revenues) and if special or enterprise fund revenue available for debt service is considered to be sufficient and reliable.

A debt analysis shall be prepared by Town staff for each long-term financing. The analysis will assess the impact of debt issuance on current and future operating and capital budgets and address the reliability of revenues to support debt service payments.

The Town will generally conduct financing on a competitive basis; however, negotiated financing or low-interest programs, such as the Revolving Grant Program sponsored by the New Hampshire Department of Environmental Services (NH DES), may be used where the use of an unusual or complex financing or security structure is a concern with regard to marketability, or it is more cost effective to negotiate with a sole source.

The Town shall seek credit enhancements such as letters of credit or insurance when necessary for marketing purposes or cost effectiveness.

IV. Debt Management Practices

Debt Management –

The primary tool used to plan for debt is the Capital Improvement Plan (CIP). The focus of the CIP process is planning for the Town's future. The CIP is developed and updated annually for use by the Select Board and Budget Committee to review proposed budget expenditures relative to the capital needs of the Town and community. The CIP is an essential component of the Town's financial planning effort and provides a long-range perspective and framework for addressing its capital improvement needs, as well as ensuring those needs are funded in a responsible and systematic fashion.

The Town will consider the use of debt financing only for one-time capital improvement projects and unusual equipment purchases, only under the following circumstances:

- A. The project's useful life or the projected services life of the equipment will exceed the term of the financing,
- B. There exist designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues, and
- C. Debt financing falls within an acceptable use under New Hampshire State law.

The Town may use the following criteria to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:

- A. Factors which favor pay-as-you-go:
 - i. Current revenues and adequate fund balances are available,
 - ii. Project phasing is feasible,
 - iii. Debt levels would adversely affect the Town's borrowing capacity, and/or
 - iv. Market conditions are unstable or present difficulties in receiving favorable financing rates.
- D. Factors which favor long-term financing:
 - i. Revenues available for debt service are considered sufficient and reliable,



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- ii. Market conditions present favorable interest rates and demand for municipal financing,
- iii. A project is mandated by State or Federal agencies and/or mandates and current revenues and fund balances are insufficient to pay project costs,
- iv. A project is immediately required to meet or relieve capacity needs,
 - v. The life of the project or asset financed is ten (10) years or longer, and/or
- vi. A project's long-term benefits require that costs be shared by current and future users and outweigh the additional costs as measured on a present value basis.

The Town shall monitor compliance with bond covenants and adhere to Federal arbitrage regulations.

The Town will follow a policy of full disclosure on every financial report and bond prospectus voluntarily following disclosure guidelines provided by the Government Finance Officers' Association (GFOA), unless the cost of compliance with the higher standard is unreasonable.

Inter-fund borrowing and internal lending will be considered to finance high priority needs on a case-by-case basis, only when other planned expenditures in the fund making the loan would not be affected. Lending may be used when it would reduce the cost of debt-related interest, debt issuance, and/or debt administration, or encourage private investment which might otherwise not take place. Any interfund borrowing shall be accompanied by a plan of repayment to the affected fund.

Acceptable Use –

Any items that may be capitalized and are considered an acceptable use under New Hampshire State law are allowable for the issuance of debt and use of debt proceeds.

Unacceptable Use –

Short-term borrowing to finance operating needs is not an acceptable intent to issue debt or acceptable use of bond proceeds.

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.

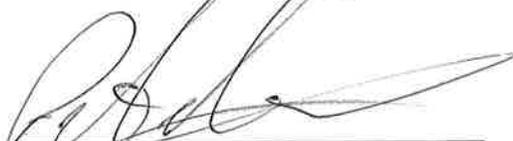


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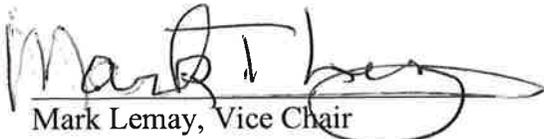
This policy was adopted by the Goffstown Select Board on July 30, 2007.

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



Peter Georgantas, Chair

Jim Craig



Mark Lemay, Vice Chair

Joshua Douglas



Richard Manzo

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Current Policy	Debt Management Policy
Adoption Date	07/30/2007
Revision Date(s)	08/25/2025 – <i>Added definitions, purpose, and applicability sections. Added debt limits, debt structuring, and debt management. Debt issuance practices section moved and expanded. Defined acceptable & unacceptable uses, referenced RSAs, added policy review process.</i>
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In lieu of an extensive appendix, the applicable statute referenced throughout this policy, NH RSA 33, can be viewed in its entirety at <https://gc.nh.gov/rsa/html/III/33/33-mrg.htm>.