

Forest Maintenance Fund Guidance

A Guide for Municipalities



August, 2025

HB 124 added a provision to RSA 31:113 which allows towns to take a surplus out of the forest maintenance fund and place it into the unreserved fund balance. The added language states as follows:

“Notwithstanding RSA 31:95-b, if the fund expending authority determines that the special forest maintenance fund has a surplus, such committee or commission may, after a majority vote to do so, offer the surplus to the municipality for deposit in the unreserved fund balance. The legislative body of the municipality shall vote to accept the surplus for deposit.”

Forest maintenance funds can build a surplus when funds received for timber cuts of the town forest exceed the cost associated with establishing or maintaining a city or town forest. Since funds in a forest maintenance fund do not lapse, a surplus can occur when there is no additional spending, such as purchasing more land to add to the town forest. This amendment provides an avenue for the town meeting to vote to move a surplus out of the forest maintenance fund and place it into the unreserved fund balance for appropriation at a later date.

The language of the amendment seems to suggest that only the town meeting has the authority to approve such a transfer. Even if your municipality has granted the governing body the authority to accept unanticipated revenue under RSA 31:95-b, that will not apply in these circumstances. Instead, the expending authority, usually a forest commission, may vote to “offer” an amount of funds to the municipality. This “offer” must then be accepted by the legislative body at the next town meeting. This would most likely occur in the form of a separate warrant article asking if the voters will approve accepting X amount of dollars from the forest maintenance fund for deposit into the fund balance. Unfortunately, these funds cannot be spent until they have been accepted and then further appropriated. Therefore, towns may not be able to spend the funds, once accepted into the unreserved fund balance, until the next town meeting the following year. If the acceptance of the forest surplus is to bolster the general fund’s fund balance, no further action will be needed the following year.

Generally Accepted Accounting Practices (GAAP) and Governmental Accounting Standards Board (GASB) do not allow for a direct transfer of fund balance. In the event that your legislative body approves this transfer, the associated accounting entry would be a withdrawal of cash from your forest fund with an offsetting expense of transfer to the general fund. Conversely, the general fund would be a deposit to cash with an offsetting revenue of transfer from the forest fund.