Town of Warner, New Hampshire For the Year Ended December 31, 2010

Required Communications to Those Charged with Governance

Professional standards established by the American Institute of Certified Public Accountants (AICPA) require independent auditors to communicate certain matters directly to the Board of Selectmen or an appropriate committee of the Board. This information is intended solely for the use of the Board of Selectmen and management and is not intended to be or should not be used by anyone other than those specified parties. These communications are as follows:

Requirements	Response							
The level of responsibility we assume in an audit	Performing the audit in accordance with auditing standards generally accepted in the United States of America.							
	Expressing an opinion as to the fairness with which the Town's financial statements are presented in all material respects in conformity with accounting principles generally accepted in the United States of America.							
	We considered the internal controls developed by your Town.							
Management is responsible for the selection and use of appropriate accounting policies. We discussed our judgements about the quality of accounting principles selected, the consistency in their application and the clarity in presentation including judgements and uncertainties.	These are described in Note 1 of the financial statements.							
Changes in existing accounting policies and/or the adoption of new policies.	GASB 45 - Other Post-Employment Benefits has not been adopted by the Town, which resulted in an adverse opinion on the Government-Wide statements. This Statement was required to be implemented during 2009.							
Transactions identified with lack of authoritative guidance or consent and related alternative treatments discussed with management.	Nothing came to our attention.							
Transactions were recorded in the proper accounting period.	Nothing came to our attention.							
Significant accounting estimates that are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgements.	Overall we believe management's estimations process to be appropriate and conservative.							
Certain financial statement disclosures are particularly sensitive to financial statement users.	Nothing came to our attention.							
We performed the audit according to planned scope and timing previously communicated to you.	Engagement letter dated July 18, 2011.							

Town of Warner, New Hampshire For the Year Ended December 31, 2010

Required Communications to Those Charged with Governance (Continued)

required communications to Those Charged with Governance	
Significant audit adjustments.	See the attached listing of the significant audit adjustments.
Uncorrected misstatements as part of the audit.	See the attached listing of the uncorrected misstatements.
Material weaknesses or significant deficiencies in internal controls noted during the audit.	See the separately issued report on internal controls.
The nature of significant disagreements with management on financial accounting matters or auditing procedures.	Nothing came to our attention.
Any difficulties encountered in dealing with management that affected the performance of the audit.	Management has been extremely cooperative throughout the audit.
Formal opinions management obtained from other independent accountants on significant accounting issues.	Management did not make us aware of any.
Major accounting or auditing issues discussed with management prior to being retained as auditors.	None.
We obtained certain representations from management which we consider to be additions to our standard letter. These are:	None.
Fraud involving management that caused a material misstatement to the financial statements.	Nothing came to our attention.
Independence issues.	We are not aware of any instances that we believe would impact our independence.

Town of Warner, New Hampshire For the year ended December 31, 2010 Significant Audit Adjustments

The following is a listing of the significant audit adjustments made for the year ended December 31, 2010 and have been corrected by management:

General Fund:

- To restore the prior year audited fund balance by \$58,946.
- To increase the uncollected and unredeemed tax receivables at year end by \$64,960.
- To remove the cash receipts of \$481,068 applicable to the Capital Projects Fund.
- To recognize the loan proceeds received of \$376,000, which were netted with the expenditures.

Capital Reserve Fund:

- To record amounts due to the General Fund at year end of \$486,446.
- To adjust for current year receipt of \$25,000 included in the beginning balances as of 12/31/09.
- To increase investments by \$21,849 representing the beginning balance in the transfer station fund as of 12/31/09.

Aggregate Remaining Funds:

- To increase investments to their fair value in the permanent and private purpose trust funds by \$36,468.
- To remove \$127,878 from revenues and expenditures in the library fund as personnel expenditures were paid directly by the General Fund.

GCX-23: AUDIT DIFFERENCE EVALUATION FORM

Town of Warner	Government-Wide Statements
Governmental Unit:	Fund Type, Account Group or Reporting Column:

Balance Sheet Date: December 31, 2010

Financial Statements Effect—Amount of Over (Under) Statement of:

	Revenues Expenses		192 -68,192					0 -68,192	0 60		0	3,434,820 3.0	
Net	Assets		-68,192					-68,192	-68 192		-68,192	8,661,738	
Total	Liabilities							0	C		0	2,291,156	
Total	ASSEIS							0	0		0	10,952,894	
Description (Nature) of Audit Difference		Construction in progress amounts that should have been capitalized at 12/31/09					Total from cont. page(s)	Less Audit adjustments subsequently booked	Net unadjusted audit differences—this year	Effect of unadjusted audit differences—prior years	Financial ofotoment continued to the con	Net sudit difference of 0, of 700	

GCX-23: AUDIT DIFFERENCE EVALUATION FORM

Financial Statements Effect—Amount of Over (Under) Statement of:

N V V V V V V V V V V V V V V V V V V V	- Apellallales			1000			0	0	6,575	6,575	3,451,978	0.19%
Revenies				773.0			0	0	0	0	3,750,778	%00.0
Fund Balance							0	0		0	730,562	%00.0
Total Liabilities							0	0		0	1,8	%00.0
Total Assets							0	0		0	2,614,509	%00.0
Description (Nature) of Audit Difference	None for 2010					Total from cont. page(s)	וסיים ויסיים איזים I Less Audit adjustments subsection ויסיים.	Net unadjusted audit differences—this year	Lifect of unadjusted addit differences—prior years Net andit differences	Financial etatement continuation	Not and the difference of the control of the contro	iver additional distributions as 70 Of F/S captions