

TOWN OF WARNER, NEW HAMPSHIRE
Financial Statements
December 31, 2019
and
Independent Auditor's Report

**TOWN OF WARNER, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2019**

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FINANCIAL STATEMENTS
December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Warner, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability, deferred outflows of resources, or deferred inflows of resources for the Town's single employer other post-employment benefits plan in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, deferred outflows of resources and deferred inflows of resources, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, deferred outflows of resources and deferred inflows of resources, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly, the financial position of the governmental activities of the Town of Warner, New Hampshire, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Town of Warner, New Hampshire, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages i-vii and 33-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warner, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vashon Clukay & Company PC

Manchester, New Hampshire
January 28, 2021

**TOWN OF WARNER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2019**

The following is a discussion and analysis of the financial activities of the Town of Warner, New Hampshire for the year ending December 31, 2019. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly present the Town's financial position, and the result of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an accurate understanding of the Town's financial activities have been included.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to most private-sector companies.

The **Statement of Net Position** presents information on all of the Town's (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future periods (such as uncollected taxes and interest on long-term obligations).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Most of the basic services provided by the Town are financed through governmental funds. Unlike the government-wide financial statements, the governmental fund financial statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The Town of Warner maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the Town's only major fund. Data from the other governmental funds are combined into a single, aggregate presentation.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside of the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Town's fiduciary funds include various private-purpose trust funds and custodial funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Required Supplementary Information

The basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the Town's major governmental fund and includes a reconciliation between the reported activity of the revenues, expenditures and transfers for budgetary purposes (Schedule 1) and the activity as presented in the governmental fund financial statements (Exhibit D). The Town's only major governmental fund for 2019 with an adopted budget is the General Fund.

This section also includes a schedule of changes in the Town's proportionate share of the net OPEB liability, a schedule of Town OPEB contributions to the New Hampshire Retirement System, a schedule of changes in the Town's proportionate share of the net pension liability and a schedule of Town pension contributions to the New Hampshire Retirement System.

Other Supplementary Information

Other supplementary information includes combining financial statements for the nonmajor governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The table below provides a summary of the Town's net position as of December 31, 2019 compared with 2018. Please note that the 2018 figures have been restated. During the year ended December 31, 2019, the Town implemented GASB Statement No. 84 – Fiduciary Activities. Cash received, taxes receivable and the applicable taxes payable to the Kearsarge Regional School District at year end are now reported in the fiduciary funds.

Net position of the Town of Warner as of December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Current assets	\$ 2,907,831	\$ 3,859,445
Capital assets	<u>12,231,170</u>	<u>11,621,864</u>
Total assets	<u>15,139,001</u>	<u>15,481,309</u>
Deferred outflows of resources	<u>180,498</u>	<u>273,731</u>
Long-term liabilities	4,433,459	4,738,017
Other liabilities	<u>576,914</u>	<u>571,609</u>
Total liabilities	<u>5,010,373</u>	<u>5,309,626</u>
Deferred inflows of resources	<u>170,312</u>	<u>111,301</u>
Net position:		
Net investment in capital assets	9,266,780	8,486,968
Restricted	454,169	693,740
Unrestricted	<u>417,865</u>	<u>1,158,405</u>
Total net position	<u>\$ 10,138,814</u>	<u>\$ 10,339,113</u>

The largest portion of the Town's net position reflects its investment in capital assets such as land, buildings, and equipment less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town of Warner, those restrictions include those related to non-expendable trust funds, capital projects, and the unexpended balance of restricted donations.

Statement of Activities

The Town's net position decreased by \$200,299 during the current year. Total expenses of \$4,269,550 exceeded revenues of \$4,069,251.

Changes in net position for the years ending December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues:		
Charges for services	\$ 50,596	\$ 77,791
Operating grants and contributions	133,852	146,873
Capital grants and contributions	43,999	296,774
General revenues:		
Property and other taxes	2,884,538	2,657,867
Licenses and permits	585,688	556,105
Grants and contributions	188,012	150,489
Interest and investment earnings	55,632	29,774
Miscellaneous	140,429	98,681
Loss on disposal of capital assets	(13,495)	-
Total revenues	<u>4,069,251</u>	<u>4,014,354</u>
Expenses		
General government	851,428	797,529
Public safety	918,051	1,016,989
Highways and streets	1,830,659	1,213,630
Sanitation	235,686	237,071
Health and welfare	19,603	13,307
Culture and recreation	277,558	274,505
Conservation	9,679	8,706
Interest and fiscal charges	126,886	64,881
Total expenses	<u>4,269,550</u>	<u>3,626,618</u>
Change in net position	(200,299)	387,736
Net position, beginning of year	<u>10,339,113</u>	<u>9,951,377</u>
Net position, end of year	<u>\$ 10,138,814</u>	<u>\$ 10,339,113</u>

Property and other taxes brought in \$2,884,538 in revenues. Licenses and permits generated \$585,688 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings, and miscellaneous revenues. Total revenues recognized during the year ended December 31, 2019 increased from the previous year by \$54,897 or 1.37%.

The Town's expenses cover a range of services. The largest expenses were for highways and streets (42.88%), public safety (21.50%), and general government (19.94%), which accounted for 84.32% of total expenses. Total expenses recognized during the year ended December 31, 2019 increased from the previous year by \$642,932 or 17.73%. An increase of approximately \$500,000 in expenses is applicable to road repairs that were funded from the capital reserve funds.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had a total fund balance of \$1,905,032. A detail of the fund balance components at year end are detailed on page 29 of the Notes to the Basic Financial Statements.

The General Fund balance decreased \$729,739 from December 31, 2018. A decrease in fund balance was anticipated as the Town applied \$145,000 of its unassigned fund balance to reduce taxes and an additional \$15,500 was voted to be used from fund balance to offset approved appropriations at the 2019 annual Town meeting. In accordance with GASB Statement No. 54, the capital reserve funds are included within the General Fund for financial statement purposes. As previously indicated, approximately \$500,000 was expended out of the capital reserve funds during 2019 for road repairs.

Nonmajor Governmental Funds

The total fund balance of \$432,373 in the nonmajor governmental funds is designated for the purposes of the individually established funds. The largest portion of this represents the balance in the Permanent Funds (\$202,575 or 46.85%), Chandler Reservation Fund (\$130,585 or 30.20%) and the Conservation Commission Fund (\$53,820 or 12.45%).

The total fund balance in the other governmental funds decreased by \$243,623 from December 31, 2018, which is primarily applicable to the current year activity in the capital projects funds. The Fire Department Construction Fund was previously reported as a major fund. However, as the recognized activity in 2019 has significantly decreased, the Fire Department Construction Fund is reported as a nonmajor governmental fund in these financial statements. The amount expended during 2019 on the construction of the new fire station resulted in a decrease in fund balance of \$260,442.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary information for the major governmental fund (the General Fund) is included in the Required Supplementary Information section.

The original estimated revenues increased by \$37,850 due to unanticipated municipal aid that was accepted. Actual revenues and other financing sources on the budgetary basis exceeded the budgeted amount by \$123,639 or 3.24%.

The original appropriations increased by \$1,000 representing unanticipated revenue of \$37,850 reduced by approved appropriations of \$36,850 carried forward to 2020. During the year, the Town under expended its budget by \$93,222 or 2.37%. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget. The key areas of savings resulted within general government and public safety.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The Town considers a capital asset to be an asset whose costs exceeds \$10,000 and has a useful life of greater than (1) year. Assets are depreciated using the straight-line method over the course of their useful life.

The Town's investment in capital assets for its governmental activities as of December 31, 2019 amounts to \$17,110,893. Accumulated depreciation amounts to \$4,879,723, leaving a net book value of \$12,231,170. This investment in capital assets includes equipment and real property. Significant additions to capital assets during 2019 include completion of the new fire house and two new vehicles for the fire and highway department.

See Note 5 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

At December 31, 2019, the Town of Warner had three outstanding notes payable on the fire station, fire truck, and solar array for a combined total of \$2,841,703 and a capital lease payable on the highway grader for \$122,687.

Long-term obligations at year end also include the Town's proportionate share of the net pension liability and net OPEB liability. As of December 31, 2019, the Town's net pension liability is \$1,393,393 and the Town's net OPEB liability is \$111,505.

Additional information on the Town's long-term obligations can be found in Notes 6, 7, 8 and 9 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

The strong and stable financial condition that Warner has maintained over the last few years has provided the Town the capacity to manage the long-term debt required for the construction of the new Warner fire station. The Board of Selectmen and Budget Committee have continued to work together to keep the town portion of the tax rate at constant levels while maintaining and improving the quality of town services. This has been done with a combination of responsible budgeting, securing federal and state grant opportunities for major projects and utilizing unassigned general funds to apply toward mitigating the town tax rate.

The Planning Board continues to annually update the Capital Improvements Plan (CIP) so that the Selectmen and Budget Committee can engage in prudent planning for future capital needs and explore financing alternatives to purchasing 'big-ticket' equipment, such as leasing programs.

The Economic Development Advisory Committee (EDAC) coordinates with local business organizations, state agencies and the Regional Planning Commission to effectively promote Warner as a strong, viable community in which businesses can expand and prosper.

The addition of Warner Public Market offers fresh local produce, dairy, meat and groceries alongside sustainably sourced household goods, an herbal apothecary and handmade art and craft. Warner Connects and MainStreet Warner, Inc., provide food and goods to residents during

challenging COVID-19 times. The expansion of an addition to MadgeTech, Inc. demonstrates the potential vitality of high-tech commercial development in Warner.

The Board of Selectmen with assistance from other Town committees and dedicated volunteers will continue to improve the economic and job potential for the citizens of Warner while preserving the special quality of life enjoyed by all who call Warner 'Home'.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of Warner citizens, taxpayers, and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Warner, Selectmen's Office, P.O. Box 265, Warner, NH 03278.

EXHIBIT A
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,065,387
Investments	501,224
Taxes receivable, net	339,227
Accounts receivable	1,993
Total Current Assets	<u>2,907,831</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	2,455,324
Depreciable capital assets, net	9,775,846
Total Noncurrent Assets	<u>12,231,170</u>
Total Assets	<u>15,139,001</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources attributable to OPEB liability	5,302
Deferred outflows of resources attributable to net pension liability	175,196
Total Deferred Outflows of Resources	<u>180,498</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	296,335
Accrued expenses	95,109
Deposits	4,000
Current portion of notes payable	135,481
Current portion of capital lease payable	39,989
Current portion of estimated liability for landfill postclosure care costs	6,000
Total Current Liabilities	<u>576,914</u>
Noncurrent Liabilities:	
Notes payable	2,706,222
Capital lease payable	82,698
Compensated absences	97,641
Estimated liability for landfill postclosure care costs	42,000
OPEB liability	111,505
Net pension liability	1,393,393
Total Noncurrent Liabilities	<u>4,433,459</u>
Total Liabilities	<u>5,010,373</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources attributable to OPEB liability	1,600
Deferred inflows of resources attributable to net pension liability	166,958
Property taxes collected in advance	1,754
Total Deferred Inflows of Resources	<u>170,312</u>
NET POSITION	
Net investment in capital assets	9,266,780
Restricted	454,169
Unrestricted	417,865
Total Net Position	<u>\$ 10,138,814</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental Activities:					
General government	\$ 851,428	\$ 14,023	\$ 18		\$ (837,387)
Public safety	918,051	12,234		\$ 43,999	(861,818)
Highways and streets	1,830,659		133,634		(1,697,025)
Sanitation	235,686	24,339			(211,347)
Health and welfare	19,603				(19,603)
Culture and recreation	277,558		200		(277,358)
Conservation	9,679				(9,679)
Interest and fiscal charges	126,886				(126,886)
Total governmental activities	<u>\$ 4,269,550</u>	<u>\$ 50,596</u>	<u>\$ 133,852</u>	<u>\$ 43,999</u>	<u>(4,041,103)</u>
General revenues:					
Property and other taxes					2,884,538
Licenses and permits					585,688
Grants and contributions:					
Municipal aid					37,850
Rooms and meals tax distribution					147,455
State and federal forest land reimbursement					2,707
Interest and investment earnings					55,632
Miscellaneous					140,429
Loss on disposal of capital assets					(13,495)
Total general revenues and loss on disposal of capital assets					<u>3,840,804</u>
Change in net position					(200,299)
Net Position at beginning of year					<u>10,339,113</u>
Net Position at end of year					<u>\$ 10,138,814</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF WARNER, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,951,290	\$ 114,097	\$ 2,065,387
Investments	196,547	304,677	501,224
Taxes receivable, net	339,227		339,227
Accounts receivable	1,993		1,993
Due from other funds	1,808	15,407	17,215
Total Assets	<u>2,490,865</u>	<u>434,181</u>	<u>2,925,046</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,490,865</u>	<u>\$ 434,181</u>	<u>\$ 2,925,046</u>
LIABILITIES			
Accounts payable	\$ 296,335		\$ 296,335
Accrued expenses	54,128		54,128
Deposits	4,000		4,000
Due to other funds	15,407	\$ 1,808	17,215
Total Liabilities	<u>369,870</u>	<u>1,808</u>	<u>371,678</u>
DEFERRED INFLOWS OF RESOURCES			
Uncollected property taxes	214,209		214,209
Property taxes collected in advance	1,754		1,754
Total Deferred Inflows of Resources	<u>215,963</u>	<u>-</u>	<u>215,963</u>
FUND BALANCES			
Nonspendable		169,422	169,422
Restricted	206,201	78,546	284,747
Committed	936,425	53,820	990,245
Assigned	25,135	130,585	155,720
Unassigned	737,271		737,271
Total Fund Balances	<u>1,905,032</u>	<u>432,373</u>	<u>2,337,405</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,490,865</u>	<u>\$ 434,181</u>	<u>\$ 2,925,046</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF WARNER, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2019

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 2,337,405
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,231,170
Property and land use change taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	214,209
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB liability	5,302
Deferred outflows of resources related to net pension liability	175,196
Deferred inflows of resources related to OPEB liability	(1,600)
Deferred inflows of resources related to net pension liability	(166,958)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Notes payable	(2,841,703)
Capital lease payable	(122,687)
Accrued interest on long-term obligations	(40,981)
Compensated absences	(97,641)
Estimated liability for landfill postclosure care costs	(48,000)
OPEB liability	(111,505)
Net pension liability	<u>(1,393,393)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 10,138,814</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,842,735	\$ 4,260	\$ 2,846,995
Licenses and permits	585,688		585,688
Intergovernmental	321,864	43,999	365,863
Charges for services	50,596		50,596
Interest and investment income	29,291	26,341	55,632
Miscellaneous	<u>101,402</u>	<u>39,027</u>	<u>140,429</u>
Total Revenues	<u>3,931,576</u>	<u>113,627</u>	<u>4,045,203</u>
Expenditures:			
Current operations:			
General government	688,569	2,215	690,784
Public safety	764,302	43,999	808,301
Highways and streets	1,140,934		1,140,934
Sanitation	231,747		231,747
Health and welfare	18,603		18,603
Culture and recreation	254,097	6,913	261,010
Conservation	838	27,921	28,759
Capital outlay	1,357,514	260,959	1,618,473
Debt service:			
Principal retirement	72,927	15,243	88,170
Interest and fiscal charges	<u>131,784</u>		<u>131,784</u>
Total Expenditures	<u>4,661,315</u>	<u>357,250</u>	<u>5,018,565</u>
Net change in fund balances	(729,739)	(243,623)	(973,362)
Fund Balances at beginning of year, as restated	<u>2,634,771</u>	<u>675,996</u>	<u>3,310,767</u>
Fund Balances at end of year	<u>\$ 1,905,032</u>	<u>\$ 432,373</u>	<u>\$ 2,337,405</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF WARNER, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ (973,362)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 637,801

Property tax and land use change tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 37,543

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the loss on the disposal of capital assets reduced by the actual proceeds received from the disposal. (28,495)

Repayment of principal on notes and capital lease payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 127,250

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

These expenses are from the following sources:

Accrued interest on long-term obligations	8,567
Compensated absences	6,164
Estimated liability for landfill postclosure care costs	6,000

Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and do not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.

Net changes in OPEB	5,500
Net changes in pension	<u>(27,267)</u>

Change in Net Position of Governmental Activities (Exhibit B) \$ (200,299)

EXHIBIT E
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 9,647	\$ 1,597,000
Investments	269,631	
Taxes receivable		265,686
Total Assets	<u>279,278</u>	<u>1,862,686</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments		1,862,686
Total Liabilities	<u>-</u>	<u>1,862,686</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for:		
Individuals and other governments	279,278	
Total Net Position	<u>\$ 279,278</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Investment Earnings:		
Interest	\$ 6,275	
Realized gain on investments	832	
Net increase in the fair value of investments	<u>23,622</u>	
Total Investment Earnings	<u>30,729</u>	<u>\$ -</u>
Property taxes collected for other governments		5,868,436
Motor vehicle fees collected for other governments		<u>208,253</u>
Total Additions	<u>30,729</u>	<u>6,076,689</u>
DEDUCTIONS:		
Benefits paid	5,796	
Payments of property taxes to other governments		5,868,436
Payments of motor vehicle fees to other governments		<u>208,253</u>
Total Deductions	<u>5,796</u>	<u>6,076,689</u>
Change in net position	24,933	-
Net Position at beginning of year	<u>254,345</u>	
Net Position at end of year	<u>\$ 279,278</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Warner, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Warner, New Hampshire (the Town) was incorporated in 1774. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility. The Town has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following is the Town's major governmental fund:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains numerous private-purpose trust funds which account for monies designated to benefit individuals within the Town. Custodial funds are used to account for monies collected by the Town and remitted to other individuals or governments; therefore, these assets are not available to support the Town's own programs.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Town, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (see Note 13). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes, charges for services, and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants and entitlements received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

(expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2019, the Town appropriated \$15,500 from surplus and applied \$145,000 of its unassigned fund balance to reduce taxes.

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets including infrastructure and intangible assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The Town is not required to retroactively report its general infrastructure (e.g. roads and bridges). Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements.

All reported capital assets except for land, construction in process, and works of art are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	20-50
	Land improvements	15
	Buildings and improvements	15-50
	Vehicles and equipment	5-25

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Compensated Absences

Pursuant to the Town's personnel policy, employees earn vacation dependent on length of service. Provision is made in the annual budget for vacation leave. Upon separation from the Town, an employee is entitled to up to 80 hours of vacation paid.

Pursuant to the personnel policy, full time employees may accumulate sick leave days at a rate of 4 hours per month. The maximum amount of days an employee can accumulate may not exceed 90 days. Upon separation from the Town, an employee hired prior to January 1, 2011 will be reimbursed for up to 30 sick days only if a two-week notice has been given.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

Except for the obligation for certain other post-employment benefits (see Note 2), all payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- ***Nonspendable Fund Balance:*** Amounts that are not in a spendable form or are required to be maintained intact.
- ***Restricted Fund Balance:*** Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or by the enabling legislation.
- ***Committed Fund Balance:*** Amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority (annual Town Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's actions must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- ***Assigned Fund Balance:*** Amounts the Town intends to use for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as "assigned". The Selectmen expressly delegates this authority to the Town Administrator.
- ***Unassigned Fund Balance:*** Amounts that are not obligated or specifically designated and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as unassigned.

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Deficit Fund Balance

Pursuant to the Town's policy at year end, if any of the special revenue funds has a deficit unassigned fund balance, the Town Administrator is authorized to transfer funds from the General Fund to cover the deficit, providing the General Fund has the resources to do so.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 8-17% of the total annual appropriations of the community (which includes the Town, County, School District, and Precinct). The Board of Selectmen have the authority to apply such amounts of the Town's beginning unassigned fund balance in order to balance the budget and to reduce the property tax rate as it deems appropriate. In applying these amounts, the Selectmen's goal is to maintain the remaining unassigned fund balance at 10% of the total annual appropriations of the community as defined above.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Town did not implement the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as it pertains to its single employer OPEB plan. Statement No. 75 requires governments to account for certain other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB Statement No. 75 were required to be implemented by the Town during the year ended December 31, 2018. The Town has only implemented the provisions of GASB Statement No. 75 as it pertains to its cost-sharing multiple-employer defined benefit OPEB plan (see Note 7).

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Statement of Net Position:	
Cash and cash equivalents	\$ 2,065,387
Investments	501,224
Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,606,647
Investments	269,631
	<u>\$ 4,442,889</u>

Deposits and investments at December 31, 2019 consist of the following:

Deposits with financial institutions	\$ 3,910,797
Investments	532,092
	<u>\$ 4,442,889</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time.

The Town's policy for governmental funds regarding interest rate risk states that the portfolio of invested assets should be based on the Town's operating cash requirements. For cash requirements anticipated within the next 30 days, 100% of deposits and investments should be maintained in overnight liquid investments. For projected cash requirements between 30 to 90 days, 50% of these cash requirements should be kept in 30-day instruments, 35% in 60-day instruments, and 15% in 90-day instruments. For projected cash requirements between 90 to 180 days, 50% should be invested in 90-day instruments, 35% in 120-day instruments, and 15% in 180-day instruments. For projected cash requirements of more than 180 days up to one year, 75% should be invested in 180-day instruments, 15% in instruments up to 270 days, and 10% invested in instruments not exceeding one year in maturity.

The policy of the Library Trustees is to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling. The policy of the Trustees of Trust Funds states that adequate cash and cash equivalents need to be kept available to meet the current withdrawal needs.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

Investment Type	Total	Remaining Maturity (in Years)		
		0-1 Years	1-5 Years	> 5 Years
U.S. Government agency bonds	\$ 55,800	\$ 20,054	\$ 35,746	
Corporate bonds	176,313	10,040	78,037	\$ 88,236
	<u>\$ 232,113</u>	<u>\$ 30,094</u>	<u>\$ 113,783</u>	<u>\$ 88,236</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Town's investment policy for governmental funds addresses credit risk by limiting investments to the safest types of securities. The Town limits its investments to money market accounts, repurchase agreements, the New Hampshire Public Deposit Investment Pool, and obligations fully guaranteed by the United States government. The policy of the Library Trustees indicates that approved investments are special time deposits, certificates of deposit, obligations of the United States of America, and obligations guaranteed by agencies of the United States. The policy of the Trustees of Trust Funds indicates that investments should be at least rated "A". Investments of the trust funds may also be held in United States Government obligations or Federal Agency obligations.

The following is the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Rating as of Year End</u>			
		<u>Aaa</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State investment pool	\$ 70,012	\$ 70,012			
U.S. Government agency bonds	55,800	55,800			
Corporate bonds	176,313		\$ 61,990	\$ 114,323	
Bond mutual funds	65,119				\$ 65,119
Equity mutual funds	155,497				155,497
Money market mutual funds	9,351				9,351
	<u>\$ 532,092</u>	<u>\$ 125,812</u>	<u>\$ 61,990</u>	<u>\$ 114,323</u>	<u>\$ 229,967</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

In accordance with the Town's investment policy for its governmental funds, all security transactions must be secured by collateral having a value at least equal to the amount of funds in excess of the FDIC deposit limits. Such collateral shall be segregated for the exclusive benefit of the Town and may consist of obligations of the United States government including Treasury Bills, Notes, Bonds, Government National Mortgage Association Securities, and debt obligations of Federal Agencies guaranteed by the United States government.

The Library Trustees have no policy regarding custodial credit risk. The policy of the Trustees of Trust Funds states that funds may be invested in FDIC insured banks. The Trustees have also acquired collateral to insure funds in excess of FDIC deposit limits. The investment policy of the Trustees of Trust Funds further specifies an asset allocation as follows: 75% fixed income and 25% equities. An asset allocation within a 3-4% range of these guidelines is deemed reasonable and acceptable.

**TOWN OF WARNER, NEW HAMPSHIRE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 For the Year Ended December 31, 2019**

Of the Town’s deposits with financial institutions at year end, \$843,553 was collateralized by securities held by the bank in the bank’s name.

As of December 31, 2019, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

<u>Investment Type</u>	<u>Amount</u>
U.S. Government agency bonds	\$ 55,800
Corporate bonds	176,313
Bond mutual funds	65,119
Equity mutual funds	155,497
Money market mutual funds	9,351
	<u>\$ 462,080</u>

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- ***Level 1 Inputs*** - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- ***Level 2 Inputs*** - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- ***Level 3 Inputs*** - Significant unobservable inputs.

As of December 31, 2019, the Town’s investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
U.S. Government agency bonds	\$ 55,800		\$ 55,800	
Corporate bonds	176,313		176,313	
Bond mutual funds	65,119	\$ 65,119		
Equity mutual funds	155,497	155,497		
	<u>\$ 452,729</u>	<u>\$ 220,616</u>	<u>\$ 232,113</u>	<u>\$ -</u>

Bond and equity mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities.

Corporate and U.S. Government agency bonds classified as Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to bench-mark quoted prices.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local, and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of pool shares.

NOTE 4—TAXES RECEIVABLE

Taxes levied during the current year and prior and uncollected at December 31, 2019 are recorded as receivables net of reserves for estimated uncollectibles of \$53,000.

NOTE 5—CAPITAL ASSETS

The following is a summary of changes in capital assets in the governmental activities:

	Balance 01/01/19	Additions	Reductions	Balance 12/31/19
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,902,998	\$ 19,080		\$ 1,922,078
Construction in process	2,758,632	514,131	\$ (2,758,632)	514,131
Works of Art	19,115			19,115
Total capital assets not being depreciated	<u>4,680,745</u>	<u>533,211</u>	<u>(2,758,632)</u>	<u>2,455,324</u>
Other capital assets:				
Infrastructure	3,580,091			3,580,091
Land improvements	96,000			96,000
Buildings and improvements	4,065,134	3,063,590		7,128,724
Vehicles and equipment	3,807,829	185,400	(142,475)	3,850,754
Total other capital assets at historical cost	<u>11,549,054</u>	<u>3,248,990</u>	<u>(142,475)</u>	<u>14,655,569</u>
Less accumulated depreciation for:				
Infrastructure	(549,419)	(96,176)		(645,595)
Land improvements	(88,000)	(4,000)		(92,000)
Buildings and improvements	(1,726,853)	(86,832)		(1,813,685)
Vehicles and equipment	(2,243,663)	(198,760)	113,980	(2,328,443)
Total accumulated depreciation	<u>(4,607,935)</u>	<u>(385,768)</u>	<u>113,980</u>	<u>(4,879,723)</u>
Total other capital assets, net	6,941,119	2,863,222	(28,495)	9,775,846
Total capital assets, net	<u>\$ 11,621,864</u>	<u>\$ 3,396,433</u>	<u>\$ (2,787,127)</u>	<u>\$ 12,231,170</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Depreciation expense was charged to governmental functions as follows:

General government	\$ 17,103
Public safety	126,337
Highways and streets	219,790
Sanitation	9,256
Culture and recreation	13,282
Total governmental activities depreciation expense	<u>\$ 385,768</u>

The balance of the assets acquired through capital leases as of December 31, 2019 is as follows:

Vehicles and equipment	\$ 280,200
Less accumulated depreciation for:	
Vehicles and equipment	<u>(45,533)</u>
	<u>\$ 234,667</u>

NOTE 6—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2019 are as follows:

	Balance 01/01/19	Additions	Reductions	Balance 12/31/19	Due Within One Year
Governmental activities:					
Notes payable	\$ 2,929,844		\$ (88,141)	\$ 2,841,703	\$ 135,481
Capital lease payable	161,796		(39,109)	122,687	39,989
Compensated absences	103,805	\$ 19,487	(25,651)	97,641	-
Total governmental activities	<u>\$ 3,195,445</u>	<u>\$ 19,487</u>	<u>\$ (152,901)</u>	<u>\$ 3,062,031</u>	<u>\$ 175,470</u>

Payments on the notes and capital lease payables are paid out of the General Fund. Compensated absences will be paid from the fund the employee's salary is paid.

Notes Payable

Notes payable at December 31, 2019 are comprised of the following individual issues:

\$2,500,000 Fire Station Note payable in semi-annual installments of \$91,933, including interest at 3.875%, through August 2038	\$ 2,456,504
\$376,000 Fire Truck Note payable in monthly installments of \$2,688, including interest at 3.50%, through September 2025	167,777
\$250,000 Solar Array Note payable in monthly installments of \$1,942, including interest at 2.00%, through April 2030	217,422
	<u>\$ 2,841,703</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Debt service requirements to retire notes payable outstanding at December 31, 2019 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2020	\$ 135,481	\$ 103,949	\$ 239,430
2021	140,324	99,106	239,430
2022	145,345	94,084	239,429
2023	150,552	88,877	239,429
2024	155,952	83,477	239,429
2025-2029	720,440	339,621	1,060,061
2030-2034	718,335	208,767	927,102
2035-2038	675,274	60,193	735,467
	<u>\$ 2,841,703</u>	<u>\$ 1,078,074</u>	<u>\$ 3,919,777</u>

Capital Lease Payable

The capital lease payable represents a lease agreement entered into for the financing of equipment. This contract is subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following is the individual capital lease obligation at December 31, 2019:

Highway motor grader payable in annual installments of \$42,749, including interest at 2.25%, through September 2022 with a final payment of \$1 in September 2023	<u>\$ 122,687</u>
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Debt service requirements to retire the capital lease payable outstanding at December 31, 2019 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2020	\$ 39,989	\$ 2,760	\$ 42,749
2021	40,889	1,860	42,749
2022	41,808	941	42,749
2023	1	1	1
	<u>\$ 122,687</u>	<u>\$ 5,561</u>	<u>\$ 128,248</u>

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of general employees and public safety employees were 0.30%, and 4.10%, respectively, through June 30, 2019, and 0.29% and 3.66%, respectively, thereafter. Contributions to the OPEB plan for the Town were \$11,578 for the year ended December 31, 2019. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the Town reported a liability of \$111,505 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2018. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2019, the Town's proportion was approximately 0.0254 percent, which was a decrease of 0.0026 percentage points from its proportion measured as of June 30, 2018.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

For the year ended December 31, 2019, the Town recognized OPEB expense of \$6,079. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 194
Net difference between projected and actual earnings on OPEB plan investments		125
Changes in proportion and differences between Town contributions and proportionate share of contributions		1,281
Town contributions subsequent to the measurement date	<u>\$ 5,302</u>	<u> </u>
Totals	<u>\$ 5,302</u>	<u>\$ 1,600</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$3,702. The Town reported \$5,302 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2020	\$ (1,558)
2021	(83)
2022	9
2023	<u>32</u>
	<u>\$ (1,600)</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on OPEB Plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
Net OPEB liability	\$ 120,944	\$ 111,505	\$ 103,303

NOTE 8—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Funding Policy

Covered police officers are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's pension contribution rates for the covered payroll of police officers and general employees were 25.33% and 11.08%, respectively, through June 30, 2019, and 24.77% and 10.88%, respectively, thereafter. The Town contributed 100% of the employer cost for police officers and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's pension contributions to the NHRS were \$126,487 for the year ending December 31, 2019.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2019, the Town reported a liability of \$1,393,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2018. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2019, the Town's proportion was approximately 0.0290 percent, which was a decrease of 0.0025 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$153,752. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 7,704	\$ 29,962
Net difference between projected and actual earnings on pension plan investments	-	11,382
Changes of assumptions	49,994	
Changes in proportion and differences between Town contributions and share of contributions	57,593	125,614
Town contributions subsequent to the measurement date	<u>59,905</u>	<u> </u>
Totals	<u>\$ 175,196</u>	<u>\$ 166,958</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$8,238. The Town reported \$59,905 as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense in the measurement periods as follows:

<u>June 30,</u>	
2020	\$ 26,010
2021	(28,965)
2022	(32,308)
2023	<u>(16,404)</u>
	<u>\$ (51,667)</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Fixed income	25%	1.12-2.46%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(6.25%)</u>	Current Discount rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net pension liability	\$ 1,865,811	\$ 1,393,393	\$ 1,002,944

NOTE 9—LANDFILL POSTCLOSURE CARE COSTS

During 1998, the sanitary landfill previously operated under an intergovernmental agreement with the Town of Hopkinton was closed. The Town of Warner is responsible for annual payments to the Town of Hopkinton based on twenty percent of the annual bond payment for the landfill closure. Estimated postclosure, inspection, maintenance and monitoring costs are \$6,000 for the year 2020. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. An estimated liability of \$48,000 has been recorded in the Statement of Net Position based on the Town's share of the estimated future postclosure care costs at current dollars.

The following is a summary of changes in the estimated liability for postclosure care cost for the year ended December 31, 2019:

Balance - January 1, 2019	\$ 54,000
Expenditures recognized in General Fund	(7,139)
Net change in estimated liability for postclosure care costs	<u>1,139</u>
Balance - December 31, 2019	<u>\$ 48,000</u>

NOTE 10—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific funds as an interfund balance.

Interfund balances at December 31, 2019 are as follows:

	General Fund	Due from Nonmajor Governmental Funds	Totals
Due to General Fund		\$ 1,808	\$ 1,808
Nonmajor Governmental Funds	\$ 15,407		15,407
	<u>\$ 15,407</u>	<u>\$ 1,808</u>	<u>\$ 17,215</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 11—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2019 as follows:

Permanent Funds - Principal	\$ 169,422
Permanent Funds - Income	33,153
Library	206,201
Beautification fund	6,140
North Road Town Forest	8,450
Rosa Valpey Memorial	3,443
Parks and Recreation	1,565
Fire Department Construction	10,388
Solar Array Fund	15,407
	<u>\$ 454,169</u>

NOTE 12—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2019 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Permanent funds - Principal		\$ 169,422	\$ 169,422
Restricted for:			
Permanent funds - Income		33,153	33,153
Library	\$ 206,201		206,201
Beautification fund		6,140	6,140
North Road Town Forest		8,450	8,450
Rosa Valpey Memorial		3,443	3,443
Parks and recreation		1,565	1,565
Solar Array		15,407	15,407
Fire Department Construction		10,388	10,388
Committed for:			
Conservation		53,820	53,820
Expendable trusts	59,699		59,699
Capital reserves	839,876		839,876
Carryforward appropriations	36,850		36,850
Assigned for:			
Chandler reservation		130,585	130,585
Subsequent year's expenditures	10,000		10,000
Encumbrances	11,280		11,280
Hazardous materials	3,855		3,855
Unassigned:			
Unassigned - General operations	737,271		737,271
	<u>\$ 1,905,032</u>	<u>\$ 432,373</u>	<u>\$ 2,337,405</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 13—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$287,450,795 as of April 1, 2019) and are due in two installments on July 1, 2019 and December 12, 2019. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Kearsarge Regional School District, Merrimack County, and Warner Village Water District, all independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the school district. Total taxes appropriated during the year were \$4,836,147, \$888,056, and \$144,233 for the Kearsarge Regional School District, Merrimack County, and Warner Village Water District, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

NOTE 14—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2019, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2019.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 15— COMMITMENTS AND CONTINGENT LIABILITIES

The Town entered into a property tax settlement agreement with a commercial taxpayer during the year ended December 31, 2019. The agreement is applicable to the disputed property valuations for the years 2014, 2015, and 2016. Terms of the agreement result in the Town reducing the taxpayer's semi-annual property tax billings through July 1, 2022. An abatement of \$25,579 has been recognized in the Town's financial statements during the year ended December 31, 2019 in accordance with this agreement. Future tax revenues will be impacted by future abatements as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 51,158
2021	51,158
2022	25,579
	<u>\$ 127,895</u>

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

NOTE 16—RESTATEMENT OF FUND BALANCE

During the year ended December 31, 2019, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. The impact on fund balance of the General Fund as of January 1, 2019 is as follows:

Fund Balance - January 1, 2019 (as previously reported)	\$ 2,498,178
Amount of restatement due to:	
Implementation of GASB Statement No. 84	<u>136,593</u>
Fund Balance - January 1, 2019, as restated	<u>\$ 2,634,771</u>

NOTE 17— IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS

During May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective immediately. Under this pronouncement, the effective implementation dates of numerous accounting standards have been postponed by one year. The Town has adopted some provisions of GASB Statement No. 95.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

In accordance with GASB Statement No. 95, the Town has postponed implementing GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, until the year ending December 31, 2020. Management believes that this pronouncement will have a potentially significant impact on the Town's government-wide financial statements. Additional information on outstanding debt issuances will provide users with a better understanding of the effect on the Town's future resource flows.

NOTE 18— SUBSEQUENT EVENTS

During June 2020, the Town entered into a property tax settlement agreement with a commercial taxpayer regarding the property valuations for 2017, 2018 and 2019. As a result, future tax revenues will be impacted by future abatements. Under the terms of the agreement, a total of \$74,109 is to be abated by the Town against the semi-annual tax billings through July 2021.

SCHEDULE 1
TOWN OF WARNER, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 2,820,714	\$ 2,820,714	\$ 2,880,278	\$ 59,564
Licenses and permits	560,843	560,843	585,688	24,845
Intergovernmental	283,997	321,847	321,664	(183)
Charges for services	30,000	30,000	50,596	20,596
Interest income	8,000	8,000	12,439	4,439
Miscellaneous	68,915	68,915	78,441	9,526
Total Revenues	<u>3,772,469</u>	<u>3,810,319</u>	<u>3,929,106</u>	<u>118,787</u>
Expenditures:				
Current operations:				
General government	762,777	762,777	690,744	72,033
Public safety	787,727	787,727	764,302	23,425
Highways and streets	1,056,431	1,056,431	1,075,910	(19,479)
Sanitation	245,360	245,360	231,683	13,677
Health and welfare	19,863	19,863	18,603	1,260
Culture and recreation	37,553	37,553	38,710	(1,157)
Conservation	1,038	1,038	838	200
Capital outlay	-	1,000	1,000	-
Debt service:				
Principal retirement	77,082	77,082	72,927	4,155
Interest and fiscal charges	130,892	130,892	131,784	(892)
Total Expenditures	<u>3,118,723</u>	<u>3,119,723</u>	<u>3,026,501</u>	<u>93,222</u>
Excess revenues over (under) expenditures	<u>653,746</u>	<u>690,596</u>	<u>902,605</u>	<u>212,009</u>
Other financing sources (uses):				
Transfers in	3,500	3,500	8,352	4,852
Transfers out	(817,746)	(817,746)	(817,746)	-
Total Other financing sources (uses)	<u>(814,246)</u>	<u>(814,246)</u>	<u>(809,394)</u>	<u>4,852</u>
Net change in fund balances	(160,500)	(123,650)	93,211	216,861
Fund Balance at beginning of year				
- Budgetary Basis	<u>904,564</u>	<u>904,564</u>	<u>904,564</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 744,064</u>	<u>\$ 780,914</u>	<u>\$ 997,775</u>	<u>\$ 216,861</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF WARNER, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability

For the Year Ended December 31, 2019

<u>Measurement Period Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2019	0.02543390%	\$ 111,505	\$ 828,707	13.46%	7.75%
June 30, 2018	0.02806729%	\$ 128,505	\$ 870,012	14.77%	7.53%
June 30, 2017	0.01827904%	\$ 83,578	\$ 831,522	10.05%	7.91%
June 30, 2016	0.01602069%	\$ 77,557	\$ 735,765	10.54%	5.21%

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF WARNER, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2019

Cost-Sharing Multiple Employer Plan Information Only					
<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2019	\$ 11,578	\$ (11,578)	\$ -	\$ 825,321	1.40%
December 31, 2018	\$ 11,614	\$ (11,614)	\$ -	\$ 845,905	1.37%
December 31, 2017	\$ 11,707	\$ (11,707)	\$ -	\$ 849,370	1.38%
December 31, 2016	\$ 9,876	\$ (9,876)	\$ -	\$ 793,676	1.24%

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF WARNER, NEW HAMPSHIRE

Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2019

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2019	0.02895871%	\$ 1,393,393	\$ 828,707	168.14%	65.59%
June 30, 2018	0.03150682%	\$ 1,517,117	\$ 870,012	174.38%	64.73%
June 30, 2017	0.03210704%	\$ 1,579,022	\$ 831,522	189.90%	62.66%
June 30, 2016	0.02880900%	\$ 1,531,946	\$ 735,765	208.21%	58.30%
June 30, 2015	0.03071427%	\$ 1,216,754	\$ 755,488	161.06%	65.47%
June 30, 2014	0.03082899%	\$ 1,157,193	\$ 705,113	164.11%	66.32%
June 30, 2013	0.03112002%	\$ 1,339,339	\$ 704,435	190.13%	59.81%

See accompanying notes to the required supplementary information

SCHEDULE 5
TOWN OF WARNER, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2019

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2019	\$ 126,487	\$ (126,487)	\$ -	\$ 825,321	15.33%
December 31, 2018	\$ 127,761	\$ (127,761)	\$ -	\$ 845,905	15.10%
December 31, 2017	\$ 125,479	\$ (125,479)	\$ -	\$ 849,370	14.77%
December 31, 2016	\$ 110,729	\$ (110,729)	\$ -	\$ 793,676	13.95%
December 31, 2015	\$ 102,822	\$ (102,822)	\$ -	\$ 738,748	13.92%
December 31, 2014	\$ 101,050	\$ (101,050)	\$ -	\$ 726,974	13.90%
December 31, 2013	\$ 88,183	\$ (88,183)	\$ -	\$ 701,080	12.58%

See accompanying notes to the required supplementary information

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2019

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary expenditures were adjusted for encumbrances. Budgetary revenues and other financing sources, and expenditures and other financing uses, were adjusted for non-budgetary revenues and expenditures, and budgetary transfers in and out.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 3,931,576	\$ 4,661,315
Difference in property taxes meeting susceptible to accrual criteria	37,543	
Encumbrances - December 31, 2019		11,280
Encumbrances - December 31, 2018		(73,814)
Non-budgetary revenues and expenditures	(40,013)	(1,572,280)
Budgetary transfers in and out	8,352	817,746
Per Schedule 1	<u>\$ 3,937,458</u>	<u>\$ 3,844,247</u>

NOTE 2—BUDGETARY FUND BALANCE

Components of the budgetary fund balance for the General Fund at December 31, 2019 are as follows:

Committed for:	
Carryforward appropriations	\$ 36,850
Assigned for:	
Subsequent year's expenditures	10,000
Unassigned:	
Unassigned - General operations	950,925
	<u>\$ 997,775</u>

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement No. 75 during the year ended December 31, 2018. Accordingly, the historic information has only been

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

For the Year Ended December 31, 2019

presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement No. 68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 101,901	\$ 12,196		\$ 114,097
Investments	102,102		\$ 202,575	304,677
Due from other funds		15,407		15,407
Total Assets	<u>204,003</u>	<u>27,603</u>	<u>202,575</u>	<u>434,181</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 204,003</u>	<u>\$ 27,603</u>	<u>\$ 202,575</u>	<u>\$ 434,181</u>
LIABILITIES				
Due to other funds		\$ 1,808		\$ 1,808
Total Liabilities	<u>\$ -</u>	<u>1,808</u>	<u>\$ -</u>	<u>1,808</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Nonspendable			169,422	169,422
Restricted	19,598	25,795	33,153	78,546
Committed	53,820			53,820
Assigned	130,585			130,585
Total Fund Balances	<u>204,003</u>	<u>25,795</u>	<u>202,575</u>	<u>432,373</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 204,003</u>	<u>\$ 27,603</u>	<u>\$ 202,575</u>	<u>\$ 434,181</u>

SCHEDULE A-1
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2019

	Beautification Fund	Chandler Reservation Fund	Conservation Commission Fund	North Road Town Forest Fund	Rosa Valpey Memorial Fund	Parks and Recreation Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 6,140	\$ 28,483	\$ 53,820	\$ 8,450	\$ 3,443	\$ 1,565	\$ 101,901
Investments		102,102					102,102
Total Assets	<u>6,140</u>	<u>130,585</u>	<u>53,820</u>	<u>8,450</u>	<u>3,443</u>	<u>1,565</u>	<u>204,003</u>
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,140</u>	<u>\$ 130,585</u>	<u>\$ 53,820</u>	<u>\$ 8,450</u>	<u>\$ 3,443</u>	<u>\$ 1,565</u>	<u>\$ 204,003</u>
LIABILITIES							
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	6,140			8,450	3,443	1,565	19,598
Committed			53,820				53,820
Assigned		130,585					130,585
Total Fund Balances	<u>6,140</u>	<u>130,585</u>	<u>53,820</u>	<u>8,450</u>	<u>3,443</u>	<u>1,565</u>	<u>204,003</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,140</u>	<u>\$ 130,585</u>	<u>\$ 53,820</u>	<u>\$ 8,450</u>	<u>\$ 3,443</u>	<u>\$ 1,565</u>	<u>\$ 204,003</u>

SCHEDULE A-2
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Capital Projects Funds
December 31, 2019

	Solar Array Fund	Fire Department Construction Fund	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents		\$ 12,196	\$ 12,196
Due from other funds	\$ 15,407		15,407
Total Assets	<u>15,407</u>	<u>12,196</u>	<u>27,603</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 15,407</u>	<u>\$ 12,196</u>	<u>\$ 27,603</u>
LIABILITIES			
Due to other funds		\$ 1,808	\$ 1,808
Total Liabilities	<u>\$ -</u>	<u>1,808</u>	<u>1,808</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES			
Restricted	15,407	10,388	25,795
Total Fund Balances	<u>15,407</u>	<u>10,388</u>	<u>25,795</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,407</u>	<u>\$ 12,196</u>	<u>\$ 27,603</u>

SCHEDULE B
TOWN OF WARNER, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 4,260			\$ 4,260
Intergovernmental		\$ 43,999		43,999
Interest and investment income	701	517	\$ 25,123	26,341
Miscellaneous	<u>39,027</u>			<u>39,027</u>
Total Revenues	<u>43,988</u>	<u>44,516</u>	<u>25,123</u>	<u>113,627</u>
Expenditures:				
Current operations:				
General government			2,215	2,215
Public safety		43,999		43,999
Culture and recreation	6,913			6,913
Conservation	27,921			27,921
Capital outlay		260,959		260,959
Debt service:				
Principal retirement	<u>15,243</u>			<u>15,243</u>
Total Expenditures	<u>50,077</u>	<u>304,958</u>	<u>2,215</u>	<u>357,250</u>
Net change in fund balances	(6,089)	(260,442)	22,908	(243,623)
Fund Balances at beginning of year	<u>210,092</u>	<u>286,237</u>	<u>179,667</u>	<u>675,996</u>
Fund Balances at end of year	<u>\$ 204,003</u>	<u>\$ 25,795</u>	<u>\$ 202,575</u>	<u>\$ 432,373</u>

SCHEDULE B-1
TOWN OF WARNER, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	Beautification Fund	Chandler Reservation Fund	Conservation Commission Fund	North Road Town Forest Fund	Solar Revolving Fund	Rosa Valpey Memorial Fund	Parks and Recreation Fund	Total Nonmajor Special Revenue Funds
Revenues:								
Taxes			\$ 4,260					\$ 4,260
Interest and investment income	\$ 7	\$ 615	57	\$ 5		\$ 17		701
Miscellaneous		17,603	524		\$ 15,243		\$ 5,657	39,027
Total Revenues	<u>7</u>	<u>18,218</u>	<u>4,841</u>	<u>5</u>	<u>15,243</u>	<u>17</u>	<u>5,657</u>	<u>43,988</u>
Expenditures:								
Current operations:								
Culture and recreation	398						6,515	6,913
Conservation		823	27,098					27,921
Debt service:								
Principal retirement					15,243			15,243
Total Expenditures	<u>398</u>	<u>823</u>	<u>27,098</u>	<u>-</u>	<u>15,243</u>	<u>-</u>	<u>6,515</u>	<u>50,077</u>
Net change in fund balances	(391)	17,395	(22,257)	5	-	17	(858)	(6,089)
Fund Balances at beginning of year	<u>6,531</u>	<u>113,190</u>	<u>76,077</u>	<u>8,445</u>	<u>-</u>	<u>3,426</u>	<u>2,423</u>	<u>210,092</u>
Fund Balances at end of year	<u>\$ 6,140</u>	<u>\$ 130,585</u>	<u>\$ 53,820</u>	<u>\$ 8,450</u>	<u>\$ -</u>	<u>\$ 3,443</u>	<u>\$ 1,565</u>	<u>\$ 204,003</u>

SCHEDULE B-2

TOWN OF WARNER, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Capital Projects Funds

For the Year Ended December 31, 2019

	Solar Array <u>Fund</u>	Fire Department Construction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>
Revenues:			
Intergovernmental		\$ 43,999	\$ 43,999
Interest and investment income		517	517
Total Revenues	<u>\$ -</u>	<u>44,516</u>	<u>44,516</u>
Expenditures:			
Current operations:			
Public safety		43,999	43,999
Capital outlay		260,959	260,959
Total Expenditures	<u>-</u>	<u>304,958</u>	<u>304,958</u>
Net change in fund balances	-	(260,442)	(260,442)
Fund Balances at beginning of year	<u>15,407</u>	<u>270,830</u>	<u>286,237</u>
Fund Balances at end of year	<u>\$ 15,407</u>	<u>\$ 10,388</u>	<u>\$ 25,795</u>