

TOWN OF WARNER, NEW HAMPSHIRE
Financial Statements
December 31, 2021
and
Independent Auditor's Report

**TOWN OF WARNER, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Warner, New Hampshire

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each 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, 2021, and the related notes to the financial statements, which collectively comprise the Town of Warner, New Hampshire's basic financial statements as listed in the table of contents.

Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, 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, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town of Warner, New Hampshire, as of December 31, 2021, 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Warner, New Hampshire, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to 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 postemployment 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 postemployment 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, deferred inflows of resources, net position, and expenses of the governmental activities is not reasonably determinable.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Warner, New Hampshire's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Warner, New Hampshire's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Warner, New Hampshire's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Vachon Clukay & Company PC

Manchester, New Hampshire
February 14, 2023

**TOWN OF WARNER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2021**

The following is a discussion and analysis of the financial activities of the Town of Warner, New Hampshire for the year ending December 31, 2021. 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 required 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) for 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

Net position of the Town of Warner as of December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Current assets	\$ 3,574,562	\$ 3,226,333
Capital assets	<u>11,741,715</u>	<u>11,885,027</u>
Total assets	<u>15,316,277</u>	<u>15,111,360</u>
Deferred outflows of resources	<u>390,287</u>	<u>448,600</u>
Long-term liabilities	4,007,503	4,637,807
Other liabilities	<u>496,332</u>	<u>300,469</u>
Total liabilities	<u>4,503,835</u>	<u>4,938,276</u>
Deferred inflows of resources	<u>489,985</u>	<u>141,688</u>
Net position:		
Net investment in capital assets	9,142,648	9,096,106
Restricted	551,788	468,530
Unrestricted	<u>1,018,308</u>	<u>915,360</u>
Total net position	<u>\$ 10,712,744</u>	<u>\$ 10,479,996</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 increased by \$232,748 during the current year. Total revenues of \$3,956,812 exceeded expenses of \$3,724,064.

Changes in net position for the years ending December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$ 52,766	\$ 24,701
Operating grants and contributions	136,613	227,985
General revenues:		
Property and other taxes	2,627,319	3,068,799
Licenses and permits	629,477	601,047
Grants and contributions	217,350	185,376
Interest and investment earnings	37,301	33,466
Miscellaneous	241,391	137,944
Total revenues	<u>3,942,217</u>	<u>4,279,318</u>
Expenses		
General government	830,404	869,416
Public safety	986,619	1,064,731
Highways and streets	1,287,140	1,355,288
Sanitation	241,916	257,088
Health and welfare	37,411	15,744
Culture and recreation	247,460	265,767
Conservation	16,175	8,456
Interest and fiscal charges	76,939	101,646
Total expenses	<u>3,724,064</u>	<u>3,938,136</u>
Increase in net position before gain on disposal of capital assets	218,153	341,182
Gain on disposal of capital assets	14,595	
Change in net position	<u>232,748</u>	<u>341,182</u>
Net position, beginning of year	10,479,996	10,138,814
Net position, end of year	<u>\$ 10,712,744</u>	<u>\$ 10,479,996</u>

Property and other taxes brought in \$2,627,319 in revenues. Licenses and permits generated \$629,477 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, 2021 decreased from the previous year by \$337,101 or 7.88%.

The Town's expenses cover a range of services. The largest expenses were for highways and streets (34.56%), public safety (26.49%), and general government (22.30%), which accounted for 83.35% of total expenses. Total expenses recognized during the year ended December 31, 2021 decreased from the previous year by \$214,072 or 5.44%.

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 \$2,647,316. A detail of the fund balance components at year end are detailed on pages 29-30 of the Notes to the Basic Financial Statements.

The General Fund balance increased \$202,276 from December 31, 2020. A decrease in fund balance was anticipated as the Town applied \$277,525 of its unassigned fund balance to reduce taxes and an additional \$10,000 was voted to be used from fund balance to offset approved appropriations at the 2021 annual Town meeting. However, the actual revenues exceeded the estimated revenue and the actual expenditures were less than the appropriations resulting in an increase in fund balance.

Nonmajor Governmental Funds

The total fund balance of \$474,934 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 (\$237,141 or 49.93%), Chandler Reservation Fund (\$144,222 or 30.37%) and the Conservation Commission Fund (\$48,765 or 10.27%). The total fund balance in the other governmental funds increased by \$26,500 or 5.91% from December 31, 2020.

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 \$3,262, representing unanticipated ARPA funds of \$152,847 reduced by unspent ARPA funds of \$149,585 carried forward to 2022. Actual revenues and other financing sources on the budgetary basis were lower than the budgeted amount by \$12,969 or 0.33%.

The original appropriations decreased by \$17,755 representing unanticipated revenue of \$152,847 reduced by approved appropriations of \$170,602 carried forward to 2022. During the year, the Town under expended its budget by \$111,741 or 2.67%. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget. The key areas of savings resulted within public safety and highways and streets.

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, 2021 amounts to \$17,329,120. Accumulated depreciation amounts to \$5,587,405, leaving a net book value of \$11,741,715. This investment in capital assets includes equipment and real property.

See Note 4 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

At December 31, 2021, the Town of Warner had three outstanding notes payable on the fire station, fire truck, and solar array for a combined total of \$2,557,258 and a capital lease payable on the highway grader for \$41,809.

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, 2021, the Town's net pension liability is \$1,383,357 and the Town's net OPEB liability is \$101,624.

Additional information on the Town's long-term obligations can be found in Notes 5, 6, 7 and 8 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

The Selectboard 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 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 Selectboard 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. The expansion of an addition to MadgeTech, Inc. demonstrates the potential vitality of high-tech commercial development in Warner. Exit 9 businesses are growing with a new retail space with a Dunkin' Donuts. Three new restaurants opened in 2021: Café One East, The Kitchen, and Reeds North all located in the Warner Village District, convenient for foot traffic and visitors to town.

The Selectboard 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, 2021

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,724,206
Investments	552,655
Taxes receivable, net	269,265
Accounts receivable	<u>28,436</u>
Total Current Assets	<u>3,574,562</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,978,225
Depreciable capital assets, net	<u>9,763,490</u>
Total Noncurrent Assets	<u>11,741,715</u>
Total Assets	<u>15,316,277</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources attributable to OPEB liability	3,991
Deferred outflows of resources attributable to net pension liability	<u>386,296</u>
Total Deferred Outflows of Resources	<u>390,287</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	98,107
Accrued liabilities	42,148
Deposits	4,000
Advances from grantors	149,585
Current portion of notes payable	153,683
Current portion of capital lease payable	41,809
Current portion of estimated liability for landfill postclosure care costs	<u>7,000</u>
Total Current Liabilities	<u>496,332</u>
Noncurrent Liabilities:	
Notes payable	2,403,575
Compensated absences	83,947
Estimated liability for landfill postclosure care costs	35,000
OPEB liability	101,624
Net pension liability	<u>1,383,357</u>
Total Noncurrent Liabilities	<u>4,007,503</u>
Total Liabilities	<u>4,503,835</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources attributable to OPEB liability	1,290
Deferred inflows of resources attributable to net pension liability	476,662
Property taxes collected in advance	<u>12,033</u>
Total Deferred Inflows of Resources	<u>489,985</u>
NET POSITION	
Net investment in capital assets	9,142,648
Restricted	551,788
Unrestricted	<u>1,018,308</u>
Total Net Position	<u>\$ 10,712,744</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, 2021

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 830,404	\$ 16,783	\$ 8,762	\$ (804,859)
Public safety	986,619	1,603	624	(984,392)
Highways and streets	1,287,140		127,027	(1,160,113)
Sanitation	241,916	34,380		(207,536)
Health and welfare	37,411			(37,411)
Culture and recreation	247,460		200	(247,260)
Conservation	16,175			(16,175)
Interest and fiscal charges	76,939			(76,939)
Total governmental activities	<u>\$ 3,724,064</u>	<u>\$ 52,766</u>	<u>\$ 136,613</u>	<u>(3,534,685)</u>
General revenues:				
Property and other taxes				2,627,319
Licenses and permits				629,477
Grants and contributions:				
Rooms and meals tax distribution				214,459
State and federal forest land reimbursement				2,891
Interest and investment earnings				37,301
Miscellaneous				241,391
Gain on disposal of assets				14,595
Total general revenues and gain on disposal of assets				<u>3,767,433</u>
Change in net position				232,748
Net Position at beginning of year				<u>10,479,996</u>
Net Position at end of year				<u>\$ 10,712,744</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF WARNER, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2021

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,568,667	\$ 155,539	\$ 2,724,206
Investments	212,220	340,435	552,655
Taxes receivable, net	269,265		269,265
Accounts receivable	28,436		28,436
Due from other funds	34,121	13,081	47,202
Total Assets	<u>3,112,709</u>	<u>509,055</u>	<u>3,621,764</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,112,709</u>	<u>\$ 509,055</u>	<u>\$ 3,621,764</u>
LIABILITIES			
Accounts payable	\$ 98,107		\$ 98,107
Accrued liabilities	14,381		14,381
Deposits	4,000		4,000
Due to other funds	13,081	\$ 34,121	47,202
Advances from grantors	149,585		149,585
Total Liabilities	<u>279,154</u>	<u>34,121</u>	<u>313,275</u>
DEFERRED INFLOWS OF RESOURCES			
Uncollected property taxes	174,206		174,206
Property taxes collected in advance	12,033		12,033
Total Deferred Inflows of Resources	<u>186,239</u>	<u>-</u>	<u>186,239</u>
FUND BALANCES			
Nonspendable		197,540	197,540
Restricted	269,841	84,407	354,248
Committed	1,449,041	48,765	1,497,806
Assigned	202,313	144,222	346,535
Unassigned	726,121		726,121
Total Fund Balances	<u>2,647,316</u>	<u>474,934</u>	<u>3,122,250</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,112,709</u>	<u>\$ 509,055</u>	<u>\$ 3,621,764</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, 2021

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 3,122,250
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.	11,741,715
Property and land use change taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	174,206
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	3,991
Deferred outflows of resources related to net pension liability	386,296
Deferred inflows of resources related to OPEB liability	(1,290)
Deferred inflows of resources related to net pension liability	(476,662)
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	(2,557,258)
Capital lease payable	(41,809)
Accrued interest on long-term obligations	(27,767)
Compensated absences	(83,947)
Estimated liability for landfill postclosure care costs	(42,000)
OPEB liability	(101,624)
Net pension liability	<u>(1,383,357)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 10,712,744</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, 2021

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 2,699,568	\$ 13,970	\$ 2,713,538
Licenses and permits	629,477		629,477
Intergovernmental	353,963		353,963
Charges for services	52,766		52,766
Interest and investment income	20,909	16,392	37,301
Miscellaneous	214,098	38,388	252,486
Total Revenues	<u>3,970,781</u>	<u>68,750</u>	<u>4,039,531</u>
Expenditures:			
Current operations:			
General government	807,103	2,275	809,378
Public safety	772,861		772,861
Highways and streets	1,101,919		1,101,919
Sanitation	242,406		242,406
Health and welfare	37,411		37,411
Culture and recreation	233,471	1,563	235,034
Conservation	474	15,701	16,175
Capital outlay	361,052	2,326	363,378
Debt service:			
Principal retirement	148,965		148,965
Interest and fiscal charges	83,228		83,228
Total Expenditures	<u>3,788,890</u>	<u>21,865</u>	<u>3,810,755</u>
Excess revenues over (under) expenditures	<u>181,891</u>	<u>46,885</u>	<u>228,776</u>
Other financing sources (uses):			
Transfers in	20,385		20,385
Transfers out		(20,385)	(20,385)
Total Other financing sources (uses)	<u>20,385</u>	<u>(20,385)</u>	<u>-</u>
Net change in fund balances	202,276	26,500	228,776
Fund Balances at beginning of year	<u>2,445,040</u>	<u>448,434</u>	<u>2,893,474</u>
Fund Balances at end of year	<u>\$ 2,647,316</u>	<u>\$ 474,934</u>	<u>\$ 3,122,250</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, 2021

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ 228,776

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. Capital outlays and depreciation expense in the current period are as follows:

Capital outlays	309,893
Depreciation expense	(456,705)

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 amount of the net gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets. 3,500

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(72,719)
Land use taxes	(13,500)

Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments in the current year are as follows:

Note principal paid	148,965
Capital lease principal paid	40,889

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	8,149
Compensated absences	23,823
Estimated liability for landfill postclosure care costs	7,000

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 does 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	(6,714)
Net changes in pension	11,391
	11,391

Change in Net Position of Governmental Activities (Exhibit B) \$ 232,748

EXHIBIT E
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ 8,467	\$ 1,381,378
Investments	327,920	
Taxes receivable		<u>223,027</u>
Total Assets	<u>336,387</u>	<u>1,604,405</u>
LIABILITIES		
Due to other governments		<u>1,601,179</u>
Total Liabilities	<u>-</u>	<u>1,601,179</u>
NET POSITION		
Restricted for:		
Individuals and other governments	<u>336,387</u>	<u>3,226</u>
Total Net Position	<u>\$ 336,387</u>	<u>\$ 3,226</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, 2021

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous	\$ 16,684	\$ 2,878
Total Contributions	<u>16,684</u>	<u>2,878</u>
Investment earnings:		
Interest	4,994	
Realized gain on investments	10,820	
Net increase in the fair value of investments	<u>7,712</u>	
Total Investment earnings	<u>23,526</u>	<u>-</u>
Property taxes collected for other governments		5,963,406
Motor vehicle fees collected for other governments		<u>227,971</u>
Total Additions	<u>40,210</u>	<u>6,194,255</u>
DEDUCTIONS:		
Benefits paid	5,637	16,903
Payments of property taxes to other governments		5,963,406
Payments of motor vehicle fees to other governments		<u>227,971</u>
Total Deductions	<u>5,637</u>	<u>6,208,280</u>
Change in net position	34,573	(14,025)
Net Position at beginning of year	<u>301,814</u>	<u>17,251</u>
Net Position at end of year	<u>\$ 336,387</u>	<u>\$ 3,226</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, 2021

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, 2021

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.

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 approach differs from the manner in which the governmental activities of the government-wide financial

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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 12). 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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

The measurement focus of governmental fund accounting is on decreases in net financial resources (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, 2021, the Town appropriated \$10,000 from surplus and applied \$277,525 of its unassigned fund balance to reduce taxes.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2021 are recorded as receivables net of reserves for estimated uncollectibles of \$20,000.

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 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. 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.

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:

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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

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

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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.

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 6).

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 2,724,206
Investments	552,655
Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,389,845
Investments	327,920
	<u>\$ 4,994,626</u>

Deposits and investments at December 31, 2021 consist of the following:

Deposits with financial institutions	\$ 4,437,998
Investments	556,628
	<u>\$ 4,994,626</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
Corporate bonds	<u>\$ 216,321</u>	<u>\$ 10,044</u>	<u>\$ 196,307</u>	<u>\$ 9,970</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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-m</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not Rated</u>
State investment pool	\$ 1,748	\$ 1,748				
Corporate bonds	216,321		\$ 57,661	\$ 148,874	\$ 9,786	
Bond mutual funds	94,720					\$ 94,720
Equity mutual funds	219,856					219,856
Money market mutual funds	23,983					23,983
	<u>\$ 556,628</u>	<u>\$ 1,748</u>	<u>\$ 57,661</u>	<u>\$ 148,874</u>	<u>\$ 9,786</u>	<u>\$ 338,559</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.

As of December 31, 2021, the Town has uninsured and uncollateralized deposits of \$311,881.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

As of December 31, 2021, 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>
Corporate bonds		\$ 216,321
Bond mutual funds		94,720
Equity mutual funds		219,856
Money market mutual funds		23,983
		<u>\$ 554,880</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, 2021, 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</u>	<u>Level 2</u>	<u>Level 3</u>
		<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>
Corporate bonds	\$ 216,321		\$ 216,321	
Bond mutual funds	94,720	\$ 94,720		
Equity mutual funds	219,856	219,856		
	<u>\$ 530,897</u>	<u>\$ 314,576</u>	<u>\$ 216,321</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 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.

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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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—CAPITAL ASSETS

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

	Balance <u>1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2021</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,936,678			\$ 1,936,678
Construction in process	70,430	\$ 22,432	\$ (70,430)	22,432
Works of art	<u>19,115</u>			<u>19,115</u>
Total capital assets not being depreciated	<u>2,026,223</u>	<u>22,432</u>	<u>(70,430)</u>	<u>1,978,225</u>
Other capital assets:				
Infrastructure	3,580,091			3,580,091
Land improvements	96,000			96,000
Buildings and improvements	7,128,724	12,904		7,141,628
Vehicles and equipment	<u>4,378,987</u>	<u>348,487</u>	<u>(194,298)</u>	<u>4,533,176</u>
Total other capital assets at historical cost	<u>15,183,802</u>	<u>361,391</u>	<u>(194,298)</u>	<u>15,350,895</u>
Less accumulated depreciation for:				
Infrastructure	(741,771)	(96,176)		(837,947)
Land improvements	(96,000)			(96,000)
Buildings and improvements	(1,961,789)	(148,373)		(2,110,162)
Vehicles and equipment	<u>(2,525,438)</u>	<u>(212,156)</u>	<u>194,298</u>	<u>(2,543,296)</u>
Total accumulated depreciation	<u>(5,324,998)</u>	<u>(456,705)</u>	<u>194,298</u>	<u>(5,587,405)</u>
Total other capital assets, net	<u>9,858,804</u>	<u>(95,314)</u>	<u>-</u>	<u>9,763,490</u>
Total capital assets, net	<u>\$ 11,885,027</u>	<u>\$ (72,882)</u>	<u>\$ (70,430)</u>	<u>\$ 11,741,715</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 17,103
Public safety	189,053
Highways and streets	232,539
Sanitation	9,256
Culture and recreation	<u>8,754</u>
Total governmental activities depreciation expense	<u>\$ 456,705</u>

The balance of the assets acquired through capital leases as of December 31, 2021 is as follows:

Vehicles and equipment	\$ 280,200
Less accumulated depreciation for:	
Vehicles and equipment	<u>(73,552)</u>
	<u>\$ 206,648</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

NOTE 5—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town’s long-term obligations for the year ended December 31, 2021 are as follows:

	Balance <u>1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2021</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes payable	\$ 2,706,223		\$ (148,965)	\$ 2,557,258	\$ 153,683
Capital lease payable	82,698		(40,889)	41,809	41,809
Compensated absences	<u>107,770</u>	<u>\$ 15,382</u>	<u>(39,205)</u>	<u>83,947</u>	<u>-</u>
Total governmental activities	<u>\$ 2,896,691</u>	<u>\$ 15,382</u>	<u>\$ (229,059)</u>	<u>\$ 2,683,014</u>	<u>\$ 195,492</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, 2021 are comprised of the following individual issues:

Direct Borrowings:

\$2,500,000 Fire Station Note payable in semi-annual installments of \$91,933, including interest at 3.875%, through December 1, 2020 and interest at 2.875% through February 1, 2021. Thereafter, semi-annual installments of \$84,698, including interest at 2.875%, are payable through August 2038.	\$ 2,265,287
\$376,000 Fire Truck Note payable in monthly installments of \$2,688, including interest at 3.50%, through September 2025.	113,202
\$250,000 Solar Array Note payable in monthly installments of \$1,942, including interest at 2.00%, through April 2030.	<u>178,769</u>
	<u>\$ 2,557,258</u>

The fire station note payable is a direct obligation of the Town and contains a pledge of the full faith and credit of the Town for the payment of the principal and interest thereon. The fire truck note payable is an unsecured loan and in the event of default, the interest rate shall be increased to 18.0% per annum, and at the lender’s option, all unpaid principal and interest may be immediately due and payable. The solar array note is secured by a UCC security interest on the photo-voltaic system and in the event of default, all principal and accrued interest thereon shall immediately become due and payable.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

Debt service requirements to retire notes payable outstanding at December 31, 2021 are as follows:

Year Ending December 31,	Direct Borrowings		
	Principal	Interest	Totals
2022	\$ 153,683	\$ 71,275	\$ 224,958
2023	158,149	66,810	224,959
2024	162,747	62,211	224,958
2025	159,393	57,500	216,893
2026	139,291	53,412	192,703
2027-2031	716,846	207,822	924,668
2032-2036	740,201	106,775	846,976
2037-2038	326,948	11,834	338,782
	<u>\$ 2,557,258</u>	<u>\$ 637,639</u>	<u>\$ 3,194,897</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, 2021:

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>\$ 41,809</u>
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Debt service requirements to retire the capital lease payable outstanding at December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest	Totals
2022	\$ 41,808	\$ 941	\$ 42,749
2023	1		1
	<u>\$ 41,809</u>	<u>\$ 941</u>	<u>\$ 42,750</u>

NOTE 6—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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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 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-A: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 public safety employees and political subdivision employees were 3.66% and 0.29%, respectively, through June 30, 2021, and 3.21% and 0.31%, respectively, thereafter. Contributions to the OPEB plan for the Town were \$9,531 for the year ended December 31, 2021. 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, 2021, the Town reported a liability of \$101,624 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020. 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, 2021, the Town's proportion was approximately 0.0254 percent, which was an increase of 0.0030 percentage points from its proportion measured as of June 30, 2020.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

For the year ended December 31, 2021, the Town recognized OPEB expense of \$16,251. At December 31, 2021, 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		\$ 21
Net difference between projected and actual earnings on OPEB plan investments		1,269
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 111	
Town contributions subsequent to the measurement date	<u>3,880</u>	
Totals	<u>\$ 3,991</u>	<u>\$ 1,290</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 \$2,701. The Town reported \$3,880 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, 2022. 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>	
2022	\$ (201)
2023	(267)
2024	(299)
2025	<u>(412)</u>
	<u>\$ (1,179)</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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%	1.14-6.46%
International equity	20%	2.37-5.53%
Fixed income	25%	3.60%
Alternative investments	15%	7.25-8.85%
Real estate	10%	6.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2021 was 6.75%. 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 6.75%, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 110,474	\$ 101,624	\$ 93,925

NOTE 7—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, 2021

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 24.77% and 10.88%, respectively, through June 30, 2021, and 30.67% and 13.75%, respectively, thereafter. The Town contributes 100% of the employer cost for police officers and general employees of the Town.

Per RSA 100-A: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 their actuarial funding policy. The Town's pension contributions to the NHRS were \$136,130 for the year ending December 31, 2021.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

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

At December 31, 2021, the Town reported a liability of \$1,383,357 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020. 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, 2021, the Town's proportion was approximately 0.0312 percent, which was an increase of 0.0032 percentage points from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$124,780. At December 31, 2021, 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	\$ 38,736	\$ 14,483
Net difference between projected and actual earnings on pension plan investments		386,893
Changes of assumptions	144,484	
Changes in proportion and differences between Town contributions and share of contributions	134,192	75,286
Town contributions subsequent to the measurement date	<u>68,884</u>	
Totals	<u>\$ 386,296</u>	<u>\$ 476,662</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as a decrease to unrestricted net position in the amount of \$90,366. The Town reported \$68,884 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, 2022. 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>	
2022	\$ (36,324)
2023	(19,902)
2024	(7,217)
2025	<u>(95,807)</u>
	<u>\$ (159,250)</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2020, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, net of investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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%	1.14-6.46%
International equity	20%	2.37-5.53%
Fixed income	25%	3.60%
Alternative investments	15%	7.25-8.85%
Real estate	10%	6.60%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 6.75%. 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. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:116. 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, 2021

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 6.75%, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 1,978,358	\$ 1,383,357	\$ 887,028

NOTE 8—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 \$7,000 for the year 2021. 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 \$42,000 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 costs for the year ended December 31, 2021:

Balance - January 1, 2021	\$ 49,000
Expenditures recognized in General Fund	(7,723)
Net change in estimated liability for postclosure care costs	<u>723</u>
Balance - December 31, 2021	<u>\$ 42,000</u>

NOTE 9—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, 2021 are as follows:

	<u>General Fund</u>	<u>Due from Nonmajor Governmental Funds</u>	<u>Totals</u>
Due to General Fund		\$ 34,121	\$ 34,121
Nonmajor Governmental Funds	\$ 13,081		<u>13,081</u>
	<u>\$ 13,081</u>	<u>\$ 34,121</u>	<u>\$ 47,202</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

During the year, an interfund transaction occurred between funds. The Solar Array Fund, a Nonmajor Governmental Fund, transferred its available funds of \$20,385 to the General Fund towards the debt service payments made on the solar array note payable.

NOTE 10—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2021 as follows:

Permanent Funds - Principal	\$ 197,540
Permanent Funds - Income	39,601
Library	269,841
Beautification fund	5,800
North Road Town Forest	8,474
Rosa Valpey Memorial	3,469
Parks and Recreation	4,225
Solar Array	13,081
Fire Department Construction	9,757
	<u>\$ 551,788</u>

NOTE 11—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2021 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		\$ 197,540	\$ 197,540
Restricted for:			
Permanent funds - Income		39,601	39,601
Library	\$ 269,841		269,841
Beautification fund		5,800	5,800
North Road Town Forest		8,474	8,474
Rosa Valpey Memorial		3,469	3,469
Parks and recreation		4,225	4,225
Solar Array		13,081	13,081
Fire Department Construction		9,757	9,757
Committed for:			
Conservation		48,765	48,765
Expendable trusts	55,366		55,366
Capital reserves	1,372,658		1,372,658
Carryforward appropriations	21,017		21,017

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned for:			
Chandler reservation		144,222	144,222
Subsequent year's expenditures	198,445		198,445
Hazardous materials	3,868		3,868
Unassigned:			
Unassigned - General operations	726,121		726,121
	<u>\$ 2,647,316</u>	<u>\$ 474,934</u>	<u>\$ 3,122,250</u>

NOTE 12—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$326,137,384 as of April 1, 2021) and are due in two installments on July 1, 2021 and December 8, 2021. 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 \$4,997,420, \$791,160, and \$174,826 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 13—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, 2021, 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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

Based on the best available information there is no liability at December 31, 2021.

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.

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 14—COMMITMENTS AND CONTINGENT LIABILITIES

Tax Settlements

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 \$51,158 has been recognized in the Town’s financial statements during the year ended December 31, 2021 in accordance with this agreement.

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. Terms of the agreement result in the Town reducing the taxpayer’s semi-annual property tax billings through July 1, 2021. An abatement of \$24,501 has been recognized in the Town’s financial statements during the year ended December 31, 2021 in accordance with this agreement.

Future tax revenues will be impacted by future abatements as follows:

Year Ending	
<u>December 31,</u>	<u>Amount</u>
2022	<u>\$ 25,579</u>

Litigation

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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

NOTE 15—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, which the Town is required to implement in the year ending December 31, 2022. Management believes that this pronouncement will potentially have an impact on the Town's government-wide financial statements. The Town will be required to recognize certain lease assets and liabilities for leases that previously were classified as operating leases.

NOTE 16—SUBSEQUENT EVENTS

During May 2022, as authorized per Article #5 of the March 2022 annual meeting, the Town entered into a note payable (a direct borrowing) in the amount of \$2,615,000 for the purpose of making repairs, rebuilding, and improving certain Town roads. The note has an interest rate of 3.27% and matures on July 2032.

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,679,792	\$ 2,679,792	\$ 2,626,849	\$ (52,943)
Licenses and permits	641,200	641,200	629,477	(11,723)
Intergovernmental	345,260	348,522	353,763	5,241
Charges for services	46,000	46,000	52,766	6,766
Interest income	230	230	299	69
Miscellaneous	159,700	159,700	178,936	19,236
Total Revenues	<u>3,872,182</u>	<u>3,875,444</u>	<u>3,842,090</u>	<u>(33,354)</u>
Expenditures:				
Current operations:				
General government	782,092	785,354	788,205	(2,851)
Public safety	854,441	854,441	770,861	83,580
Highways and streets	1,123,136	1,123,136	1,101,919	21,217
Sanitation	256,706	256,706	242,406	14,300
Health and welfare	23,363	23,363	37,411	(14,048)
Culture and recreation	35,780	35,780	33,301	2,479
Conservation	1,038	1,038	474	564
Capital outlay	36,850	15,833	19,333	(3,500)
Debt service:				
Principal retirement	148,702	148,702	148,965	(263)
Interest and fiscal charges	83,491	83,491	83,228	263
Total Expenditures	<u>3,345,599</u>	<u>3,327,844</u>	<u>3,226,103</u>	<u>101,741</u>
Excess revenues over (under) expenditures	<u>526,583</u>	<u>547,600</u>	<u>615,987</u>	<u>68,387</u>
Other financing sources (uses):				
Transfers in	-	-	20,385	20,385
Transfers out	(850,958)	(850,958)	(840,958)	10,000
Total Other financing sources (uses)	<u>(850,958)</u>	<u>(850,958)</u>	<u>(820,573)</u>	<u>30,385</u>
Net change in fund balances	(324,375)	(303,358)	(204,586)	98,772
Fund Balance at beginning of year				
- Budgetary Basis	<u>1,324,375</u>	<u>1,324,375</u>	<u>1,324,375</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 1,000,000</u>	<u>\$ 1,021,017</u>	<u>\$ 1,119,789</u>	<u>\$ 98,772</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, 2021

<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, 2021	0.02537711%	\$ 101,624	\$ 961,730	10.57%	11.06%
June 30, 2020	0.02233655%	\$ 97,769	\$ 843,326	11.59%	7.74%
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%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*
June 30, 2012	*	*	*	*	*

Note to Required Supplementary Schedule:

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015

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, 2021

<u>Year Ended</u>	Cost-Sharing Multiple Employer Plan Information Only				
	<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, 2021	\$ 9,531	\$ (9,531)	\$ -	\$ 839,934	1.13%
December 31, 2020	\$ 11,604	\$ (11,604)	\$ -	\$ 958,120	1.21%
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%
December 31, 2015	*	*	*	*	*
December 31, 2014	*	*	*	*	*
December 31, 2013	*	*	*	*	*
December 31, 2012	*	*	*	*	*

Note to Required Supplementary Schedule:
* 10 Year schedule, historical information not available

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, 2021

<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, 2021	0.03121349%	\$ 1,383,357	\$ 961,730	143.84%	72.22%
June 30, 2020	0.02800433%	\$ 1,791,199	\$ 843,326	212.40%	58.72%
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%
June 30, 2012	*	*	*	*	*

Note to Required Supplementary Schedule:

* 10 Year schedule, historical information not available

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020 - 2021	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

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, 2021

<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, 2021	\$ 136,130	\$ (136,130)	\$ -	\$ 839,934	16.21%
December 31, 2020	\$ 140,616	\$ (140,616)	\$ -	\$ 958,120	14.68%
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%
December 31, 2012	*	*	*	*	*

Note to Required Supplementary Schedule:
* 10 Year schedule, historical information not available

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2021

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 activity and budgetary transfers as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 3,991,166	\$ 3,788,890
Difference in property taxes meeting susceptible to accrual criteria	(72,719)	
Encumbrances - December 31, 2020		(3,500)
Non-budgetary revenues and expenditures	(55,972)	(559,287)
Budgetary transfers in and out		840,958
Per Schedule 1	<u>\$ 3,862,475</u>	<u>\$ 4,067,061</u>

NOTE 2—BUDGETARY FUND BALANCE

Components of the budgetary fund balance for the General Fund at December 31, 2021 are as follows:

<i>Committed for:</i>	
Carryforward appropriations	\$ 21,017
<i>Assigned for:</i>	
Subsequent year's expenditures	198,445
<i>Unassigned:</i>	
Unassigned - General operations	900,327
	<u>\$ 1,119,789</u>

SCHEDULE A
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2021

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 143,974	\$ 11,565		\$ 155,539
Investments	103,294		\$ 237,141	340,435
Due from other funds		13,081		13,081
Total Assets	<u>247,268</u>	<u>24,646</u>	<u>237,141</u>	<u>509,055</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 247,268</u>	<u>\$ 24,646</u>	<u>\$ 237,141</u>	<u>\$ 509,055</u>
LIABILITIES				
Due to other funds	\$ 32,313	\$ 1,808		\$ 34,121
Total Liabilities	<u>32,313</u>	<u>1,808</u>	<u>\$ -</u>	<u>34,121</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable			197,540	197,540
Restricted	21,968	22,838	39,601	84,407
Committed	48,765			48,765
Assigned	144,222			144,222
Total Fund Balances	<u>214,955</u>	<u>22,838</u>	<u>237,141</u>	<u>474,934</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 247,268</u>	<u>\$ 24,646</u>	<u>\$ 237,141</u>	<u>\$ 509,055</u>

SCHEDULE A-1
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2021

	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
ASSETS								
Cash and cash equivalents	\$ 5,800	\$ 40,928	\$ 48,765	\$ 8,474	\$ 32,313	\$ 3,469	\$ 4,225	\$ 143,974
Investments		103,294						103,294
Total Assets	<u>5,800</u>	<u>144,222</u>	<u>48,765</u>	<u>8,474</u>	<u>32,313</u>	<u>3,469</u>	<u>4,225</u>	<u>247,268</u>
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,800</u>	<u>\$ 144,222</u>	<u>\$ 48,765</u>	<u>\$ 8,474</u>	<u>\$ 32,313</u>	<u>\$ 3,469</u>	<u>\$ 4,225</u>	<u>\$ 247,268</u>
LIABILITIES								
Due to other funds					\$ 32,313			\$ 32,313
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>32,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>32,313</u>
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted	5,800			8,474		3,469	4,225	21,968
Committed			48,765					48,765
Assigned		144,222						144,222
Total Fund Balances	<u>5,800</u>	<u>144,222</u>	<u>48,765</u>	<u>8,474</u>	<u>-</u>	<u>3,469</u>	<u>4,225</u>	<u>214,955</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,800</u>	<u>\$ 144,222</u>	<u>\$ 48,765</u>	<u>\$ 8,474</u>	<u>\$ 32,313</u>	<u>\$ 3,469</u>	<u>\$ 4,225</u>	<u>\$ 247,268</u>

SCHEDULE A-2
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Capital Projects Funds
December 31, 2021

	Solar Array <u>Fund</u>	Fire Department Construction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>
ASSETS			
Cash and cash equivalents		\$ 11,565	\$ 11,565
Due from other funds	\$ 13,081	<u> </u>	<u>13,081</u>
Total Assets	<u>13,081</u>	<u>11,565</u>	<u>24,646</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,081</u>	<u>\$ 11,565</u>	<u>\$ 24,646</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	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	13,081	9,757	22,838
Total Fund Balances	<u>13,081</u>	<u>9,757</u>	<u>22,838</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,081</u>	<u>\$ 11,565</u>	<u>\$ 24,646</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, 2021

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 13,970			\$ 13,970
Interest and investment income	904	\$ 42	\$ 15,446	16,392
Miscellaneous	<u>37,938</u>		<u>450</u>	<u>38,388</u>
Total Revenues	<u>52,812</u>	<u>42</u>	<u>15,896</u>	<u>68,750</u>
Expenditures:				
Current operations:				
General government			2,275	2,275
Culture and recreation	1,563			1,563
Conservation	15,701			15,701
Capital outlay		<u>2,326</u>		<u>2,326</u>
Total Expenditures	<u>17,264</u>	<u>2,326</u>	<u>2,275</u>	<u>21,865</u>
Excess revenues over (under) expenditures	<u>35,548</u>	<u>(2,284)</u>	<u>13,621</u>	<u>46,885</u>
Other financing sources (uses):				
Transfers out	<u>(20,385)</u>			<u>(20,385)</u>
Total Other financing sources (uses)	<u>(20,385)</u>	<u>-</u>	<u>-</u>	<u>(20,385)</u>
Net change in fund balances	15,163	(2,284)	13,621	26,500
Fund Balances at beginning of year	<u>199,792</u>	<u>25,122</u>	<u>223,520</u>	<u>448,434</u>
Fund Balances at end of year	<u>\$ 214,955</u>	<u>\$ 22,838</u>	<u>\$ 237,141</u>	<u>\$ 474,934</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, 2021

	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			\$ 13,970					\$ 13,970
Interest and investment income	\$ 13	\$ 690	112	\$ 20	\$ 55	\$ 7	\$ 7	904
Miscellaneous		13,408			20,330		4,200	37,938
Total Revenues	<u>13</u>	<u>14,098</u>	<u>14,082</u>	<u>20</u>	<u>20,385</u>	<u>7</u>	<u>4,207</u>	<u>52,812</u>
Expenditures:								
Current operations:								
Culture and recreation	224						1,339	1,563
Conservation			15,701					15,701
Total Expenditures	<u>224</u>	<u>-</u>	<u>15,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,339</u>	<u>17,264</u>
Excess revenues over (under) expenditures	<u>(211)</u>	<u>14,098</u>	<u>(1,619)</u>	<u>20</u>	<u>20,385</u>	<u>7</u>	<u>2,868</u>	<u>35,548</u>
Other financing sources (uses):								
Transfers out					(20,385)			(20,385)
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,385)</u>	<u>-</u>	<u>-</u>	<u>(20,385)</u>
Net change in fund balances	(211)	14,098	(1,619)	20	-	7	2,868	15,163
Fund Balances at beginning of year	<u>6,011</u>	<u>130,124</u>	<u>50,384</u>	<u>8,454</u>	<u>-</u>	<u>3,462</u>	<u>1,357</u>	<u>199,792</u>
Fund Balances at end of year	<u>\$ 5,800</u>	<u>\$ 144,222</u>	<u>\$ 48,765</u>	<u>\$ 8,474</u>	<u>\$ -</u>	<u>\$ 3,469</u>	<u>\$ 4,225</u>	<u>\$ 214,955</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, 2021

	Solar Array <u>Fund</u>	Fire Department Construction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>
Revenues:			
Interest and investment income	<u> </u>	\$ <u> 42</u>	\$ <u> 42</u>
Total Revenues	\$ <u> -</u>	<u> 42</u>	<u> 42</u>
Expenditures:			
Capital outlay	<u> 2,326</u>	<u> </u>	<u> 2,326</u>
Total Expenditures	<u> 2,326</u>	<u> -</u>	<u> 2,326</u>
Net change in fund balances	(2,326)	42	(2,284)
Fund Balances at beginning of year	<u> 15,407</u>	<u> 9,715</u>	<u> 25,122</u>
Fund Balances at end of year	<u> 13,081</u>	<u> 9,757</u>	<u> 22,838</u>