

TOWN OF WARNER, NEW HAMPSHIRE

Financial Statements

December 31, 2012

and

Independent Auditor's Report

**TOWN OF WARNER, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2012**

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**TOWN OF WARNER, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Warner, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, management has not recorded a liability for other post-employment benefits in governmental activities and, accordingly, has not recorded an expense

for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other post-employment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Warner, New Hampshire, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

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, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages i-vii and 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining nonmajor fund and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining nonmajor fund and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vaughan Cluley & Company, PC

Manchester, New Hampshire
January 29, 2014

**TOWN OF WARNER, NEW HAMPSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2012**

The following is a discussion and analysis of the financial activities of the Town of Warner, New Hampshire for the year ending December 31, 2012. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

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

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The **Statement of Activities** presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items

that will not result in cash flows until future periods (such as uncollected taxes and interest on long-term obligations).

Fund Financial Statements

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

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

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

Fiduciary 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 in addition to funds held for planning board fees.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

(Exhibit D). The Town's only major governmental fund for 2012 with an adopted budget is the General Fund.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental funds and fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The Town's net position totaled \$8,804,103 at the end of 2012, a decrease of \$98,868 when compared to the net position as of December 31, 2011.

	<u>2012</u>	<u>2011</u>
Current assets	\$ 3,548,878	\$ 3,609,990
Capital assets	<u>7,484,615</u>	<u>7,697,980</u>
Total assets	<u>11,033,493</u>	<u>11,307,970</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Long-term liabilities	544,053	644,361
Other liabilities	<u>1,683,296</u>	<u>1,750,362</u>
Total liabilities	<u>2,227,349</u>	<u>2,394,723</u>
Deferred inflows of resources	<u>2,041</u>	<u>10,276</u>
Net position:		
Net investment in capital assets	7,040,760	7,179,569
Restricted	324,906	300,860
Unrestricted	<u>1,438,437</u>	<u>1,422,542</u>
Total net position	<u>\$ 8,804,103</u>	<u>\$ 8,902,971</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.

Statement of Activities

During the year ended December 31, 2011, the Town's total expenses of \$3,375,301 exceeded revenue of \$3,276,433.

Changes in net position for the years ending December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Revenues		
Program revenues:		
Charges for services	\$ 78,759	\$ 101,561
Operating grants and contributions	131,268	202,932
Capital grants and contributions	18,812	-
General revenues:		
Property and other taxes	2,472,589	2,415,274
Licenses and permits	393,212	382,337
Grants and contributions	131,228	131,372
Interest and investment earnings	14,043	15,354
Miscellaneous	36,522	32,016
Contributions to permanent fund principal	-	800
Total revenues	<u>3,276,433</u>	<u>3,281,646</u>
Expenses		
General government	746,767	723,579
Public safety	849,867	797,124
Highways and streets	1,291,581	1,022,815
Sanitation	215,615	226,614
Health and welfare	18,329	17,389
Culture and recreation	239,866	233,963
Interest and fiscal charges	<u>13,276</u>	<u>18,929</u>
Total expenses	<u>3,375,301</u>	<u>3,040,413</u>
Change in net position	(98,868)	241,233
Net position, beginning of year	<u>8,902,971</u>	<u>8,661,738</u>
Net position, end of year	<u>\$ 8,804,103</u>	<u>\$ 8,902,971</u>

Property and other taxes brought in \$2,472,589 in revenues. Licenses and permits generated \$393,212 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings, and miscellaneous revenues.

The Town's expenses cover a range of services. The largest expenses were for general government (22.12%), public safety (25.18%), and highways and streets (38.27%) which accounted for 85.57% of total expenses.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may

serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had a total fund balance of \$1,095,440. A detail of the fund balance components at year end are detailed on page 21 of the Notes to the Basic Financial Statements.

The General Fund balance decreased \$89,603 from December 31, 2011. A decrease in fund balance was anticipated since \$204,142 of the prior year fund balance was appropriated to fund 2012 warrant articles. In addition, \$100,000 of the prior year fund balance was applied to reduce the current year's tax rate.

Other Governmental Funds

The total fund balance of \$280,009 in the other governmental funds is restricted for the purposes of the individually established fund. The largest portion of this total represents the balance in the Chandler Reservation Fund (\$97,743 or 34.91%) and in the Permanent Funds (\$86,664 or 30.95%).

The total fund balance in the other governmental funds increased \$46,275 from December 31, 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

During the year, the original estimated revenues decreased by \$96,893, which represents amounts being carried forward to 2013 to offset continuing appropriations at year end. The appropriations also decreased by \$96,893.

Actual revenues and other financing sources on the budgetary basis were higher than the budgeted amount by \$155,288 or 5.08%.

The Town underexpended its budget by \$61,013 or 1.81%. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget. The key areas of savings resulted within 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, 2012 amounts to \$11,097,509. Accumulated depreciation amounts to \$3,612,894, leaving a net book value of \$7,484,615. This investment in capital assets includes equipment and real property. See Note 6 in the Notes to the Basic Financial Statements for a summary of all capital assets.

Long-Term Obligations

At December 31, 2012, the Town of Warner had total outstanding general obligation debt of \$443,855. During the year, debt service payments were made in accordance with the scheduled payments. Additional information on the Town's long-term obligations can be found in Note 10 and Note 11 of the Notes to the Basic Financial Statements.

ECONOMIC CONDITIONS

The Town is in stable financial condition with little long-term debt. The Board of Selectmen and budget committee have continued to strive to keep the town portion of the tax rate as level as possible while not impacting services. This has been done with a combination of responsible budgeting and utilizing surplus money to apply toward the tax rate. The Capital Improvement Plan Committee continues to update the Capital Improvements Plan (CIP) and forward that information to both the Selectman and Budget Committee so that funding options can be explored as part of the budgetary process. The Board of Selectmen is deliberating the feasibility and timing for building a new fire station which would require the Town to review long-term funding options. The Selectmen will be reviewing the feasibility of long term funding in association with road projects in the future as well. The Board of Selectmen, as well as other active citizens on town boards and commissions, has recognized the need for viable economic development in town in order to strengthen the tax base and is progressing to address this need in several ways including creating an Economic Development Committee that would coordinate with local business organizations, state agencies and regional planning commissions to effectively promote Warner as a strong, viable community in which businesses can expand, thrive and prosper.

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, 2012

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,883,507
Investments	928,960
Taxes receivable, net	712,714
Accounts receivable	912
Due from other governments	20,883
Prepaid expenses	<u>1,902</u>
Total Current Assets	<u>3,548,878</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,506,374
Depreciable capital assets, net	<u>5,978,241</u>
Total Noncurrent Assets	<u>7,484,615</u>
Total Assets	<u>11,033,493</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	92,945
Accrued expenses	20,776
Due to other governments	1,467,181
Current portion of bonds payable	56,123
Current portion of notes payable	19,271
Current portion of estimated liability for landfill closure and postclosure care costs	<u>27,000</u>
Total Current Liabilities	<u>1,683,296</u>
Noncurrent Liabilities:	
Bonds payable	58,088
Notes payable	310,373
Estimated liability for landfill closure and postclosure care costs	107,465
Compensated absences	<u>68,127</u>
Total Noncurrent Liabilities	<u>544,053</u>
Total Liabilities	<u>2,227,349</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned tax revenue	<u>2,041</u>
Total Deferred Inflows of Resources	<u>2,041</u>
NET POSITION	
Net investment in capital assets	7,040,760
Restricted	324,906
Unrestricted	<u>1,438,437</u>
Total Net Position	<u>\$ 8,804,103</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, 2012

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 746,767	\$ 12,079			\$ (734,688)
Public safety	849,867	14,515	\$ 15,883	\$ 18,812	(800,657)
Highways and streets	1,291,581	5,357	115,385		(1,170,839)
Sanitation	215,615	46,808			(168,807)
Health and welfare	18,329				(18,329)
Culture and recreation	239,866				(239,866)
Interest and fiscal charges	13,276				(13,276)
Total governmental activities	<u>\$ 3,375,301</u>	<u>\$ 78,759</u>	<u>\$ 131,268</u>	<u>\$ 18,812</u>	<u>(3,146,462)</u>
General revenues:					
Property and other taxes					2,472,589
Licenses and permits					393,212
Grants and contributions:					
Rooms and meals tax distribution					127,405
State and federal forest land reimbursement					3,823
Interest and investment earnings					14,043
Miscellaneous					36,522
Total general revenues					<u>3,047,594</u>
Change in net position					(98,868)
Net position - beginning					<u>8,902,971</u>
Net position - ending					<u>\$ 8,804,103</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF WARNER, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,765,012	\$ 118,495	\$ 1,883,507
Investments	767,446	161,514	928,960
Taxes receivable, net	712,714		712,714
Accounts receivable	912		912
Due from other governments	20,883		20,883
Prepaid expenses	1,902		1,902
Total Assets	<u>3,268,869</u>	<u>280,009</u>	<u>3,548,878</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,268,869</u>	<u>\$ 280,009</u>	<u>\$ 3,548,878</u>
LIABILITIES			
Accounts payable	\$ 92,945		\$ 92,945
Accrued expenses	20,776		20,776
Due to other governments	1,467,181		1,467,181
Total Liabilities	<u>1,580,902</u>	<u>\$ -</u>	<u>1,580,902</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned tax revenue	592,527		592,527
Total Deferred Inflows of Resources	<u>592,527</u>	<u>-</u>	<u>592,527</u>
FUND BALANCES			
Nonspendable	1,902	70,375	72,277
Restricted	220,325	34,206	254,531
Committed	445,632	77,685	523,317
Assigned	258,386	97,743	356,129
Unassigned	169,195		169,195
Total Fund Balances	<u>1,095,440</u>	<u>280,009</u>	<u>1,375,449</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,268,869</u>	<u>\$ 280,009</u>	

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	7,484,615
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis	590,486
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:	
Bonds payable	(114,211)
Notes payable	(329,644)
Compensated absences	(68,127)
Estimated liability for landfill closure and postclosure care costs	<u>(134,465)</u>

Net position of governmental activities \$ 8,804,103

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, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,389,070	\$ 27,986	\$ 2,417,056
Licenses and permits	393,212		393,212
Intergovernmental	281,308		281,308
Charges for services	78,759		78,759
Interest and investment income	7,082	6,961	14,043
Miscellaneous	21,168	15,354	36,522
Total Revenues	<u>3,170,599</u>	<u>50,301</u>	<u>3,220,900</u>
Expenditures:			
Current operations:			
General government	694,179	254	694,433
Public safety	695,796		695,796
Highways and streets	829,157		829,157
Sanitation	215,806		215,806
Health and welfare	18,329		18,329
Culture and recreation	213,200	1,292	214,492
Capital outlay	503,839		503,839
Debt service:			
Principal retirement	74,556		74,556
Interest and fiscal charges	17,820		17,820
Total Expenditures	<u>3,262,682</u>	<u>1,546</u>	<u>3,264,228</u>
Excess revenues over (under) expenditures	<u>(92,083)</u>	<u>48,755</u>	<u>(43,328)</u>
Other financing sources (uses):			
Transfers in	2,480		2,480
Transfers out		(2,480)	(2,480)
Total other financing sources (uses)	<u>2,480</u>	<u>(2,480)</u>	<u>-</u>
Net change in fund balances	<u>(89,603)</u>	<u>46,275</u>	<u>(43,328)</u>
Fund balances at beginning of year	<u>1,185,043</u>	<u>233,734</u>	<u>1,418,777</u>
Fund balances at end of year	<u>\$ 1,095,440</u>	<u>\$ 280,009</u>	<u>\$ 1,375,449</u>

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, 2012

Net Change in Fund Balances--Total Governmental Funds	\$ (43,328)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(213,365)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	55,533
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	74,556
In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.	4,544
Some expenses reported in the statement of activities, such as compensated absences and the estimated liability for landfill closure and postclosure care costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>23,192</u>
Change in Net Position of Governmental Activities	<u>\$ (98,868)</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF WARNER, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	Private- Purpose <u>Trust Funds</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,228	\$ 8,233
Investments	<u>310,088</u>	
Total Assets	<u>312,316</u>	<u>\$ 8,233</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Deposits		\$ 8,233
Total Liabilities	<u>-</u>	<u>\$ 8,233</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>312,316</u>	
Total Net Position	<u>\$ 312,316</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, 2012

	<u>Private- Purpose Trust Funds</u>
ADDITIONS:	
Contributions:	
Interest	\$ 273
Total Contributions	<u>273</u>
Investment earnings:	
Interest	7,629
Realized gain on investments	736
Net increase in the fair value of investments	<u>8,514</u>
Total Investment Earnings	<u>16,879</u>
Total Additions	<u>17,152</u>
DEDUCTIONS:	
Benefits	10,067
Administrative expenses	<u>579</u>
Total Deductions	<u>10,646</u>
Change in Net Position	6,506
Net position - beginning of year	<u>305,810</u>
Net position - end of year	<u>\$ 312,316</u>

See accompanying notes to the basic financial statements

**TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2012**

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.

During the year ended December 31, 2012, the Town implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" Under this new standard, financial statements will include deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, and will report net position instead of net assets.

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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

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 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 agency 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 three private purpose trust funds which account for monies designated to benefit individuals within the Town. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds consist of planning board fees and timber bond funds.

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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

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 statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust 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, the recording of unearned 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 3). 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 and interest on investments.

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

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

2. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

3. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (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, 2012 the Town applied \$304,142 of its unassigned fund balance to reduce taxes.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditure of monies are recorded in order to reserve a portion of the applicable appropriation, is employed as an extension of formal budgetary integration in Governmental Funds. Encumbrances outstanding at year end are reported as a component of fund balance since they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

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.

Taxes Receivable

Taxes levied during the current year and prior and uncollected at December 31, 2012 are recorded as receivables net of reserves for estimated uncollectibles of \$50,000.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid items.

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 fair values as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The Town is not required to retroactively report its general infrastructure (e.g. roads and bridges) or its intangible assets. Infrastructure records have been maintained effective January 1, 2004 and are included in these financial statements. During the year ended December 31, 2012, the Town did not incur any costs for intangible assets that are required to be capitalized in accordance with the Town's policy.

All reported capital assets except for land, construction-in-progress and works of art are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Infrastructure	20-50
	Land improvements	15
	Buildings and improvements	20-50
	Vehicles and equipment	4-20

Compensated Absences

Pursuant to the Town personnel policy, employees earn vacation dependent on length of service. Provision is made in the annual budget for vacation leave. Any unused vacation time shall expire on December 31st and may not be carried forward.

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 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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Accrued Liabilities and Long-Term Obligations

Except for the obligation for 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.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) 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

GASB Statement 54 established new fund balance classifications and changed the definition of governmental fund types. Under Statement 54, 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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

- *Assigned Fund Balance:* Amounts the Town intends to use for specific purposes. For all governmental funds other than the General Fund, any remaining positive amounts are to be classified as “assigned”. The Selectmen expressly delegates this authority to the Town Administrator.
- *Unassigned Fund Balance:* Amounts that are not obligated or specifically designated and are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as unassigned.

Spending Prioritizations

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification 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 has 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. Significant estimates include depreciation expense and the allowance for uncollectible taxes.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Other Post-Employment Benefits

The Town did not implement GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The provisions of GASB 45 were required to be implemented by the Town during the year ended December 31, 2009.

NOTE 3—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$282,282,985 as of April 1, 2012) and are due in two installments on July 2, 2012 and December 7, 2012. Taxes paid after the due dates accrue interest at 12% 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. These priority tax liens accrue interest at 18% per annum. If the property is not redeemed within a two year redemption period, the property may be tax dedeed 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 \$3,890,156, \$798,573 and \$90,097 for the Kearsarge Regional School District, Merrimack County, and Warner Village Water District, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes.

NOTE 4—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, 2012, the Town was a member of the Local Government Center (LGC). The Town currently reports all of its risk management activities in its General Fund. This Trust is classified as a "Risk Pool" in accordance with accounting principles generally accepted in the United States of America. The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2012.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Property and Liability Insurance

The LGC provides certain property and liability insurance coverages to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the LGC, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. For the year ended December 31, 2012, the Trust retained \$500,000 of each loss, up to an aggregate of \$5,000,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The LGC 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 5—DEPOSITS AND INVESTMENTS

The Town's investment policy for governmental funds requires that deposits and investments be made in the New Hampshire Public Deposit Investment Pool, in solvent banks within the State of New Hampshire, banks outside of New Hampshire (if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank collateral security for such deposits), United States government obligations, or United States government agency obligations. Investments of the library funds are at the discretion of the Library Trustees. Responsibility for the investments of the capital reserve funds, expendable trust funds, permanent funds and private purpose trust funds is with the Board of Trustees. The overall investment portfolio of the Trust Funds shall be managed in accordance with the prudent investor rule.

Deposits and investments as of December 31, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,883,507
Investments	928,960
Statement of Fiduciary Net Position:	
Cash and cash equivalents	10,461
Investments	310,088
	<u>\$ 3,133,016</u>

Deposits and investments at December 31, 2012 consist of the following:

Deposits with financial institutions	\$ 2,758,632
Investments	374,384
	<u>\$ 3,133,016</u>

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

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 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:

<u>Investment Type</u>	<u>Remaining Maturity (in Years)</u>			
	<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>	
U.S. Government securities	\$ 168,864	\$ 26,251	\$ 69,893	\$ 72,720
U.S. Treasury notes	10,950		10,950	
Corporate bonds	11,838			11,838
	<u>\$ 191,652</u>	<u>\$ 26,251</u>	<u>\$ 80,843</u>	<u>\$ 84,558</u>

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.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

	<u>Total</u>	<u>A</u>	<u>Not rated</u>
Corporate bonds	\$ 11,838	\$ 11,838	
Money market mutual funds	17,559		\$ 17,559
Mutual funds	165,173		165,173
	<u>\$ 194,570</u>	<u>\$ 11,838</u>	<u>\$ 182,732</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: 80% fixed income and 20% equities. An asset allocation within a 3-4% range of these guidelines is deemed reasonable and acceptable.

Of the Town's deposits with financial institutions at year end, \$996,627 was collateralized by securities held by the bank in the bank's name and \$894,966 was uninsured and uncollateralized.

As of December 31, 2012, 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>Reported Amount</u>
U.S. Government securities	\$ 168,864
U.S. Treasury notes	10,950
Corporate bonds	11,838
Money market mutual funds	17,559
Mutual funds	165,173
	<u>\$ 374,384</u>

NOTE 6—CAPITAL ASSETS

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

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

	Balance 01/01/12	Additions	Reductions	Balance 12/31/12
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,359,735			\$ 1,359,735
Construction in process	45,120	\$ 82,404		127,524
Works of Art	19,115			19,115
Total capital assets not being depreciated	<u>1,423,970</u>	<u>82,404</u>	<u>\$ -</u>	<u>1,506,374</u>
Other capital assets:				
Infrastructure	1,869,453			1,869,453
Land improvements	96,000			96,000
Buildings and improvements	4,387,157			4,387,157
Vehicles and equipment	3,198,216	40,309		3,238,525
Total other capital assets at historical cost	<u>9,550,826</u>	<u>40,309</u>	<u>-</u>	<u>9,591,135</u>
Less accumulated depreciation for:				
Infrastructure	(64,602)	(57,366)		(121,968)
Land improvements	(43,200)	(6,400)		(49,600)
Buildings and improvements	(1,403,063)	(85,533)		(1,488,596)
Vehicles and equipment	(1,765,951)	(186,779)		(1,952,730)
Total accumulated depreciation	<u>(3,276,816)</u>	<u>(336,078)</u>	<u>-</u>	<u>(3,612,894)</u>
Total other capital assets, net	6,274,010	(295,769)	-	5,978,241
Total capital assets, net	<u>\$ 7,697,980</u>	<u>\$ (213,365)</u>	<u>\$ -</u>	<u>\$ 7,484,615</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 20,589
Public safety	120,723
Highways and streets	173,026
Sanitation	11,216
Culture and recreation	10,524
Total governmental activities depreciation expense	<u>\$ 336,078</u>

NOTE 7—DUE TO OTHER GOVERNMENTS

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. At December 31, 2012, the balance of the property tax appropriation due to the Kearsarge Regional School District is \$1,467,181.

NOTE 8—INTERFUND TRANSFERS

During the year, several interfund transactions occurred between funds. The transfer into the General Fund of \$2,480 from the Permanent Funds (a nonmajor governmental fund) was made to distribute the earned income during the year to support the Town's programs.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

NOTE 9—DEFINED BENEFIT PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a cost-sharing multiple-employer defined benefit pension plan administered by the NHRS Board of Trustees. 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. 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.

Funding Policy

Covered public safety employees 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 contribution rates for the covered payroll of police officers and general employees were 19.95% and 8.8%, respectively. The Town contributes 100% of the employer cost for covered public safety and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the years ending December 31, 2012, 2011, and 2010 were \$89,080, \$80,665, and \$69,675, respectively, equal to the required contributions for each year.

NOTE 10—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2012 are as follows:

	Balance <u>01/01/12</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/12</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 168,436		\$ (54,225)	\$ 114,211	\$ 56,123
Notes payable	349,975		(20,331)	329,644	19,271
Compensated absences	<u>64,355</u>	<u>\$ 13,611</u>	<u>(9,839)</u>	<u>68,127</u>	
Total governmental activities	<u>\$ 582,766</u>	<u>\$ 13,611</u>	<u>\$ (84,395)</u>	<u>\$ 511,982</u>	<u>\$ 75,394</u>

Payments on the general obligation bonds and notes payable are paid out of the General Fund. Compensated absences will be paid from the fund the employee's salary is paid.

As included on the Statement of Activities (Exhibit B), interest expense for the year ended December 31, 2012 was \$13,276 on general obligation debt for governmental activities.

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

General Obligation Bonds

Bonds payable at December 31, 2012 are comprised of the following individual issue:

\$500,000 Gravel Pit and Road Project Bonds payable in annual installments of \$60,121, including interest at 3.50%, through March 2014	<u>\$ 114,211</u>
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Debt service requirements to retire general obligation bonds outstanding at December 31, 2012 are as follows:

Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 56,123	\$ 3,998	\$ 60,121
2014	<u>58,088</u>	<u>2,033</u>	<u>60,121</u>
	<u>\$ 114,211</u>	<u>\$ 6,031</u>	<u>\$ 120,242</u>

Notes Payable

Notes payable at December 31, 2012 are comprised of the following individual issue:

\$376,000 Fire Truck Note payable in monthly installments of \$2,688, including interest at 3.50%, through September 2025	<u>\$ 329,644</u>
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Debt service requirements to retire notes payable outstanding at December 31, 2012 are as follows:

Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 19,271	\$ 10,297	\$ 29,568
2014	21,739	10,517	32,256
2015	22,512	9,743	32,255
2016	23,313	8,942	32,255
2017	24,142	8,114	32,256
2018-2022	134,217	27,060	161,277
2023-2025	<u>84,450</u>	<u>4,252</u>	<u>88,702</u>
	<u>\$ 329,644</u>	<u>\$ 78,925</u>	<u>\$ 408,569</u>

NOTE 11—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

During 1998, the sanitary landfill previously operated under an intergovernmental agreement with the Town of Hopkinton was closed. The Town of Warner is responsible for annual payments to the Town of Hopkinton based on twenty percent of the annual bond payment for the landfill closure. Estimated postclosure, inspection, maintenance and monitoring costs are \$6,211 per year through the year 2017. 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 \$134,465 has been recorded in the

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Statement of Net Position based on the Town's share of the bond payments and the estimated future postclosure care costs at current dollars.

The following is a summary of changes in the estimated liability for closure and postclosure care cost for the year ended December 31, 2012:

Balance - January 1, 2012	\$ 161,429
Expenditures recognized in General Fund	(25,433)
Net change in estimated liability for postclosure care costs	<u>(1,531)</u>
Balance - December 31, 2012	<u>\$ 134,465</u>

NOTE 12—RESTRICTED NET POSITION

Net position is restricted for specific purposes as follows:

Permanent Funds - Endowments	\$ 70,375
Permanent Funds - Income	16,289
Library donations	220,325
Rosa Valpey Memorial Fund	14,467
Beautification Fund	<u>3,450</u>
	<u>\$ 324,906</u>

NOTE 13—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2012 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid expenses	\$ 1,902		\$ 1,902
Permanent funds - Endowments		\$ 70,375	70,375
Restricted for:			
Permanent funds - Income		16,289	16,289
Library	220,325		220,325
Rosa Valpey Memorial		14,467	14,467
Beautification fund		3,450	3,450
Committed for:			
Conservation		77,685	77,685
Expendable trusts	55,720		55,720
Capital reserves	389,912		389,912

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

Assigned for:			
Chandler reservation		97,743	97,743
Subsequent year's expenditures	65,000		65,000
Designated to offset subsequent year's tax rate	135,000		135,000
Encumbrances	33,770		33,770
Library	20,600		20,600
Hazardous materials	4,016		4,016
Unassigned:			
Unassigned - General operations	169,195		169,195
	<u>\$ 1,095,440</u>	<u>\$ 280,009</u>	<u>\$ 1,375,449</u>

NOTE 14—CONTINGENCIES

The Town's general counsel estimates that any potential claims against the Town, which are not covered by insurance, are immaterial and would not affect the financial position of the Town.

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 2,383,499	\$ 2,383,499	\$ 2,444,603	\$ 61,104
Licenses and permits	326,777	326,777	393,212	66,435
Intergovernmental	378,779	281,886	281,308	(578)
Charges for services	55,698	55,698	78,759	23,061
Interest income	800	800	1,221	421
Miscellaneous	10,800	10,800	13,778	2,978
Total Revenues	<u>3,156,353</u>	<u>3,059,460</u>	<u>3,212,881</u>	<u>153,421</u>
Expenditures:				
Current:				
General government	730,001	730,001	718,989	11,012
Public safety	687,039	687,039	695,796	(8,757)
Highways and streets	888,981	888,981	829,157	59,824
Sanitation	248,949	248,949	224,766	24,183
Health and welfare	24,195	24,195	18,329	5,866
Culture and recreation	154,887	154,887	152,751	2,136
Capital outlay	133,918	37,025	67,951	(30,926)
Debt service:				
Principal retirement	72,663	72,663	74,556	(1,893)
Interest and fiscal charges	19,714	19,714	17,820	1,894
Total Expenditures	<u>2,960,347</u>	<u>2,863,454</u>	<u>2,800,115</u>	<u>63,339</u>
Excess revenues over expenditures	<u>196,006</u>	<u>196,006</u>	<u>412,766</u>	<u>216,760</u>
Other financing sources (uses):				
Transfers in			1,867	1,867
Transfers out	<u>(506,148)</u>	<u>(506,148)</u>	<u>(508,474)</u>	<u>(2,326)</u>
Total other financing sources (uses)	<u>(506,148)</u>	<u>(506,148)</u>	<u>(506,607)</u>	<u>(459)</u>
Net change in fund balances	(310,142)	(310,142)	(93,841)	216,301
Fund balance at beginning of year				
- Budgetary Basis	<u>1,055,424</u>	<u>1,055,424</u>	<u>1,055,424</u>	<u>-</u>
Fund balance at end of year				
- Budgetary Basis	<u>\$ 745,282</u>	<u>\$ 745,282</u>	<u>\$ 961,583</u>	<u>\$ 216,301</u>

See accompanying notes to the required supplementary information

TOWN OF WARNER, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

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 and budgetary transfers out. Budgetary revenues and expenditures were adjusted for non-budgetary activity.

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 3,173,079	\$ 3,262,682
Difference in property taxes meeting susceptible to accrual criteria	55,533	
Encumbrances, December 31, 2011		(41,477)
Encumbrances, December 31, 2012		33,770
Budgetary transfers out		508,474
Non-budgetary activity	<u>(13,864)</u>	<u>(454,860)</u>
Per Schedule 1	<u>\$ 3,214,748</u>	<u>\$ 3,308,589</u>

NOTE 2—BUDGETARY FUND BALANCES

The components of the budgetary fund balance for the General Fund are as follows:

<i>Nonspendable:</i>	
Prepaid Expenses	\$ 1,902
<i>Assigned for:</i>	
Subsequent year's expenditures	65,000
Designated to offset subsequent year's tax rate	135,000
<i>Unassigned:</i>	
Unassigned - General operations	<u>759,681</u>
	<u>\$ 961,583</u>

SCHEDULE A
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2012

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 117,924	\$ 571	\$ 118,495
Investments	<u>75,421</u>	<u>86,093</u>	<u>161,514</u>
Total Assets	<u>193,345</u>	<u>86,664</u>	<u>280,009</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 193,345</u>	<u>\$ 86,664</u>	<u>\$ 280,009</u>
LIABILITIES			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		70,375	70,375
Restricted	17,917	16,289	34,206
Committed	77,685		77,685
Assigned	<u>97,743</u>		<u>97,743</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 193,345</u>	<u>\$ 86,664</u>	<u>\$ 280,009</u>

SCHEDULE A-1
TOWN OF WARNER, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2012

	Beautification Fund	Chandler Reservation Fund	Conservation Commission Fund	Rosa Valpey Memorial Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 3,450	\$ 36,789	\$ 77,685		\$ 117,924
Investments		60,954		\$ 14,467	75,421
Total Assets	<u>3,450</u>	<u>97,743</u>	<u>77,685</u>	<u>14,467</u>	<u>193,345</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,450</u>	<u>\$ 97,743</u>	<u>\$ 77,685</u>	<u>\$ 14,467</u>	<u>\$ 193,345</u>
LIABILITIES					
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	3,450			14,467	17,917
Committed			77,685		77,685
Assigned		97,743			97,743
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,450</u>	<u>\$ 97,743</u>	<u>\$ 77,685</u>	<u>\$ 14,467</u>	<u>\$ 193,345</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, 2012

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 27,986		\$ 27,986
Interest and investment income	832	\$ 6,129	6,961
Miscellaneous	<u>15,054</u>	<u>300</u>	<u>15,354</u>
Total Revenues	<u>43,872</u>	<u>6,429</u>	<u>50,301</u>
Expenditures:			
Current operations:			
General government		254	254
Culture and recreation	<u>1,292</u>		<u>1,292</u>
Total Expenditures	<u>1,292</u>	<u>254</u>	<u>1,546</u>
Excess revenues over expenditures	<u>42,580</u>	<u>6,175</u>	<u>48,755</u>
Other financing uses:			
Transfers out		<u>(2,480)</u>	<u>(2,480)</u>
Total other financing uses	<u>-</u>	<u>(2,480)</u>	<u>(2,480)</u>
Net change in fund balances	42,580	3,695	46,275
Fund balances at beginning of year	<u>150,765</u>	<u>82,969</u>	<u>233,734</u>
Fund balances at end of year	<u>\$ 193,345</u>	<u>\$ 86,664</u>	<u>\$ 280,009</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, 2012

	Beautification Fund	Chandler Reservation Fund	Conservation Commission Fund	Rosa Valpey Memorial Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes			\$ 27,986		\$ 27,986
Interest and investment income	\$ 9	\$ 672	151		832
Miscellaneous	587			\$ 14,467	15,054
Total Revenues	<u>596</u>	<u>672</u>	<u>28,137</u>	<u>14,467</u>	<u>43,872</u>
Expenditures:					
Current operations:					
Culture and recreation		1,100	192		1,292
Total Expenditures	<u>-</u>	<u>1,100</u>	<u>192</u>	<u>-</u>	<u>1,292</u>
Net change in fund balances	596	(428)	27,945	14,467	42,580
Fund balances at beginning of year	<u>2,854</u>	<u>98,171</u>	<u>49,740</u>	<u>-</u>	<u>150,765</u>
Fund balances at end of year	<u>\$ 3,450</u>	<u>\$ 97,743</u>	<u>\$ 77,685</u>	<u>\$ 14,467</u>	<u>\$ 193,345</u>

SCHEDULE C
TOWN OF WARNER, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Private-Purpose Trust Funds
December 31, 2012

	Miscellaneous Trust Funds	Foster and Currier Funds	William D. Davis School Fund	Total Private- Purpose Trust Funds
ASSETS				
Cash and cash equivalents		\$ 2,162	\$ 66	\$ 2,228
Investments	<u>\$ 288,292</u>	<u>10,027</u>	<u>11,769</u>	<u>310,088</u>
Total Assets	<u>288,292</u>	<u>12,189</u>	<u>11,835</u>	<u>312,316</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Held in trust	<u>288,292</u>	<u>12,189</u>	<u>11,835</u>	<u>312,316</u>
Total Net Position	<u>\$ 288,292</u>	<u>\$ 12,189</u>	<u>\$ 11,835</u>	<u>\$ 312,316</u>

SCHEDULE D
TOWN OF WARNER, NEW HAMPSHIRE
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2012

	Miscellaneous Trust Funds	Foster and Currier Funds	William D. Davis School Fund	Total Private- Purpose Trust Funds
ADDITIONS:				
Contributions:				
Interest		\$ 273		\$ 273
Total Contributions	\$ -	273	\$ -	273
Investment earnings:				
Interest	7,432	60	137	7,629
Realized gains on investments	736			736
Net increase in the fair value of investments	8,514			8,514
Total Investment Earnings	16,682	60	137	16,879
Total Additions	16,682	333	137	17,152
DEDUCTIONS:				
Benefits	9,003	500	564	10,067
Administrative expenses	579			579
Total Deductions	9,582	500	564	10,646
Change in Net Position	7,100	(167)	(427)	6,506
Net position - beginning of year	281,192	12,356	12,262	305,810
Net position - end of year	\$ 288,292	\$ 12,189	\$ 11,835	\$ 312,316

SCHEDULE E
TOWN OF WARNER, NEW HAMPSHIRE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - All Agency Funds
December 31, 2012

	Planning Board Agency Fund	Timber Bond Agency Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 23	\$ 8,210	\$ 8,233
Total assets	<u>\$ 23</u>	<u>\$ 8,210</u>	<u>\$ 8,233</u>
LIABILITIES			
Deposits	\$ 23	\$ 8,210	\$ 8,233
Total liabilities	<u>\$ 23</u>	<u>\$ 8,210</u>	<u>\$ 8,233</u>