

**TOWN OF WARNER, NEW HAMPSHIRE**  
**Financial Statements**  
**December 31, 2023**  
**and**  
**Independent Auditor's Report**

**TOWN OF WARNER, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**December 31, 2023**

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**TOWN OF WARNER, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**December 31, 2023**

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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, 2023, 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, 2023, 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, 2023, 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 of Warner, New Hampshire'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 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 and 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 the 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 11, 2025

**TOWN OF WARNER, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2023**

The following is a discussion and analysis of the financial activities of the Town of Warner, New Hampshire for the year ending December 31, 2023. 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 non-major governmental funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Net position of the Town of Warner as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Current assets	\$ 6,621,075	\$ 6,444,673
Capital assets	<u>11,333,422</u>	<u>11,535,718</u>
Total assets	<u>17,954,497</u>	<u>17,980,391</u>
Deferred outflows of resources	<u>249,286</u>	<u>364,590</u>
Long-term liabilities	5,974,643	6,423,463
Other liabilities	<u>724,523</u>	<u>798,223</u>
Total liabilities	<u>6,699,166</u>	<u>7,221,686</u>
Deferred inflows of resources	<u>129,200</u>	<u>211,524</u>
Net position:		
Net investment in capital assets	6,683,294	9,132,142
Restricted	2,890,870	2,744,725
Unrestricted	<u>1,801,253</u>	<u>(965,096)</u>
Total net position	<u>\$ 11,375,417</u>	<u>\$ 10,911,771</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 balances of debt and restricted donations.

### Statement of Activities

The Town's net position increased by \$463,646 during the current year. Total revenues of \$5,202,846 exceeded expenses of \$4,739,200.

Changes in net position for the years ending December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 60,559	\$ 77,633
Operating grants and contributions	563,728	333,839
Capital grants and contributions		45,604
General revenues:		
Property and other taxes	3,412,981	3,005,246
Licenses and permits	633,448	610,555
Grants and contributions	281,502	261,693
Interest and investment earnings (losses)	128,537	(15,808)
Miscellaneous	<u>135,291</u>	<u>540,296</u>
Total revenues	<u>5,216,046</u>	<u>4,859,058</u>
<b>Expenses</b>		
General government	1,190,955	988,170
Public safety	1,011,166	1,010,279
Highways and streets	1,669,466	1,891,642
Sanitation	285,408	288,708
Health and welfare	72,176	42,164
Culture and recreation	308,060	296,008
Conservation	56,601	12,854
Interest and fiscal charges	<u>145,368</u>	<u>131,624</u>
Total expenses	<u>4,739,200</u>	<u>4,661,449</u>
Increase in net position before gain (loss) and contributions		
	476,846	197,609
Contributions to permanent fund principal		
	400	1,400
Gain (loss) on disposal of capital assets	<u>(13,600)</u>	<u>18</u>
Change in net position		
	463,646	199,027
Net position, beginning of year	<u>10,911,771</u>	<u>10,712,744</u>
Net position, end of year	<u>\$ 11,375,417</u>	<u>\$ 10,911,771</u>

Property and other taxes brought in \$3,412,981 in revenues. Licenses and permits generated \$633,448 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings, and miscellaneous revenues. Total revenues recognized during the year ending December 31, 2023 increased from the previous year by \$356,988 or 7.3%.

The Town's expenses cover a range of services. The largest expenses were for highways and streets (35%), public safety (21%), and general government (25%), which accounted for 81% of total expenses. Total expenses recognized during the year ended December 31, 2023 increased from the previous year by \$77,751 or 1.7%.

## **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 \$5,643,320. A detail of the fund balance components at year end are detailed on page 29 of the Notes to the Basic Financial Statements.

The General Fund balance increased \$286,389 from December 31, 2022. The majority of this increase was a result of unanticipated highway and bridge grants that were included in the most recent state budget.

#### ***Nonmajor Governmental Funds***

The total fund balance of \$519,344 in the non-major governmental funds is designated for the purposes of the individually established funds. The largest portion of this represents the balance in the Permanent Funds (\$235,144 or 45%), Chandler Reservation Fund (\$138,123 or 27%) and the Conservation Commission Fund (\$84,574 or 16%). The total fund balance in the other governmental funds increased by \$15,207 or 3% from December 31, 2022.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Non-tax revenue for 2023 was \$1,665,179, which was \$14,003 over the original budget for the year and \$38,938 less than the 2022 actual. The primary reason for the reduction over 2022 was that the Town received federal ARPA grant of \$263,180 in 2022, which wasn't repeated in 2023.

Appropriations for 2023 operating expenses were \$4,416,654, representing a 4.7% increase over 2022 appropriations. Actual expenses were \$4,274,293 or 3.2% under budget. The primary savings came from open positions in the Police and Highway departments that the Town was unable to fill. These savings were offset by the need to replace the obsolete assessing system, along with greater than anticipated legal and welfare expenses.

## **CAPITAL ASSET AND LONG-TERM OBLIGATIONS**

### **Capital Assets**

The Town considers a capital asset to be an asset whose costs exceed \$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, 2023 amounts to \$17,784,432. Accumulated depreciation amounts to \$6,451,010, leaving a net book value of \$11,333,422. 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**

On December 31, 2023, the Town of Warner had four outstanding notes payable on the fire station, fire truck, solar array, and construction loan for a combined total of \$4,650,128.

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, 2023, the Town's net pension liability is \$1,550,558 and the Town's net OPEB liability is \$68,670.

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

## **ECONOMIC CONDITIONS**

Warner continues to experience economic stability, reflecting state trends. The town's economy is a mix of agriculture, small businesses, and tourism, and remained resilient. Tourists come to Warner to visit Rollins State Park at Mount Kearsarge, its several museums, and to attend the annual Warner Fall Foliage Festival. The historic Warner Village has several restaurants and retail businesses and serves as a hub for both residents and visitors.

During 2023 the Town welcomed the opening of a new childcare facility operated by the Boys and Girls Club of NH and the aerospace tech company, Mentis Sciences, which relocated from Manchester NH.

The Selectboard and Budget Committee have continued to work together to minimize the impact of inflation on the Town portion of the tax rate 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. However, welfare costs for Warner residents in need continued to increase during 2023. This is a trend that started during the Covid-19 pandemic. Other significant one-time operational costs during 2023 were related to 1) the legal costs associated with the resignation of 2 select board members and 2) the costs associated with the hiring of a new town administrator.

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 and 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 committee has focused on attracting a childcare center to meet the high demand for those services from local residents.

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 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, 2023

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,741,100
Investments	4,593,781
Taxes receivable, net	275,762
Accounts receivable	<u>10,432</u>
Total Current Assets	<u>6,621,075</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	1,998,113
Depreciable capital assets, net	<u>9,335,309</u>
Total Noncurrent Assets	<u>11,333,422</u>
Total Assets	<u>17,954,497</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources attributable to OPEB liability	3,288
Deferred outflows of resources attributable to net pension liability	<u>245,998</u>
Total Deferred Outflows of Resources	<u>249,286</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	123,657
Accrued liabilities	126,070
Deposits	4,000
Advances from grantors	67,358
Current portion of notes payable	396,438
Current portion of estimated liability for landfill postclosure care costs	<u>7,000</u>
Total Current Liabilities	<u>724,523</u>
Noncurrent Liabilities:	
Notes payable	4,253,690
Compensated absences	80,725
Estimated liability for landfill postclosure care costs	21,000
OPEB liability	68,670
Net pension liability	<u>1,550,558</u>
Total Noncurrent Liabilities	<u>5,974,643</u>
Total Liabilities	<u>6,699,166</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources attributable to net pension liability	116,008
Property taxes collected in advance	<u>13,192</u>
Total Deferred Inflows of Resources	<u>129,200</u>
NET POSITION	
Net investment in capital assets	8,655,951
Restricted	918,213
Unrestricted	<u>1,801,253</u>
Total Net Position	<u>\$ 11,375,417</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, 2023

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>Governmental Activities</u>
Governmental Activities:				
General government	\$ 1,154,733	\$ 8,515	\$ 46,056	\$ (1,100,162)
Public safety	1,047,388	12,218	49,134	(986,036)
Highways and streets	1,669,466	1,256	452,049	(1,216,161)
Sanitation	285,408	38,570		(246,838)
Health and welfare	72,176			(72,176)
Culture and recreation	308,060		2,189	(305,871)
Conservation	56,601		14,300	(42,301)
Interest and fiscal charges	145,368			(145,368)
Total governmental activities	<u>\$ 4,739,200</u>	<u>\$ 60,559</u>	<u>\$ 563,728</u>	<u>(4,114,913)</u>
General revenues:				
Property and other taxes				3,412,981
Licenses and permits				633,448
Grants and contributions:				
Rooms and meals tax distribution				279,129
State and federal forest land reimbursement				2,373
Interest and investment earnings				128,537
Miscellaneous				135,291
Contributions to permanent fund principal				400
Loss on disposal of assets				(13,600)
Total general revenues, contributions to permanent fund principal, and loss on disposal of assets				<u>4,578,559</u>
Change in net position				463,646
Net Position at beginning of year				<u>10,911,771</u>
Net Position at end of year				<u>\$ 11,375,417</u>

*See accompanying notes to the basic financial statements*

EXHIBIT C  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2023

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,539,040	\$ 202,060	\$ 1,741,100
Investments	4,254,497	339,284	4,593,781
Taxes receivable, net	275,762		275,762
Accounts receivable	10,432		10,432
Due from other funds	33,031	11,480	44,511
Total Assets	<u>6,112,762</u>	<u>552,824</u>	<u>6,665,586</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,112,762</u>	<u>\$ 552,824</u>	<u>\$ 6,665,586</u>
LIABILITIES			
Accounts payable	\$ 123,657		\$ 123,657
Accrued liabilities	63,941		63,941
Deposits	4,000		4,000
Due to other funds	11,031	\$ 33,480	44,511
Advances from grantors	67,358		67,358
Total Liabilities	<u>269,987</u>	<u>33,480</u>	<u>303,467</u>
DEFERRED INFLOWS OF RESOURCES			
Uncollected property taxes	186,263		186,263
Property taxes collected in advance	13,192		13,192
Total Deferred Inflows of Resources	<u>199,455</u>	<u>-</u>	<u>199,455</u>
FUND BALANCES			
Nonspendable		187,210	187,210
Restricted	2,613,780	89,880	2,703,660
Committed	2,107,368	104,131	2,211,499
Assigned	136,094	138,123	274,217
Unassigned	786,078		786,078
Total Fund Balances	<u>5,643,320</u>	<u>519,344</u>	<u>6,162,664</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,112,762</u>	<u>\$ 552,824</u>	<u>\$ 6,665,586</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, 2023

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 6,162,664
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.	11,333,422
Property and land use change taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	186,263
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	3,288
Deferred outflows of resources related to net pension liability	245,998
Deferred inflows of resources related to net pension liability	(116,008)
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	(4,650,128)
Accrued interest on long-term obligations	(62,129)
Compensated absences	(80,725)
Estimated liability for landfill postclosure care costs	(28,000)
OPEB liability	(68,670)
Net pension liability	<u>(1,550,558)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 11,375,417</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, 2023

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 3,417,192	\$ 29,893	\$ 3,447,085
Licenses and permits	633,448		633,448
Intergovernmental	845,230		845,230
Charges for services	60,559		60,559
Interest and investment income	102,808	25,729	128,537
Miscellaneous	98,527	31,824	130,351
Total Revenues	<u>5,157,764</u>	<u>87,446</u>	<u>5,245,210</u>
Expenditures:			
Current operations:			
General government	1,139,743	1,366	1,141,109
Public safety	843,907		843,907
Highways and streets	1,361,624		1,361,624
Sanitation	277,179		277,179
Health and welfare	72,176		72,176
Culture and recreation	284,639	1,757	286,396
Conservation	14,371	42,230	56,601
Capital outlay	366,224		366,224
Debt service:			
Principal retirement	368,447		368,447
Interest and fiscal charges	169,951		169,951
Total Expenditures	<u>4,898,261</u>	<u>45,353</u>	<u>4,943,614</u>
Excess revenues over (under) expenditures	<u>259,503</u>	<u>42,093</u>	<u>301,596</u>
Other financing sources (uses):			
Transfers in	26,886		26,886
Transfers out		(26,886)	(26,886)
Total Other financing sources (uses)	<u>26,886</u>	<u>(26,886)</u>	<u>-</u>
Net change in fund balances	286,389	15,207	301,596
Fund Balances at beginning of year	<u>5,356,931</u>	<u>504,137</u>	<u>5,861,068</u>
Fund Balances at end of year	<u>\$ 5,643,320</u>	<u>\$ 519,344</u>	<u>\$ 6,162,664</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, 2023

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ 301,596

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	315,421
Depreciation expense	(486,517)

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 loss of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.

Loss on disposal	(13,600)
Proceeds received	(17,600)

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

Property taxes	(34,104)
Lease income	5,340

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	368,447
Financed purchase obligation principal paid	1

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	24,583
Compensated absences	(12,624)
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	9,048
Net changes in pension	<u>(3,345)</u>

Change in Net Position of Governmental Activities (Exhibit B) \$ 463,646

*See accompanying notes to the basic financial statements*

EXHIBIT E  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2023

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,045	\$ 1,999,739
Investments	323,020	
Taxes receivable		<u>279,542</u>
Total Assets	<u>326,065</u>	<u>2,279,281</u>
LIABILITIES		
Accounts payable		434
Due to other governments		<u>2,277,982</u>
Total Liabilities	<u>-</u>	<u>2,278,416</u>
NET POSITION		
Restricted for:		
Individuals and other governments	<u>326,065</u>	<u>865</u>
Total Net Position	<u>\$ 326,065</u>	<u>\$ 865</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, 2023

	Private- Purpose <u>Trust Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous	\$ 4,348	\$ 8
Total Contributions	<u>4,348</u>	<u>8</u>
Investment earnings:		
Interest	7,458	5
Realized gain on investments	937	
Net increase (decrease) in the fair value of investments	<u>18,168</u>	
Total Investment earnings	<u>26,563</u>	<u>5</u>
Property taxes collected for other governments		7,191,784
Fees collected for other governments		247,258
Total Additions	<u>30,911</u>	<u>7,439,055</u>
DEDUCTIONS:		
Benefits paid	2,782	
Payments of property taxes to other governments		7,191,784
Payments of fees to other governments		247,258
Total Deductions	<u>2,782</u>	<u>7,439,042</u>
Change in net position	28,129	13
Net Position at beginning of year	<u>297,936</u>	<u>852</u>
Net Position at end of year	<u>\$ 326,065</u>	<u>\$ 865</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, 2023**

**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, 2023**

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, 2023**

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

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

***Basis of Accounting***

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

**1. Revenues – Exchange and Non-exchange Transactions:**

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

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

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

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

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

**2. Expenses/Expenditures:**

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

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, 2023, the Town appropriated \$10,000 from surplus and applied \$160,000 of its unassigned fund balance to reduce taxes.

***Investments***

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

***Taxes Receivable***

Taxes levied during the current year and prior and uncollected at December 31, 2023 are recorded as receivables net of reserves for estimated uncollectibles of \$20,000.

***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, 2023**

	<u>Description</u>	<u>Years</u>
	Infrastructure	20-50
	Land improvements	10-15
	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, 2023**

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.

***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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

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**

***Other Postemployment Benefits***

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

**NOTE 3—DEPOSITS AND INVESTMENTS**

Deposits and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,741,100
Investments	4,593,781
Statement of Fiduciary Net Position:	
Cash and cash equivalents	2,002,784
Investments	323,020
	<u>\$ 8,660,685</u>

Deposits and investments as of December 31, 2023 consist of the following:

Cash on hand	\$ 35,762
Deposits with financial institutions	3,968,924
Investments	4,655,999
Total deposits and investments	<u>\$ 8,660,685</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:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>&gt; 5 Years</u>
Corporate bonds	<u>\$ 177,210</u>	<u>\$ 39,628</u>	<u>\$ 127,521</u>	<u>\$ 10,061</u>

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

***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	\$ 4,105,517	\$ 4,105,517				
Corporate bonds	177,210		\$ 29,388	\$ 108,823	\$ 9,246	\$ 29,753
Bond mutual funds	104,854					104,854
Equity mutual funds	200,759					200,759
Money market mutual funds	67,659					67,659
	<u>\$ 4,655,999</u>	<u>\$ 4,105,517</u>	<u>\$ 29,388</u>	<u>\$ 108,823</u>	<u>\$ 9,246</u>	<u>\$ 403,025</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: 60-80% fixed income and 20-40% equities.

As of December 31, 2023, the Town has uninsured and uncollateralized deposits of \$64,531.

As of December 31, 2023, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

	<u>Investment Type</u>	<u>Amount</u>
Corporate bonds		\$ 177,210
Bond mutual funds		104,854
Equity mutual funds		200,759
Money market mutual funds		67,659
		<u>\$ 550,482</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, 2023, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using:</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Corporate bonds	\$ 177,210		\$ 177,210	
Bond mutual funds	104,854	\$ 104,854		
Equity mutual funds	200,759	200,759		
	<u>\$ 482,823</u>	<u>\$ 305,613</u>	<u>\$ 177,210</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 benchmark 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](http://www.NHPDIP.com).

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

**NOTE 4—CAPITAL ASSETS**

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

	Balance <u>1/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2023</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,936,678			\$ 1,936,678
Construction in process	42,320			42,320
Works of art	19,115			19,115
Total capital assets not being depreciated	<u>1,998,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,998,113</u>
Other capital assets:				
Infrastructure	3,580,091			3,580,091
Land improvements	203,546			203,546
Buildings and improvements	7,208,180			7,208,180
Vehicles and equipment	4,563,992	315,421	(84,911)	4,794,502
Total other capital assets at historical cost	<u>15,555,809</u>	<u>315,421</u>	<u>(84,911)</u>	<u>15,786,319</u>
Less accumulated depreciation for:				
Infrastructure	(934,123)	(96,176)		(1,030,299)
Land improvements	(104,066)	(10,755)		(114,821)
Buildings and improvements	(2,233,514)	(153,346)		(2,386,860)
Vehicles and equipment	(2,746,501)	(226,240)	53,711	(2,919,030)
Total accumulated depreciation	<u>(6,018,204)</u>	<u>(486,517)</u>	<u>53,711</u>	<u>(6,451,010)</u>
Total other capital assets, net	<u>9,537,605</u>	<u>(171,096)</u>	<u>(31,200)</u>	<u>9,335,309</u>
Total capital assets, net	<u>\$ 11,535,718</u>	<u>\$ (171,096)</u>	<u>\$ (31,200)</u>	<u>\$ 11,333,422</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 17,103
Public safety	185,513
Highways and streets	247,391
Sanitation	12,918
Culture and recreation	23,592
Total governmental activities depreciation expense	<u>\$ 486,517</u>

**NOTE 5—LEASE RECEIVABLE**

The Town entered into an agreement to lease property to an independent company for a cell tower. This lease agreement commenced in July 2013 for a five-year term, and then included term options of four separate and consecutive five-year periods. Lease income is payable in monthly installments of \$2,300. During the year ended December 31, 2023, the Town entered into an agreement to sell their rights to the cell tower and terminate the lease. Upon execution of the agreement is the due diligence process which approximates 90 days to close the transaction, after which sale proceeds of \$600,000 will be received.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

**NOTE 6—LONG-TERM OBLIGATIONS**

*Changes in Long-Term Obligations*

The changes in the Town’s long-term obligations for the year ended December 31, 2023 are as follows:

	Balance <u>1/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2023</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes payable	\$ 5,018,575		\$ (368,447)	\$ 4,650,128	\$ 396,438
Financed purchase obligation	1		(1)	-	-
Compensated absences	<u>68,101</u>	<u>\$ 18,645</u>	<u>(6,021)</u>	<u>80,725</u>	<u>-</u>
Total governmental activities	<u>\$ 5,086,677</u>	<u>\$ 18,645</u>	<u>\$ (374,469)</u>	<u>\$ 4,730,853</u>	<u>\$ 396,438</u>

Payments on the notes payable and financed purchase obligation 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, 2023 are comprised of the following individual issues:

\$2,615,000 Construction Note payable in semi-annual installments of \$155,613, including interest at 3.27%, through July 2032.	\$ 2,404,701
\$2,500,000 Fire Station Note payable in semi-annual installments of \$84,698, including interest at 2.875%, through August 2038.	2,052,212
\$376,000 Fire Truck Note payable in monthly installments of \$2,688, including interest at 3.50%, through September 2025.	54,676
\$250,000 Solar Array Note payable in monthly installments of \$1,942, including interest at 2.00%, through April 2030.	<u>138,539</u>
	<u>\$ 4,650,128</u>

The construction and fire station note payables are direct general obligations of the Town and contain 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.

Debt service requirements to retire notes payable outstanding at December 31, 2023 are as follows:

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

Year Ending December 31,	<b>Direct Borrowings</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 396,438	\$ 139,174	\$ 535,612
2025	400,995	126,554	527,549
2026	388,857	114,500	503,357
2027	400,929	102,429	503,358
2028	413,263	90,094	503,357
2029-2033	1,865,965	254,708	2,120,673
2034-2038	783,681	63,287	846,968
	<u>\$ 4,650,128</u>	<u>\$ 890,746</u>	<u>\$ 5,540,874</u>

***Financed Purchase Obligation***

The financed purchase obligation represents an agreement entered into for the financing of equipment. This contract is subject to cancellation should funds not be appropriated to meet payment obligations.

Debt service requirements to retire the financed purchase obligation consisted of a final \$1 principal payment that was paid during September 2023.

**NOTE 7—OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

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

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

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 general employees were 3.21% and 0.31%, respectively, through June 30, 2023, and 2.60% and 0.26%, respectively, thereafter. Contributions to the OPEB plan for the Town were \$7,092 for the year ended December 31, 2023. 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, 2023, the Town reported a liability of \$68,670 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022. 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, 2023, the Town’s proportion was approximately 0.0201 percent, which was a decrease of 0.001 percentage points from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized negative OPEB expense of (\$1,955). At December 31, 2023, 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>
Net difference between projected and actual earnings on OPEB plan investments	\$ 83	
Town contributions subsequent to the measurement date	<u>3,205</u>	<u>          </u>
Totals	<u>\$ 3,288</u>	<u>\$ -</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$3,288. The Town reported \$3,205 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, 2024. 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:

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

<u>June 30,</u>	
2024	\$ (14)
2025	(104)
2026	223
2027	(22)
	<u>\$ 83</u>

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2022, 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	5.40%, 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.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – 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>
Public equity	50%	5.40-5.65%
Private market equity	20%	4.00-6.65%
Private debt	5%	5.05%
Fixed income	25%	2.15%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2023 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.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

***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	\$ 74,582	\$ 68,670	\$ 63,511

**NOTE 8—DEFINED BENEFIT PENSION PLAN**

***Plan Description***

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

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](http://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:

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

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 30.67% and 13.75%, respectively, through June 30, 2023, and 28.68% and 13.27%, 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 \$160,000 for the year ending December 31, 2023.

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

At December 31, 2023, the Town reported a liability of \$1,550,558 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022. 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, 2023, the Town's proportion was approximately 0.0277 percent, which was a decrease of 0.0001 percentage points from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense of \$163,345. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 39,620	\$ 623
Net difference between projected and actual earnings on pension plan investments	22,424	
Changes of assumptions	40,810	
Changes in proportion and differences between Town contributions and share of contributions	64,730	115,385
Town contributions subsequent to the measurement date	<u>78,414</u>	
Totals	<u>\$ 245,998</u>	<u>\$ 116,008</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pension is reflected as an increase to unrestricted net position in the amount of \$129,990. The Town reported \$78,414 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, 2024. 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>	
2024	\$ 41,477
2025	(36,698)
2026	50,154
2027	<u>(3,357)</u>
	<u>\$ 51,576</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2022, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for Teachers)
Salary increases	5.40%, average, including inflation
Investment rate of return	6.75%, net of pension plan 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, 2022 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

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>
Public equity	50%	5.40-5.65%
Private market equity	20%	4.00-6.65%
Private debt	5%	5.05%
Fixed income	<u>25%</u>	2.15%
Total	<u>100%</u>	

***Discount Rate***

The discount rate used to measure the collective pension liability as of June 30, 2023 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. 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.

***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	\$ 2,103,919	\$ 1,550,558	\$ 1,077,744

**NOTE 9—LANDFILL POSTCLOSURE CARE COSTS**

During 1998, the sanitary landfill previously operated under an intergovernmental agreement with the Town of Hopkinton was closed. The Town of Warner is responsible for annual payments to the Town of Hopkinton based on twenty percent of the annual bond payment for the landfill closure. Estimated postclosure, inspection, maintenance and monitoring costs are \$7,000 for the year 2023. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

landfill laws and regulations. An estimated liability of \$28,000 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, 2023:

Balance - January 1, 2023	\$ 35,000
Expenditures recognized in General Fund	(3,797)
Net change in estimated liability for postclosure care costs	<u>(3,203)</u>
Balance - December 31, 2023	<u>\$ 28,000</u>

**NOTE 10—INTERFUND BALANCES AND TRANSFERS**

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific funds as an interfund balance. Interfund balances at December 31, 2023 are as follows:

	General Fund	Due from Nonmajor Governmental Funds	Totals
Due to General Fund		\$ 33,031	\$ 33,031
Nonmajor Governmental Funds	\$ 11,031	<u>449</u>	<u>11,480</u>
	<u>\$ 11,031</u>	<u>\$ 33,480</u>	<u>\$ 44,511</u>

During the year, several interfund transaction occurred between funds. The Solar Array Fund, a Nonmajor Governmental Fund, transferred its available funds of \$23,404 to the General Fund towards the debt service payments made on the solar array note payable. Additionally, the General Fund received \$3,482 from the Rosa Valpey Memorial Fund, a Nonmajor Governmental Fund, for closure of the fund per court order.

**NOTE 11—RESTRICTED NET POSITION**

Net position of governmental activities is restricted for specific purposes at December 31, 2023 as follows:

Permanent Funds - Principal	\$ 187,210
Permanent Funds - Income	47,934
Extra Highway Block Grant	51,403
State Bridge Funds	215,647
Library	374,073
Beautification fund	5,289
North Road Town Forest	8,529
Parks and Recreation	7,264
Solar Array Construction	11,031
Fire Department Construction	<u>9,833</u>
	<u>\$ 918,213</u>

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

**NOTE 12—COMPONENTS OF FUND BALANCE**

The components of the Town’s fund balance for its governmental funds at December 31, 2023 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>			
Permanent funds - Principal		\$ 187,210	\$ 187,210
<b>Restricted for:</b>			
Permanent funds - Income		47,934	47,934
Extra Highway Block Grant	\$ 51,403		51,403
State Bridge Funds	215,647		215,647
Unspent Road Construction Bond	1,972,657		1,972,657
Library	374,073		374,073
Beautification fund		5,289	5,289
North Road Town Forest		8,529	8,529
Parks and Recreation		7,264	7,264
Solar Array Construction		11,031	11,031
Fire Department Construction		9,833	9,833
<b>Committed for:</b>			
Conservation		84,574	84,574
Solar revolving		19,557	19,557
Expendable trusts	72,380		72,380
Capital reserves	2,013,971		2,013,971
Carryforward appropriations	21,017		21,017
<b>Assigned for:</b>			
Chandler reservation		138,123	138,123
Subsequent year's expenditures	125,000		125,000
Encumbrances	7,299		7,299
Hazardous materials	3,795		3,795
<b>Unassigned:</b>			
Unassigned - General operations	786,078		786,078
	<u>\$ 5,643,320</u>	<u>\$ 519,344</u>	<u>\$ 6,162,664</u>

**NOTE 13—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1<sup>st</sup> (\$327,540,150 as of April 1, 2023) and are due in two installments on July 5, 2023 and December 5, 2023. 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).

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

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 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 \$6,194,404, \$812,257, and \$185,123 for the Kearsarge Regional School District, Merrimack County, and Warner Village Water District, respectively. These taxes are recognized in these financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

**NOTE 14—RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2023.

***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.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2023**

**NOTE 15—COMMITMENTS AND CONTINGENT LIABILITIES**

*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.

**NOTE 16—CHANGE IN ACCOUNTING PRINCIPLE**

***GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

During the year ended December 31, 2023, the Town implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Under GASB Statement No. 94, the Town is required to record a receivable for installment payments and a deferred inflow of resources for the consideration received or to be received as part of the availability payment arrangement. Governmental fund revenue would be recognized in a systematic and rational manner over the term of the arrangement. No such arrangements have been identified by the Town. Accordingly, management has determined that the effect of implementing GASB Statement No. 94 on its financial statements to be immaterial.

***GASB Statement No. 96 – Subscription-Based Information Technology Arrangements***

During the year ended December 31, 2023, the Town implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines a subscription-based information arrangement (SBITA) as a contract to use another party's software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, governments generally recognize a right-to-use subscription asset (intangible asset) and a corresponding liability for each SBITA agreement greater than one year in length.

The Town has entered into various SBITA arrangements for the use of vendor software. Management has determined that the effect of implementing GASB Statement No. 96 related to these SBITA agreements is immaterial on its financial statements.

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 3,274,907	\$ 3,274,907	\$ 3,383,088	\$ 108,181
Licenses and permits	629,145	629,145	633,448	4,303
Intergovernmental	787,056	828,400	845,230	16,830
Charges for services	40,927	40,927	60,559	19,632
Interest income	73,300	73,300	41,329	(31,971)
Miscellaneous	120,748	120,748	84,613	(36,135)
Total Revenues	<u>4,926,083</u>	<u>4,967,427</u>	<u>5,048,267</u>	<u>80,840</u>
Expenditures:				
Current operations:				
General government	1,114,435	1,047,077	1,114,530	(67,453)
Public safety	953,996	978,969	826,281	152,688
Highways and streets	1,404,203	1,389,459	1,328,844	60,615
Sanitation	300,845	300,845	277,179	23,666
Health and welfare	48,539	48,539	72,176	(23,637)
Culture and recreation	42,490	42,490	34,111	8,379
Conservation	15,437	15,437	14,371	1,066
Capital outlay	2,219,905	57,654	68,403	(10,749)
Debt service:				
Principal retirement	364,023	364,023	368,447	(4,424)
Interest and fiscal charges	172,161	172,161	169,951	2,210
Total Expenditures	<u>6,636,034</u>	<u>4,416,654</u>	<u>4,274,293</u>	<u>142,361</u>
Excess revenues over (under) expenditures	<u>(1,709,951)</u>	<u>550,773</u>	<u>773,974</u>	<u>223,201</u>
Other financing sources (uses):				
Transfers in	-	-	34,088	34,088
Transfers out	(764,586)	(764,586)	(754,586)	10,000
Total Other financing sources (uses)	<u>(764,586)</u>	<u>(764,586)</u>	<u>(720,498)</u>	<u>44,088</u>
Net change in fund balances	(2,474,537)	(213,813)	53,476	267,289
Fund Balance at beginning of year				
- Budgetary Basis	<u>3,304,589</u>	<u>3,304,589</u>	<u>3,304,589</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 830,052</u>	<u>\$ 3,090,776</u>	<u>\$ 3,358,065</u>	<u>\$ 267,289</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, 2023

<u>Measurement Period Ended</u>	<b>Cost-Sharing Multiple Employer Plan Information Only</b>				
	<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, 2023	0.02009532%	\$ 68,670	\$ 965,071	7.12%	12.80%
June 30, 2022	0.02105250%	\$ 79,555	\$ 911,842	8.72%	10.64%
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	*	*	*	*	*

\* 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, 2022 - 2023	2.00%	5.40%	6.75%	Pub-2010	MP-2019
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, 2023

<b>Cost-Sharing Multiple Employer Plan Information Only</b>					
<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, 2023	\$ 7,092	\$ (7,092)	\$ -	\$ 989,130	0.72%
December 31, 2022	\$ 9,385	\$ (9,385)	\$ -	\$ 915,477	1.03%
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	*	*	*	*	*

\* 10 Year schedule, historical information not available

*See accompanying notes to the required supplementary information*

SCHEDULE 4

**TOWN OF WARNER, NEW HAMPSHIRE**

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

For the Year Ended December 31, 2023

<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, 2023	0.02769704%	\$ 1,550,558	\$ 965,071	160.67%	67.18%
June 30, 2022	0.02777579%	\$ 1,593,256	\$ 911,842	174.73%	65.12%
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%

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, 2022 - 2023	2.00%	5.40%	6.75%	Pub-2010	MP-2019
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, 2023

<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, 2023	\$ 160,000	\$ (160,000)	\$ -	\$ 989,130	16.18%
December 31, 2022	\$ 164,077	\$ (164,077)	\$ -	\$ 915,477	17.92%
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%

*See accompanying notes to the required supplementary information*

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended December 31, 2023

**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 revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary activity, budgetary transfers, and encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 5,184,650	\$ 4,898,261
Difference in property taxes meeting susceptible to accrual criteria	(34,104)	
Encumbrances - December 31, 2023		7,299
Non-budgetary revenues and expenditures	(78,416)	(641,492)
Budgetary transfers in and out	<u>10,225</u>	<u>764,811</u>
Per Schedule 1	<u>\$ 5,082,355</u>	<u>\$ 5,028,879</u>

**NOTE 2—BUDGETARY FUND BALANCE**

Components of the budgetary fund balance for the General Fund at December 31, 2023 are as follows:

<b><i>Restricted for:</i></b>	
Extra Highway Block Grant	\$ 51,403
State Bridge Funds	215,647
Unspent Bond Proceeds	1,972,657
<b><i>Committed for:</i></b>	
Carryforward appropriations	21,017
<b><i>Assigned for:</i></b>	
Subsequent year's expenditures	125,000
<b><i>Unassigned:</i></b>	
Unassigned - General operations	<u>972,341</u>
	<u>\$ 3,358,065</u>

SCHEDULE A  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
December 31, 2023

	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	\$ 190,419	\$ 11,641		\$ 202,060
Investments	104,140		\$ 235,144	339,284
Due from other funds	449	11,031		11,480
Total Assets	<u>295,008</u>	<u>22,672</u>	<u>235,144</u>	<u>552,824</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>\$ 295,008</u>	<u>\$ 22,672</u>	<u>\$ 235,144</u>	<u>\$ 552,824</u>
LIABILITIES				
Due to other funds	<u>\$ 31,672</u>	<u>\$ 1,808</u>		<u>\$ 33,480</u>
Total Liabilities	<u>31,672</u>	<u>1,808</u>	<u>\$ -</u>	<u>33,480</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable			187,210	187,210
Restricted	21,082	20,864	47,934	89,880
Committed	104,131			104,131
Assigned	138,123			138,123
Total Fund Balances	<u>263,336</u>	<u>20,864</u>	<u>235,144</u>	<u>519,344</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 295,008</u>	<u>\$ 22,672</u>	<u>\$ 235,144</u>	<u>\$ 552,824</u>

SCHEDULE A-1

**TOWN OF WARNER, NEW HAMPSHIRE**

**Combining Balance Sheet**

**Governmental Funds - All Nonmajor Special Revenue Funds**

December 31, 2023

	Beautification Fund	Chandler Reservation Fund	Conservation Commission Fund	North Road Town Forest Fund	Solar Revolving Fund	Parks and Recreation Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,289	\$ 33,534	\$ 88,049	\$ 8,529	\$ 46,994	\$ 8,024	\$ 190,419
Investments		104,140					104,140
Due from other funds		449					449
Total Assets	<u>5,289</u>	<u>138,123</u>	<u>88,049</u>	<u>8,529</u>	<u>46,994</u>	<u>8,024</u>	<u>295,008</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,289</u>	<u>\$ 138,123</u>	<u>\$ 88,049</u>	<u>\$ 8,529</u>	<u>\$ 46,994</u>	<u>\$ 8,024</u>	<u>\$ 295,008</u>
<b>LIABILITIES</b>							
Due to other funds			\$ 3,475		\$ 27,437	\$ 760	\$ 31,672
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>3,475</u>	<u>\$ -</u>	<u>27,437</u>	<u>760</u>	<u>31,672</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Restricted	5,289			8,529		7,264	21,082
Committed			84,574		19,557		104,131
Assigned		138,123					138,123
Total Fund Balances	<u>5,289</u>	<u>138,123</u>	<u>84,574</u>	<u>8,529</u>	<u>19,557</u>	<u>7,264</u>	<u>263,336</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,289</u>	<u>\$ 138,123</u>	<u>\$ 88,049</u>	<u>\$ 8,529</u>	<u>\$ 46,994</u>	<u>\$ 8,024</u>	<u>\$ 295,008</u>

SCHEDULE A-2  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Capital Projects Funds**  
December 31, 2023

	Solar Array <u>Fund</u>	Fire Department Construction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>
ASSETS			
Cash and cash equivalents		\$ 11,641	\$ 11,641
Due from other funds	\$ 11,031	<u>          </u>	<u>11,031</u>
Total Assets	<u>11,031</u>	<u>11,641</u>	<u>22,672</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,031</u>	<u>\$ 11,641</u>	<u>\$ 22,672</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	11,031	9,833	20,864
Total Fund Balances	<u>11,031</u>	<u>9,833</u>	<u>20,864</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,031</u>	<u>\$ 11,641</u>	<u>\$ 22,672</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, 2023

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 29,893			\$ 29,893
Interest and investment income	1,186	\$ 47	\$ 24,496	25,729
Miscellaneous	<u>31,424</u>		<u>400</u>	<u>31,824</u>
Total Revenues	<u>62,503</u>	<u>47</u>	<u>24,896</u>	<u>87,446</u>
Expenditures:				
Current operations:				
General government			1,366	1,366
Culture and recreation	1,757			1,757
Conservation	<u>42,230</u>			<u>42,230</u>
Total Expenditures	<u>43,987</u>	<u>-</u>	<u>1,366</u>	<u>45,353</u>
Excess revenues over (under) expenditures	<u>18,516</u>	<u>47</u>	<u>23,530</u>	<u>42,093</u>
Other financing sources (uses):				
Transfers out	<u>(26,886)</u>			<u>(26,886)</u>
Total Other financing sources (uses)	<u>(26,886)</u>	<u>-</u>	<u>-</u>	<u>(26,886)</u>
Net change in fund balances	(8,370)	47	23,530	15,207
Fund Balances at beginning of year	<u>271,706</u>	<u>20,817</u>	<u>211,614</u>	<u>504,137</u>
Fund Balances at end of year	<u>\$ 263,336</u>	<u>\$ 20,864</u>	<u>\$ 235,144</u>	<u>\$ 519,344</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, 2023

	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			\$ 29,893					\$ 29,893
Interest and investment income	\$ 21	\$ 554	370	\$ 34	\$ 177	\$ 5	\$ 25	1,186
Miscellaneous					29,024		2,400	31,424
Total Revenues	<u>21</u>	<u>554</u>	<u>30,263</u>	<u>34</u>	<u>29,201</u>	<u>5</u>	<u>2,425</u>	<u>62,503</u>
Expenditures:								
Current operations:								
Culture and recreation	247						1,510	1,757
Conservation		1,456	40,774					42,230
Total Expenditures	<u>247</u>	<u>1,456</u>	<u>40,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,510</u>	<u>43,987</u>
Excess revenues over (under) expenditures	<u>(226)</u>	<u>(902)</u>	<u>(10,511)</u>	<u>34</u>	<u>29,201</u>	<u>5</u>	<u>915</u>	<u>18,516</u>
Other financing sources (uses):								
Transfers out					(23,404)	(3,482)		(26,886)
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,404)</u>	<u>(3,482)</u>	<u>-</u>	<u>(26,886)</u>
Net change in fund balances	(226)	(902)	(10,511)	34	5,797	(3,477)	915	(8,370)
Fund Balances at beginning of year	<u>5,515</u>	<u>139,025</u>	<u>95,085</u>	<u>8,495</u>	<u>13,760</u>	<u>3,477</u>	<u>6,349</u>	<u>271,706</u>
Fund Balances at end of year	<u>\$ 5,289</u>	<u>\$ 138,123</u>	<u>\$ 84,574</u>	<u>\$ 8,529</u>	<u>\$ 19,557</u>	<u>\$ -</u>	<u>\$ 7,264</u>	<u>\$ 263,336</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, 2023

	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>          47</u>	\$ <u>          47</u>
Total Revenues	\$ <u>          -</u>	<u>          47</u>	<u>          47</u>
Expenditures:			
Total Expenditures	<u>          -</u>	<u>          -</u>	<u>          -</u>
Net change in fund balances	-	47	47
Fund Balances at beginning of year	<u>         11,031</u>	<u>         9,786</u>	<u>         20,817</u>
Fund Balances at end of year	<u>         \$ 11,031</u>	<u>         \$ 9,833</u>	<u>         \$ 20,864</u>