

March 6, 2026

To the Board of Selectmen  
**Town of Warner, New Hampshire**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 19, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Warner, New Hampshire are described in Note 1 to the financial statements. During the year ended December 31, 2024, the Town adopted and implemented GASB Statement No. 100 – *Accounting Changes and Error Corrections* and GASB Statement No. 101 – *Compensated Absences* (see Note 15 to the financial statements). There was no effect on beginning of the year balances as a result of adoption of the new standards. We noted no transactions entered into by the Town of Warner, New Hampshire during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities and each major fund was:

Management’s estimate of the allowance for uncollectible taxes receivable is based on taxpayer bankruptcies, abatements subsequently issued, historical collection levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. Also, management’s estimates of the useful lives of depreciable capital assets are based on historical utilization, necessary improvements, and replacements. We evaluated the key factors and assumptions used to develop the depreciable useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant estimates also include actuarial assumptions used in determining cost-sharing pension and other postemployment benefit costs which are based on plan audited financial statements. We evaluated the assumptions used in the plan audited financial statements to determine that they are reasonable in relation to the financial statements as a whole.

In addition, the estimate of future annual post closure care costs for the Town's landfill is based upon assessments of anticipated future monitoring and maintenance costs performed by the Town's landfill engineering firm. We evaluated the assessments of the Town's landfill engineering firm. We evaluated the assessments of the Town's landfill engineering firm to determine that future annual postclosure care costs are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

As discussed in Note 2 to the basic financial statements, the Town has not implemented all provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The single employer plan provisions of GASB Statement No. 75 were required to be implemented by the Town during the year ended December 31, 2018. Accordingly, an adverse opinion has been issued on the financial statements of the governmental activities.

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, except those applicable to Fund 99 which is not maintained in the Town's accounting software. Please see the attached schedule of material adjustments detected as a result of audit procedures and corrected by management.

The following is a summary of the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

- Overstatement of the General Fund cash of \$16,340.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated March 6, 2026.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town of Warner, New Hampshire’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Warner, New Hampshire’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As noted above, the Town did not adopt all provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the current year which resulted in an ‘Adverse’ opinion on the Governmental Activities.

### **Other Matters**

We applied certain limited procedures to 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, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor governmental fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

This information is intended solely for the information and use of the Board of Selectmen and management of the Town of Warner, New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Vachon Clukay & Company PC*

Client:  
Report:

WARNER TOWN OF  
Audit Adjustments

Account	Description	Debit	Credit	Net Income Effect
<b>AJE01</b>				
To restore the beginning equity balance in the various trust fund:				
30-2530-00-000	ETF - Fund Balance	6,384.00	0.00	
30-2080-00-000	ETF - Due from other funds	0.00	6,384.00	
31-2530-00-000	CRF - Fund Balance	54,865.00	0.00	
31-2080-00-000	CRF - Due to other funds	0.00	54,865.00	
50-1015-00-000	PF - Investments	28,054.00	0.00	
50-2530-00-100	PF - Fund Balance, Nonspendable	0.00	28,054.00	
60-1015-00-000	PPT - Investments	54,100.00	0.00	
60-2530-00-000	PPT - Net Position	0.00	54,100.00	
<b>Total</b>		<b>143,403.00</b>	<b>143,403.00</b>	<b>0.00</b>
<b>AJE02</b>				
To reverse PY capital reserve interfund paid during 2024				
31-2080-00-000	CRF - Due to other funds	19,395.00	0.00	
31-4900-00-000	CRF - Capital Outlay	0.00	19,395.00	
<b>Total</b>		<b>19,395.00</b>	<b>19,395.00</b>	<b>19,395.00</b>
<b>AJE03</b>				
To adjust trust fund investments to fair value at year end				
50-1015-00-000	PF - Investments	20,450.00	0.00	
50-3502-00-000	PF - Interest	0.00	20,450.00	
60-1015-00-000	PPT - Investments	25,685.00	0.00	
60-3502-00-200	PPT - Increase(Decrease) in Fair Value	0.00	25,685.00	
<b>Total</b>		<b>46,135.00</b>	<b>46,135.00</b>	<b>46,135.00</b>
<b>AJE04</b>				
To restore the prior year equity of the other funds				
03-3502-03-100	Interest on Investments	16.00	0.00	
03-2530-01-101	UNDESIGNATED FUND BALANCE	0.00	16.00	
05-2080-01-100	DUE TO FUND 01	449.00	0.00	
05-3502-03-100	Chandler Reservation Account Interest	554.00	0.00	
05-2530-01-101	UNDESIGNATED FUND BALANCE	0.00	1,003.00	
06-3502-03-100	North Road Town Forest Account Interest	34.00	0.00	
06-2530-01-101	UNDESIGNATED FUND BALANCE	0.00	34.00	
07-3502-03-100	Beautification Fund Interest	21.00	0.00	
07-2530-01-101	UNASSIGNED FUND BALANCE	0.00	21.00	
40-2530-00-000	LIB - Fund Balance	3,257.00	0.00	
40-2080-00-000	Lib - Due to General Fund	0.00	3,257.00	
10-2530-01-100	FUND BALANCE	1,808.00	0.00	
10-3912-00-000	Transfer in	0.00	1,808.00	
<b>Total</b>		<b>6,139.00</b>	<b>6,139.00</b>	<b>1,183.00</b>
<b>AJE05</b>				
To record a receivable at year end for the Rail Trail project				
04-1260-01-100	Rail trail - due from other govts	22,485.00	0.00	
04-3509-01-500	Rail Trail Project Deposits	0.00	22,485.00	
<b>Total</b>		<b>22,485.00</b>	<b>22,485.00</b>	<b>22,485.00</b>
<b>AJE06</b>				
To recognize ARPA revenue based on current year expenditures				
01-2274-01-100	Advances From Grantors	67,358.00	0.00	
01-3359-01-200	ARPA GRANT FUNDS	0.00	67,358.00	
<b>Total</b>		<b>67,358.00</b>	<b>67,358.00</b>	<b>67,358.00</b>
<b>AJE07</b>				
To adjust uncollected property taxes for the 60 day rule				
01-3110-01-100	Property Taxes - Current Year	0.00	31,697.00	
01-2271-01-300	Unearned Tax Revenue - 60 day rule	31,697.00	0.00	
<b>Total</b>		<b>31,697.00</b>	<b>31,697.00</b>	<b>31,697.00</b>
<b>AJE08</b>				
To adjust the school and precinct tax liability at year end				
01-4933-01-900	SCHOOL DISTRICT TAXES PAID	66,986.00	0.00	
01-4932-01-900	PRECINCT TAXES PAID	580.00	0.00	
01-2075-01-100	SCHOOL TAX PAYABLE	0.00	66,986.00	
01-2076-01-100	PRECINCT TAX PAYABLE	0.00	580.00	
<b>Total</b>		<b>67,566.00</b>	<b>67,566.00</b>	<b>(67,566.00)</b>

Client:  
Report:

WARNER TOWN OF  
Audit Adjustments

Account	Description	Debit	Credit	Net Income Effect
<b>AJE09</b>				
To adjust tax activity to the accrual basis				
01-3110-02-200	Property Taxes - Prior Years	381,376.00	0.00	
01-3110-01-100	Property Taxes - Current Year	0.00	361,190.00	
01-3110-02-300	Property Tax Redemptions	79,909.00	0.00	
01-3185-01-100	Yield Taxes - Current Year	0.00	475.00	
01-3185-02-200	Yield Taxes - Prior Years	5,154.00	0.00	
01-3190-01-100	Interest & Penalties - Delinquent Taxes	0.00	5,213.00	
01-1080-01-100	UNCOLLECTED TAXES	0.00	141,854.00	
01-1080-01-101	UNCOLLECTED YIELD TAXES	0.00	4,679.00	
01-1110-01-100	UNREDEEMED TAXES	0.00	11,506.00	
01-3110-01-200	Property Tax Overpayment Refunds	58,478.00	0.00	
<b>Total</b>		<b>524,917.00</b>	<b>524,917.00</b>	<b>(158,039.00)</b>
<b>AJE10</b>				
To record uncollected land use change taxes				
01-1080-01-100	UNCOLLECTED TAXES	8,000.00	0.00	
01-2271-01-200	DEFERRED LAND USE CHANGE TAXES	0.00	8,000.00	
<b>Total</b>		<b>8,000.00</b>	<b>8,000.00</b>	<b>0.00</b>
<b>AJE11</b>				
To adjust for property tax overpayment activity				
01-1080-01-100	UNCOLLECTED TAXES	17,268.00	0.00	
01-2271-01-100	DEFERRED PROPERTY TAXES	0.00	13,108.00	
01-3110-01-200	Property Tax Overpayment Refunds	0.00	4,160.00	
<b>Total</b>		<b>17,268.00</b>	<b>17,268.00</b>	<b>4,160.00</b>
<b>AJE12</b>				
To adjusted uncollected tax balances to actual				
01-3110-01-200	Property Tax Overpayment Refunds	983.00	0.00	
01-1080-01-100	UNCOLLECTED TAXES	0.00	240.00	
01-1110-01-100	UNREDEEMED TAXES	0.00	743.00	
<b>Total</b>		<b>983.00</b>	<b>983.00</b>	<b>(983.00)</b>
<b>AJE13</b>				
To reverse the balance of the accrued payroll from 12.31.23				
01-2025-01-100	ACCRUED PAYROLL	10,518.00	0.00	
01-2200-01-100	FEDERAL WITHHOLDING TAX	0.00	2,395.00	
01-2220-01-100	FICA (SOC SEC) - EMPLOYEE CONTRIBUTION	0.00	1,427.00	
01-2220-02-100	FICA (SOC SEC) TOWN PORTION	0.00	1,427.00	
01-2221-01-100	MEDICARE TAX - EMPLOYEE CONTRIBUTION	0.00	380.00	
01-2221-02-100	MEDICARE TAXES - TOWN PORTION	0.00	380.00	
01-2320-01-101	NHRS - Group I Contributions	0.00	3,045.00	
01-2321-01-100	NHRS - Group II Contributions	0.00	643.00	
01-2321-01-100	NHRS - Group II Contributions	0.00	737.00	
01-2360-01-101	HEALTHCARE FLEX SPENDING LIABILITY	0.00	84.00	
<b>Total</b>		<b>10,518.00</b>	<b>10,518.00</b>	<b>0.00</b>
<b>AJE14</b>				
To record trust fund payables at year end to the General Fund				
31-4900-00-000	CRF - Capital Outlay	233,954.00	0.00	
31-2080-00-000	CRF - Due to other funds	0.00	233,954.00	
30-4100-00-000	ETF - General Government	2,814.00	0.00	
30-2080-00-000	ETF - Due from other funds	0.00	2,814.00	
<b>Total</b>		<b>236,768.00</b>	<b>236,768.00</b>	<b>(236,768.00)</b>
<b>AJE15</b>				
To restore the beginning fund balance in the General Fund				
01-1010-01-101	Cash - Sugar River	1,387.00	0.00	
01-1310-01-111	Due from Fund 11 to Fund 01	7,770.00	0.00	
01-2000-01-100	Accounts Payable	0.00	1,362.00	
01-2080-01-110	[IA] DUE TO SOLAR FUND #11	2,039.00	0.00	
01-2080-01-111	Due to fund 11 from Fund 01	0.00	5,827.00	
01-2530-01-101	UNDESIGNATED FUND BALANCE	0.00	4,007.00	
<b>Total</b>		<b>11,196.00</b>	<b>11,196.00</b>	<b>0.00</b>
<b>AJE16</b>				
To adjust for health insurance expenditures that are operating costs:				
01-4916-04-920	EMPLOYEE HEALTH INSURANCE EXPENDABLE TRUST FUND	3,505.00	0.00	
01-1310-01-100	Due to/from Capital Reserve Funds	0.00	3,505.00	
<b>Total</b>		<b>3,505.00</b>	<b>3,505.00</b>	<b>(3,505.00)</b>

Client:  
Report:

WARNER TOWN OF  
Audit Adjustments

Account	Description	Debit	Credit	Net Income Effect
<b>AJE17</b>				
To adjust for prior year entries to accounts payable not reflected in general ledger				
01-4152-01-312	Assessing - Outside Services	36,314.00	0.00	
01-4152-02-342	Assessing - Computer Hardware	16,400.00	0.00	
01-2000-01-100	Accounts Payable	0.00	52,714.00	
01-2000-01-100	Accounts Payable	12,913.00	0.00	
01-4130-02-110	SB - Town Admin Wages	0.00	12,913.00	
<b>Total</b>		<b>65,627.00</b>	<b>65,627.00</b>	<b>(39,801.00)</b>
<b>AJE18</b>				
To adjust interfund balance with Fund 10				
01-1310-02-100	DUE TO/FROM OTHER FUNDS	0.00	1,808.00	
01-4912-00-000	Transfer out	1,808.00	0.00	
<b>Total</b>		<b>1,808.00</b>	<b>1,808.00</b>	<b>(1,808.00)</b>
<b>AJE19</b>				
To restore the prior year fund balance of the Solar Array Fund				
11-2530-01-100	SOLAR ARRAY FUND BALANCE	3,982.00	0.00	
11-2080-01-101	Due to Fund 01 from Fund 11	0.00	3,982.00	
<b>Total</b>		<b>3,982.00</b>	<b>3,982.00</b>	<b>0.00</b>
<b>AJE20</b>				
To adjust the receivable from the Library Fund				
01-1200-01-200	Library Accounts Receivable	20,363.00	0.00	
01-4155-02-210	Benefits - Health Insurance	0.00	18,474.00	
01-4155-02-240	Benefits - Dental Insurance	0.00	1,217.00	
01-4155-02-215	Benefits - Life Insurance	0.00	51.00	
01-4155-02-219	Benefits - STD Insurance	0.00	246.00	
01-4155-02-220	Benefits - LTD Insurance	0.00	375.00	
<b>Total</b>		<b>20,363.00</b>	<b>20,363.00</b>	<b>20,363.00</b>
<b>AJE21</b>				
To adjust the interfund balance in the Library Fund				
40-4520-00-000	LIB - Culture and Recreation	1,329.00	0.00	
40-2080-00-000	Lib - Due to General Fund	0.00	1,329.00	
<b>Total</b>		<b>1,329.00</b>	<b>1,329.00</b>	<b>(1,329.00)</b>
<b>AJE22</b>				
To restore the beginning balances in Fund 12				
12-2530-01-101	ESCROW FUND BALANCE	2,494.00	0.00	
12-2000-01-300	COMET, LLC - ESCROW ACCOUNTS PAYABLE	0.00	2,500.00	
12-4199-01-100	Escrow Expenditures	6.00	0.00	
<b>Total</b>		<b>2,500.00</b>	<b>2,500.00</b>	<b>(6.00)</b>
<b>AJE23</b>				
To adjust for direct entry posted against equity balance in Fund 12 & reverse prior year payable				
12-2080-01-200	DUE TO/ DUE FROM FUND 12	2,059.00	0.00	
12-2530-01-101	ESCROW FUND BALANCE	0.00	2,059.00	
12-2000-01-300	COMET, LLC - ESCROW ACCOUNTS PAYABLE	441.00	0.00	
12-4191-01-102	Comet LLC Escrow Account Expenditures	0.00	441.00	
<b>Total</b>		<b>2,500.00</b>	<b>2,500.00</b>	<b>441.00</b>
<b>AJE24</b>				
To adjust the interfund balance in the General Fund				
01-1310-01-100	Due to/from Capital Reserve Funds	448.00	0.00	
01-3509-01-100	Misc. Revenues	0.00	448.00	
<b>Total</b>		<b>448.00</b>	<b>448.00</b>	<b>448.00</b>
<b>AJE25</b>				
To recognize prepaid debt in Fund 10 as prepaid item				
10-1400-01-100	Prepaid Expense	11,663.00	0.00	
10-4712-01-830	Loan Principal	0.00	11,663.00	
<b>Total</b>		<b>11,663.00</b>	<b>11,663.00</b>	<b>11,663.00</b>
<b>GAJE01</b>				
To record current year debt activity				
99-2501-00-000	Current Portion of Notes Payable	7,106.00	0.00	
99-2511-00-000	Notes Payable	400,995.00	0.00	
99-5910-00-000	Debt Service - Principal	0.00	396,438.00	
99-1400-00-000	Prepaid Expense	0.00	11,663.00	
<b>Total</b>		<b>408,101.00</b>	<b>408,101.00</b>	<b>396,438.00</b>

Client:  
Report:

WARNER TOWN OF  
Audit Adjustments

Account	Description	Debit	Credit	Net Income Effect
<b>GAJE02</b>				
To adjust accrued interest to actual for governmental activities:				
99-2025-00-000	Accrued Interest	4,966.00	0.00	
99-5920-00-000	Debt Service - Interest	0.00	4,966.00	
<b>Total</b>		<b>4,966.00</b>	<b>4,966.00</b>	<b>4,966.00</b>
<b>GAJE03</b>				
To adjust cost sharing OPEB to actual in the current year				
99-2810-00-000	OPEB Liability	12,397.00	0.00	
99-1915-00-000	Deferred Outflows - OPEB	0.00	542.00	
99-2915-00-000	Deferred Inflows - OPEB	0.00	13.00	
99-5100-00-000	General Government	0.00	11,842.00	
<b>Total</b>		<b>12,397.00</b>	<b>12,397.00</b>	<b>11,842.00</b>
<b>GAJE04</b>				
To adjust capital asset activity for governmental activities:				
99-1810-02-000	Construction in Progress	19,888.00	0.00	
99-1820-02-000	Buildings and Improvements	33,876.00	0.00	
99-1820-06-000	Vehicles and Equipment	208,192.00	0.00	
99-1825-00-000	Accumulated Depreciation	0.00	406,085.00	
99-5100-00-000	General Government	0.00	2,785.00	
99-5200-00-000	Public Safety	0.00	132,988.00	
99-5310-00-000	Highways and Streets	235,432.00	0.00	
99-5320-00-000	Sanitation	17,052.00	0.00	
99-5420-00-000	Culture and Recreation	22,686.00	0.00	
99-6900-00-000	Net (Gain) Loss on Disposal	4,732.00	0.00	
<b>Total</b>		<b>541,858.00</b>	<b>541,858.00</b>	<b>(144,129.00)</b>
<b>GAJE05</b>				
To adjust cost sharing pension to actual in the current year				
99-2820-00-000	Net Pension Liability	150,375.00	0.00	
99-1925-00-000	Deferred Outflows - Pension	0.00	104,799.00	
99-2925-00-000	Deferred Inflows - Pension	0.00	18,535.00	
99-5100-00-000	General Government	0.00	27,041.00	
<b>Total</b>		<b>150,375.00</b>	<b>150,375.00</b>	<b>27,041.00</b>
<b>GAJE06</b>				
To record current year changes in landfill postclosure care liability				
99-2855-00-000	Estimated Liability for Landfill Postclosure Care	0.00	211,000.00	
	Current Portion of Estimated Liability for Landfill			
99-2850-00-000	Postclosure	0.00	1,000.00	
99-5320-00-000	Sanitation	212,000.00	0.00	
<b>Total</b>		<b>212,000.00</b>	<b>212,000.00</b>	<b>(212,000.00)</b>
<b>GAJE07</b>				
To adjust compensated absences liability to actual				
99-2705-00-000	Compensated Absences Payable	13,892.00	0.00	
99-5100-00-000	General Government	5,374.00	0.00	
99-5200-00-000	Public Safety	0.00	9,172.00	
99-5310-00-000	Highways and Streets	0.00	3,281.00	
99-5320-00-000	Sanitation	0.00	117.00	
99-5420-00-000	Culture and Recreation	0.00	6,696.00	
<b>Total</b>		<b>19,266.00</b>	<b>19,266.00</b>	<b>13,892.00</b>
<b>GAJE08</b>				
To reverse the 60 day rule for governmental activities reporting				
99-2910-00-000	Property Taxes Collected in Advance	0.00	31,697.00	
99-4100-00-000	Taxes	31,697.00	0.00	
<b>Total</b>		<b>31,697.00</b>	<b>31,697.00</b>	<b>(31,697.00)</b>
<b>GRAND TOTAL</b>		<b>2,708,213.00</b>	<b>2,708,213.00</b>	<b>(218,124.00)</b>