

**TOWN OF WARNER, NEW HAMPSHIRE**

**Financial Statements**

**December 31, 2020**

**and**

**Independent Auditor's Report**

**TOWN OF WARNER, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2020**

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**TOWN OF WARNER, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Warner, New Hampshire

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Warner, New Hampshire (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Basis for Adverse Opinion on Governmental Activities***

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

### ***Adverse Opinion***

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Warner, New Hampshire, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Town of Warner, New Hampshire, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

*Supplementary Information*

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

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

*Vachon Clukay & Company PC*

Manchester, New Hampshire  
December 17, 2021

**TOWN OF WARNER, NEW HAMPSHIRE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2020**

The following is a discussion and analysis of the financial activities of the Town of Warner, New Hampshire for the year ending December 31, 2020. Readers are encouraged to consider the information presented here in conjunction with the Town's financial statements.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure

and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

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

## **Notes to the Basic Financial Statements**

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

## **Required Supplementary Information**

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

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



## Other Supplementary Information

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Statement of Net Position

Net position of the Town of Warner as of December 31, 2020 and 2019 is as follows:

|                                  | <u>2020</u>          | <u>2019</u>          |
|----------------------------------|----------------------|----------------------|
| Current assets                   | \$ 3,226,333         | \$ 2,907,831         |
| Capital assets                   | <u>11,885,027</u>    | <u>12,231,170</u>    |
| Total assets                     | <u>15,111,360</u>    | <u>15,139,001</u>    |
| Deferred outflows of resources   | <u>448,600</u>       | <u>180,498</u>       |
| Long-term liabilities            | 4,637,807            | 4,433,459            |
| Other liabilities                | <u>300,469</u>       | <u>576,914</u>       |
| Total liabilities                | <u>4,938,276</u>     | <u>5,010,373</u>     |
| Deferred inflows of resources    | <u>141,688</u>       | <u>170,312</u>       |
| Net position:                    |                      |                      |
| Net investment in capital assets | 9,096,106            | 9,266,780            |
| Restricted                       | 468,530              | 454,169              |
| Unrestricted                     | <u>915,360</u>       | <u>417,865</u>       |
| Total net position               | <u>\$ 10,479,996</u> | <u>\$ 10,138,814</u> |

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

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

#### Statement of Activities

The Town's net position increased by \$341,182 during the current year. Total revenues of \$4,279,318 exceeded expenses of \$3,938,136.

Changes in net position for the years ending December 31, 2020 and 2019 are as follows:

|                                    | <u>2020</u>          | <u>2019</u>          |
|------------------------------------|----------------------|----------------------|
| Revenues                           |                      |                      |
| Program revenues:                  |                      |                      |
| Charges for services               | \$ 24,701            | \$ 50,596            |
| Operating grants and contributions | 227,985              | 133,852              |
| Capital grants and contributions   |                      | 43,999               |
| General revenues:                  |                      |                      |
| Property and other taxes           | 3,068,799            | 2,884,538            |
| Licenses and permits               | 601,047              | 585,688              |
| Grants and contributions           | 185,376              | 188,012              |
| Interest and investment earnings   | 33,466               | 55,632               |
| Miscellaneous                      | 137,944              | 140,429              |
| Loss on disposal of capital assets |                      | (13,495)             |
| Total revenues                     | <u>4,279,318</u>     | <u>4,069,251</u>     |
| Expenses                           |                      |                      |
| General government                 | 869,416              | 851,428              |
| Public safety                      | 1,064,731            | 918,051              |
| Highways and streets               | 1,355,288            | 1,830,659            |
| Sanitation                         | 257,088              | 235,686              |
| Health and welfare                 | 15,744               | 19,603               |
| Culture and recreation             | 265,767              | 277,558              |
| Conservation                       | 8,456                | 9,679                |
| Interest and fiscal charges        | <u>101,646</u>       | <u>126,886</u>       |
| Total expenses                     | <u>3,938,136</u>     | <u>4,269,550</u>     |
| Change in net position             | 341,182              | (200,299)            |
| Net position, beginning of year    | <u>10,138,814</u>    | <u>10,339,113</u>    |
| Net position, end of year          | <u>\$ 10,479,996</u> | <u>\$ 10,138,814</u> |

Property and other taxes brought in \$3,068,799 in revenues. Licenses and permits generated \$601,047 in revenues. Other revenues consisted of charges for services, grants, contributions, interest and investment earnings, and miscellaneous revenues. Total revenues recognized during the year ended December 31, 2020 increased from the previous year by \$210,067 or 5.16%.

The Town's expenses cover a range of services. The largest expenses were for highways and streets (34.41%), public safety (27.04%), and general government (22.08%), which accounted for 83.53% of total expenses. Total expenses recognized during the year ended December 31, 2020 decreased from the previous year by \$331,414 or 7.76%.

### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

#### **Governmental Funds**

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

### ***General Fund***

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had a total fund balance of \$2,445,040. A detail of the fund balance components at year end are detailed on page 30 of the Notes to the Basic Financial Statements.

The General Fund balance increased \$540,008 from December 31, 2019. A decrease in fund balance was anticipated as the Town applied \$143,000 of its unassigned fund balance to reduce taxes and an additional \$10,000 was voted to be used from fund balance to offset approved appropriations at the 2020 annual Town meeting. However, the actual revenues exceeded the estimated revenue and the actual expenditures were less than the appropriations resulting in an increase in fund balance.

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

The total fund balance of \$448,434 in the nonmajor governmental funds is designated for the purposes of the individually established funds. The largest portion of this represents the balance in the Permanent Funds (\$223,520 or 49.84%), Chandler Reservation Fund (\$130,124 or 29.02%) and the Conservation Commission Fund (\$50,384 or 11.24%). The total fund balance in the other governmental funds increased by \$16,061 or 3.71% from December 31, 2019.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The original estimated revenues increased by \$24,443 due to unanticipated First Responder stipends that were accepted. Actual revenues and other financing sources on the budgetary basis exceeded the budgeted amount by \$277,793 or 7.06%.

The original appropriations decreased by \$12,407 representing unanticipated revenue of \$24,443 reduced by approved appropriations of \$36,850 carried forward to 2021. During the year, the Town under expended its budget by \$201,807 or 4.93%. Demonstrating fiscal restraint, town officials were able to manage the town's business under budget. The key areas of savings resulted within general government and highways and streets.

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

### **Capital Assets**

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

The Town's investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$17,210,025. Accumulated depreciation amounts to \$5,324,998, leaving a net book value of \$11,885,027. This investment in capital assets includes equipment and real property.

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

## **Long-Term Obligations**

At December 31, 2020, the Town of Warner had three outstanding notes payable on the fire station, fire truck, and solar array for a combined total of \$2,706,223 and a capital lease payable on the highway grader for \$82,698.

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, 2020, the Town's net pension liability is \$1,791,199 and the Town's net OPEB liability is \$97,769.

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

## **ECONOMIC CONDITIONS**

The Board of Selectmen and Budget Committee have continued to work together to keep the Town portion of the tax rate at constant levels while maintaining and improving the quality of Town services. This has been done with a combination of responsible budgeting, securing federal and state grant opportunities for projects and utilizing unassigned general funds to apply toward mitigating the town tax rate.

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

The Economic Development Advisory Committee (EDAC) coordinates with local business organizations, state agencies and the Regional Planning Commission to effectively promote Warner as a strong, viable community in which businesses can expand and prosper. The addition of Warner Public Market offers fresh local produce, dairy, meat and groceries alongside sustainably sourced household goods, an herbal apothecary and handmade art and craft. Warner Connects and MainStreet Warner, Inc., provide food and goods to residents during challenging COVID-19 times. The expansion of an addition to MadgeTech, Inc. demonstrates the potential vitality of high-tech commercial development in Warner. Exit 9 businesses are growing with a new retail space under construction and Dunkin Donuts moving from the Irving station to a new building. Looking forward, three new restaurants are either opened or soon-to-be open in 2021, Café One East, The Kitchen, and Reeds North all located in the Warner Village District, convenient for foot traffic and visitors to town.

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

## **REQUESTS FOR INFORMATION**

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

EXHIBIT A  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Statement of Net Position**  
December 31, 2020

|   | Governmental<br><u>Activities</u> |
|---|-----------------------------------|
| ASSETS  |                                   |
| Current Assets:   |                                   |
| Cash and cash equivalents   | \$ 2,326,875                      |
| Investments   | 520,926                           |
| Taxes receivable, net   | 376,538                           |
| Accounts receivable   | <u>1,994</u>                      |
| Total Current Assets  | <u>3,226,333</u>                  |
| Noncurrent Assets:  |                                   |
| Capital assets:   |                                   |
| Non-depreciable capital assets  | 2,026,223                         |
| Depreciable capital assets, net   | <u>9,858,804</u>                  |
| Total Noncurrent Assets   | <u>11,885,027</u>                 |
| Total Assets  | <u>15,111,360</u>                 |
| DEFERRED OUTFLOWS OF RESOURCES  |                                   |
| Deferred outflows of resources attributable to OPEB liability                 | 7,533                             |
| Deferred outflows of resources attributable to net pension liability          | <u>441,067</u>                    |
| Total Deferred Outflows of Resources  | <u>448,600</u>                    |
| LIABILITIES   |                                   |
| Current Liabilities:  |                                   |
| Accounts payable  | 40,919                            |
| Accrued liabilities   | 58,697                            |
| Deposits  | 4,000                             |
| Due to other governments  | 1                                 |
| Current portion of notes payable  | 148,964                           |
| Current portion of capital lease payable                                      | 40,888                            |
| Current portion of estimated liability for landfill<br>postclosure care costs | <u>7,000</u>                      |
| Total Current Liabilities   | <u>300,469</u>                    |
| Noncurrent Liabilities:   |                                   |
| Notes payable   | 2,557,259                         |
| Capital lease payable   | 41,810                            |
| Compensated absences  | 107,770                           |
| Estimated liability for landfill postclosure care costs                       | 42,000                            |
| OPEB liability  | 97,769                            |
| Net pension liability   | <u>1,791,199</u>                  |
| Total Noncurrent Liabilities  | <u>4,637,807</u>                  |
| Total Liabilities   | <u>4,938,276</u>                  |
| DEFERRED INFLOWS OF RESOURCES   |                                   |
| Deferred inflows of resources attributable to OPEB liability                  | 1,973                             |
| Deferred inflows of resources attributable to net pension liability           | 134,982                           |
| Property taxes collected in advance   | <u>4,733</u>                      |
| Total Deferred Inflows of Resources   | <u>141,688</u>                    |
| NET POSITION  |                                   |
| Net investment in capital assets  | 9,096,106                         |
| Restricted  | 468,530                           |
| Unrestricted  | <u>915,360</u>                    |
| Total Net Position  | <u>\$ 10,479,996</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, 2020

| 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                          | \$ 869,416          | \$ 7,725                    | \$ 6,076                                  | \$ (855,615)   |
| Public safety                               | 1,064,731           | 2,738                       | 91,445                                    | (970,548)  |
| Highways and streets                        | 1,355,288           |                             | 130,264                                   | (1,225,024)  |
| Sanitation                                  | 257,088             | 14,238                      |   | (242,850)  |
| Health and welfare                          | 15,744              |                             |   | (15,744)   |
| Culture and recreation                      | 265,767             |                             | 200                                       | (265,567)  |
| Conservation                                | 8,456               |                             |   | (8,456)  |
| Interest and fiscal charges                 | 101,646             |                             |   | (101,646)  |
| Total governmental activities               | <u>\$ 3,938,136</u> | <u>\$ 24,701</u>            | <u>\$ 227,985</u>                         | <u>(3,685,450)</u>                                       |
| General revenues:                           |                     |                             |   |  |
| Property and other taxes                    |                     |                             |   | 3,068,799  |
| Licenses and permits                        |                     |                             |   | 601,047  |
| Grants and contributions:                   |                     |                             |   |  |
| Municipal aid                               |                     |                             |   | 35,258   |
| Rooms and meals tax distribution            |                     |                             |   | 147,507  |
| State and federal forest land reimbursement |                     |                             |   | 2,611  |
| Interest and investment earnings            |                     |                             |   | 33,466   |
| Miscellaneous                               |                     |                             |   | 137,944  |
| Total general revenues                      |                     |                             |   | <u>4,026,632</u>   |
| Change in net position                      |                     |                             |   | 341,182  |
| Net Position at beginning of year           |                     |                             |   | <u>10,138,814</u>  |
| Net Position at end of year                 |                     |                             |   | <u>\$ 10,479,996</u>                                     |

*See accompanying notes to the basic financial statements*

EXHIBIT C  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2020

|   | General<br><u>Fund</u> | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|---|------------------------|--|---------------------------------------|
| ASSETS  |                        |  |                                       |
| Cash and cash equivalents   | \$ 2,203,387           | \$ 123,488                               | \$ 2,326,875                          |
| Investments   | 194,709                | 326,217                                  | 520,926                               |
| Taxes receivable, net   | 376,538                |  | 376,538                               |
| Accounts receivable   | 1,994                  |  | 1,994                                 |
| Due from other funds  | 16,678                 | 15,407                                   | 32,085                                |
| Total Assets  | <u>2,793,306</u>       | <u>465,112</u>                           | <u>3,258,418</u>                      |
| DEFERRED OUTFLOWS OF RESOURCES  |                        |  |                                       |
| Total Deferred Outflows of Resources                                  | <u>-</u>               | <u>-</u>                                 | <u>-</u>                              |
| Total Assets and Deferred Outflows of Resources                       | <u>\$ 2,793,306</u>    | <u>\$ 465,112</u>                        | <u>\$ 3,258,418</u>                   |
| LIABILITIES   |                        |  |                                       |
| Accounts payable  | \$ 40,919              |  | \$ 40,919                             |
| Accrued liabilities   | 22,781                 |  | 22,781                                |
| Deposits  | 4,000                  |  | 4,000                                 |
| Due to other governments  | 1                      |  | 1                                     |
| Due to other funds  | 15,407                 | \$ 16,678                                | 32,085                                |
| Total Liabilities   | <u>83,108</u>          | <u>16,678</u>                            | <u>99,786</u>                         |
| DEFERRED INFLOWS OF RESOURCES   |                        |  |                                       |
| Uncollected property taxes  | 246,925                |  | 246,925                               |
| Uncollected land use tax revenue                                      | 13,500                 |  | 13,500                                |
| Property taxes collected in advance                                   | 4,733                  |  | 4,733                                 |
| Total Deferred Inflows of Resources                                   | <u>265,158</u>         | <u>-</u>                                 | <u>265,158</u>                        |
| FUND BALANCES   |                        |  |                                       |
| Nonspendable  |                        | 185,910                                  | 185,910                               |
| Restricted  | 200,604                | 82,016                                   | 282,620                               |
| Committed   | 1,196,477              | 50,384                                   | 1,246,861                             |
| Assigned  | 17,359                 | 130,124                                  | 147,483                               |
| Unassigned  | 1,030,600              |  | 1,030,600                             |
| Total Fund Balances   | <u>2,445,040</u>       | <u>448,434</u>                           | <u>2,893,474</u>                      |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 2,793,306</u>    | <u>\$ 465,112</u>                        | <u>\$ 3,258,418</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, 2020

|   |                      |
|---|----------------------|
| Total Fund Balances - Governmental Funds (Exhibit C)  | \$ 2,893,474         |
| 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.   | 11,885,027           |
| Property and land use change taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.                                   | 260,425              |
| 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  | 7,533                |
| Deferred outflows of resources related to net pension liability   | 441,067              |
| Deferred inflows of resources related to OPEB liability   | (1,973)              |
| Deferred inflows of resources related to net pension liability  | (134,982)            |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:          |                      |
| Notes payable   | (2,706,223)          |
| Capital lease payable   | (82,698)             |
| Accrued interest on long-term obligations   | (35,916)             |
| Compensated absences  | (107,770)            |
| Estimated liability for landfill postclosure care costs   | (49,000)             |
| OPEB liability  | (97,769)             |
| Net pension liability   | <u>(1,791,199)</u>   |
| Net Position of Governmental Activities (Exhibit A)   | <u>\$ 10,479,996</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, 2020

|   | General<br><u>Fund</u> | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|---|------------------------|--|---------------------------------------|
| Revenues:                                 |                        |  |                                       |
| Taxes                                     | \$ 3,006,698           | \$ 15,885                                | \$ 3,022,583                          |
| Licenses and permits                      | 601,047                |  | 601,047                               |
| Intergovernmental                         | 413,361                |  | 413,361                               |
| Charges for services                      | 24,701                 |  | 24,701                                |
| Interest and investment income            | 11,752                 | 21,714                                   | 33,466                                |
| Miscellaneous                             | 116,975                | 20,969                                   | 137,944                               |
| Total Revenues                            | <u>4,174,534</u>       | <u>58,568</u>                            | <u>4,233,102</u>                      |
| Expenditures:                             |                        |  |                                       |
| Current operations:                       |                        |  |                                       |
| General government                        | 741,872                | 1,324                                    | 743,196                               |
| Public safety                             | 835,142                |  | 835,142                               |
| Highways and streets                      | 1,011,027              |  | 1,011,027                             |
| Sanitation                                | 246,052                |  | 246,052                               |
| Health and welfare                        | 15,744                 |  | 15,744                                |
| Culture and recreation                    | 242,539                | 3,096                                    | 245,635                               |
| Conservation                              | 609                    | 22,447                                   | 23,056                                |
| Capital outlay                            | 317,005                | 745                                      | 317,750                               |
| Debt service:                             |                        |  |                                       |
| Principal retirement                      | 135,480                |  | 135,480                               |
| Interest and fiscal charges               | 103,951                |  | 103,951                               |
| Total Expenditures                        | <u>3,649,421</u>       | <u>27,612</u>                            | <u>3,677,033</u>                      |
| Excess revenues over (under) expenditures | <u>525,113</u>         | <u>30,956</u>                            | <u>556,069</u>                        |
| Other financing sources (uses):           |                        |  |                                       |
| Transfers in                              | 14,895                 |  | 14,895                                |
| Transfers out                             |                        | (14,895)                                 | (14,895)                              |
| Total Other financing sources (uses)      | <u>14,895</u>          | <u>(14,895)</u>                          | <u>-</u>                              |
| Net change in fund balances               | 540,008                | 16,061                                   | 556,069                               |
| Fund Balances at beginning of year        | <u>1,905,032</u>       | <u>432,373</u>                           | <u>2,337,405</u>                      |
| Fund Balances at end of year              | <u>\$ 2,445,040</u>    | <u>\$ 448,434</u>                        | <u>\$ 2,893,474</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, 2020

Net Change in Fund Balances - Governmental Funds (Exhibit D) \$ 556,069

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. (346,143)

Property tax and land use change tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 46,216

Repayment of principal on notes and capital lease payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 175,469

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 5,065  
Compensated absences (10,129)  
Estimated liability for landfill postclosure care costs (1,000)

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 15,594  
Net changes in pension (99,959)

Change in Net Position of Governmental Activities (Exhibit B) \$ 341,182

EXHIBIT E  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
December 31, 2020

|                                      | Private-<br>Purpose<br><u>Trust Funds</u> | Custodial<br><u>Funds</u> |
|--------------------------------------|---|---------------------------|
| ASSETS                               |   |                           |
| Cash and cash equivalents            | \$ 9,081                                  | \$ 1,974,923              |
| Investments                          | 292,733                                   |                           |
| Taxes receivable                     |   | 268,549                   |
| Total Assets                         | <u>301,814</u>                            | <u>2,243,472</u>          |
| DEFERRED OUTFLOWS OF RESOURCES       |   |                           |
| Total Deferred Outflows of Resources | <u>-</u>                                  | <u>-</u>                  |
| LIABILITIES                          |   |                           |
| Due to other governments             |   | 2,226,221                 |
| Total Liabilities                    | <u>-</u>                                  | <u>2,226,221</u>          |
| DEFERRED INFLOWS OF RESOURCES        |   |                           |
| Total Deferred Inflows of Resources  | <u>-</u>                                  | <u>-</u>                  |
| NET POSITION                         |   |                           |
| Restricted for:                      |   |                           |
| Individuals and other governments    | <u>301,814</u>                            | <u>17,251</u>             |
| Total Net Position                   | <u>\$ 301,814</u>                         | <u>\$ 17,251</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, 2020

|   | Private-<br>Purpose<br><u>Trust Funds</u> | Custodial<br><u>Funds</u> |
|---|---|---------------------------|
| ADDITIONS:  |   |                           |
| Contributions:                                      |   |                           |
| Miscellaneous                                       |   | \$ 17,251                 |
| Total Contributions                                 | <u>\$ -</u>                               | <u>17,251</u>             |
| Investment Earnings:                                |   |                           |
| Interest  | 5,774                                     |                           |
| Realized gain on investments                        | 1,885                                     |                           |
| Net increase in the fair value of investments       | <u>19,208</u>                             |                           |
| Total Investment Earnings                           | <u>26,867</u>                             | <u>-</u>                  |
| Property taxes collected for other governments      |   | 6,171,071                 |
| Motor vehicle fees collected for other governments  |   | <u>211,612</u>            |
| Total Additions                                     | <u>26,867</u>                             | <u>6,399,934</u>          |
| DEDUCTIONS:   |   |                           |
| Benefits paid                                       | 4,331                                     |                           |
| Payments of property taxes to other governments     |   | 6,171,071                 |
| Payments of motor vehicle fees to other governments |   | <u>211,612</u>            |
| Total Deductions                                    | <u>4,331</u>                              | <u>6,382,683</u>          |
| Change in net position                              | 22,536                                    | 17,251                    |
| Net Position at beginning of year                   | <u>279,278</u>                            |                           |
| Net Position at end of year                         | <u>\$ 301,814</u>                         | <u>\$ 17,251</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, 2020**

**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, 2020**

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, 2020**

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

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

***Basis of Accounting***

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

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

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

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

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

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

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

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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, 2020, the Town appropriated \$10,000 from surplus and applied \$143,000 of its unassigned fund balance to reduce taxes.

***Investments***

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

***Capital Assets***

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

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

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

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

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



**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***Compensated Absences***

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

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

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

***Accrued Liabilities and Long-Term Obligations***

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

***Postemployment Benefits Other Than Pensions (OPEB)***

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

***Pensions***

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***Net Position***

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

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

***Fund Balance Policy***

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

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

***Spending Prioritizations***

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

*Deficit Fund Balance*

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

*Minimum Level of Unassigned Fund Balance*

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

***Interfund Activity***

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

***Estimates***

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

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**NOTE 3—DEPOSITS AND INVESTMENTS**

Deposits and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

|                                      |                     |
|--------------------------------------|---------------------|
| Statement of Net Position:           |                     |
| Cash and cash equivalents            | \$ 2,326,875        |
| Investments                          | 520,926             |
| Statement of Fiduciary Net Position: |                     |
| Cash and cash equivalents            | 1,984,004           |
| Investments                          | 292,733             |
|                                      | <u>\$ 5,124,538</u> |

Deposits and investments at December 31, 2020 consist of the following:

|                                      |                     |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 4,616,693        |
| Investments                          | 507,845             |
|                                      | <u>\$ 5,124,538</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>\$ 209,667</u> | <u>\$ 30,073</u>                     | <u>\$ 123,945</u> | <u>\$ 55,649</u>    |

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

***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>Not Rated</u>  |
| State investment pool     | \$ 1,748          | \$ 1,748                     |                  |                   |                   |
| Corporate bonds           | 209,667           |                              | \$ 89,962        | \$ 119,705        |                   |
| Bond mutual funds         | 77,799            |                              |                  |                   | \$ 77,799         |
| Equity mutual funds       | 181,620           |                              |                  |                   | 181,620           |
| Money market mutual funds | 37,011            |                              |                  |                   | 37,011            |
|                           | <u>\$ 507,845</u> | <u>\$ 1,748</u>              | <u>\$ 89,962</u> | <u>\$ 119,705</u> | <u>\$ 296,430</u> |

***Custodial Credit Risk***

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

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

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

Of the Town’s deposits with financial institutions at year end, \$937,551 was collateralized by securities held by the bank in the bank’s name.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

As of December 31, 2020, Town investments in the following investment types were held by the same counterparty that was used to buy the securities.

|                           | <u>Investment Type</u> | <u>Amount</u>     |
|---------------------------|------------------------|-------------------|
| Corporate bonds           |                        | \$ 209,667        |
| Bond mutual funds         |                        | 77,799            |
| Equity mutual funds       |                        | 181,620           |
| Money market mutual funds |                        | 37,011            |
|                           |                        | <u>\$ 506,097</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, 2020, the Town's investments measured at fair value, by type, were as follows:

| <u>Investment Type</u> | <u>Total</u>      | <u>Fair Value Measurements Using:</u> |                   |                |
|------------------------|-------------------|---------------------------------------|-------------------|----------------|
|                        |                   | <u>Level 1</u>                        | <u>Level 2</u>    | <u>Level 3</u> |
|                        |                   | <u>Inputs</u>                         | <u>Inputs</u>     | <u>Inputs</u>  |
| Corporate bonds        | \$ 209,667        |                                       | \$ 209,667        |                |
| Bond mutual funds      | 77,799            | \$ 77,799                             |                   |                |
| Equity mutual funds    | 181,620           | 181,620                               |                   |                |
|                        | <u>\$ 469,086</u> | <u>\$ 259,419</u>                     | <u>\$ 209,667</u> | <u>\$ -</u>    |

Bond and equity mutual funds classified as Level 1 are valued using unadjusted quoted prices in active markets for those securities. Corporate bonds classified as Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to bench-mark quoted prices.

***Investment in NHPDIP***

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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

**NOTE 4—TAXES RECEIVABLE**

Taxes levied during the current year and prior and uncollected at December 31, 2020 are recorded as receivables net of reserves for estimated uncollectibles of \$20,000.

**NOTE 5—CAPITAL ASSETS**

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

|   | Balance<br><u>01/01/20</u> | <u>Additions</u>  | <u>Reductions</u>   | Balance<br><u>12/31/20</u> |
|---|----------------------------|-------------------|---------------------|----------------------------|
| Governmental activities:                      |                            |                   |                     |                            |
| Capital assets not depreciated:               |                            |                   |                     |                            |
| Land  | \$ 1,922,078               | \$ 14,600         |                     | \$ 1,936,678               |
| Construction in process                       | 514,131                    | 70,430            | \$ (514,131)        | 70,430                     |
| Works of art                                  | 19,115                     |                   |                     | 19,115                     |
| Total capital assets not being depreciated    | <u>2,455,324</u>           | <u>85,030</u>     | <u>(514,131)</u>    | <u>2,026,223</u>           |
| Other capital assets:                         |                            |                   |                     |                            |
| Infrastructure                                | 3,580,091                  |                   |                     | 3,580,091                  |
| Land improvements                             | 96,000                     |                   |                     | 96,000                     |
| Buildings and improvements                    | 7,128,724                  |                   |                     | 7,128,724                  |
| Vehicles and equipment                        | 3,850,754                  | 528,233           |                     | 4,378,987                  |
| Total other capital assets at historical cost | <u>14,655,569</u>          | <u>528,233</u>    | <u>-</u>            | <u>15,183,802</u>          |
| Less accumulated depreciation for:            |                            |                   |                     |                            |
| Infrastructure                                | (645,595)                  | (96,176)          |                     | (741,771)                  |
| Land improvements                             | (92,000)                   | (4,000)           |                     | (96,000)                   |
| Buildings and improvements                    | (1,813,685)                | (148,104)         |                     | (1,961,789)                |
| Vehicles and equipment                        | (2,328,443)                | (196,995)         |                     | (2,525,438)                |
| Total accumulated depreciation                | <u>(4,879,723)</u>         | <u>(445,275)</u>  | <u>-</u>            | <u>(5,324,998)</u>         |
| Total other capital assets, net               | <u>9,775,846</u>           | <u>82,958</u>     | <u>-</u>            | <u>9,858,804</u>           |
| Total capital assets, net                     | <u>\$ 12,231,170</u>       | <u>\$ 167,988</u> | <u>\$ (514,131)</u> | <u>\$ 11,885,027</u>       |

Depreciation expense was charged to governmental functions as follows:

|  |                   |
|--|-------------------|
| General government                                 | \$ 17,103         |
| Public safety                                      | 182,076           |
| Highways and streets                               | 223,558           |
| Sanitation   | 9,256             |
| Culture and recreation                             | 13,282            |
| Total governmental activities depreciation expense | <u>\$ 445,275</u> |

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

The balance of the assets acquired through capital leases as of December 31, 2020 is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| Vehicles and equipment             | \$ 280,200        |
| Less accumulated depreciation for: |                   |
| Vehicles and equipment             | <u>(59,543)</u>   |
|                                    | <u>\$ 220,657</u> |

**NOTE 6—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the Town’s long-term obligations for the year ended December 31, 2020 are as follows:

|                               | Balance<br><u>01/01/20</u> | <u>Additions</u> | <u>Reductions</u>   | Balance<br><u>12/31/20</u> | Due Within<br><u>One Year</u> |
|-------------------------------|----------------------------|------------------|---------------------|----------------------------|-------------------------------|
| Governmental activities:      |                            |                  |                     |                            |                               |
| Notes payable                 | \$ 2,841,703               |                  | \$ (135,480)        | \$ 2,706,223               | \$ 148,964                    |
| Capital lease payable         | 122,687                    |                  | (39,989)            | 82,698                     | 40,888                        |
| Compensated absences          | <u>97,641</u>              | <u>\$ 13,293</u> | <u>(3,164)</u>      | <u>107,770</u>             | <u>-</u>                      |
| Total governmental activities | <u>\$ 3,062,031</u>        | <u>\$ 13,293</u> | <u>\$ (178,633)</u> | <u>\$ 2,896,691</u>        | <u>\$ 189,852</u>             |

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

***Notes Payable***

Notes payable at December 31, 2020 are comprised of the following individual issues:

***Direct Borrowings:***

|   |                     |
|---|---------------------|
| \$2,500,000 Fire Station Note payable in semi-annual installments of \$91,933, including interest at 3.875%, through December 1, 2020 and interest at 2.875% through February 1, 2021. Thereafter, semi-annual installments of \$84,698, including interest at 2.875%, are payable through August 2038. | \$ 2,366,968        |
| \$376,000 Fire Truck Note payable in monthly installments of \$2,688, including interest at 3.50%, through September 2025.  | 140,966             |
| \$250,000 Solar Array Note payable in monthly installments of \$1,942, including interest at 2.00%, through April 2030.   | <u>198,289</u>      |
|   | <u>\$ 2,706,223</u> |

The fire station note payable is a direct obligation of the Town and contains a pledge of the full faith and credit of the Town for the payment of the principal and interest thereon. The fire truck note payable is an unsecured loan and in the event of default, the interest rate shall be increased to 18.0% per annum, and at



**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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, 2020 are as follows:

| Year Ending<br>December 31, | Direct Borrowings   |                   |                     |
|-----------------------------|---------------------|-------------------|---------------------|
|                             | Principal           | Interest          | Totals              |
| 2021                        | \$ 148,964          | \$ 83,483         | \$ 232,447          |
| 2022                        | 153,683             | 71,275            | 224,958             |
| 2023                        | 158,149             | 66,809            | 224,958             |
| 2024                        | 162,747             | 62,211            | 224,958             |
| 2025                        | 159,394             | 57,500            | 216,894             |
| 2026-2030                   | 720,359             | 227,617           | 947,976             |
| 2031-2035                   | 719,372             | 127,604           | 846,976             |
| 2036-2038                   | 483,555             | 24,618            | 508,173             |
|                             | <u>\$ 2,706,223</u> | <u>\$ 721,117</u> | <u>\$ 3,427,340</u> |

***Capital Lease Payable***

The capital lease payable represents a lease agreement entered into for the financing of equipment. This contract is subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function. Following is the individual capital lease obligation at December 31, 2020:

|   |                  |
|---|------------------|
| Highway motor grader payable in annual installments of \$42,749, including interest at 2.25%, through September 2022 with a final payment of \$1 in September 2023. | <u>\$ 82,698</u> |
|---|------------------|

Debt service requirements to retire the capital lease payable outstanding at December 31, 2020 are as follows:

| Year Ending<br>December 31, | Principal        | Interest        | Totals           |
|-----------------------------|------------------|-----------------|------------------|
| 2021                        | \$ 40,888        | \$ 1,861        | \$ 42,749        |
| 2022                        | 41,808           | 941             | 42,749           |
| 2023                        | 1                |                 | 1                |
|                             | <u>\$ 82,698</u> | <u>\$ 2,802</u> | <u>\$ 85,500</u> |

**NOTE 7—OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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.

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

***Funding Policy***

Per RSA-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of public safety employees and political subdivision employees were 3.66% and 0.29%, respectively. Contributions to the OPEB plan for the Town were \$11,604 for the year ended December 31, 2020. 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, 2020, the Town reported a liability of \$97,769 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019. 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, 2020, the Town's proportion was approximately 0.0223 percent, which was a decrease of 0.0031 percentage points from its proportion measured as of June 30, 2019.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

For the year ended December 31, 2020, the Town recognized negative OPEB expense of (\$3,989). At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>Inflows of<br><u>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  |   | \$ 283                                     |
| Net difference between projected and actual earnings on OPEB plan investments                             | \$ 366                                      |  |
| Changes of assumptions  | 629   |  |
| Changes in proportion and differences between Town contributions and proportionate share of contributions |   | 1,690                                      |
| Town contributions subsequent to the measurement date   | <u>6,538</u>                                |  |
| Totals  | <u>\$ 7,533</u>                             | <u>\$ 1,973</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 \$5,560. The Town reported \$6,538 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

| <u>June 30,</u> |                 |
|-----------------|-----------------|
| 2021            | \$ (1,317)      |
| 2022            | 108             |
| 2023            | 129             |
| 2024            | <u>102</u>      |
|                 | <u>\$ (978)</u> |

***Actuarial Assumptions***

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

The actuarial assumptions used in the June 30, 2019 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 following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

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<br/>Expected Real Rate of Return</u> |
|-------------------------|--------------------------|--|
| Domestic equity         | 30%                      | 3.71-4.15%   |
| International equity    | 20%                      | 3.96-6.20%   |
| Fixed income            | 25%                      | 0.42-1.66%   |
| Alternative investments | 15%                      | 4.81-7.71%   |
| Real estate             | 10%                      | 2.95%  |
| Total                   | <u>100%</u>              |  |

The discount rate used to measure the collective total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

The following presents the Town’s proportionate share of the net OPEB liability calculated using the discount rate of 6.75%, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

|                    | 1% Decrease<br><u>(5.75%)</u> | Current<br>Discount Rate<br><u>(6.75%)</u> | 1% Increase<br><u>(7.75%)</u> |
|--------------------|-------------------------------|--|-------------------------------|
| Net OPEB liability | \$ 106,167                    | \$ 97,769                                  | \$ 90,478                     |

**TOWN OF WARNER, NEW HAMPSHIRE  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 2020**

**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:

| Years of Creditable Service as of<br><u>January 1, 2012</u> | Minimum<br><u>Age</u> | Minimum<br><u>Service</u> | Benefit<br><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%                         |

***Changes in Benefits***

Ch 340 laws of 2019 (HB 616) grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

***Funding Policy***

Covered police officers are required to contribute 11.55% of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's pension contribution rates for the covered payroll of police officers and general employees were 24.77% and 10.88%, respectively, for the year ended December 31, 2020. The Town contributes 100% of the employer cost for police officers and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on their actuarial funding policy. The Town's pension contributions to the NHRS were \$140,616 for the year ending December 31, 2020.

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

At December 31, 2020, the Town reported a liability of \$1,791,199 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019. 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, 2020, the Town's proportion was approximately 0.0280 percent, which was a decrease of 0.0009 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$240,578. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|   | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>Inflows of<br><u>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 48,371                                   | \$ 19,232                                  |
| Net difference between projected and actual earnings on pension plan investments            | 110,788                                     |  |
| Changes of assumptions  | 177,185                                     |  |
| Changes in proportion and differences between Town contributions and share of contributions | 28,608                                      | 115,750                                    |
| Town contributions subsequent to the measurement date                                       | <u>76,115</u>                               |  |
| Totals  | <u>\$ 441,067</u>                           | <u>\$ 134,982</u>                          |

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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 \$306,085. The Town reported \$76,115 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, 2021. 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> |                   |
|-----------------|-------------------|
| 2021            | \$ 49,358         |
| 2022            | 45,264            |
| 2023            | 60,948            |
| 2024            | <u>74,400</u>     |
|                 | <u>\$ 229,970</u> |

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.00%  |
| Wage inflation            | 2.75% (2.25% for Teachers)                               |
| Salary increases          | 5.60%, average, including inflation                      |
| Investment rate of return | 6.75%, net of investment expense,<br>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, 2019 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 following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)

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.

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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<br/>Expected Real Rate of Return</u> |
|-------------------------|--------------------------|--|
| Domestic equity         | 30%                      | 3.71-4.15%   |
| International equity    | 20%                      | 3.96-6.20%   |
| Fixed income            | 25%                      | 0.42-1.66%   |
| Alternative investments | 15%                      | 4.81-7.71%   |
| Real estate             | 10%                      | 2.95%  |
| Total                   | <u>100%</u>              |  |

***Discount Rate***

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. 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:

|                       | 1% Decrease    | Current<br>Discount Rate | 1% Increase    |
|-----------------------|----------------|--------------------------|----------------|
|                       | <u>(5.75%)</u> | <u>(6.75%)</u>           | <u>(7.75%)</u> |
| Net pension liability | \$ 2,318,874   | \$ 1,791,199             | \$ 1,360,019   |

**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 2021. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. An estimated liability of \$49,000 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.



**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended December 31, 2020:

|  |                  |
|--|------------------|
| Balance - January 1, 2020                                    | \$ 48,000        |
| Expenditures recognized in General Fund                      | (3,924)          |
| Net change in estimated liability for postclosure care costs | <u>4,924</u>     |
| Balance - December 31, 2020                                  | <u>\$ 49,000</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, 2020 are as follows:

|                             | General<br>Fund  | Due from<br>Nonmajor<br>Governmental<br>Funds | Totals           |
|-----------------------------|------------------|---|------------------|
| Due to General Fund         |                  | \$ 16,678                                     | \$ 16,678        |
| Nonmajor Governmental Funds | <u>\$ 15,407</u> |   | <u>15,407</u>    |
|                             | <u>\$ 15,407</u> | <u>\$ 16,678</u>                              | <u>\$ 32,085</u> |

During the year, several interfund transactions occurred between funds. The Solar Array Fund, a Nonmajor Governmental Fund, transferred its available funds of \$14,870 to the General Fund towards the debt service payments on the solar array note payable. An additional \$25 was transferred from a Nonmajor Governmental Fund to the General Fund to distribute income earned on investments during the year to support the Town's programs.

**NOTE 11—RESTRICTED NET POSITION**

Net position of governmental activities is restricted for specific purposes at December 31, 2020 as follows:

|                              |                   |
|------------------------------|-------------------|
| Permanent Funds - Principal  | \$ 185,910        |
| Permanent Funds - Income     | 37,610            |
| Library                      | 200,604           |
| Beautification fund          | 6,011             |
| North Road Town Forest       | 8,454             |
| Rosa Valpey Memorial         | 3,462             |
| Parks and Recreation         | 1,357             |
| Solar Array                  | 15,407            |
| Fire Department Construction | <u>9,715</u>      |
|                              | <u>\$ 468,530</u> |

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

**NOTE 12—COMPONENTS OF FUND BALANCE**

The components of the Town’s fund balance for its governmental funds at December 31, 2020 are as follows:

| <u>Fund Balances</u>            | <u>General<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------------|-------------------------|--|---|
| <b>Nonspendable:</b>            |                         |  |   |
| Permanent funds - Principal     |                         | \$ 185,910                                 | \$ 185,910                              |
| <b>Restricted for:</b>          |                         |  |   |
| Permanent funds - Income        |                         | 37,610                                     | 37,610                                  |
| Library                         | \$ 200,604              |  | 200,604                                 |
| Beautification fund             |                         | 6,011                                      | 6,011                                   |
| North Road Town Forest          |                         | 8,454                                      | 8,454                                   |
| Rosa Valpey Memorial            |                         | 3,462                                      | 3,462                                   |
| Parks and recreation            |                         | 1,357                                      | 1,357                                   |
| Solar Array                     |                         | 15,407                                     | 15,407                                  |
| Fire Department Construction    |                         | 9,715                                      | 9,715                                   |
| <b>Committed for:</b>           |                         |  |   |
| Conservation                    |                         | 50,384                                     | 50,384                                  |
| Expendable trusts               | 57,653                  |  | 57,653                                  |
| Capital reserves                | 1,101,974               |  | 1,101,974                               |
| Carryforward appropriations     | 36,850                  |  | 36,850                                  |
| <b>Assigned for:</b>            |                         |  |   |
| Chandler reservation            |                         | 130,124                                    | 130,124                                 |
| Subsequent year's expenditures  | 10,000                  |  | 10,000                                  |
| Encumbrances                    | 3,500                   |  | 3,500                                   |
| Hazardous materials             | 3,859                   |  | 3,859                                   |
| <b>Unassigned:</b>              |                         |  |   |
| Unassigned - General operations | 1,030,600               |  | 1,030,600                               |
|                                 | <u>\$ 2,445,040</u>     | <u>\$ 448,434</u>                          | <u>\$ 2,893,474</u>                     |

**NOTE 13—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$322,486,639 as of April 1, 2020) and are due in two installments on July 1, 2020 and December 15, 2020. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year end).

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

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

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 \$5,233,481, \$787,190, and \$150,400 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, 2020, 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, 2020.

***Property and Liability Insurance***

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

***Worker's Compensation***

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

**NOTE 15— COMMITMENTS AND CONTINGENT LIABILITIES**

The Town entered into a property tax settlement agreement with a commercial taxpayer during the year ended December 31, 2019. The agreement is applicable to the disputed property valuations for the years 2014, 2015, and 2016. Terms of the agreement result in the Town reducing the taxpayer's semi-annual

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2020**

property tax billings through July 1, 2022. An abatement of \$51,158 has been recognized in the Town's financial statements during the year ended December 31, 2020 in accordance with this agreement.

During June 2020, the Town entered into a property tax settlement agreement with a commercial taxpayer regarding the property valuations for 2017, 2018 and 2019. As a result, future tax revenues will be impacted by future abatements. Terms of the agreement result in the Town reducing the taxpayer's semi-annual property tax billings through July 1, 2021. An abatement of \$49,598 has been recognized in the Town's financial statements during the year ended December 31, 2020 in accordance with this agreement.

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

| <u>Year Ending</u><br><u>December 31,</u> | <u>Amount</u>     |
|---|-------------------|
| 2021                                      | \$ 75,659         |
| 2022                                      | <u>25,579</u>     |
|   | <u>\$ 101,238</u> |

***Litigation***

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

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, 2020

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u><br><u>Amounts</u> | Variance with<br>Final Budget -<br>Favorable<br><u>(Unfavorable)</u> |
|---|-------------------------|-------------------|---------------------------------|--|
|   | <u>Original</u>         | <u>Final</u>      |                                 |  |
| Revenues:                                 |                         |                   |                                 |  |
| Taxes                                     | \$ 2,920,768            | \$ 2,920,768      | \$ 3,039,414                    | \$ 118,646   |
| Licenses and permits                      | 572,050                 | 572,050           | 601,047                         | 28,997   |
| Intergovernmental                         | 315,655                 | 340,098           | 413,161                         | 73,063   |
| Charges for services                      | 24,000                  | 24,000            | 24,701                          | 701  |
| Interest income                           | 5,500                   | 5,500             | 3,782                           | (1,718)  |
| Miscellaneous                             | 75,075                  | 75,075            | 106,435                         | 31,360   |
| Total Revenues                            | <u>3,913,048</u>        | <u>3,937,491</u>  | <u>4,188,540</u>                | <u>251,049</u>   |
| Expenditures:                             |                         |                   |                                 |  |
| Current operations:                       |                         |                   |                                 |  |
| General government                        | 844,436                 | 807,586           | 731,537                         | 76,049   |
| Public safety                             | 850,410                 | 874,853           | 837,142                         | 37,711   |
| Highways and streets                      | 1,071,276               | 1,071,276         | 1,011,027                       | 60,249   |
| Sanitation                                | 257,270                 | 257,270           | 246,052                         | 11,218   |
| Health and welfare                        | 21,363                  | 21,363            | 15,744                          | 5,619  |
| Culture and recreation                    | 45,366                  | 45,366            | 33,445                          | 11,921   |
| Conservation                              | 1,038                   | 1,038             | 609                             | 429  |
| Debt service:                             |                         |                   |                                 |  |
| Principal retirement                      | 135,481                 | 135,481           | 135,480                         | 1  |
| Interest and fiscal charges               | 103,949                 | 103,949           | 103,951                         | (2)  |
| Total Expenditures                        | <u>3,330,589</u>        | <u>3,318,182</u>  | <u>3,114,987</u>                | <u>203,195</u>   |
| Excess revenues over (under) expenditures | <u>582,459</u>          | <u>619,309</u>    | <u>1,073,553</u>                | <u>454,244</u>   |
| Other financing sources (uses):           |                         |                   |                                 |  |
| Transfers in                              | 37                      | 37                | 26,781                          | 26,744   |
| Transfers out                             | (772,346)               | (772,346)         | (773,734)                       | (1,388)  |
| Total Other financing sources (uses)      | <u>(772,309)</u>        | <u>(772,309)</u>  | <u>(746,953)</u>                | <u>25,356</u>  |
| Net change in fund balances               | (189,850)               | (153,000)         | 326,600                         | 479,600  |
| Fund Balance at beginning of year         |                         |                   |                                 |  |
| - Budgetary Basis                         | <u>997,775</u>          | <u>997,775</u>    | <u>997,775</u>                  | <u>-</u>   |
| Fund Balance at end of year               |                         |                   |                                 |  |
| - Budgetary Basis                         | <u>\$ 807,925</u>       | <u>\$ 844,775</u> | <u>\$ 1,324,375</u>             | <u>\$ 479,600</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, 2020

| <b>Cost-Sharing Multiple Employer Plan Information Only</b> |  |   |                                       |  |  |
|---|--|---|---------------------------------------|--|--|
| <u>Measurement<br/>Period Ended</u>                         | <u>Town's<br/>Proportion of<br/>the Net OPEB<br/>Liability</u> | <u>Town's<br/>Proportionate<br/>Share of the<br/>Net OPEB<br/>Liability</u> | <u>Town's<br/>Covered<br/>Payroll</u> | <u>Town's Proportionate<br/>Share of the Net<br/>OPEB Liability<br/>as a Percentage of<br/>Covered Payroll</u> | <u>Plan Fiduciary<br/>Net Position<br/>as a Percentage<br/>of the Total<br/>OPEB Liability</u> |
| 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%  |

**Significant Actuarial Assumptions**

| <u>Measurement<br/>Periods</u> | <u>Inflation</u> | <u>Salary<br/>Increases</u> | <u>Investment<br/>Rate of<br/>Return</u> | <u>Mortality<br/>Table</u> | <u>Mortality<br/>Scale</u> |
|--------------------------------|------------------|-----------------------------|--|----------------------------|----------------------------|
| June 30, 2020                  | 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 3  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Schedule of Town OPEB Contributions**  
For the Year Ended December 31, 2020

| <u>Year Ended</u> | <b>Cost-Sharing Multiple Employer Plan Information Only</b> |   |   |                                       |   |
|-------------------|---|---|---|---------------------------------------|---|
|                   | <u>Contractually<br/>Required<br/>Contribution</u>          | <u>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Town's<br/>Covered<br/>Payroll</u> | <u>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</u> |
| 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%   |

*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, 2020

| <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, 2020                   | 0.02800433%   | \$ 1,791,199   | \$ 843,326                    | 212.40%   | 58.72%  |
| June 30, 2019                   | 0.02895871%   | \$ 1,393,393   | \$ 828,707                    | 168.14%   | 65.59%  |
| June 30, 2018                   | 0.03150682%   | \$ 1,517,117   | \$ 870,012                    | 174.38%   | 64.73%  |
| June 30, 2017                   | 0.03210704%   | \$ 1,579,022   | \$ 831,522                    | 189.90%   | 62.66%  |
| June 30, 2016                   | 0.02880900%   | \$ 1,531,946   | \$ 735,765                    | 208.21%   | 58.30%  |
| June 30, 2015                   | 0.03071427%   | \$ 1,216,754   | \$ 755,488                    | 161.06%   | 65.47%  |
| June 30, 2014                   | 0.03082899%   | \$ 1,157,193   | \$ 705,113                    | 164.11%   | 66.32%  |
| June 30, 2013                   | 0.03112002%   | \$ 1,339,339   | \$ 704,435                    | 190.13%   | 59.81%  |

Significant Actuarial Assumptions

| <u>Measurement Periods</u> | <u>Inflation</u> | <u>Salary Increases</u> | <u>Investment Rate of Return</u> | <u>Mortality Table</u> | <u>Mortality Scale</u> |
|----------------------------|------------------|-------------------------|----------------------------------|------------------------|------------------------|
| June 30, 2020              | 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, 2020

| <u>Year Ended</u> | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Town's<br/>Covered<br/>Payroll</u> | <u>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</u> |
|-------------------|--|---|---|---------------------------------------|---|
| December 31, 2020 | \$ 140,616   | \$ (140,616)  | \$ -  | \$ 958,120                            | 14.68%  |
| December 31, 2019 | \$ 126,487   | \$ (126,487)  | \$ -  | \$ 825,321                            | 15.33%  |
| December 31, 2018 | \$ 127,761   | \$ (127,761)  | \$ -  | \$ 845,905                            | 15.10%  |
| December 31, 2017 | \$ 125,479   | \$ (125,479)  | \$ -  | \$ 849,370                            | 14.77%  |
| December 31, 2016 | \$ 110,729   | \$ (110,729)  | \$ -  | \$ 793,676                            | 13.95%  |
| December 31, 2015 | \$ 102,822   | \$ (102,822)  | \$ -  | \$ 738,748                            | 13.92%  |
| December 31, 2014 | \$ 101,050   | \$ (101,050)  | \$ -  | \$ 726,974                            | 13.90%  |
| December 31, 2013 | \$ 88,183  | \$ (88,183)   | \$ -  | \$ 701,080                            | 12.58%  |

*See accompanying notes to the required supplementary information*

**TOWN OF WARNER, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended December 31, 2020

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

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

|   | Revenues<br>and Other<br>Financing<br><u>Sources</u> | Expenditures<br>and Other<br>Financing<br><u>Uses</u> |
|---|--|---|
| Per Exhibit D   | \$ 4,189,429   | \$ 3,649,421  |
| Difference in property taxes meeting<br>susceptible to accrual criteria | 32,716   |   |
| Encumbrances - December 31, 2020  |  | 3,500   |
| Encumbrances - December 31, 2019  |  | (11,280)  |
| Non-budgetary revenues and expenditures                                 | (18,710)   | (526,654)   |
| Budgetary transfers in and out  | <u>11,886</u>  | <u>773,734</u>  |
| Per Schedule 1  | <u>\$ 4,215,321</u>                                  | <u>\$ 3,888,721</u>                                   |

**NOTE 2—BUDGETARY FUND BALANCE**

Components of the budgetary fund balance for the General Fund at December 31, 2020 are as follows:

|                                 |                     |
|---------------------------------|---------------------|
| <b>Committed for:</b>           |                     |
| Carryforward appropriations     | \$ 36,850           |
| <b>Assigned for:</b>            |                     |
| Subsequent year's expenditures  | 10,000              |
| <b>Unassigned:</b>              |                     |
| Unassigned - General operations | <u>1,277,525</u>    |
|                                 | <u>\$ 1,324,375</u> |

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

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

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

For the Year Ended December 31, 2020

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

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

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

SCHEDULE A  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
December 31, 2020

|   | Special<br>Revenue<br><u>Funds</u> | Capital<br>Projects<br><u>Funds</u> | Permanent<br><u>Funds</u> | Total<br>Nonmajor<br>Governmental<br><u>Funds</u> |
|---|------------------------------------|-------------------------------------|---------------------------|---|
| ASSETS  |                                    |                                     |                           |   |
| Cash and cash equivalents   | \$ 111,965                         | \$ 11,523                           |                           | \$ 123,488  |
| Investments   | 102,697                            |                                     | \$ 223,520                | 326,217   |
| Due from other funds  |                                    | 15,407                              |                           | 15,407  |
| Total Assets  | <u>214,662</u>                     | <u>26,930</u>                       | <u>223,520</u>            | <u>465,112</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>\$ 214,662</u>                  | <u>\$ 26,930</u>                    | <u>\$ 223,520</u>         | <u>\$ 465,112</u>                                 |
| LIABILITIES   |                                    |                                     |                           |   |
| Due to other funds  | \$ 14,870                          | \$ 1,808                            |                           | \$ 16,678   |
| Total Liabilities   | <u>14,870</u>                      | <u>1,808</u>                        | <u>\$ -</u>               | <u>16,678</u>                                     |
| DEFERRED INFLOWS OF RESOURCES   |                                    |                                     |                           |   |
| Total Deferred Inflows of Resources                                   | <u>-</u>                           | <u>-</u>                            | <u>-</u>                  | <u>-</u>  |
| FUND BALANCES   |                                    |                                     |                           |   |
| Nonspendable  |                                    |                                     | 185,910                   | 185,910   |
| Restricted  | 19,284                             | 25,122                              | 37,610                    | 82,016  |
| Committed   | 50,384                             |                                     |                           | 50,384  |
| Assigned  | 130,124                            |                                     |                           | 130,124   |
| Total Fund Balances   | <u>199,792</u>                     | <u>25,122</u>                       | <u>223,520</u>            | <u>448,434</u>                                    |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 214,662</u>                  | <u>\$ 26,930</u>                    | <u>\$ 223,520</u>         | <u>\$ 465,112</u>                                 |

SCHEDULE A-1  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
December 31, 2020

|   | Beautification<br>Fund | Chandler<br>Reservation<br>Fund | Conservation<br>Commission<br>Fund | North Road<br>Town Forest<br>Fund | Solar<br>Revolving<br>Fund | Rosa Valpey<br>Memorial<br>Fund | Parks and<br>Recreation<br>Fund | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|------------------------|---------------------------------|------------------------------------|-----------------------------------|----------------------------|---------------------------------|---------------------------------|---|
| <b>ASSETS</b>   |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Cash and cash equivalents   | \$ 6,011               | \$ 27,427                       | \$ 50,384                          | \$ 8,454                          | \$ 14,870                  | \$ 3,462                        | \$ 1,357                        | \$ 111,965                                    |
| Investments   |                        | 102,697                         |                                    |                                   |                            |                                 |                                 | 102,697                                       |
| Total Assets  | <u>6,011</u>           | <u>130,124</u>                  | <u>50,384</u>                      | <u>8,454</u>                      | <u>14,870</u>              | <u>3,462</u>                    | <u>1,357</u>                    | <u>214,662</u>                                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Total Deferred Outflows of Resources                                  | -                      | -                               | -                                  | -                                 | -                          | -                               | -                               | -   |
| Total Assets and Deferred Outflows of Resources                       | <u>\$ 6,011</u>        | <u>\$ 130,124</u>               | <u>\$ 50,384</u>                   | <u>\$ 8,454</u>                   | <u>\$ 14,870</u>           | <u>\$ 3,462</u>                 | <u>\$ 1,357</u>                 | <u>\$ 214,662</u>                             |
| <b>LIABILITIES</b>  |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Due to other funds  |                        |                                 |                                    |                                   | \$ 14,870                  |                                 |                                 | \$ 14,870                                     |
| Total Liabilities   | <u>\$ -</u>            | <u>\$ -</u>                     | <u>\$ -</u>                        | <u>\$ -</u>                       | <u>14,870</u>              | <u>\$ -</u>                     | <u>\$ -</u>                     | <u>14,870</u>                                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Total Deferred Inflows of Resources                                   | -                      | -                               | -                                  | -                                 | -                          | -                               | -                               | -   |
| <b>FUND BALANCES</b>  |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Restricted  | 6,011                  |                                 |                                    | 8,454                             |                            | 3,462                           | 1,357                           | 19,284  |
| Committed   |                        |                                 | 50,384                             |                                   |                            |                                 |                                 | 50,384  |
| Assigned  |                        | 130,124                         |                                    |                                   |                            |                                 |                                 | 130,124                                       |
| Total Fund Balances   | <u>6,011</u>           | <u>130,124</u>                  | <u>50,384</u>                      | <u>8,454</u>                      | <u>-</u>                   | <u>3,462</u>                    | <u>1,357</u>                    | <u>199,792</u>                                |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 6,011</u>        | <u>\$ 130,124</u>               | <u>\$ 50,384</u>                   | <u>\$ 8,454</u>                   | <u>\$ 14,870</u>           | <u>\$ 3,462</u>                 | <u>\$ 1,357</u>                 | <u>\$ 214,662</u>                             |

SCHEDULE A-2  
**TOWN OF WARNER, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Capital Projects Funds**  
December 31, 2020

|   | Solar Array<br><u>Fund</u> | Fire Department<br>Construction<br><u>Fund</u> | Total<br>Nonmajor<br>Capital Projects<br><u>Funds</u> |
|---|----------------------------|--|---|
| ASSETS  |                            |  |   |
| Cash and cash equivalents   |                            | \$ 11,523                                      | \$ 11,523   |
| Due from other funds  | \$ 15,407                  | <u>          </u>                              | <u>15,407</u>   |
| Total Assets  | <u>15,407</u>              | <u>11,523</u>                                  | <u>26,930</u>   |
| DEFERRED OUTFLOWS OF RESOURCES  |                            |  |   |
| Total Deferred Outflows of Resources                                  | <u>-</u>                   | <u>-</u>                                       | <u>-</u>  |
| Total Assets and Deferred Outflows of Resources                       | <u>\$ 15,407</u>           | <u>\$ 11,523</u>                               | <u>\$ 26,930</u>                                      |
| LIABILITIES   |                            |  |   |
| Due to other funds  | <u>          </u>          | \$ 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  | 15,407                     | 9,715  | 25,122  |
| Total Fund Balances   | <u>15,407</u>              | <u>9,715</u>                                   | <u>25,122</u>   |
| Total Liabilities, Deferred Inflows<br>of Resources and Fund Balances | <u>\$ 15,407</u>           | <u>\$ 11,523</u>                               | <u>\$ 26,930</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, 2020

|   | Special<br>Revenue<br><u>Funds</u> | Capital<br>Projects<br><u>Funds</u> | Permanent<br><u>Funds</u> | Total<br>Nonmajor<br>Governmental<br><u>Funds</u> |
|---|------------------------------------|-------------------------------------|---------------------------|---|
| Revenues:                                 |                                    |                                     |                           |   |
| Taxes                                     | \$ 15,885                          |                                     |                           | \$ 15,885   |
| Interest and investment income            | 693                                | \$ 72                               | \$ 20,949                 | 21,714  |
| Miscellaneous                             | <u>20,519</u>                      |                                     | <u>450</u>                | <u>20,969</u>                                     |
| Total Revenues                            | <u>37,097</u>                      | <u>72</u>                           | <u>21,399</u>             | <u>58,568</u>                                     |
| Expenditures:                             |                                    |                                     |                           |   |
| Current operations:                       |                                    |                                     |                           |   |
| General government                        | 895                                |                                     | 429                       | 1,324   |
| Culture and recreation                    | 3,096                              |                                     |                           | 3,096   |
| Conservation                              | 22,447                             |                                     |                           | 22,447  |
| Capital outlay                            |                                    | <u>745</u>                          |                           | <u>745</u>  |
| Total Expenditures                        | <u>26,438</u>                      | <u>745</u>                          | <u>429</u>                | <u>27,612</u>                                     |
| Excess revenues over (under) expenditures | <u>10,659</u>                      | <u>(673)</u>                        | <u>20,970</u>             | <u>30,956</u>                                     |
| Other financing sources (uses):           |                                    |                                     |                           |   |
| Transfers out                             | <u>(14,870)</u>                    |                                     | <u>(25)</u>               | <u>(14,895)</u>                                   |
| Total Other financing sources (uses)      | <u>(14,870)</u>                    | <u>-</u>                            | <u>(25)</u>               | <u>(14,895)</u>                                   |
| Net change in fund balances               | (4,211)                            | (673)                               | 20,945                    | 16,061  |
| Fund Balances at beginning of year        | <u>204,003</u>                     | <u>25,795</u>                       | <u>202,575</u>            | <u>432,373</u>                                    |
| Fund Balances at end of year              | <u>\$ 199,792</u>                  | <u>\$ 25,122</u>                    | <u>\$ 223,520</u>         | <u>\$ 448,434</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, 2020

|   | Beautification<br>Fund | Chandler<br>Reservation<br>Fund | Conservation<br>Commission<br>Fund | North Road<br>Town Forest<br>Fund | Solar<br>Revolving<br>Fund | Rosa Valpey<br>Memorial<br>Fund | Parks and<br>Recreation<br>Fund | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|------------------------|---------------------------------|------------------------------------|-----------------------------------|----------------------------|---------------------------------|---------------------------------|---|
| Revenues:                                 |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Taxes                                     |                        |                                 | \$ 15,885                          |                                   |                            |                                 |                                 | \$ 15,885                                     |
| Interest and investment income            | \$ 5                   | \$ 619                          | 46                                 | \$ 4                              |                            | \$ 19                           |                                 | 693   |
| Miscellaneous                             | 2,754                  |                                 | 2,000                              |                                   | \$ 15,765                  |                                 |                                 | 20,519  |
| Total Revenues                            | <u>2,759</u>           | <u>619</u>                      | <u>17,931</u>                      | <u>4</u>                          | <u>15,765</u>              | <u>19</u>                       | <u>\$ -</u>                     | <u>37,097</u>                                 |
| Expenditures:                             |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Current operations:                       |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| General government                        |                        |                                 |                                    |                                   | 895                        |                                 |                                 | 895   |
| Culture and recreation                    | 2,888                  |                                 |                                    |                                   |                            |                                 | 208                             | 3,096   |
| Conservation                              |                        | 1,080                           | 21,367                             |                                   |                            |                                 |                                 | 22,447  |
| Total Expenditures                        | <u>2,888</u>           | <u>1,080</u>                    | <u>21,367</u>                      | <u>-</u>                          | <u>895</u>                 | <u>-</u>                        | <u>208</u>                      | <u>26,438</u>                                 |
| Excess revenues over (under) expenditures | <u>(129)</u>           | <u>(461)</u>                    | <u>(3,436)</u>                     | <u>4</u>                          | <u>14,870</u>              | <u>19</u>                       | <u>(208)</u>                    | <u>10,659</u>                                 |
| Other financing sources (uses):           |                        |                                 |                                    |                                   |                            |                                 |                                 |   |
| Transfers out                             |                        |                                 |                                    |                                   | (14,870)                   |                                 |                                 | (14,870)                                      |
| Total Other financing sources (uses)      | <u>-</u>               | <u>-</u>                        | <u>-</u>                           | <u>-</u>                          | <u>(14,870)</u>            | <u>-</u>                        | <u>-</u>                        | <u>(14,870)</u>                               |
| Net change in fund balances               | (129)                  | (461)                           | (3,436)                            | 4                                 | -                          | 19                              | (208)                           | (4,211)                                       |
| Fund Balances at beginning of year        | <u>6,140</u>           | <u>130,585</u>                  | <u>53,820</u>                      | <u>8,450</u>                      | <u>-</u>                   | <u>3,443</u>                    | <u>1,565</u>                    | <u>204,003</u>                                |
| Fund Balances at end of year              | <u>\$ 6,011</u>        | <u>\$ 130,124</u>               | <u>\$ 50,384</u>                   | <u>\$ 8,454</u>                   | <u>\$ -</u>                | <u>\$ 3,462</u>                 | <u>\$ 1,357</u>                 | <u>\$ 199,792</u>                             |



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, 2020

|                                    | Solar Array<br><u>Fund</u>   | Fire Department<br>Construction<br><u>Fund</u> | Total<br>Nonmajor<br>Capital Projects<br><u>Funds</u> |
|------------------------------------|------------------------------|--|---|
| Revenues:                          |                              |  |   |
| Interest and investment income     | <u>                    </u>  | \$ <u>          72</u>                         | \$ <u>          72</u>                                |
| Total Revenues                     | \$ <u>          -</u>        | <u>          72</u>                            | <u>          72</u>                                   |
| Expenditures:                      |                              |  |   |
| Capital outlay                     | <u>                    </u>  | <u>          745</u>                           | <u>          745</u>                                  |
| Total Expenditures                 | <u>                    -</u> | <u>          745</u>                           | <u>          745</u>                                  |
| Net change in fund balances        | -                            | (673)  | (673)   |
| Fund Balances at beginning of year | <u>         15,407</u>       | <u>         10,388</u>                         | <u>         25,795</u>                                |
| Fund Balances at end of year       | <u>         15,407</u>       | <u>          9,715</u>                         | <u>         25,122</u>                                |