

TOWN OF WARREN, NEW HAMPSHIRE

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
With Independent Auditor's Report There On

DECEMBER 31, 2019

Draft - For Discussion Purposes Only

TOWN OF WARREN, NEW HAMPSHIRE

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The Mercier Group

a professional corporation

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Members of the Selectboard and Management
Town of Warren, New Hampshire

Report on the Financial Statements. We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Warren, New Hampshire as of and for the year ended December 31, 2019, 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 basic financial statements are free of 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 risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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.

Opinions. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Warren, New Hampshire, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters:

Required Supplementary Information. Management has not presented a *Management's Discussion and Analysis* of the financial statements. Although it is not required to be part of the basic financial statements, United States generally accepted accounting principles considers it required supplementary information. Budgetary and other information presented in the section marked *Required Supplementary Information* are not a required part of the basic financial statements, but are supplementary information

required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and therefore express no opinion on it.

Supplementary Information. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules listed in the table of contents such as the individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Paul J. Mercier, Jr. cpa for

The Mercier Group, a professional corporation

Grantham, New Hampshire

April 28, 2020

Basic Financial Statements

Draft - For Discussion Purposes Only

Exhibit A1
TOWN OF WARREN, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

All numbers are expressed in USA Dollars

	Governmental Activities
ASSETS	
Cash and cash equivalents	1,793,944
Receivables <i>(net of allowance for uncollectibles)</i>	
Taxes	370,073
Accounts	5,680
Intergovernmental receivable	103,044
Capital assets:	
Land	391,273
Buildings and other structures	435,105
Construction in progress	15,000
Vehicles & equipment	772,059
Other (monuments)	20,000
Infrastructure	19,445,447
Accumulated depreciation	(6,728,320)
	16,623,305
DEFERRED OUTFLOW OF RESOURCES	
Pension related <i>(NHRS)</i>	70,229
	70,229
LIABILITIES	
Intergovernmental payable	624,173
Agency Deposits	12,596
Long-term obligations:	
<i>Due within one year:</i>	
Note payable	14,388
<i>Due Beyond one year:</i>	
Note payable	45,612
Town share of NHRS net pension liability	138,352
Town share of NHRS OPEB liability	19,454
	854,575
DEFERRED INFLOWS OF RESOURCES	
Pension related <i>(NHRS)</i>	7,204
OPEB related <i>(NHRS)</i>	125
	7,329
NET POSITION	
Net investment in capital assets	14,290,564
Restricted for:	
Special Revenue purposes	48,415
Permanent Funds:	
Nonspendable	73,382
Spendable for trust purposes	22,326
Unrestricted(deficit)	1,396,943
	15,831,630

The notes to the financial statements are an integral part of these statements.

Exhibit A2
TOWN OF WARREN, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2019

All numbers are expressed in USA Dollars.

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for	Operating	Changes in Net Position
		Services	Grants and	Primary Government
			Contributions	Governmental
				Activities
Primary government:				
<i>Governmental activities:</i>				
General Government	344,209	1,350	262,521	(80,338)
Public safety	110,295	30		(110,265)
Highways and streets	200,301		38,636	(161,665)
Sanitation	48,867	21,474		(27,393)
Health	58,488			(58,488)
Welfare	850			(850)
Culture and recreation	57,615			(57,615)
Depreciation-unallocated	70,694			(70,694)
	<u>891,319</u>	<u>22,854</u>	<u>301,157</u>	<u>(567,308)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				552,554
Property taxes, levied for debt services				2
Licenses and permits				167,120
Other local revenues				63,267
				<u>782,943</u>
Change in net position				215,635
Net position - beginning, as restated				15,615,995
Net position - ending				<u>15,831,630</u>

The notes to the financial statements are an integral part of these statements.

Exhibit B1
TOWN OF WARREN, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
 December 31, 2019

All numbers are expressed in USA Dollar.

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	1,032,335	622,636	138,973	1,793,944
Receivables				
Taxes	370,073		-	370,073
Accounts	530		5,150	5,680
Intergovernmental	103,044		-	103,044
	<u>1,505,982</u>	<u>622,636</u>	<u>144,123</u>	<u>2,272,741</u>
LIABILITIES				
Intergovernmental payable	624,173		-	624,173
Agency Deposits	12,596		-	12,596
	<u>636,769</u>	<u>-</u>	<u>-</u>	<u>636,769</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable taxes revenues	200,000			200,000
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
FUND BALANCES				
<i>Nonspendable</i>				
Permanent fund - principal			73,382	73,382
<i>Restricted for</i>				
Permanent fund purposes			22,326	22,326
Special revenue purposes			48,415	48,415
<i>Committed for</i>				
Open purchase orders	24,421		-	24,421
Capital acquisitions & maintenance		622,636	-	622,636
Unassigned	644,792		-	644,792
	<u>669,213</u>	<u>622,636</u>	<u>144,123</u>	<u>1,435,972</u>
	<u>1,505,982</u>	<u>622,636</u>	<u>144,123</u>	<u>2,272,741</u>

The notes to the financial statements are an integral part of these statements.

Exhibit B2
TOWN OF WARREN, NEW HAMPSHIRE
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2019

All numbers are expressed in USA Dollars

Total Fund Balance - Governmental Funds (Exhibit B1) 1,435,972

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. These assets consist of:

Land	391,273	
Buildings and other structures	435,105	
Construction in progress	15,000	
Vehicles & equipment	772,059	
Other (monuments)	20,000	
Infrastructure	19,445,447	
Accumulated depreciation	<u>(6,728,320)</u>	
		14,350,564

Receivables in the Balance Sheet that do not provide current financial resources are not recognized in the funds:

Taxes not available to pay current obligations	200,000
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes payable		(60,000)
Town's share of New Hampshire Retirement System:		
Net pension liability	(138,352)	
Deferred outflows of resources - Pension	70,229	
Deferred inflows of resources - Pension	(7,204)	
OPEB liability	(19,454)	
Deferred inflows of resources - OPEB	<u>(125)</u>	
		(94,906)

Net Position of Governmental Activities (Exhibit A1) 15,831,630

The notes to the financial statements are an integral part of these statements.

Exhibit B3
TOWN OF WARREN, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended December 31, 2019

All numbers are expressed in USA Dollars

	General	Capital & Noncapital Reserves	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	602,556		-	602,556
Licenses and permits	167,120		-	167,120
State support	102,739		-	102,739
Federal support	198,418		-	198,418
Charges for services	22,854		-	22,854
Other local sources	33,875	11,817	17,575	63,267
	1,127,562	11,817	17,575	1,156,954
EXPENDITURES				
Current:				
General Government	311,743		-	311,743
Public safety	110,295		-	110,295
Highways and streets	200,301		-	200,301
Sanitation	48,867		-	48,867
Health	58,488		-	58,488
Welfare	850		-	850
Culture and recreation	4,151		53,464	57,615
Capital outlay	161,211		-	161,211
	895,906	-	53,464	949,370
Excess of revenues over(under) expenditures	231,656	11,817	(35,889)	207,584
OTHER FINANCING SOURCES (USES)				
Transfers in	96,377	93,132	41,622	231,131
Transfers out	(134,754)	(96,377)	-	(231,131)
Proceeds of long-term debt	60,000		-	60,000
	21,623	(3,245)	41,622	60,000
Net change in fund balances	253,279	8,572	5,733	267,584
Fund balances - beginning	415,934	614,064	138,390	1,168,388
Fund balances - ending	669,213	622,636	144,123	1,435,972

The notes to the financial statements are an integral part of these statements.

Exhibit B4
TOWN OF WARREN, NEW HAMPSHIRE
*Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities*
For the Fiscal Year Ended December 31, 2019

All numbers are expressed in USA Dollars

Net change in fund balances - total governmental funds (Exhibit B3) 267,584

Amounts reported for governmental activities in the statement of activities (Exhibit A2) 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 and reported as depreciation expense.

Reduce expenditures for capital outlays increasing capital assets	161,211
Increase expenditures for depreciation charges	(70,694)

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

Increase(decrease) in Deferred inflow of taxes not available for current expenditures	(50,000)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Reduction in Other Financing Sources for long-term debt issued	(60,000)
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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.

Town's share of New Hampshire Retirement System:

(increase)decrease in net pension liability	4,204	
Increase(decrease) in deferred outflows of resources - Pension	(32,345)	
(Increase)decrease in deferred inflows of resources - Pension	(2,751)	
(increase)decrease in net OPEB liability	1,506	
Increase(decrease) in deferred outflows of resources - OPEB	(3,022)	
(Increase)decrease in deferred inflows of resources - OPEB	(58)	
	(32,466)	

Change in net position of governmental activities (Exhibit A2) 215,635

The notes to the financial statements are an integral part of these statements.

Exhibit B5
TOWN OF WARREN, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

All numbers are expressed in USA Dollars

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	122,470
	<u>122,470</u>
LIABILITIES	
Agency deposits	122,470
	<u>122,470</u>

The notes to the financial statements are an integral part of these statements.

Draft - For Discussion Purposes Only

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Warren is a New Hampshire Municipal Corporation governed by a three-member Selectboard and other elected officials. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies and its conformity with such principles are disclosed below. These disclosures are an integral part of the Town's financial statements.

FINANCIAL REPORTING ENTITY

The accompanying financial statements present the Town and its component units. A component unit is defined by GASB as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government is such that the exclusion would cause the reporting entity's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity and the Town is not a component unit of any other primary government.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, constitute all of the Town's activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Town considers all revenues except property taxes to be available if they are collected within 60 days of the end of the current fiscal period. A period of 180 days is used for property taxes due to large offsetting liabilities for school taxes payable, which are payable in installments through June 30, 2020. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Tax assessments (property and other taxes), grants, charges for services, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period when measurable and available. If any, only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's main operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- The *Capital & Noncapital Reserves Fund* is a capital projects fund which accounts for monies set aside by vote of the legislative body (the Town's citizens) for specific purposes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

General Budget Policies – General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all major Special Revenue Funds. Project-length financial plans are adopted for all Capital Projects. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2019, \$180,632 of the beginning General Fund balance was applied for this purpose.

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. The amounts differ from those reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* as follows:

Expenditures and Other Financing Uses ~ Budgetary Basis (<i>see Exhibit C1</i>)	\$ 1,055,081
Adjustments:	
Encumbrances - December 31, 2019	<u>(24,421)</u>
Expenditures and Other Financing Uses ~ GAAP Basis (<i>see Exhibit B3</i>)	<u>\$ 1,030,660</u>

ASSETS, LIABILITIES AND FUND EQUITY

Deposits and Investments. For financial reporting purposes, cash and equivalents include amounts in demand deposits and money market funds, as well as certificates of deposit and short-term investments with original maturities of 90 days or less. With the exception of Library and Trust Fund monies, which are held by separately elected trustees, the Town Treasurer is required by State statute to have custody of all monies belonging to the Town and shall pay out the same only upon orders of the Selectboard. The Town Treasurer shall deposit all such monies in solvent banks in the state or in participation units in the public deposit investment pool established pursuant to RSA 383:22. Monies may be deposited in banks outside the state if such banks pledge and deliver to the state treasurer as collateral security for such deposits in value at least equal to the amount of the deposit in each case.

Whenever the Town Treasurer has an excess of monies which are not immediately needed for the purpose of expenditure, State statutes require the Treasurer, with the approval of the Selectboard, to invest the same in obligations of the United States government, in savings bank deposits of banks incorporated under the laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within this state or the Commonwealth of Massachusetts. Any person who directly or indirectly receives any such monies for deposit or for investment in securities of any kind shall, prior to acceptance of such monies, make available at the time of such deposit or investment an option to have such monies secured by collateral having a value at least equal to the amount of such monies. Such collateral shall be segregated for the exclusive benefit of the town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

The Town Trustees are authorized by State statute to invest Trust Funds, including Capital Reserve Funds, in obligations of political subdivisions and stocks, bonds that are legal for investment by New Hampshire savings banks except mutual funds unless the mutual funds are registered with the Securities and Exchange Commission, qualified for sale in the State of New Hampshire in accordance with the New Hampshire Uniform Securities Act of the New Hampshire Secretary of State's Office, and have in their prospectus a stated investment policy that is consistent with the

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

investment policy adopted by the Trustees of Trust Funds in accordance with RSA 35:9. The Trustees may also invest trust monies in New Hampshire credit unions and in the public deposit investment pool established pursuant to RSA 383:22. Capital Reserve monies must be kept in separate accounts and not intermingled with other monies.

With the exception of investments in the New Hampshire Public Deposit Investment Pool (the Pool), investments are stated at fair value. Under the terms of GASB Statement #31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Pool is considered to be a **2a7-like pool** which means that it has a policy that it will, and does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This rule allows SEC-registered mutual funds to use amortized cost rather than market value to report net position to compute share prices if certain conditions are met. Therefore, the Town reports its investments in the Pool at amortized cost, which equals the Pool's participation unit price.

Receivables and Revenues. Revenues for the most part are recorded when received, except for the following items for which receivables have been recorded: *Tax revenue* is recognized in the period for which the taxes were levied. However, any taxes not liened or deeded within statutory time limits and 5.0% of the remaining uncollected balances are considered in determining the allowance for uncollectible receivables. Property tax revenues not collected within 180 days after year-end are not considered an "available spendable resource" and likewise are reported as deferred inflows of resources in the governmental funds. As prescribed by law, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town. *Interest on deposits* is recorded as revenue in the year earned. Certain *grants* received from other governments require that eligible expenditures be made in order to recognize the revenue. Revenue for these grants is recorded for the period in which eligible expenditures are made. Various *service charges* (Landfill, Planning & Zoning, etc.) are recorded as revenue for the period when service was provided.

Interfund Receivables and Payables. During the course of normal operations, the Town has activity between funds, including expenditures and transfers of resources to provide services and fund capital outlay. All outstanding balances between funds are reported as "due to/from other funds".

Inventories and Prepaid Items. Inventory in the Governmental Funds consists of expendable supplies held for consumption. The cost thereof has been recorded as an expenditure at the time individual inventory items were purchased. Certain payments to vendors reflect costs applicable to future reporting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an initial estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Public domain infrastructure	40
Light vehicles	5
Heavy vehicles	10
Office equipment	5
Computer equipment	5
Other equipment & furnishings	10

Deferred Outflows of Resources. Deferred outflows of resources represent the consumption of resources that are applicable to future accounting periods. In subsequent periods, when expense recognition criteria are met, deferred outflow is removed from the combined balance sheet and expense is recognized.

Long-Term Obligations. In the *government-wide financial statements* long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the *fund financial statements*, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences. It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Inflows of Resources. Deferred inflows of resources arise when potential non-exchange revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflow is removed from the combined balance sheet and revenue is recognized.

Fund Equity. In the governmental fund Balance Sheet, fund balances are reported using a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned depending on the level of constraints. *Nonspendable fund balance* includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. *Restricted*

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

fund balance is the amount that is restricted to specific purposes by external requirements such as those of creditors, grantors, contributors or laws and regulations or imposed by law through constitutional provisions or legally enforceable enabling legislation. *Committed fund balance* is the amount that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority (the Selectboard and other elected officials). *Assigned fund balance* is the amount that is constrained by the Town's intent to be used for specific purposes, but is not restricted or committed. *Unassigned fund balance* is the residual classification for the general fund. Whenever multiple classifications of resources are available for use, it is the Town's policy to use spendable, restricted, committed and assigned resources in that order first, then unassigned resources as they are needed.

Accounting Estimates. Accounting estimates are an integral part of the financial statements. They are based on our knowledge and experience about past and current events and assumptions about future events. Actual results may differ from our estimates.

ASSETS

CASH AND CASH EQUIVALENTS

Deposits. Throughout the fiscal year, all bank deposits were insured by Federal Depository Insurance (FDIC) or collateralized with securities held by the Town or its agent in the Town's name.

Cash Equivalents. The Town's cash equivalents during the year consisted of participation units of the *New Hampshire Public Deposit Investment Pool*. At this time, the Pool's investments are limited to short-term U.S. Treasury and U.S. Government Agency obligations, State of New Hampshire municipal obligations, certificates of deposit from AI/PI-rated banks, money market mutual funds (maximum of 20% of portfolio), overnight to 30-day repurchase agreements and reverse overnight repurchase agreements with primary dealers or dealer banks.

Concentrations of credit and market risk. Financial instruments that potentially expose the Town to *credit risk* consist primarily of bank deposits and investments in participation units of the New Hampshire Public Deposit Investment Pool. It is the Town's policy to deposit monies in high quality financial institutions according to State Statutes and to limit risk by maintaining deposits within the Federal Depository Insurance Limits (FDIC) whenever possible or to require banking institutions to collateralize deposits. The Town has not experienced any losses on its cash deposits and management believes the Town is not exposed to significant credit risk on those amounts even though significant amounts may be held by a single financial institution and are in excess of the FDIC limits. Each participation unit of the Pool is valued at one-dollar and do not fluctuate with the market values of underlying investments.

PROPERTY TAXES

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The 2019 property tax levy was based on a net assessed valuation as of April 1, 2019 of \$82,562,248. State Education Taxes were based on a State-wide equalized valuation of \$67,093,048. In connection with the setting of the tax rate, Town Officials, with the approval of the New Hampshire Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay.

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

This amount is reported as a reduction in tax revenue and is adjusted by management for any tax reserves at year-end.

Property taxes collected by the Town include taxes levied for the State of New Hampshire, the Warren School District and Grafton County, which are remitted to these entities as required by law. The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are sent on or around June 1 and November 1 of each year, with interest accruing at a rate of 12% on bills outstanding for more than 30 days. The June 1 billing is considered an estimate only and is one-half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the State Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year. As prescribed by law, within 18 months of the date assessed, the Tax Collector places a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town.

The tax rates and amounts assessed for the year ended December 31, 2019, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Levied
Municipal portion	\$ 5.89	\$ 485,795
County Tax Assessment	1.65	136,224
Local School Tax Assessment	14.20	1,172,720
State Education Tax Assessment	2.03	136,364
	<u>\$ 23.77</u>	<u>\$ 1,931,103</u>

TAXES RECEIVABLE

Taxes receivable at December 31, 2019, are as follows:

<u>Uncollected Taxes</u>	
Unassigned credits	\$ (830)
Property (current year)	180,698
Property (prior years)	543
Current Land Use	<u>4,500</u>
	\$ 184,911
<u>Unredeemed Taxes (under tax liens)</u>	
Levy of 2018	\$ 56,936
Levy of 2017	51,562
Prior levies	<u>86,664</u>
	<u>195,162</u>
	380,073
Less: Allowance for uncollectible receivables	<u>(10,000)</u>
	<u>\$ 370,073</u>

The responsibility for the collection of taxes rests with the Town and tax amounts must be remitted

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

to other municipal entities as requested. Any amounts due at year-end are reported in these financial statements as Intergovernmental payables.

INTERGOVERNMENTAL RECEIVABLE

Amounts due from other governments as of December 31, 2019 are as follows:

	General Fund
	<hr/>
<u>Grant Programs Fund</u>	
FEMA - Emergency Management Grant (<i>for storm damages</i>)	\$ 103,044
	<hr/>

CAPITAL ASSETS

A summary of changes in fixed assets for the fiscal year ended December 31, 2019 is as follows:

	<i>Governmental Activities</i>			
	Balance			Balance
	January 1	Additions	Deductions	December 31
Land	\$ 391,273	\$ -	\$ -	\$ 391,273
Buildings & Other Structures	435,105	-	-	435,105
Construction in Progress	15,000	-	-	15,000
Vehicles & Equipment	767,225	4,834	-	772,059
Other	20,000	-	-	20,000
Infrastructure	19,289,070	156,377	-	19,445,447
	<hr/>			<hr/>
	20,917,673	161,211	-	21,078,884
Less: Accumulated Depreciation	(6,657,626)	(70,694)	-	(6,728,320)
	<hr/>			<hr/>
	\$ 14,260,047	\$ 90,517	\$ -	\$ 14,350,564
	<hr/>			<hr/>

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. During the fiscal year, the Town was a member of the following public-entity risk pools, currently operating as a common risk management and insurance programs for member towns and school administrative units.

The *New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability* are pooled risk management programs under RSA 5-B and RSA 281-A. A coverage summary of worker's compensation and property/liability programs provided from 1/1/19 – 1/1/20 by *Primex³*, which retained \$1,000,000 of each Workers' Compensation loss, \$500,000 of each Liability loss and \$200,000 of each Property Loss is available on file at the Town Office. The Board has decided to retain the aggregate exposure and has allocated resources based on actuarial analysis for that purpose.

Total contributions billed for coverage period and any credits or balances due as of December 31, 2019 are as follows:

Property/Liability	\$ 13,453
Workers' Compensation	\$ 2,730

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

The Workers' Compensation Section of the Self-Insurance Membership Agreement permits *Primex*³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Town management understands that the Trust foresees no likelihood of an additional assessment for this or any prior year. Claims have not exceeded insurance coverage in any of the past three years.

LIABILITIES

INTERGOVERNMENTAL PAYABLE

Payables due other governments at December 31, 2019 include:

General Fund

Due to Warren School District (<i>balance of 2019-20 School District Assessment due in monthly installments through June 30, 2020</i>)	\$ <u>624,173</u>
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AGENCY DEPOSITS

Agency Deposits held for others at December 31, 2019 include the following:

General Fund

Escrow and performance deposits:

Timber tax escrow	\$ 4,527
Warren Emergency Management	1,670
Reclamation bond	1,953
Batchelder Road bond	<u>4,446</u>
	<u>\$ 12,596</u>

LONG-TERM DEBT

Changes in Long-Term Debt. The following is a summary of the Town's general obligation long-term debt transactions for the fiscal year ended December 31, 2019:

	<u>Balance January 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2019</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
Notes payable	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ 14,388

General Long-term Debt Payable. Long-term debt payable at December 31, 2019, is comprised of the following individual issues:

<u>Description of Issue</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Outstanding December 31</u>
<i>Governmental Activities:</i>					
Notes payable:					
Road Reconstruction	\$ 60,000	08/31/2019	08/31/2023	2.750	\$ <u>60,000</u>

Annual Requirements to Amortize General Obligation Debt. The annual requirements to amortize all general obligation debt outstanding as of December 31, 2019, including interest

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

payments, are as follows:

Fiscal Year Ending	General Obligation Notes and Bonds		
	December 31,	Principal	Interest
2020	\$ 14,388	\$ 1,555	\$ 15,943
2021	14,791	1,152	15,943
2022	15,200	743	15,943
2023	15,621	322	15,943
	<u>\$ 60,000</u>	<u>\$ 3,772</u>	<u>\$ 63,772</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit.

NEW HAMPSHIRE RETIREMENT SYSTEM ~ COST-SHARING DEFINED BENEFIT PENSION AND POSTEMPLOYMENT MEDICAL SUBSIDY HEALTHCARE PLANS

Full-time employees participate in the State of New Hampshire Retirement System (NHRS), a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan) and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans. NHRS was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code.

The **cost-sharing defined benefit pension plan (pension plan)** is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The pension plan is divided into two membership groups. By statute, Group I (employee and teacher) members contribute 7% of their salary to NHRS. Group II (police & fire) members contribute 11.5% and 11.8% respectively. While member rates are set by statute, employer rates are set by the NHRS Board of Trustees every two years after a biennial actuarial valuation is conducted using the *Entry Age Normal* actuarial method. Employer contributions are assessed at five different rates, one each for state employees, political subdivisions employees, teachers, police and fire. NHRS employers are required by the New Hampshire Constitution to pay 100% of the actuarial sound employer contribution rate as certified by the NHRS Board of Trustees to fully fund the pension plan and to pay down the retirement system’s unfunded actuarial accrued liability over a closed amortization period. Currently, employer contribution rates for the period July 1, 2019 through June 30, 2021 are as follows:

	Pension	Medical Subsidy	Total
Group I:			
Employees	10.88%	0.29%	11.17%
Group II:			
Police	24.77%	3.66%	28.43%
Fire	26.43%	3.66%	30.09%

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

According to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the Town recognizes their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. As provided in the reports above, collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions to the plan are recognized when legally due, based on statutory requirements. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at: <https://www.nhrs.org> and <https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports>

Benefit amounts and eligibility requirements for the **cost-sharing multiple-employer postemployment medical subsidy plan (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 four membership types re Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. 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. The OPEB plan is closed to new entrants. Maximum medical subsidy rates for the period July 1, 2019 through June 30, 2021 are as follows:

- For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.
- For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

According to the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the Town recognizes their proportionate share of collective OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense. As provided in the reports above, collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions to the plan are recognized when legally due, based on statutory requirements. This information along with significant assumptions and inputs for total OPEB liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at: <https://www.nhrs.org> and <https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports>

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at December 31, 2019 are comprised of the following:

General Fund

Property taxes not expected to be available to meet current obligations \$ 200,000

SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

GRANTS – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

LITIGATION – In connection with cases pending before the *New Hampshire Board of Land and Tax Appeals*, two utility taxpayers have appealed their valuations for property tax purposes. Amounts requested could have a material effect on financial position should they result in judgments against the Town. At this time, there is no way of knowing what the outcome may be or what impact (if any) those outcomes would have. Interested parties should make inquiries of management regarding the status of this or any other matters.

FUND BALANCE

Elements of fund balance as of December 31, 2019 were as follows:

Governmental Funds:

General Fund:

Committed for open purchase orders:

Fire Department equipment	\$ 6,291
Handicapped bathroom - town office	18,130

24,421

Unassigned

644,792

\$ 669,213

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

Capital and Non-capital Reserves Fund

Restricted for capital acquisitions & maintenance

Capital Reserves:

Fire Truck	\$ 127,801
Highway Equipment	18,871
Police Cruiser	23,365
Landfill	28,429
Revaluation	13,030
Joseph Patch Library Improvements	1,910
Bridges	675
Town Hall	4,664
Highway Building	124,953
Care of Redstone Missile	7,269
Public Safety Building	99,264
Baker River Restoration	25

General Fund Trusts (RSA 31:19-a):

Cemetery Expendable	9,992
Transfer Station	478
River Mitigation	38,374
Emergency Management	2,888
Fire Department Expenses	42,170
Old Home Day	591
Paving Fund	41,473
Community Development Fund	19,765
Major Road Projects	14,772
Veteran's Memorial	1,877
	<u>\$ 622,636</u>

Non-major Permanent Funds

Resources held by the Town Trustees at December 31, 2019 for donor-restricted purposes were as follows:

	<u>Non- spendable Endowment</u>	<u>Spendable for Trust Purposes</u>	<u>Total</u>
<i>Non-expendable Trusts:</i>			
Cemetery Care - Village Cemetery	\$ 57,547	\$ 17,300	\$ 74,847
Cemetery Care - Glencliff Cemetery	5,808	315	6,123
Cemetery Care - East Warren Cemetery	3,727	2,794	6,521
Cemetery Care - Clough Cemetery	3,300	1,752	5,052
Veteran's Cemetery	3,000	165	3,165
	<u>\$ 73,382</u>	<u>\$ 22,326</u>	<u>\$ 95,708</u>

TOWN OF WARREN, NEW HAMPSHIRE

Notes to Financial Statements

December 31, 2019

Nonmajor Special Revenue Funds

Restricted for special purposes as follows:

Joseph Patch Library	\$	22,691
Housing Improvement Revolving Loan		9,664
Old Home Day		13,761
Friends of Parks & Recreation		<u>2,299</u>
	\$	<u><u>48,415</u></u>

FIDUCIARY FUNDS

Agency Fund:

Warren School District:

Non-expendable Trust Funds:

William Little	\$	7,617
Frank Little		1,060
Ezekiel Dow		3,807

Capital Reserve Funds:

School Improvement		138
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Noncapital Reserve Funds:

Technology Fund		25,914
Special Education Reserve		61,599
School Building Maintenance		<u>20,631</u>
		120,766

South Main Street Water District:

South Main Street Water		<u>1,704</u>
	\$	<u><u>122,470</u></u>

Required Supplementary Information

Draft - For Discussion Purposes Only

Exhibit C1
TOWN OF WARREN, NEW HAMPSHIRE
Budgetary Comparison Schedule
Budget to Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended December 31, 2019

All amounts are expressed in USA Dollars

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
REVENUES				
Taxes	490,106	490,106	602,556	112,450
Licenses and permits	138,000	138,000	167,120	29,120
State support	105,787	105,787	102,739	(3,048)
Federal support	-	198,418	198,418	-
Charges for services	15,500	15,500	22,854	7,354
Miscellaneous	2,500	2,500	33,875	31,375
	<u>751,893</u>	<u>950,311</u>	<u>1,127,562</u>	<u>177,251</u>
EXPENDITURES				
Current:				
General government	331,960	331,960	311,743	20,217
Public safety	117,849	316,267	116,586	199,681
Highways and streets	210,615	210,615	200,301	10,314
Sanitation	46,495	46,495	48,867	(2,372)
Health	58,488	58,488	58,488	-
Welfare	4,501	4,501	850	3,651
Culture and recreation	4,580	4,580	4,151	429
Conservation	1	1	-	1
Debt service:				
Interest	2	2	-	2
Capital outlay	<u>192,000</u>	<u>192,000</u>	<u>179,341</u>	<u>12,659</u>
	<u>966,491</u>	<u>1,164,909</u>	<u>920,327</u>	<u>244,582</u>
Excess of revenues over(under expenditures)	(214,598)	(214,598)	207,235	421,833
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	110,000	96,377	(13,623)
Transfers out	(136,034)	(136,034)	(134,754)	1,280
Proceeds of long-term debt	60,000	60,000	60,000	-
	<u>33,966</u>	<u>33,966</u>	<u>21,623</u>	<u>(12,343)</u>
Net change in fund balances	<u>(180,632)</u>	<u>(180,632)</u>	<u>228,858</u>	<u>409,490</u>
Fund balances - ending	<u>235,302</u>	<u>235,302</u>	<u>644,792</u>	<u>409,490</u>

TOWN OF WARREN, NEW HAMPSHIRE
Note to Required Supplementary Information – Budgetary Reporting
December 31, 2019

The budgetary comparison schedule – Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

General Budget Policies – General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Town's operations. The Town votes appropriations by official ballot in accordance with State Statutes. Appropriations are made on an annual basis for the General and all significant Special Revenue Funds. Project-length financial plans are adopted for all Capital Project Funds. Except as reconciled below, budgets are adopted on a basis generally consistent with the modified accrual basis of accounting. Management may transfer appropriations between operating categories as they deem necessary, but expenditures may not legally exceed budgeted appropriations in total. Unexpended balances of special articles for specific purposes may not be transferred. All annual appropriations lapse at year-end unless encumbered. In the case of emergency expenditures, over-expenditures are allowed under the provisions of the Municipal Budget Law (RSA Chapter 32) if prior approval is secured from the State Department of Revenue Administration. State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In the fiscal year 2019, \$180,632 of the beginning General Fund balance was applied for this purpose.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at December 31 and are carried forward to supplement appropriations of the subsequent year. Amounts recorded as budgetary expenditures in the *Budgetary Comparison Schedule (Exhibit C1)* are presented on the basis budgeted by the Town. The amounts differ from those reported in conformity with generally accepted accounting principles in the *Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B3)* as follows:

Expenditures and Other Financing Uses ~ Budgetary Basis (<i>see Exhibit C1</i>)	\$ 1,055,081
Adjustments:	
Encumbrances - December 31, 2019	<u>(24,421)</u>
Expenditures and Other Financing Uses ~ GAAP Basis (<i>see Exhibit B3</i>)	<u>\$ 1,030,660</u>

Exhibit C2
TOWN OF WARREN, NEW HAMPSHIRE
Comparative Schedule of Pension Obligations
For the Fiscal Year Ended December 31, 2019

All amounts are expressed in USA Dollars

Estimated future pension obligations - New Hampshire Retirement System (NHRS). Selected comparative information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Town is as follows:

	Estimates based on actuarial valuation as of June 30,		
	2017	2018	2019
Proportionate share	0.00151961%	0.00296055%	0.00287535%
Employer contribution	\$ 5,567	\$ 12,513	\$ 12,513
Net Pension Liability	\$ 74,734	\$ 142,556	\$ 138,352
Deferred outflows of resources:			
Differences between expected and actual experience	169	1,138	765
Changes of assumptions	7,504	9,866	4,964
Changes in proportion and differences between employer contributions and share of contributions	53,247	91,570	64,500
<i>Total deferred outflows of resources</i>	<u>\$ 60,920</u>	<u>\$ 102,574</u>	<u>\$ 70,229</u>
Deferred inflows of resources:			
Differences between expected and actual experience	951	1,154	2,975
Net difference between projected and actual investment earnings on pension plan investments	952	3,299	1,130
Changes in proportion and differences between employer contributions and share of contributions	<i>base year</i>	-	3,099
<i>Total deferred inflows of resources</i>	<u>\$ 1,903</u>	<u>\$ 4,453</u>	<u>\$ 7,204</u>
Pension expense:			
Proportionate share of plan pension expense	7,928	14,162	17,149
Net amortization of deferred amounts from changes in proportion	13,355	27,069	26,256
<i>Total employer pension expense</i>	<u>\$ 21,283</u>	<u>\$ 41,231</u>	<u>\$ 43,405</u>

This information should be read in conjunction with the audited *Schedule of Employer Allocations* and *Schedule of Pension Amounts by Employer* presented by the NHRS. This information along with significant assumptions and inputs for total pension liabilities, the NHRS's fiduciary net position and current year sources of changes to net pension liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at <https://www.nhrs.org/funding-and-investments/reports-valuations/annual-report-archive> and <https://www.nhrs.org/employers/gasb/gasb-67-68-reports> . As noted there in, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2019, the Town has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan (subject to annual appropriation by the legislative body) will become due as a percentage of qualifying wages as they are paid by the Town. At this time, management understands that that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the Town to the NHRS will be paid by current appropriations as they become due.

Exhibit C3
TOWN OF WARREN, NEW HAMPSHIRE
Comparative Schedule of Other Post Employment Benefits
For the Fiscal Year Ended December 31, 2019

All amounts are expressed in USA Dollars

Estimated future OPEB obligations - New Hampshire Retirement System (NHRS). Selected comparative information from NHRS's audited financial statements and cost-sharing schedules that is specific to the Town is as follows:

	Estimates based on actuarial valuation as of June 30		
	2017	2018	2019
Proportionate share	0.00159946%	0.00457803%	0.00443729%
Employer contribution	\$ 948	\$ 2,025	\$ 2,025
Net OPEB Liability	\$ 7,313	\$ 20,960	\$ 19,454
Deferred outflows of resources:			
Differences between expected and actual experience	-	123	-
Changes in proportion	2,327	2,899	-
<i>Total deferred outflows of resources</i>	<u>\$ 2,327</u>	<u>\$ 3,022</u>	<u>\$ -</u>
Deferred inflows of resources:			
Differences between expected and actual experience	<i>base year</i>	-	34
Net difference between projected and actual investment earnings on OPEB plan investments	23	67	22
Changes in proportion	<i>base year</i>	-	69
<i>Total deferred inflows of resources</i>	<u>\$ 23</u>	<u>\$ 67</u>	<u>\$ 125</u>
OPEB expense:			
Proportionate share of plan OPEB expense proportion	541	1,931	1,273
<i>Total employer OPEB expense</i>	<u>\$ 5,957</u>	<u>\$ 15,021</u>	<u>\$ 3,599</u>

This information should be read in conjunction with the audited actuarial reports presented by the NHRS. This information along with significant assumptions and inputs for total OPEB liabilities, the NHRS's fiduciary net position and current year sources of changes to net OPEB liabilities are available for the plan as a whole as well as audited cost-sharing schedules by individual members in the System's Comprehensive Annual Financial Report and other annual reports are available from the NHRS located at Regional Drive ~ Concord, NH 03301-8509 or on its web site at:

<https://www.nhrs.org/employers/employer-resources/gasb/gasb-reports>

As noted there in, the preparation of those reports requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of those estimates, actual results could differ, and the differences could be material. As of December 31, 2019, the Town has recognized all statutorily required contributions to the plan. Unless additional assessments are imposed by the NHRS Board due to insolvency or some other circumstances, all future obligations to the plan will become due as a percentage of qualifying wages as they are paid by the Town. At this time, management understands that that the NHRS foresees no likelihood of additional assessment beyond normal contribution rates, which are established every two years by a statutorily-governed rate-setting process. All future obligations of the School District to the NHRS will be paid by current appropriations as they become due.

Supplementary Information

Draft - For Discussion Purposes Only

Schedule D1a
TOWN OF WARREN, NEW HAMPSHIRE
General Fund

Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended December 31, 2019

All amounts are expressed in USA Dollars

	Original & Final Budget	Reserves and RSA 31:95-b Authorizations	Actual (GAAP Basis)	Over (Under) Budget
REVENUES				
Taxes				
Property	460,595		511,236	50,641
Land Use			8,340	8,340
Timber yield	3,500		4,004	504
Payments in lieu of taxes	49,905		49,905	-
Excavation tax	1,500		1,413	(87)
Interest and penalties on delinquent taxes	24,000		29,215	5,215
Overlay	(49,394)		(1,557)	47,837
	<u>490,106</u>	-	<u>602,556</u>	<u>112,450</u>
Licenses and permits				
Motor vehicle fees	130,000		157,513	27,513
Other licenses, permits and fees:				
Dogs, UCC & vital statistics	2,000		2,776	776
Cable franchise fees	6,000		6,571	571
Other	-		260	260
	<u>138,000</u>	-	<u>167,120</u>	<u>29,120</u>
State Support				
Shared revenues	16,666		16,666	-
Meals and rooms tax distribution	47,427		47,427	-
Highway block grant	38,694		38,636	(58)
Other state support:				
Other	3,000		10	(2,990)
	<u>105,787</u>	-	<u>102,739</u>	<u>(3,048)</u>
Federal Support				
Homeland security - FEMA	-	198,418	198,418	-
	-	198,418	198,418	-
Charges for Services				
Income From Departments				
<i>General Government Services:</i>				
Town Hall rent			1,350	1,350
<i>Public safety services:</i>				
Police department			30	30
<i>Sanitation:</i>				
Solid waste collection & disposal	15,000		20,879	5,879
Recycling	500		595	95
	<u>15,500</u>	-	<u>22,854</u>	<u>7,354</u>
Miscellaneous				
Sale of municipal property	500		6,017	5,517
Interest on investments	2,000		3,704	1,704
Legal damages			1,246	1,246
Insurance dividends and reimbursements			22,908	22,908
	<u>2,500</u>	-	<u>33,875</u>	<u>31,375</u>
OTHER FINANCING SOURCES				
Proceeds of long term debt	60,000		60,000	-
Operating transfers in - Interfund Transfers				
<i>Capital & Noncapital Reserve Funds -</i>				
Paving	110,000		96,377	(13,623)
	<u>170,000</u>	-	<u>156,377</u>	<u>(13,623)</u>
Total revenues and other financing sources	<u>921,893</u>	<u>198,418</u>	<u>1,283,939</u>	<u>163,628</u>
Unassigned fund balance:				
Voted to offset appropriations	10,632			
Used to Reduce Tax Rate	<u>170,000</u>			
Total revenues and use of fund balance	<u>1,102,525</u>			

Schedule D1b
TOWN OF WARREN, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2019

all numbers are expressed in USA Dollars

	Voted <u>Appropriations</u>	Reserves and RSA 31:95-b <u>Authorizations</u>	Expenditures Net of <u>Refunds</u>	Reserved To Next Fiscal Year	(Over) Under <u>Budget</u>
EXPENDITURES					
Current					
General Government					
Executive	59,050		52,531		6,519
Election, Registration & Vital Statistics	18,800		16,231		2,569
Financial Administration	22,330		22,751		(421)
Revaluation of Property	20,000		21,650		(1,650)
Legal Expenses	30,000		32,163		(2,163)
Employee Benefits	31,250		31,558		(308)
Planning and Zoning	600		-		600
General Government Buildings	60,830		56,579		4,251
Cemeteries	14,399		15,309		(910)
Insurance, not otherwise allocated	50,415		47,559		2,856
Advertising & regional associations	4,010		3,456		554
Other:					
Tax Collector	20,025		11,706		8,319
Town Clock	250		250		-
Contingency	1		-		1
	331,960	-	311,743	-	20,217
Public safety					
Police Department	77,526		65,355		12,171
Fire Department	35,972		22,046	6,291	7,635
Emergency management	3,501		1,782		1,719
Emergency storm repairs		198,418	20,762		177,656
Other (incl. communications)	850		350		500
	117,849	198,418	110,295	6,291	199,681
Highways and streets					
Administration	57,920		64,425		(6,505)
Highways and streets	48,601		46,649		1,952
Bridges	4,000		-		4,000
Street Lighting	8,900		7,911		989
Other:					
Vehicle & equipment maintenance	18,503		27,481		(8,978)
Fuel & oil	16,000		10,289		5,711
Equipment leases	47,490		32,479		15,011
Other	9,201		11,067		(1,866)
	210,615	-	200,301	-	10,314
Sanitation					
Administration	18,695		18,762		(67)
Solid waste collection	16,750		21,839		(5,089)
Solid Waste Clean-up	3,350		310		3,040
Other (recycling hauling)	7,700		7,956		(256)
	46,495	-	48,867	-	(2,372)
Health					
Health Agencies & Hospitals	58,488		58,488		-
	58,488	-	58,488	-	-
Welfare					
Administration & Direct Assistance	1		-		1
Vendor Payments	4,500		850		3,650
	4,501	-	850	-	3,651

Schedule D1b
TOWN OF WARREN, NEW HAMPSHIRE
General Fund

Schedule of Appropriations, Expenditures and Encumbrances
For the Fiscal Year Ended December 31, 2019

all numbers are expressed in USA Dollars

	Voted <u>Appropriations</u>	Reserves and RSA 31:95-b <u>Authorizations</u>	Expenditures Net of <u>Refunds</u>	Reserved To Next Fiscal Year	(Over) Under <u>Budget</u>
Culture and recreation					
Parks and Recreation	4,080		3,691		389
Other/Flags	500		460		40
	<u>4,580</u>	-	<u>4,151</u>	-	<u>429</u>
Conservation					
Care of Trees	1		-		1
	<u>1</u>	-	-	-	<u>1</u>
Debt service					
Interest expense - tax anticipation notes	1		-		1
Interest on abatements	1		-		1
	<u>2</u>	-	-	-	<u>2</u>
Facilities acquisition and construction					
Machinery, vehicles & equipment:					
Radar equipment	3,000		-		3,000
Building & grounds vehicle	4,000		4,834		(834)
Buildings:					
Handicapped accessible bathroom	15,000		-	18,130	(3,130)
Improvements other than buildings:					
Reconstruct Batchelder Brook & Beech Hill Roads	170,000		156,377		13,623
	<u>192,000</u>	-	<u>161,211</u>	18,130	<u>12,659</u>
OTHER FINANCING USES					
Operating transfers out - Interfund transfers					
<i>Special revenue</i>					
Joseph Patch Library	33,702		32,422		1,280
Old Home Day	9,200		9,200		-
<i>Capital & Noncapital Reserves:</i>					
<i>Capital Reserves</i>					
Fire Truck	40,000		40,000		-
Highway Equipment	5,000		5,000		-
Police Cruiser	10,000		10,000		-
Highway Building	15,000		15,000		-
Redstone Missile	500		500		-
<i>Noncapital Reserves</i>					
Joseph Patch Library	500		500		-
Cemetery Maintenance	3,373		3,373		-
Fire Department	7,259		7,259		-
Paving Fund	10,000		10,000		-
Community Development Fund	500		500		-
Major Road Repairs	1,000		1,000		-
	<u>136,034</u>	-	<u>134,754</u>	-	<u>1,280</u>
	<u>1,102,525</u>	198,418	<u>1,030,660</u>	24,421	<u>245,862</u>

Schedule D2a
TOWN OF WARREN, NEW HAMPSHIRE
Balance Sheet
Non-major Governmental Funds
 December 31, 2019

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					Total
	Joseph Patch Library	Housing Improvement Revolving Loan	Old Home Day	Friends of Parks and Recreation	Permanent Funds	
ASSETS						
Cash and cash equivalents	22,691	4,514	13,761	2,299	95,708	138,973
Accounts receivable		5,150				5,150
	<u>22,691</u>	<u>9,664</u>	<u>13,761</u>	<u>2,299</u>	<u>95,708</u>	<u>144,123</u>
FUND BALANCES						
<i>Nonspendable</i>						
Permanent fund - principal					73,382	73,382
<i>Restricted for</i>						
Permanent fund purposes					22,326	22,326
Special revenue purposes	22,691	9,664	13,761	2,299		48,415
	<u>22,691</u>	<u>9,664</u>	<u>13,761</u>	<u>2,299</u>	<u>95,708</u>	<u>144,123</u>

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Schedule D2b
TOWN OF WARREN, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended December 31, 2019

All numbers are expressed in USA Dollars

	<i>Special Revenue</i>					Total
	Joseph Patch Library	Housing Improvement Revolving Loan	Old Home Day	Friends of Parks and Recreation	Permanent Funds	
REVENUES						
Miscellaneous	8,955	1	6,428	1	2,190	17,575
	<u>8,955</u>	<u>1</u>	<u>6,428</u>	<u>1</u>	<u>2,190</u>	<u>17,575</u>
EXPENDITURES						
Current:						
Culture and recreation	37,479		15,985			53,464
	<u>37,479</u>	<u>-</u>	<u>15,985</u>	<u>-</u>	<u>-</u>	<u>53,464</u>
Excess (deficiency) of revenues over (under) expenditures	(28,524)	1	(9,557)	1	2,190	(35,889)
OTHER FINANCING SOURCES (USES)						
Transfers in	32,422		9,200			41,622
	<u>32,422</u>	<u>-</u>	<u>9,200</u>	<u>-</u>	<u>-</u>	<u>41,622</u>
Net change in fund balances	3,898	1	(357)	1	2,190	5,733
Fund balances - beginning	18,793	9,663	14,118	2,298	93,518	138,390
Fund balances - ending	<u>22,691</u>	<u>9,664</u>	<u>13,761</u>	<u>2,299</u>	<u>95,708</u>	<u>144,123</u>

Schedule D3
TOWN OF WARREN, NEW HAMPSHIRE
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended December 31, 2019

All amounts are expressed in USA Dollars

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and equivalents	123,837	2,633	4,000	122,470
	123,837	2,633	4,000	122,470
LIABILITIES				
Agency deposits:				
<u>Warren School District</u>				
<i>Permanent Funds:</i>				
William Little	7,455	162		7,617
Frank Little	1,038	22		1,060
Ezekiel Dow	3,726	81		3,807
<i>Capital and noncapital Reserves:</i>				
School Improvement	135	3		138
Technology Fund	25,364	550		25,914
Special Education Reserve	60,290	1,309		61,599
School Building Maintenance	20,193	438		20,631
<u>South Main Street Water District</u>				
South Main Street Water Capital Reserve	5,636	68	4,000	1,704
	123,837	2,633	4,000	122,470

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