

**TOWN OF FREMONT,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015**

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Fremont
Fremont, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Fremont as of and for the year ended December 31, 2015, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and aggregate remaining fund information of the Town of Fremont, as of December 31, 2015, and the respective changes in financial position and the budgetary comparison of the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1-N and 2-C to the financial statements, in 2015 the Town changed its method of accounting for pension reporting with the adoption of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Report for Pensions – an amendment of GASB Statement No. 27*, and as amended by Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

***Town of Fremont
Independent Auditor's Report***

Other Matters

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-10), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 36), and the Schedule of Town Contributions (page 37) 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.

Other Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fremont's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules 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 and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

September 15, 2016

*Blodzik & Sanderson
Professional Association*



The Town of Fremont

Management's Discussion and Analysis

For the Year Ending December 31, 2015

1. Brief discussion of the Basic Financial Statements
2. Condensed Government – Wide Financial Information
3. Financial Results
4. Fund Balances
5. Budgets
6. Capital Assets and Long Term Debt

As management of the Town of Fremont NH, we offer readers of the Town of Fremont, NH financial statements this narrative overview and analysis of the financial activities of the Town of Fremont, NH for the fiscal year ended December 31, 2015.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Fremont's basic financial statements. The Town of Fremont's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, and (4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Town of Fremont's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Fremont, NH is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal 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 only result in cash flows in future fiscal periods (ie: uncollected taxes).

The governmental activities of the Town of Fremont, NH include general government, public safety, highways and streets, cemetery, library, trust and capital reserve funds, grants, general assistance, conservation, sanitation, culture and recreation.

Fund financial statements - A *fund* is a set of reports that is used to segregate specific activities. The Town of Fremont NH, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Fremont, NH can be divided into two categories: governmental or fiduciary funds.

Governmental Funds. *Governmental funds* are used to report on the general operations of the Town. They are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus only on current expenditures and revenue (*inflows and outflows of spendable resources this year*), as well as on balances (of *spendable resources*) available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The voters of the Town of Fremont NH adopt an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the Fremont Town Government, such as developer's performance bonds, Capital Reserve and Expendable School Trust Funds, and trust funds for which the income is used for purposes that are not normally funded by the Town. Fiduciary funds are *not* reflected in the government-wide financial statement because these funds are not available to support the Town of Fremont's own programs. The accounting used for the fiduciary funds is much like that used for businesses.

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

Required Supplementary Information - In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes Funding Progress for Other Postemployment Benefits Plans and information about the New Hampshire Retirement System as required under GASB 68.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of this management's discussion and analysis.

Government-wide Financial Analysis

As noted earlier, net position may, over time serve as a useful indicator of a government's financial position. In the case of the Town of Fremont NH, assets exceeded liabilities by \$7,847,079 at the close of the most recent fiscal year.

By far the largest portion of the Town of Fremont's net position \$6,896,029 reflects its investment in capital assets (ie: land, buildings, vehicles, etc.). The Town of Fremont NH uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Fremont'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 cannot be used to liquidate these liabilities.

Town of Fremont, New Hampshire
Governmental Activities
Statement of Net Position

	<i>As restated</i> <u>2014</u>	<u>2015</u>	<u>Change</u>
Assets and deferred outflows of resources:			
Current & other assets	7,182,839	5,923,135	(1,259,704)
Capital assets	6,306,972	7,698,379	1,391,407
Deferred outflows of resources	21,654	49,191	27,537
Total assets and deferred outflows of resources	<u>13,511,465</u>	<u>13,670,705</u>	<u>159,240</u>
Liabilities:			
Long-term liabilities outstanding	1,331,062	1,242,441	(88,621)
Other liabilities	4,584,593	4,515,914	(68,679)
Deferred inflows of resources	84,027	65,271	(18,756)
Total liabilities and deferred inflows of resources	<u>5,999,682</u>	<u>5,823,626</u>	<u>(176,056)</u>
Net position:			
Net investment in capital assets	6,581,367	6,896,029	314,662
Restricted net position	147,214	147,249	35
Unrestricted net position	783,202	803,801	20,599
Total net position	<u>7,511,783</u>	<u>7,847,079</u>	<u>335,296</u>

At the end of the current fiscal year, the Town of Fremont NH is able to report positive balances in net position, for the government as a whole. The same situation held true for the prior fiscal year. The changes noted in net position are primarily due to a change in the method for which fixed assets (capital assets) were accounted for in the two periods. Capital Asset information is updated annually for depreciation and other changes to town buildings and infrastructure.

Town of Fremont, New Hampshire

Governmental Activities

Statement of Activities

	<i>As Restated</i>		
	12/31/2014	2015	
	AMOUNT	AMOUNT	DIFFERENCE
Revenues:			
Program revenues:			
Charges for Services	123,742	84,338	(39,404)
Taxes	1,334,161	1,746,034	411,873
Licenses and permits	840,492	912,071	71,579
Intergovernmental	309,818	341,192	31,374
Unrestricted investment earnings	3,089	4,639	1,550
Miscellaneous	81,316	6,938	(74,378)
Total revenues	2,692,618	3,095,212	402,594
Expenses:			
General Government	785,698	728,961	(56,737)
Public Safety	730,341	769,897	39,556
Highways and Streets	715,087	606,453	(108,634)
Sanitation	317,450	303,795	(13,655)
Health	9,160	8,476	(684)
Welfare	44,908	44,487	(421)
Culture & Recreation	241,287	168,678	(72,609)
Conservation	4,545	1,458	(3,087)
Interest on long-term debt	41,954	35,269	(6,685)
Capital Outlay	-	92,442	92,442
Total expenses	2,890,430	2,759,916	(130,514)
Change in net position	(197,812)	335,296	533,108
Beginning net position	7,709,595	7,511,783	(197,812)
Ending net position	7,511,783	7,847,079	335,296

General fund budgetary highlights

As shown in the above chart, revenues received during 2015 increased by \$402,594 from 2014. In 2015, the actual budgetary revenues were more than the budget for estimated revenues by \$757. Licenses and Permits (including Motor Vehicle Registrations and Building & Trade permits) were \$44,071 over the amount initially projected. General income from department services was less than the projection by \$19,700. Miscellaneous income (rent and sale of town

property, interest income on deposits and other miscellaneous items) increased by \$3,459 over the estimated revenue, adjusted at the time of the fall tax rate setting.

The overall, total governmental expenditures decreased by \$130,514. Some of those funds were encumbered at year end to complete projects into the next fiscal year.

The Town's total property valuation increased by \$6,302,882 to \$389,025,519 in 2015. This included a town-wide recertification process. The total property tax commitment increased by \$479,454 over the prior year. The increase was offset in 2015 by the School District's return of significant monies from prior year audits being finalized, and helped to offset the tax rate increase. The tax rate was set by the NH Department of Revenue at \$29.00. This was a \$0.78 increase from the prior year.

Capital Asset and Debt Administration

Capital Assets - The Town of Fremont's investment in capital assets includes land and improvements, buildings, vehicles and equipment, and roadways with a value in excess of \$10,000 and a useful life of over five (5) years.

Assets are depreciated on a straight-line basis, with the original cost divided evenly by the useful life of the asset.

Major capital asset events during the current fiscal year included the following:

- Acquisitions:
 - Fire Rescue Department Motorola Radios
 - Police Department tasers
 - Fire Truck
 - Cable broadcasting studio equipment
- Additions:
 - Completion of the new roof at Fremont Public Library (approximately the remaining 40% of the roof area)
 - Road infrastructure – paving work on Sandown Road
 - Town Hall Heating system components (two new furnaces)
 - New roof and painting of the Historic Building (282 Main Street)

Town of Fremont, New Hampshire

Governmental Activities

Capital Assets

	2014	Additions	Deletions	12/31/2015
AT COST:				
Not being depreciated:				
Land	\$ 2,142,750	\$ 5,115	\$ -	\$ 2,147,865
Being Depreciated:				
Land Improvements	459,956	-	-	459,956
Buildings & Building Improvements	3,106,798	45,436	-	3,152,234
Machinery, Vehicles & Equipment	1,937,808	519,956	-	2,457,764
Infrastructure	6,212,665	79,910	-	6,292,575
Total Capital Assets being depreciated	11,717,227	645,302	-	12,362,529
TOTAL ALL CAPITAL ASSETS	13,859,977	650,417	-	14,510,394
LESS:				
Accumulated Depreciation				
Land Improvements	(304,696)	(23,748)	-	(328,444)
Buildings & Building Improvements	(1,009,956)	(77,763)	-	(1,087,719)
Machinery, Vehicles & Equipment	(1,162,403)	(140,590)	-	(1,302,993)
Infrastructure	(3,862,470)	(230,389)	-	(4,092,859)
Total Accumulated Depreciation	(6,339,525)	(472,490)	-	(6,812,015)
Net Book Value Capital Assets being depreciated	5,377,702	172,812	-	5,550,514
NET BOOK VALUE	\$ 7,520,452	\$ 177,927	\$ -	\$ 7,698,379

Additional information on the Town of Fremont's net capital assets, depreciation, and debt may be found in the notes to the financial statements.

Long-term Debt. At the end of the current fiscal year, the Town of Fremont NH had total bonded debt outstanding of \$785,000 which is approximately a 14% decrease from the \$920,000 owed at the end of 2014. These bonds are a general obligation of the taxpayers of Fremont NH.

NH RSA 33:4-A establishes a debt limit. Towns may not incur outstanding indebtedness exceeding 3% of the town valuation. The NH Department of Revenue Administration currently computes Fremont's base valuation for debt limits at \$386,691,124. Our debt limit would be \$11,670,765. Fremont's debt is less than 1% of the valuation, so it is well within the debt limit. Fremont has an allowed debt margin of \$10,885,765.

The Town of Fremont generally issues bonds through the NH Municipal Bond Bank, and uses the bond bank credit rating of Aa2 with Moody's Investment Service.

Requests for Information

The Financial Report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Board of Selectmen of the Town of Fremont, PO Box 120, Fremont, New Hampshire 03044-0120; by calling 603 895 2226 x 10; or emailing FremontTA@comcast.net.

Additional information is also available on the Town's website at www.Fremont.nh.gov.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF FREMONT, NEW HAMPSHIRE
Statement of Net Position
December 31, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,803,087
Investments	647,116
Taxes receivable (net)	472,932
Capital assets:	
Land and construction in progress	2,147,865
Other capital assets, net of depreciation	5,550,514
Total assets	<u>13,621,514</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>49,191</u>
LIABILITIES	
Accounts payable	40,683
Accrued interest payable	14,206
Intergovernmental payable	4,461,025
Long-term liabilities:	
Due within one year	136,735
Due in more than one year	665,615
Net pension liability	440,091
Total liabilities	<u>5,758,355</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Property taxes	17,331
Related to pensions	47,940
Total deferred inflows of resources	<u>65,271</u>
NET POSITION	
Net investment in capital assets	6,896,029
Restricted	147,249
Unrestricted	803,801
Total net position	<u><u>\$ 7,847,079</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT B
TOWN OF FREMONT, NEW HAMPSHIRE
Statement of Activities
For the Fiscal Year Ended December 31, 2015

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 728,961	\$ 12,610	\$ -	\$ (716,351)
Public safety	769,897	61,060	17,965	(690,872)
Highways and streets	606,453	3,520	105,336	(497,597)
Sanitation	303,795	4,214	-	(299,581)
Health	8,476	-	-	(8,476)
Welfare	44,487	-	-	(44,487)
Culture and recreation	168,678	2,934	-	(165,744)
Conservation	1,458	-	-	(1,458)
Interest on long-term debt	35,269	-	-	(35,269)
Capital outlay	92,442	-	-	(92,442)
Total governmental activities	<u>\$ 2,759,916</u>	<u>\$ 84,338</u>	<u>\$ 123,301</u>	<u>(2,552,277)</u>
General revenues:				
Taxes:				
Property				1,632,423
Other				113,611
Motor vehicle permit fees				835,809
Licenses and other fees				76,262
Grants and contributions not restricted to specific programs				217,891
Unrestricted investment earnings				4,639
Miscellaneous				<u>6,938</u>
Total general revenues				<u>2,887,573</u>
Change in net position				<u>335,296</u>
Net position, beginning, as restated (see Note 14)				<u>7,511,783</u>
Net position, ending				<u>\$ 7,847,079</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-1
TOWN OF FREMONT, NEW HAMPSHIRE
Governmental Funds
Balance Sheet
December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,726,801	\$ 76,286	\$ 4,803,087
Investments	377,496	269,620	647,116
Taxes receivable	491,932	-	491,932
Total assets	<u>\$ 5,596,229</u>	<u>\$ 345,906</u>	<u>\$ 5,942,135</u>
LIABILITIES			
Accounts payable	\$ 40,683	\$ -	\$ 40,683
Intergovernmental payable	4,461,025	-	4,461,025
Total liabilities	<u>4,501,708</u>	<u>-</u>	<u>4,501,708</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - Property taxes	<u>72,903</u>	<u>-</u>	<u>72,903</u>
FUND BALANCES			
Nonspendable	-	104,394	104,394
Restricted	75	42,780	42,855
Committed	377,496	198,732	576,228
Assigned	118,899	-	118,899
Unassigned	525,148	-	525,148
Total fund balances	<u>1,021,618</u>	<u>345,906</u>	<u>1,367,524</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,596,229</u>	<u>\$ 345,906</u>	<u>\$ 5,942,135</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-2
TOWN OF FREMONT, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2015

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,367,524
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 49,191	
Deferred inflows of resources related to pensions	(47,940)	
		1,251
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 14,510,394	
Less accumulated depreciation	(6,812,015)	
		7,698,379
Long term revenue (taxes) is not available to pay current-period expenditures and therefore, is deferred in the governmental funds.		55,572
Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.		(19,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(14,206)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 785,000	
Unamortized bond premium	17,350	
Net pension liability	440,091	
		(1,242,441)
Net position of governmental activities (Exhibit A)		<u>\$ 7,847,079</u>

EXHIBIT C-3
TOWN OF FREMONT, NEW HAMPSHIRE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,701,544	\$ 32,093	\$ 1,733,637
Licenses and permits	912,071	-	912,071
Intergovernmental	341,192	-	341,192
Charges for services	36,234	48,104	84,338
Investment earnings	607	4,032	4,639
Miscellaneous	5,278	1,660	6,938
Total revenues	<u>2,996,926</u>	<u>85,889</u>	<u>3,082,815</u>
EXPENDITURES			
Current:			
General government	673,096	49,879	722,975
Public safety	656,542	34,058	690,600
Highways and streets	432,988	-	432,988
Sanitation	303,795	-	303,795
Health	8,476	-	8,476
Welfare	44,487	-	44,487
Culture and recreation	149,475	-	149,475
Conservation	1,155	303	1,458
Debt service:			
Principal	135,000	-	135,000
Interest	39,587	-	39,587
Capital outlay	563,830	-	563,830
Total expenditures	<u>3,008,431</u>	<u>84,240</u>	<u>3,092,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,505)</u>	<u>1,649</u>	<u>(9,856)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,500	-	2,500
Transfers out	-	(2,500)	(2,500)
Total other financing sources (uses)	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>
Net change in fund balances	(9,005)	(851)	(9,856)
Fund balances, beginning	1,030,623	346,757	1,377,380
Fund balances, ending	<u>\$ 1,021,618</u>	<u>\$ 345,906</u>	<u>\$ 1,367,524</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT C-4
TOWN OF FREMONT, 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, 2015

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (9,856)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. 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 capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 650,417	
Depreciation expense	<u>(472,490)</u>	
		177,927
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (2,500)	
Transfers out	<u>2,500</u>	
		-
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in deferred tax revenue	\$ 1,397	
Change in allowance for uncollectible property taxes	<u>11,000</u>	
		12,397
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.		15,510
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 premiums and when debt is first issued, whichever these amounts are deferred and amortized in the Statement of Activities.		
Repayment of bond principal	\$ 135,000	
Amortization of bond premium	<u>1,735</u>	
		136,735
Some expenses reported in the Statement of Activities do not require the used of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense		<u>2,583</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 335,296</u></u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT D
TOWN OF FREMONT, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,742,031	\$ 1,742,031	\$ 1,713,941	\$ (28,090)
Licenses and permits	868,000	868,000	912,071	44,071
Intergovernmental	322,336	340,175	341,192	1,017
Charges for services	55,934	55,934	36,234	(19,700)
Investment earnings	275	275	306	31
Miscellaneous	1,850	1,850	5,278	3,428
Total revenues	<u>2,990,426</u>	<u>3,008,265</u>	<u>3,009,022</u>	<u>757</u>
EXPENDITURES				
Current:				
General government	711,507	711,507	727,167	(15,660)
Public safety	714,262	714,262	690,969	23,293
Highways and streets	407,455	425,420	437,125	(11,705)
Sanitation	327,875	327,875	303,795	24,080
Health	10,670	10,544	8,476	2,068
Welfare	41,004	41,004	44,487	(3,483)
Culture and recreation	159,560	159,560	125,175	34,385
Conservation	1	1	1,155	(1,154)
Debt service:				
Principal	135,000	135,000	135,000	-
Interest	41,587	41,587	39,587	2,000
Capital outlay	520,005	520,005	563,830	(43,825)
Total expenditures	<u>3,068,926</u>	<u>3,086,765</u>	<u>3,076,766</u>	<u>9,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(78,500)</u>	<u>(78,500)</u>	<u>(67,744)</u>	<u>10,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	177,000	177,000	246,952	69,952
Transfers out	(98,500)	(98,500)	(98,500)	-
Total other financing sources (uses)	<u>78,500</u>	<u>78,500</u>	<u>148,452</u>	<u>69,952</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	80,708	<u>\$ 80,708</u>
Decrease in restricted fund balance			269	
Unassigned fund balance, beginning			480,743	
Unassigned fund balance, ending			<u>\$ 561,720</u>	

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E-1
TOWN OF FREMONT, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
December 31, 2015

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 14,012	\$ 135,384
Investments	45,007	492,678
Total assets	<u>59,019</u>	<u>628,062</u>
LIABILITIES		
Intergovernmental payable	-	181,369
Due to others	-	446,693
Total liabilities	<u>-</u>	<u>628,062</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 59,019</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

EXHIBIT E-2
TOWN OF FREMONT, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended December 31, 2015

	Private Purpose Trust
ADDITIONS	
Interest	\$ 217
DEDUCTIONS	
Scholarships	<u>(500)</u>
Change in net position	(283)
Net position, beginning	59,302
Net position, ending	<u><u>\$ 59,019</u></u>

The notes to the basic financial statements are an integral part of this statement.

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

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TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fremont, New Hampshire (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

1-A Reporting Entity

The Town of Fremont is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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 revenues* 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1-C 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*, as are fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for State shared revenue, reimbursement-based grants and interest which use one year. 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. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. 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 specific 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, deferred inflows/outflows, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Town reports the following major governmental fund:

General Fund – all general revenues and other receipts that are not allocated by law or contracted agreement to another fund are accounted for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the Town reports the following fund types:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Permanent Fund – is used to record activity of legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

Fiduciary Funds – The Town also reports the following fiduciary funds:

Agency Fund - used to account for assets held in a trustee or agency capacity on behalf of outside parties, including other governments.

Private Purpose Trust – used to account for assets held for the benefit of others.

1-D Cash and Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts.

The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- Savings bank deposits,
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. 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.

Investments for the Town are reported at fair value generally based on quoted market prices.

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist fully of taxes.

1-G Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated minimum useful life in excess of five years. As the Town constructs or acquires additional capital assets each year, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	15-20
Buildings and building improvements	15-50
Machinery, equipment, and vehicles	6-20
Infrastructure	15-20

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

1-H Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the Balance Sheet and the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-I Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 21, 2015 and November 5, 2015, and due on July 1, 2015 and December 9, 2015. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Fremont School District, and Rockingham County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 30, 2015 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 380,100,646
For all other taxes	\$ 389,025,519

The tax rates and amounts assessed for the year ended December 31, 2015 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.37	\$ 1,699,846
School portion:		
State of New Hampshire	\$2.28	867,240
Local	\$21.32	8,293,785
County portion	\$1.03	400,520
Total		<u>\$ 11,261,391</u>

1-J Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium. In the fund financial statements, governmental fund types recognize bond premiums during the current period.

1-K Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

1-L Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-M Net Position/Fund Balance Reporting

Government-wide Statements – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b) *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- c) *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications - The fund balance of governmental funds is reported in five categories based on the nature of any limitations requiring the use of resources for specific programs. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The classifications used in the Town’s governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

Unassigned – This classification includes the residual fund balance for the general fund.

When multiple net position/fund balance classifications are available for use, it is the government’s policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In accordance with the Town’s fund balance policy, the Board will maintain an appropriate level of unassigned fund balance following guidelines established by the New Hampshire Government Finance Officers Association (GFOA), which are as follows:

- 1) 5% to 15% of regular general fund operating revenues, or
- 2) 8% to 17% of regular general fund operating expenditures.

1-N Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan’s independent auditors, require management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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 which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with US generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

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 assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2015, none of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 3,255,974
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	301
To eliminate transfers between blended funds	(244,452)
Change in deferred tax revenue relating to 60-day revenue recognition	(1,397)
Change in allowance for uncollectible property taxes	(11,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 2,999,426</u>
Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,175,266
Adjustment:	
Basis differences:	
Encumbrances, beginning	50,564
Encumbrances, ending	(118,899)
GASB Statement No. 54:	
To eliminate transfers between general and expendable trust funds	(98,500)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,008,431</u>

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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DECEMBER 31, 2015

2-C Change in Accounting Principle

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The requirements of this Statement change the way the School District calculates and reports the costs and obligations associated with pensions. As a result of implementing GASB Statement No. 68 the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of January 1, 2015 by \$454,350 (see Note 14). The reduction accounts for the associated net position liability, deferred inflows of resources, and deferred outflows of resources related to pensions.

Also, the Town adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement addresses and issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employer and nonemployer contributing entities.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$4,952,483 and the bank balances totaled \$5,070,615. Petty cash totaled \$75.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 4,803,087
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	149,396
Total cash and cash equivalents	<u>\$ 4,952,483</u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town also maintains a portfolio of short-term maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments.

At December 31, 2015, this Town had the following investments and maturities:

	<u>Fair Value</u>
Investments type:	
New Hampshire Public Deposit Investment Pool	\$ 1,142,780
Certificates of deposit	42,021
Total fair value	<u>\$ 1,184,801</u>

Interest Rate Risk – This 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.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 647,116
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	537,685
Total investments	<u>\$ 1,184,801</u>

TOWN FREMONT, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2015. The amount has been reduced by an allowance for an estimated uncollectible amount of \$19,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2015	\$ 331,396	\$ 331,396
Unredeemed (under tax lien):		
Levy of 2014	93,767	93,767
Levy of 2013	54,943	54,943
Yield	1,112	1,112
Land use change	10,714	10,714
Less: allowance for estimated uncollectible taxes	(19,000) *	-
Net taxes receivable	<u>\$ 472,932</u>	<u>\$ 491,932</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60 day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 consisted of the following:

	Balance, beginning (as restated)	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 2,142,750	\$ 5,115	\$ -	\$ 2,147,865
Being depreciated:				
Land improvements	459,956	-	-	459,956
Buildings and building improvements	3,106,798	45,436	-	3,152,234
Machinery, equipment, and vehicles	1,937,808	519,956	-	2,457,764
Infrastructure	6,212,665	79,910	-	6,292,575
Total capital assets being depreciated	<u>11,717,227</u>	<u>645,302</u>	<u>-</u>	<u>12,362,529</u>
Total all capital assets	<u>13,859,977</u>	<u>650,417</u>	<u>-</u>	<u>14,510,394</u>
Less accumulated depreciation:				
Land improvements	(304,696)	(23,748)	-	(328,444)
Buildings and building improvements	(1,009,956)	(77,763)	-	(1,087,719)
Machinery, equipment, and vehicles	(1,162,403)	(140,590)	-	(1,302,993)
Infrastructure	(3,862,470)	(230,389)	-	(4,092,859)
Total accumulated depreciation	<u>(6,339,525)</u>	<u>(472,490)</u>	<u>-</u>	<u>(6,812,015)</u>
Net book value, capital assets being depreciated	<u>5,377,702</u>	<u>172,812</u>	<u>-</u>	<u>5,550,514</u>
Net book value, all capital assets	<u>\$ 7,520,452</u>	<u>\$ 177,927</u>	<u>\$ -</u>	<u>\$ 7,698,379</u>

Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

General government	\$ 13,101
Public safety	253,375
Highways and streets	143,375
Culture and recreation	62,639
Total depreciation expense	<u>\$ 472,490</u>

TOWN FREMONT, NEW HAMPSHIRE
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NOTE 7 – INTERFUND TRANSFERS

The composition of interfund transfers in the amount of \$2,500 for the year ended December 31, 2015 consist of transfers from the nonmajor permanent fund to the general fund.

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

NOTE 8 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$4,642,394 at December 31, 2015 consist of the following:

General fund:	
Balance of the FY 2014-15 district assessment due to the Fremont School District	\$ 4,461,025
Agency fund:	
Balance of capital reserve funds due to the Fremont School District	181,369
Total intergovernmental payables due	<u>\$ 4,642,394</u>

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources of \$49,191 and \$47,940, respectively in the governmental activities at December 31, 2015 consist of deferred amounts related to pensions. See Note 15 for more information on pension related deferrals.

Deferred inflows of resources of \$72,903 reported in the governmental funds as unavailable revenue consists of property taxes not collected within 60 days of year-end.

NOTE 10 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Due Within One Year
General obligation bonds	\$ 920,000	\$ -	\$ (135,000)	\$ 785,000	\$ 135,000
Premium	19,085	-	(1,735)	17,350	1,735
Total long-term liabilities	<u>\$ 939,085</u>	<u>\$ -</u>	<u>\$ (136,735)</u>	<u>\$ 802,350</u>	<u>\$ 136,735</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2015	Current Portion
General obligation bonds payable:						
Public safety building	\$ 940,000	1997	2017	4.70-5.30	\$ 90,000	\$ 45,000
Library building	\$ 995,500	2001	2021	4.13-5.00	295,000	50,000
Glen Oaks land purchase	\$ 795,300	2005	2025	4.04	400,000	40,000
					<u>785,000</u>	<u>135,000</u>
Bond premium					17,350	1,735
Total					<u>\$ 802,350</u>	<u>\$ 136,735</u>

The bond premium is amortized over the life of the bond on a straight-line basis.

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2015, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 135,000	\$ 34,976	\$ 169,976
2017	135,000	28,191	163,191
2018	90,000	21,740	111,740
2019	90,000	17,600	107,600
2020	90,000	13,450	103,450
2021-2025	245,000	21,650	266,650
Totals	<u>\$ 785,000</u>	<u>\$ 137,607</u>	<u>\$ 922,607</u>

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2015 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 18, 2006 - Article No. 5	Purchase conservation land	<u>\$ 935,000</u>

NOTE 11 – ENCUMBRANCES

Encumbrances outstanding at December 31, 2015 are as follows:

General fund:	
General government	\$ 63,605
Public safety	49,427
Highways and streets	5,867
Total encumbrances	<u>\$ 118,899</u>

NOTE 12 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2015 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 7,698,379
Less:	
General obligation bonds payable	(785,000)
Unamortized bond premiums	(17,350)
Total net investment in capital assets	<u>6,896,029</u>
Restricted net position:	
Library	75
Perpetual care - expendable	42,780
Perpetual care - nonexpendable	104,394
Total restricted	<u>147,249</u>
Unrestricted	<u>803,801</u>
Total net position	<u>\$ 7,847,079</u>

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NOTE 13 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Permanent fund - principal balance	\$ -	\$ 104,394	\$ 104,394
Restricted:			
Permanent fund - income balance	-	42,780	42,780
Library	75	-	75
Total restricted fund balance	75	42,780	42,855
Committed:			
Expendable trust	377,496	-	377,496
Conservation commission	-	133,207	133,207
Police OHRV	-	23,146	23,146
Cable franchise fees	-	24,147	24,147
Playground	-	3,746	3,746
Energy Commission	-	3	3
Police detail	-	14,483	14,483
Total committed fund balance	377,496	198,732	576,228
Assigned:			
Encumbrances	118,899	-	118,899
Unassigned	525,148	-	525,148
Total fund balances	\$ 1,021,618	\$ 345,906	\$ 1,367,524

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance at January 1, 2015 was restated to give retroactive effect to the following prior period adjustments:

	Government-wide Statements	General Fund (Budgetary Basis)
To adjust for library now reported in the general fund	\$ -	\$ 344
To record the following:		
Deferred inflows of resources for implementation of GASB Statements Nos. 68 and 71	(84,027)	-
Deferred outflows of resources for implementation of GASB Statements Nos. 68 and 71	21,654	-
Net pension liability for implementation of GASB Statements Nos. 68 and 71	(391,977)	-
To adjust for capital assets incorrectly reported in the prior year	337,613	-
Net position/fund balance, as previously reported	7,628,520	531,307
Net position/fund balance, as restated	\$ 7,511,783	\$ 531,651

NOTE 15 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is

TOWN FREMONT, NEW HAMPSHIRE
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qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The 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 with in the State are eligible and required to participate in the Pension Plan. The System issues a publically available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided: 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. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. For fiscal year 2015, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. For fiscal year 201, the Town contributed 25.30% for police officers and 10.77% for other employees. The contribution requirements for the fiscal years 2013, 2014, and 2015 were \$36,818, \$43,923, and \$49,226, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2015 the Town reported a liability of \$440,091 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2015, the Town's proportion was .01110912% which was an increase of .00066639% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized pension expense of \$15,510. At December 31, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 22,983	\$ 26,521
Net difference between projected and actual investment earnings on pension plan investments	-	11,762
Differences between expected and actual experience	-	9,657
Contributions subsequent to the measurement date	26,208	-
Total	<u>\$ 49,191</u>	<u>\$ 47,940</u>

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The \$26,208 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	
2016	\$ (10,594)
2017	(10,594)
2018	(10,594)
2019	5,632
2020	1,193
Totals	<u>\$ (24,957)</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2014, using the following actuarial assumptions which, accordingly apply to both 2015 and 2014 measurements:

Inflation:	3.0%
Salary increases:	3.75- 5.8% average, including inflation
Investment rate of return:	7.75% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

Long-term Rates of Return: The long-term expected rate of return on pension plan investment 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 rate 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 long-term rates of return for 2015:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2015
Large Cap Equities	22.50%	3.00%
Small/Mid Cap Equities	7.50%	3.00%
Total domestic equity	<u>30.00%</u>	
Int'l Equities (unhedged)	13.00%	4.00%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	<u>20.00%</u>	
Core Bonds	4.50%	(.70%)
Short Duration	2.50%	(1.00%)
Global Multi-Sector Fixed Income	11.00%	0.28%
Unconstrained Fixed Income	7.00%	0.16%
Total fixed income	<u>25.00%</u>	
Private equity	5.00%	5.50%
Private debt	5.00%	4.50%
Real estate	10.00%	3.50%
Opportunistic	5.00%	2.75%
Total alternative investments	<u>25.00%</u>	
Total	<u>100.00%</u>	

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Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. 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 service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. 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 investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75% 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
June 30, 2015	\$ 579,322	\$ 440,091	\$ 321,395
June 30, 2014	\$ 516,297	\$ 391,977	\$ 287,094
June 30, 2013	\$ 629,033	\$ 490,658	\$ 374,340

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 16 – 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; or natural disasters. During fiscal year 2015, the Town was a member of the Local Government Center Property-Liability Trust, LLC, and the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. These entities are considered a public entity risk pools, currently operating as common risk management and insurance programs for member Towns and cities.

The Local Government Center Property-Liability Trust, LLC, is a Trust organized to provide certain property and liability insurance coverages to member Towns, cities and other qualified political subdivisions of New Hampshire. As a member of the Local Government Center Property-Liability Trust, LLC, the Town shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The program maintains a self-insured retention above which it purchases reinsurance and excess insurance. This policy covers property, auto physical damage, crime, general liability, and public officials' liability subject to a \$1,000 deductible.

Contributions paid in fiscal year ending December 31, 2015, to be recorded as an insurance expenditure totaled \$37,645 for property liability. There were no unpaid contributions for the year ended December 31, 2015.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation Program is a pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2015 to December 31, 2015 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. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town of Fremont billed and paid for the year ended December 31, 2015 was \$33,059 for workers' compensation.

TOWN FREMONT, NEW HAMPSHIRE
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NOTE 17 – CONTINGENCIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 18 – RELATED PARTY TRANSACTIONS

Financial reporting standards require disclosure of significant related-party transactions, including the nature of the relationship, a description of the transactions, dollar amounts of the transaction, and amounts due to or due from the related party at the financial statement date. The former elected Road Agent (up until March 2015) owns Pitkin Construction, which the Town contracted with to perform highway and street work; invoices for 2015 total \$42,930. In addition, the newly elected Road Agent (as of March 2015) and his son both performed highway and street work with invoices totaling \$15,792 and \$31,150, respectively for 2015. One of the members of the Board of Selectmen also performs highway and street work for the Town, invoices totaled \$23,557 for 2015. It is noted that all of the invoices were subject to and complied with the Town's purchasing policies and procedures. Further, it should be noted that any contracts with contractors are subject to the same authorization process with the Board of Selectmen approving all contracts and subsequent payments to the contractors.

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through September 15, 2016, the date the December 31, 2015 financial statements were available to be issued. One event occurred that recognition and disclosure is considered appropriate:

At the March 2016 annual meeting the voters authorized the use of unassigned fund balance in the amount of \$1,000 when Warrant Article No. 15 was passed, which establishes a recreation revolving fund to fund improvements to the Town's parks and fields.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF FREMONT, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

<u>Fiscal Year End</u>	<u>Valuation Date</u>	<u>Town's Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
December 31, 2015	June 30, 2015	0.01110912%	\$ 440,091	\$ 174,569	252.10%	65.47%
December 31, 2014	June 30, 2014	0.01044273%	\$ 391,977	\$ 158,682	247.02%	66.32%
December 31, 2013	June 30, 2013	0.01140061%	\$ 490,658	\$ 145,308	337.67%	59.81%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT G
TOWN OF FREMONT, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	June 30, 2015	\$ 37,270	\$ 37,270	\$ -	\$ 174,569	21.35%
December 31, 2014	June 30, 2014	\$ 33,879	\$ 33,879	\$ -	\$ 158,682	21.35%
December 31, 2013	June 30, 2013	\$ 28,348	\$ 28,348	\$ -	\$ 145,308	19.51%

The note to the required supplementary information is an integral part of this schedule.

TOWN OF FREMONT, NEW HAMPSHIRE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
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Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the Town's pension plan at December 31, 2015.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2014:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	25 Years beginning July 1, 2014
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	3.0% per year
Wage Inflation	3.75% per year
Salary Increases	5.8% Average, including inflation
Municipal Bond Rate	4.29% per year
Investment Rate of Return	7.75% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2005-2010.
Mortality	RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TOWN OF FREMONT, NEW HAMPSHIRE
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,663,136	\$ 1,632,423	\$ (30,713)
Land use change	40,000	43,093	3,093
Yield	6,770	6,926	156
Excavation	125	125	-
Interest and penalties on taxes	32,000	31,374	(626)
Total from taxes	<u>1,742,031</u>	<u>1,713,941</u>	<u>(28,090)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	800,000	835,713	35,713
Building permits	57,000	63,591	6,591
Other	11,000	12,767	1,767
Total from licenses, permits, and fees	<u>868,000</u>	<u>912,071</u>	<u>44,071</u>
Intergovernmental:			
State:			
Meals and rooms distribution	217,891	217,891	-
Highway block grant	104,445	105,336	891
Federal:			
FEMA	17,839	17,965	126
Total from intergovernmental	<u>340,175.00</u>	<u>341,192.00</u>	<u>1,017</u>
Charges for services:			
Income from departments	<u>55,934</u>	<u>36,234</u>	<u>(19,700)</u>
Miscellaneous:			
Sale of municipal property	1,200	503	(697)
Interest on investments	275	306	31
Rent of property	-	325	325
Insurance dividends and reimbursements	-	3,209	3,209
Other	650	1,241	591
Total from miscellaneous	<u>2,125</u>	<u>5,584</u>	<u>3,459</u>
Other financing sources:			
Transfers in	<u>177,000</u>	<u>246,952</u>	<u>69,952</u>
Total revenues and other financing sources	<u><u>\$ 3,185,265</u></u>	<u><u>\$ 3,255,974</u></u>	<u><u>\$ 70,709</u></u>

SCHEDULE 2
TOWN OF FREMONT, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 99,739	\$ 96,236	\$ -	\$ 3,503
Election and registration	-	66,760	65,058	-	1,702
Financial administration	-	20,174	20,564	-	(390)
Revaluation of property	-	38,526	33,171	-	5,355
Legal	-	20,000	16,425	-	3,575
Personnel administration	-	275,414	240,843	3,250	31,321
Planning and zoning	-	39,331	29,836	-	9,495
General government buildings	9,534	91,789	108,134	60,355	(67,166)
Cemeteries	-	14,150	14,136	-	14
Insurance, not otherwise allocated	-	35,519	38,616	-	(3,097)
Advertising and regional associations	-	7,755	7,644	-	111
Other	-	2,350	2,433	-	(83)
Total general government	9,534	711,507	673,096	63,605	(15,660)
Public safety:					
Police	-	486,972	439,501	14,927	32,544
Ambulance	-	7,500	7,500	-	-
Fire	15,000	181,019	174,477	34,500	(12,958)
Building inspection	-	34,771	32,861	-	1,910
Emergency management	-	4,000	2,203	-	1,797
Total public safety	15,000	714,262	656,542	49,427	23,293
Highways and streets:					
Highways and streets	1,730	420,435	427,510	5,867	(11,212)
Street lighting	-	4,985	5,478	-	(493)
Total highways and streets	1,730	425,420	432,988	5,867	(11,705)
Sanitation:					
Solid waste collection	-	213,160	213,160	-	-
Solid waste disposal	-	114,715	90,635	-	24,080
Total sanitation	-	327,875	303,795	-	24,080
Health:					
Administration	-	750	481	-	269
Pest control	-	9,794	7,995	-	1,799
Total health	-	10,544	8,476	-	2,068
Welfare:					
Direct assistance	-	14,850	18,333	-	(3,483)
Vendor payments	-	26,154	26,154	-	-
Total welfare	-	41,004	44,487	-	(3,483)
Culture and recreation:					
Parks and recreation	-	50,950	22,888	-	28,062
Library	24,300	106,425	124,508	-	6,217
Patriotic purposes	-	2,185	2,079	-	106
Total culture and recreation	24,300	159,560	149,475	-	34,385
Conservation	-	1	1,155	-	(1,154)

(Continued)

SCHEDULE 2 (Continued)
TOWN OF FREMONT, NEW HAMPSHIRE
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive Negative
Debt service:					
Principal of long-term debt	-	135,000	135,000	-	-
Interest on long-term debt	-	39,587	39,587	-	-
Interest on tax anticipation notes	-	2,000	-	-	2,000
Total debt service	-	176,587	174,587	-	2,000
Capital outlay	-	520,005	563,830	-	(43,825)
Other financing uses:					
Transfers out	-	98,500	98,500	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 50,564	\$ 3,185,265	\$ 3,106,931	\$ 118,899	\$ 9,999

SCHEDULE 3
TOWN OF FREMONT, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended December 31, 2015

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 480,743
Changes:		
2015 Budget summary:		
Revenue surplus (Schedule 1)	\$ 70,709	
Unexpended balance of appropriations (Schedule 2)	<u>9,999</u>	
2015 Budget surplus		80,708
Decrease in restricted fund balance		<u>269</u>
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		561,720
<i>Reconciliation of Non-GAAP Basis to GAAP Basis</i>		
To comply with generally accepted accounting principles by deferring property taxes not collected with in 60 days of December 31, 2015		(55,572)
Eliminated allowance for doubtful property taxes receivable		<u>19,000</u>
Unassigned fund balance, ending GAAP basis (Exhibit C-1)		<u><u>\$ 525,148</u></u>

SCHEDULE 4
TOWN OF FREMONT, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2015

	Special Revenue Funds							Total
	Conservation Commission	Police OHRV	Cable Franchise Fee	Playground	Energy Commission	Police Detail	Permanent Fund	
ASSETS								
Cash and cash equivalents	\$ 1	\$ 23,146	\$ 24,147	\$ -	\$ -	\$ 14,483	\$ 14,509	\$ 76,286
Investments	133,206	-	-	3,746	3	-	132,665	269,620
Total assets	<u>\$ 133,207</u>	<u>\$ 23,146</u>	<u>\$ 24,147</u>	<u>\$ 3,746</u>	<u>\$ 3</u>	<u>\$ 14,483</u>	<u>\$ 147,174</u>	<u>\$ 345,906</u>
FUND BALANCES								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,394	\$ 104,394
Restricted	-	-	-	-	-	-	42,780	42,780
Committed	133,207	23,146	24,147	3,746	3	14,483	-	198,732
Total fund balances	<u>\$ 133,207</u>	<u>\$ 23,146</u>	<u>\$ 24,147</u>	<u>\$ 3,746</u>	<u>\$ 3</u>	<u>\$ 14,483</u>	<u>\$ 147,174</u>	<u>\$ 345,906</u>

SCHEDULE 5
TOWN OF FREMONT, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015

	Special Revenue Funds							Total
	Conservation Commission	Police OHRV	Cable Franchise Fee	Playground	Energy Commission	Police Detail	Permanent Fund	
Revenues:								
Taxes	\$ 32,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,093
Charges for services	-	-	-	-	-	48,104	-	48,104
Investment earnings	72	3	5	3	-	-	3,949	4,032
Miscellaneous	191	1,469	-	-	-	-	-	1,660
Total revenues	<u>32,356</u>	<u>1,472</u>	<u>5</u>	<u>3</u>	<u>-</u>	<u>48,104</u>	<u>3,949</u>	<u>85,889</u>
Expenditures:								
Current:								
General government	-	-	48,390	-	-	-	1,489	49,879
Public safety	-	437	-	-	-	33,621	-	34,058
Conservation	303	-	-	-	-	-	-	303
Total expenditures	<u>303</u>	<u>437</u>	<u>48,390</u>	<u>-</u>	<u>-</u>	<u>33,621</u>	<u>1,489</u>	<u>84,240</u>
Excess (deficiency) of revenues over (under) expenditures	32,053	1,035	(48,385)	3	-	14,483	2,460	1,649
Other financing uses:								
Transfers out	-	-	-	-	-	-	(2,500)	(2,500)
Net change in fund balances	32,053	1,035	(48,385)	3	-	14,483	(40)	(851)
Fund balances, beginning	101,154	22,111	72,532	3,743	3	-	147,214	346,757
Fund balances, ending	<u>\$ 133,207</u>	<u>\$ 23,146</u>	<u>\$ 24,147</u>	<u>\$ 3,746</u>	<u>\$ 3</u>	<u>\$ 14,483</u>	<u>\$ 147,174</u>	<u>\$ 345,906</u>