

**TOWN OF FREMONT,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019**

**TOWN OF FREMONT, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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# PLODZIK & SANDERSON

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## *INDEPENDENT AUDITOR'S REPORT*

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

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 unmodified and adverse audit opinions.

### **Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

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

As discussed in Note 1-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

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

***Adverse Opinion***

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Fremont, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Fremont as of December 31, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in fiscal year 2019 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Other Matters***

**Management's Discussion and Analysis** – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

**Required Supplementary Information** – Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits,
- Notes to the Required Supplementary Information

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 17, 2020

*Blodzik & Sanderson*  
*Professional Association*

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2019*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,348,165
Taxes receivables (net)	339,810
Account receivables	6,845
Capital assets:	
Land and construction in progress	2,912,035
Other capital assets, net of depreciation	5,840,753
Total assets	<u>10,447,608</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	278,905
Amounts related to other postemployment benefits	7,817
Total deferred outflows of resources	<u>286,722</u>
<b>LIABILITIES</b>	
Accounts payable	71,623
Accrued interest payable	11,395
Long-term liabilities:	
Due within one year	117,368
Due in more than one year	1,358,300
Total liabilities	<u>1,558,686</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	20,862
Unavailable revenue - Highway Block Grant	1,982
Amounts related to pensions	27,836
Amounts related to other postemployment benefits	378
Total deferred inflows of resources	<u>51,058</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,347,195
Restricted	146,018
Unrestricted	631,373
Total net position	<u><u>\$ 9,124,586</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, 2019*

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 973,547	\$ 18,126	\$ -	\$ (955,421)
Public safety	1,237,864	74,727	-	(1,163,137)
Highways and streets	1,056,083	-	137,445	(918,638)
Sanitation	390,496	5,853	-	(384,643)
Health	61,323	-	-	(61,323)
Welfare	50,496	-	-	(50,496)
Culture and recreation	215,091	-	-	(215,091)
Conservation	5,016	-	-	(5,016)
Interest on long-term debt	19,862	-	-	(19,862)
Total governmental activities	<u>\$ 4,009,778</u>	<u>\$ 98,706</u>	<u>\$ 137,445</u>	<u>(3,773,627)</u>
General revenues:				
Taxes:				
Property				1,856,114
Other				47,260
Motor vehicle permit fees				1,056,000
Licenses and other fees				53,308
Grants and contributions not restricted to specific programs				283,284
Unrestricted investment earnings				21,342
Miscellaneous				79,280
Total general revenues				<u>3,396,588</u>
Change in net position				(377,039)
Net position, beginning, as restated (see Note 16)				9,501,625
Net position, ending				<u>\$ 9,124,586</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, 2019*

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 876,213	\$ 471,952	\$ 1,348,165
Taxes receivable	349,810	-	349,810
Accounts receivable	-	6,845	6,845
Interfund receivable	-	26,000	26,000
Total assets	<u>\$ 1,226,023</u>	<u>\$ 504,797</u>	<u>\$ 1,730,820</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 71,623	\$ -	\$ 71,623
Interfund payable	26,000	-	26,000
Total liabilities	<u>97,623</u>	<u>-</u>	<u>97,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - Property taxes	52,767	-	52,767
Unavailable revenue - Highway Block Grant	1,982	-	1,982
Total deferred inflows of resources	<u>54,749</u>	<u>-</u>	<u>54,749</u>
<b>FUND BALANCES</b>			
Nonspendable	-	145,545	145,545
Restricted	-	473	473
Committed	453,546	358,779	812,325
Assigned	36,968	-	36,968
Unassigned	583,137	-	583,137
Total fund balances	<u>1,073,651</u>	<u>504,797</u>	<u>1,578,448</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,226,023</u>	<u>\$ 504,797</u>	<u>\$ 1,730,820</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 - Governmental Funds to the Statement of Net Position*  
*December 31, 2019*

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,578,448
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 17,674,873	
Less accumulated depreciation	<u>(8,922,085)</u>	
		8,752,788
Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 278,905	
Deferred inflows of resources related to pensions	(27,836)	
Deferred outflows of resources related to OPEB	7,817	
Deferred inflows of resources related to OPEB	<u>(378)</u>	
		258,508
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (26,000)	
Payables	<u>26,000</u>	
		-
Long Term revenues (taxes) is not available to pay current period expenditures and therefore, is deferred in governmental funds.		31,905
Allowance for uncollectible property taxes that is recognized on the full accrual basis, but not on the modified accrual basis.		(10,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(11,395)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Bonds	\$ 335,000	
Unamortized bond premium	10,410	
Capital lease	60,183	
Net pension liability	938,136	
Other postemployment benefits	<u>131,939</u>	
		(1,475,668)
Net position of governmental activities (Exhibit A)		<u><u>\$ 9,124,586</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

**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, 2019**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 1,883,736	\$ 26,000	\$ 1,909,736
Licenses and permits	1,109,308	-	1,109,308
Intergovernmental	420,729	-	420,729
Charges for services	37,410	61,296	98,706
Miscellaneous	31,116	69,506	100,622
Total revenues	3,482,299	156,802	3,639,101
<b>EXPENDITURES</b>			
Current:			
General government	882,033	20,547	902,580
Public safety	991,869	68,921	1,060,790
Highways and streets	640,240	-	640,240
Sanitation	390,496	-	390,496
Health	61,323	-	61,323
Welfare	50,496	-	50,496
Culture and recreation	169,931	-	169,931
Conservation	3,316	1,700	5,016
Debt service:			
Principal	90,000	-	90,000
Interest	17,600	-	17,600
Capital outlay	351,728	-	351,728
Total expenditures	3,649,032	91,168	3,740,200
Excess (deficiency) of revenues over (under) expenditures	(166,733)	65,634	(101,099)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,000	-	2,000
Transfers out	-	(2,000)	(2,000)
Capital leases	82,889	-	82,889
Total other financing sources (uses)	84,889	(2,000)	82,889
Net change in fund balances	(81,844)	63,634	(18,210)
Fund balances, beginning	1,155,495	441,163	1,596,658
Fund balances, ending	\$ 1,073,651	\$ 504,797	\$ 1,578,448

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 - Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended December 31, 2019*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (18,210)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 393,102	
Depreciation expense	<u>(646,933)</u>	
		(253,831)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (2,000)	
Transfers out	<u>2,000</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		(6,362)
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Inception of capital lease	\$ (82,889)	
Repayment of bond principal	90,000	
Repayment of capital leases	22,706	
Amortization of bond premium	<u>1,735</u>	
		31,552
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$ (3,997)	
Net change in net pension liability, and deferred outflows and inflows of resources related to pensions	(108,341)	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(17,850)</u>	
		(130,188)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (377,039)</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, 2019*

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,824,913	\$ 1,824,913	\$ 1,877,374	\$ 52,461
Licenses and permits	1,163,500	1,163,500	1,109,308	(54,192)
Intergovernmental	404,087	404,087	420,729	16,642
Charges for services	59,700	59,700	37,410	(22,290)
Miscellaneous	24,081	24,081	22,220	(1,861)
Total revenues	<u>3,476,281</u>	<u>3,476,281</u>	<u>3,467,041</u>	<u>(9,240)</u>
<b>EXPENDITURES</b>				
Current:				
General government	899,339	899,339	863,743	35,596
Public safety	939,878	939,878	909,898	29,980
Highways and streets	566,714	566,714	634,521	(67,807)
Sanitation	401,404	401,404	390,496	10,908
Health	61,243	61,243	61,323	(80)
Welfare	46,472	46,472	50,496	(4,024)
Culture and recreation	191,566	191,566	169,931	21,635
Conservation	3,564	3,564	3,316	248
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	19,100	19,100	17,600	1,500
Capital outlay	100,000	108,500	108,500	-
Total expenditures	<u>3,319,280</u>	<u>3,327,780</u>	<u>3,299,824</u>	<u>27,956</u>
Excess of revenues over expenditures	<u>157,001</u>	<u>148,501</u>	<u>167,217</u>	<u>18,716</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000	10,500	10,500	-
Transfers out	(209,001)	(209,001)	(209,001)	-
Total other financing sources (uses)	<u>(207,001)</u>	<u>(198,501)</u>	<u>(198,501)</u>	<u>-</u>
Net change in fund balances	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>(31,284)</u>	<u>\$ 18,716</u>
Unassigned fund balance, beginning, as restated (see Note 16)			636,326	
Unassigned fund balance, ending			<u>\$ 605,042</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 Fiduciary Net Position**  
**December 31, 2019**

	Private Purpose Trust	Custodial	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,001	\$ 6,971,677	\$ 6,974,678
Intergovernmental	56,088	-	56,088
Total assets	59,089	6,971,677	7,030,766
<b>LIABILITIES</b>			
Intergovernmental payable	-	5,580,267	5,580,267
<b>NET POSITION</b>			
Held in trust for specific purposes	\$ 59,089	\$ 1,391,410	\$ 1,450,499

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 Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	Private Purpose Trust	Custodial Funds	Total
<b>ADDITIONS</b>			
Interest	\$ 201	\$ 17,655	\$ 17,856
Change in fair market value	-	304,542	304,542
Total additions	201	322,197	322,398
<b>DEDUCTIONS</b>			
Administrative expenses	-	225,506	225,506
Change in net position	201	96,691	96,892
Net position, beginning, as restated (see Note 16)	58,888	1,294,719	1,353,607
Net position, ending	\$ 59,089	\$ 1,391,410	\$ 1,450,499

The Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF FREMONT, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

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**TOWN OF FREMONT, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**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 U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2019 the Town implemented GASB Statement No. 84, *Fiduciary Activities*, which changed the way fiduciary activities are recorded. See Note 2-C for further information on this pronouncement.

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 Basis of Accounting, and Measurement Focus***

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

***Government-wide Financial Statements*** – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

***Governmental Fund Financial Statements*** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.



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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.

The Town reports the following major governmental fund:

**General Fund** – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

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** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town’s cemetery operations.

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

**Fiduciary Fund Financial Statements** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s fiduciary funds are private purpose trust and custodial funds, which are custodial in nature. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

The Town also reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Custodial Fund** – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

### ***1-C 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, 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-D 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 uncollectible amounts) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

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***1-E Capital Assets***

Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (i.e., easements) which are reported in the applicable governmental activities column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

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

***1-F 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-G Property Taxes***

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, Semi-Annual Collection of Taxes in certain Towns and Cities. Warrants for the year were issued on May 23, 2019 and October 31, 2019, and due on July 2, 2019 and December 5, 2019. Interest accrues at a rate of 12% (from January 1, 2019 through March 31, 2019) and 8% (after April 1, 2019) on bills outstanding after the due date and 18% (from January 1, 2019 through March 31, 2019) and 14% (after April 1, 2019) on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2018 on June 21, 2019.

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 1, 2019 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 404,566,268
For all other taxes	\$ 410,788,368

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

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$4.73	\$ 1,946,945
School portion:		
State of New Hampshire	\$2.43	981,811
Local	\$22.76	9,348,456
County portion	\$1.13	462,647
Total	<u>\$31.05</u>	<u>\$12,739,859</u>

***1-H Accounts Payable***

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2019.

***1-I Deferred Outflows/Inflows of Resources***

*Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

*Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

***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 governmental activities Statement of Net Position.

***1-K Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* 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 related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

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***1-L Postemployment Benefits Other Than Pensions***

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

***1-M Net Position/Fund Balances***

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

**Net investment in capital assets** – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

***Fund Balance Classifications*** – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**Restricted** – 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** – 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** – 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** – Amounts that are available for any purpose. Positive amounts are reported only in 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.

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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 revenue
2. 8% to 17% of regular general fund operating expenditures

***1-N Use of Estimates***

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

***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 U.S. generally accepted accounting principles (GAAP).

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 2019, \$50,000 of the beginning general fund unassigned fund balance was applied for this purpose.

***2-B Budgetary Reconciliation to GAAP Basis***

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the General fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 3,477,541
Adjustment:	
Basis difference:	
Inception of capital leases	82,889
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	8,896
To eliminate transfers between blended funds	(8,500)
Change in deferred tax revenue relating to 60-day revenue recognition	6,362
Per Exhibit C-3 (GAAP basis)	\$ 3,567,188
	<i>(continued)</i>

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*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 3,508,825
Adjustment:	
Basis differences:	
Inception of capital leases	82,889
Encumbrances, beginning	47,669
Encumbrances, ending	(36,968)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	255,618
To eliminate transfers between general and blended funds	(209,001)
Per Exhibit C-3 (GAAP basis)	<u>\$ 3,649,032</u>

**2-C Accounting Change**

Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, was implemented during fiscal year 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust of equivalent arrangement that meet specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or other condition is required to be taken or met by the beneficiary to release the assets. Beginning net position for the fiduciary funds was restated to retroactively report the change in accounting principle, see Note 16.

**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 \$8,322,843 and the bank balances totaled \$8,400,050.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,348,165
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E-1)	6,974,678
Total cash and cash equivalents	<u>\$ 8,322,843</u>

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**NOTE 4 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2019. The amount has been reduced by an allowance for an estimated uncollectible amount of \$10,000. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2019	\$ 237,191	\$ 237,191
Unredeemed (under tax lien):		
Levy of 2018	47,182	47,182
Levies of 2017 and prior	19,487	19,487
Yield	450	450
Land use change	45,500	45,500
Less: allowance for estimated uncollectible taxes	(10,000) *	-
Net taxes receivable	<u>\$ 339,810</u>	<u>\$ 349,810</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-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance, beginning	Additions	Deletions	Balance, ending
At cost:				
Not being depreciated:				
Land	\$2,912,035	\$ -	\$ -	\$2,912,035
Being depreciated:				
Land improvements	459,956	-	-	459,956
Buildings and building improvements	3,654,690	-	-	3,654,690
Machinery, vehicles, and equipment	2,813,031	108,102	(55,634)	2,865,499
Infrastructure	7,497,693	285,000	-	7,782,693
Total capital assets being depreciated	<u>14,425,370</u>	<u>393,102</u>	<u>(55,634)</u>	<u>14,762,838</u>
Total all capital assets	<u>17,337,405</u>	<u>393,102</u>	<u>(55,634)</u>	<u>17,674,873</u>
Less accumulated depreciation:				
Land improvements	(386,187)	(22,998)	-	(409,185)
Buildings and building improvements	(1,350,009)	(100,895)	-	(1,450,904)
Machinery, vehicles, and equipment	(1,717,185)	(225,049)	55,634	(1,886,600)
Infrastructure	(4,877,405)	(297,991)	-	(5,175,396)
Total accumulated depreciation	<u>(8,330,786)</u>	<u>(646,933)</u>	<u>55,634</u>	<u>(8,922,085)</u>
Net book value, capital assets being depreciated	<u>6,094,584</u>	<u>(253,831)</u>	<u>-</u>	<u>5,840,753</u>
Net book value, all governmental activities capital assets	<u>\$9,006,619</u>	<u>\$(253,831)</u>	<u>\$ -</u>	<u>\$8,752,788</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	\$ 70,967
Public safety	174,191
Highways and streets	354,834
Culture and recreation	45,160
Total depreciation expense	<u>\$ 645,152</u>

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**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

*Interfund Balances* – The composition of interfund balances as of December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor	General	\$ 26,000

*Interfund Transfers* - The composition of interfund transfers for the year ended December 31, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor	\$ 2,000

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 7 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$5,580,267 at December 31, 2019 consist of the balance of the FY 2019-2020 district assessment due to the Fremont School District.

**NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows of resources of at December 31, 2019 consist of amounts related to pensions totaling \$278,905 and amounts related to OPEB totaling \$7,817. For further discussion on these amounts, see Note 11 and 12 respectively.

Deferred inflows of resources are as follows:

	Government- wide	General Fund
Property taxes collected in advance of levy	\$ 20,862	\$20,862
Deferred property taxes not collected within 60 days of fiscal year-end	-	31,905
Unavailable revenue - Highway Block Grant	1,982	1,982
Amounts related to pensions	27,836	-
Amounts related to other postemployment benefits	378	-
Total deferred inflows of resources	<u>\$ 51,058</u>	<u>\$54,749</u>

**NOTE 9 – CAPITAL LEASE OBLIGATIONS**

The Town has entered into capital lease agreements under which the related equipment will become the property of the Town when all the terms of the lease agreements are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2019
Capital lease obligations:		
Police Radios	7.10%	\$ 22,391
Police Cruisers	7.75%	45,413
Total capital lease obligations		<u>\$ 67,804</u>



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Leased equipment under the capital leases, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Police Radios	\$ 19,551
Police Cruisers	69,992
Total equipment	89,543
Less: accumulated depreciation	(11,665)
Total capital lease equipment	\$ 77,878

The annual requirements to amortize the capital leases payable as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2020	\$ 30,170
2021	30,170
2022	7,464
Total requirements	67,804
Less: interest	7,621
Present value of remaining payments	\$ 60,183

Amortization of lease equipment under capital assets is included with depreciation expense.

**NOTE 10 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 425,000	\$ -	\$ (90,000)	\$ 335,000	\$ 90,000
Premium	12,145	-	1,735	10,410	1,735
Total bonds payable	437,145	-	(88,265)	345,410	91,735
Capital leases	-	82,889	(22,706)	60,183	25,633
Net pension liability	808,481	129,655	-	938,136	-
Net other postemployment benefits	125,845	6,094	-	131,939	-
Total long-term liabilities	\$ 1,371,471	\$ 218,638	\$ (110,971)	\$ 1,475,668	\$ 117,368

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2019
General obligation bonds payable:					
Library building	\$ 995,500	2001	2021	4.13-5.00	\$ 95,000
Glen Oaks Land purchase	\$ 795,300	2005	2025	4.04	240,000
					335,000
Bond premium					10,410
Total					\$ 345,410

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2019, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2020	\$ 90,000	\$ 13,450	\$ 103,450
2021	85,000	9,270	94,270
2022	40,000	5,320	45,320
2023	40,000	3,600	43,600
2024	40,000	2,260	42,260
2025	40,000	1,200	41,200
Totals	<u>\$ 335,000</u>	<u>\$ 35,100</u>	<u>\$ 370,100</u>

**Bonds Authorized and Unissued** – Bonds and notes authorized and unissued as of December 31, 2019 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 18, 2006 - Article No. 5	Purchase Conservation Land	\$ 935,000

**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a 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 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 within the State are eligible and required to participate in the Pension Plan. The System issues a publicly 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 ¼ 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.

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**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. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2019, the Town contributed 25.33% for police, 27.79% for fire and 11.08% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2019 was \$83,859, which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2019 the Town reported a liability of \$938,136 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was 0.01949715% which was an increase of 0.00270697% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$192,831. At December 31, 2019 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	\$ 195,741	\$ -
Changes in assumptions	33,660	-
Net difference between projected and actual investment earnings on pension plan investments	-	7,663
Differences between expected and actual experience	5,187	20,173
Contributions subsequent to the measurement date	44,317	-
Total	<u>\$ 278,905</u>	<u>\$ 27,836</u>

The \$44,317 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, 2020. 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,	
2020	\$ 106,841
2021	38,679
2022	38,378
2023	22,854
Thereafter	-
Totals	<u>\$ 206,752</u>

**Actuarial Assumptions** – The collective total pension liability was based on the following assumptions:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Wage inflation	3.25% (3.00% for teachers)
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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**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 geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the collective total pension liability was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 1,256,202	\$ 938,136	\$ 675,256

**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.

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**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**12-A New Hampshire Retirement System (NHRS)**

**Plan Description** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system’s website at [www.nhrs.org](http://www.nhrs.org).

**Benefits Provided** – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2019 were as follows:

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

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

**Contributions** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the Town contributed 4.10% for police and fire, and 0.30% for other employees through June 30, 2019. From July 1, 2019 through December 31, 2019 the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2019 was \$16,383, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At December 31, 2019, the Town reported a liability of \$131,939 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net OPEB liability was based on a projection of the Town’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2019, the Town’s proportion was 0.03009470% which was an increase of 0.03009470% from its proportion measured as of June 30, 2018.

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For the year ended December 31, 2019, the Town recognized OPEB expense of \$30,900. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 1,269	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	-	148
Differences between expected and actual experience	-	230
Contributions subsequent to the measurement date	6,548	-
Total	<u>\$ 7,817</u>	<u>\$ 378</u>

The \$6,548 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	
2020	\$ 941
2021	(98)
2022	10
2023	38
Thereafter	-
Totals	<u>\$ 891</u>

**Actuarial Assumptions** – The collective total OPEB liability was based on the following actuarial assumptions:

Inflation:	2.5 %
Wage inflation:	3.25 % (3.00%) for teachers
Salary increases:	5.6 % average, including inflation
Investment rate of return:	7.25 % net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

**Long-term Rates of Return** – The long-term expected rate of return on OPEB 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.

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Following is a table presenting target allocations and geometric real rates of return for each asset class:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2019
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.50%
Emerging Int'l Equities	7.00%	6.00%
Total international equity	20.00%	
Core Bonds	9.00%	1.12%
Global Multi-Sector Fixed Income	10.00%	2.46%
Absolute Return Fixed Income	6.00%	1.50%
Total fixed income	25.00%	
Private equity	10.00%	7.90%
Private debt	5.00%	4.86%
Total alternative investments	15.00%	
Real estate	10.00%	3.00%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate** – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 7.25% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2019	\$ 143,107	\$ 131,939	\$ 122,233

**Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption** – GASB No. 75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

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

**12-B Town of Fremont Retiree Health Benefit Program**

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements. The Governmental Accounting Standards Board

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(GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2019 or contracted with an actuarial firm to assist in evaluating the impact of this new standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

**NOTE 13 – ENCUMBRANCES**

The Town has active construction projects as of December 31, 2019. At year-end the Town's commitments with contractors for specific projects are as follows:

General fund:	
General government	\$ 29,050
Public safety	7,918
Total general fund	<u>\$ 36,968</u>

**NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the Statement of Net Position at December 31, 2019 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value, all governmental activities capital assets	\$ 8,752,788
Less:	
General obligation bonds payable	(335,000)
Unamortized bond premiums	(10,410)
Capital lease payable	(60,183)
Total net investment in capital assets	<u>8,347,195</u>
Restricted net position:	
Perpetual care - nonexpendable	145,545
Perpetual care - expendable	473
Total restricted net position	<u>146,018</u>
Unrestricted	<u>631,373</u>
Total net position	<u>\$ 9,124,586</u>

**NOTE 15 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

	General Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Permanent fund - principal balance	\$ -	\$ 145,545	\$ 145,545
<b>Restricted:</b>			
Permanent - income balance	-	473	473

*(Continued)*



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*Governmental fund balances continued:*

	General Fund	Nonmajor Funds	Governmental Funds
<b>Committed:</b>			
Expendable trust	453,546	-	453,546
Conservation commission	-	281,733	281,733
Police OHRV	-	5,049	5,049
Cable Franchise Fee	-	37,536	37,536
Play ground	-	3,842	3,842
Police detail	-	26,992	26,992
Recreation revolving	-	3,627	3,627
Total committed fund balance	453,546	358,779	812,325
<b>Assigned:</b>			
Encumbrances	36,968	-	36,968
<b>Unassigned</b>	583,137	-	583,137
Total governmental fund balances	\$ 1,073,651	\$ 504,797	\$ 1,578,448

**NOTE 16 – PRIOR PERIOD ADJUSTMENT**

Net position/fund balance at January 1, 2019 was restated to give retroactive effect to the following prior period adjustment:

	Fiduciary Funds
To restate for the cumulative changes related to implementation of GASB Statement No. 84	\$ 1,294,719
Net position, as previously reported	-
Net position, as restated	\$ 1,294,719

**NOTE 17 – 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 2019, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2019 to December 31, 2019 by Primex<sup>3</sup>, 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 workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2019 the Town paid \$60,175 and \$32,582 respectively, to Primex for property, liability and worker's compensation. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 18 – RELATED PARTY TRANSACTIONS**

The elected Road Agent owns a company that is contracted with the Town to perform highway and street work. The total invoices paid was \$86,736. It was noted that all invoices were subject to and compiled with the Town's purchasing policies and procedures. Further, it should be noted that any contracts with contractors are subjected to the same authorization process with the Board of Selectmen approving all contracts and subsequent payments to contractors.

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***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 17, 2020, the date the December 31, 2019 financial statements were available to be issued, and the following event occurred that requires disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. In response to the pandemic, the State of New Hampshire's Governor issued an order declaring a state of emergency on March 13, 2020. As a result, economic uncertainties have arisen which are likely to negatively impact any investments held by the Town which are measured at fair value. Other financial impact could occur though such potential impact is unknown at this time.

***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, 2019*

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Town's proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%
Town's proportionate share of the net pension liability	\$ 490,658	\$391,977	\$440,091	\$726,003	\$725,758	\$808,481	\$938,136
Town's covered payroll	\$ 145,308	\$158,682	\$174,569	\$217,237	\$257,542	\$291,989	\$343,855
Town's proportionate share of the net pension liability as a percentage of its covered payroll	337.67%	247.02%	252.10%	334.20%	281.80%	276.89%	272.83%
Plan fiduciary net position as a percentage of the total pension liability	59.81%	66.32%	65.47%	58.30%	62.66%	64.73%	65.59%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

*EXHIBIT G*  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Pensions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,						
	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution	\$ 28,348	\$ 33,879	\$ 37,270	\$ 48,888	\$ 54,062	\$ 70,965	\$ 84,848
Contributions in relation to the contractually required contributions	28,348	33,879	37,270	48,888	54,062	70,965	84,848
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 145,308	\$ 158,682	\$ 174,569	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855
Contributions as a percentage of covered payroll	19.51%	21.35%	21.35%	22.50%	20.99%	24.30%	24.68%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**TOWN OF FREMONT, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

***Schedule of the Town's Proportionate Share of Net Pension Liability and  
Schedule of Town Contributions - Pensions***

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, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2019:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years beginning July 1, 2018 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of investment expenses, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

**Other Information:**

Notes	Contribution rates for fiscal year 2019 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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**EXHIBIT H**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,			
	2016	2017	2018	2019
Town's proportion of the net OPEB liability	0.01%	0.02%	0.03%	0.03%
Town's proportionate share of the net OPEB liability (asset)	\$ 69,359	\$ 71,057	\$ 125,845	\$ 131,939
Town's covered payroll	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855
Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	31.93%	27.59%	43.10%	38.37%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

**EXHIBIT I**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Schedule of Town Contributions - Other Postemployment Benefits*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2019*

	December 31,			
	2016	2017	2018	2019
Contractually required contribution	\$ 8,325	\$ 9,211	\$ 12,158	\$ 13,734
Contributions in relation to the contractually required contribution	8,325	9,211	12,158	13,734
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855
Contributions as a percentage of covered payroll	3.83%	3.58%	4.16%	3.99%

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.



**TOWN OF FREMONT, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**OTHER POSTEMPLOYMENT BENEFIT LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2019**

***Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability and  
Schedule of Town Contributions – Other Postemployment Benefits***

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

**Methods and Assumptions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	3.13% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

***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, 2019*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,761,959	\$ 1,762,060	\$ 101
Land use change	30,000	81,500	51,500
Yield	7,800	7,739	(61)
Excavation	154	154	-
Interest and penalties on taxes	25,000	25,921	921
Total from taxes	<u>1,824,913</u>	<u>1,877,374</u>	<u>52,461</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	1,110,000	1,056,000	(54,000)
Building permits	40,000	37,849	(2,151)
Other	13,500	15,459	1,959
Total from licenses, permits, and fees	<u>1,163,500</u>	<u>1,109,308</u>	<u>(54,192)</u>
Intergovernmental:			
State:			
Shared revenues	42,548	42,548	-
Meals and rooms distribution	240,736	240,736	-
Highway block grant	120,803	137,445	16,642
Total from intergovernmental	<u>404,087</u>	<u>420,729</u>	<u>16,642</u>
Charges for services:			
Income from departments	<u>59,700</u>	<u>37,410</u>	<u>(22,290)</u>
Miscellaneous:			
Sale of municipal property	300	-	(300)
Interest on investments	8,500	6,917	(1,583)
Other	15,281	15,303	22
Total from miscellaneous	<u>24,081</u>	<u>22,220</u>	<u>(1,861)</u>
Other financing sources:			
Transfers in	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Total revenues and other financing sources	<u>3,486,781</u>	<u>\$ 3,477,541</u>	<u>\$ (9,240)</u>
Unassigned fund balance used to reduce tax rate	<u>50,000</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,536,781</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, 2019**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 119,484	\$ 113,569	\$ -	\$ 5,915
Election and registration	-	71,456	68,925	-	2,531
Financial administration	-	21,110	17,492	-	3,618
Revaluation of property	-	43,580	44,292	-	(712)
Legal	-	30,000	45,509	-	(15,509)
Personnel administration	-	383,672	356,973	-	26,699
Planning and zoning	-	38,002	37,012	-	990
General government buildings	34,950	94,931	93,264	26,050	10,567
Cemeteries	-	23,750	19,858	3,000	892
Insurance, not otherwise allocated	-	61,694	61,194	-	500
Advertising and regional associations	-	8,860	8,832	-	28
Other	-	2,800	2,723	-	77
Total general government	34,950	899,339	869,643	29,050	35,596
Public safety:					
Police	-	621,425	600,777	-	20,648
Ambulance	-	9,500	9,500	-	-
Fire	7,000	265,469	259,603	7,918	4,948
Building inspection	-	39,154	35,680	-	3,474
Emergency management	-	4,330	3,420	-	910
Total public safety	7,000	939,878	908,980	7,918	29,980
Highways and streets:					
Highways and streets	5,719	561,014	634,698	-	(67,965)
Street lighting	-	5,700	5,542	-	158
Total highways and streets	5,719	566,714	640,240	-	(67,807)
Sanitation:					
Solid waste collection	-	284,740	278,513	-	6,227
Solid waste disposal	-	116,664	111,983	-	4,681
Total sanitation	-	401,404	390,496	-	10,908
Health:					
Pest control	-	60,368	60,375	-	(7)
Health agencies	-	875	948	-	(73)
Total health	-	61,243	61,323	-	(80)
Welfare:					
Administration and direct assistance	-	15,850	19,999	-	(4,149)
Vendor payments and other	-	30,622	30,497	-	125
Total welfare	-	46,472	50,496	-	(4,024)
Culture and recreation:					
Parks and recreation	-	48,739	27,696	-	21,043
Library	-	139,667	139,360	-	307
Patriotic purposes	-	3,160	2,792	-	368
Other	-	-	83	-	(83)
Total culture and recreation	-	191,566	169,931	-	21,635
Conservation	-	3,564	3,316	-	248

(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, 2019*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	90,000	90,000	-	-
Interest on long-term debt	-	17,600	17,600	-	-
Interest on tax anticipation notes	-	1,500	-	-	1,500
Total debt service	-	109,100	107,600	-	1,500
Capital outlay	-	108,500	108,500	-	-
Other financing uses:					
Transfers out	-	209,001	209,001	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 47,669	\$ 3,536,781	\$ 3,519,526	\$ 36,968	\$ 27,956

**SCHEDULE 3**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance*  
*For the Fiscal Year Ended December 31, 2019*

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 636,326
Changes:		
Unassigned fund balance used to reduce taxes		(50,000)
2019 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (9,240)	
Unexpended balance (overdraft) of appropriations (Schedule 2)	27,956	
2019 Budget deficit		18,716
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		605,042
<b><i>Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis</i></b>		
To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis		(31,905)
Elimination of the allowance for uncollectible taxes		10,000
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 583,137</u>

**SCHEDULE 4**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2019**

	Special Revenue Funds						
	Conservation Commission	Police OHRV	Playground	Recreation Revolving	Cable Franchise Fee	Police Detail	Permanent Fund
<b>ASSETS</b>							Total
Cash and cash equivalents	\$ 255,733	\$ 5,049	\$ 3,842	\$ 3,627	\$ 37,536	\$ 20,147	\$ 471,952
Accounts receivable	-	-	-	-	-	6,845	6,845
Interfund receivable	26,000	-	-	-	-	-	26,000
Total assets	\$ 281,733	\$ 5,049	\$ 3,842	\$ 3,627	\$ 37,536	\$ 26,992	\$ 504,797
<b>FUND BALANCES</b>							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,545
Restricted	-	-	-	-	-	-	473
Committed	281,733	5,049	3,842	3,627	37,536	26,992	338,779
Total fund balances	\$ 281,733	\$ 5,049	\$ 3,842	\$ 3,627	\$ 37,536	\$ 26,992	\$ 504,797

**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, 2019**

	Special Revenue Funds						
	Conservation Commission	Police OHRV	Playground	Recreation Revolving	Cable Franchise Fees	Police Detail	Permanent Fund Total
<b>Revenues:</b>							
Taxes	\$ 26,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,000
Charges for services	-	-	-	-	-	61,296	61,296
Miscellaneous	21,165	272	44	9	45,543	-	69,506
Total revenues	47,165	272	44	9	45,543	61,296	156,802
<b>Expenditures:</b>							
Current:							
General government	-	-	-	-	20,547	-	20,547
Public safety	-	15,370	-	-	-	53,551	68,921
Conservation	1,700	-	-	-	-	-	1,700
Total expenditures	1,700	15,370	-	-	20,547	53,551	91,168
Excess (deficiency) of revenues over (under) expenditures	45,465	(15,098)	44	9	24,996	7,745	65,634
<b>Other financing uses:</b>							
Transfers out	-	-	-	-	-	-	(2,000)
Net change in fund balances	45,465	(15,098)	44	9	24,996	7,745	63,634
Fund balances, beginning	236,268	20,147	3,798	3,618	12,540	19,247	441,163
Fund balances, ending	\$ 281,733	\$ 5,049	\$ 3,842	\$ 3,627	\$ 37,536	\$ 26,992	\$ 504,797



**SCHEDULE 6**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2019**

	Custodial Funds		Total
	School Taxes	Trust Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,580,267	\$ 1,391,410	\$ 6,971,677
<b>LIABILITIES</b>			
Intergovernmental payables:			
School	5,580,267	-	5,580,267
<b>NET POSITION</b>			
Restricted	\$ -	\$ 1,391,410	\$ 1,391,410

**SCHEDULE 7**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
**Custodial Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2019**

	Custodial Funds		
	Taxes	Trust Fund	Total
<b>Additions:</b>			
Investment earnings	\$ -	\$ 17,655	\$ 17,655
Change in fair market value	-	304,542	304,542
Tax collections for other governments	10,330,267	-	10,330,267
Total additions	10,330,267	322,197	10,652,464
<b>Deductions:</b>			
Administrative expenses	-	225,506	225,506
Payments of taxes to other governments	10,330,267	-	10,330,267
Total deductions	10,330,267	225,506	10,555,773
Change in net position	-	96,691	96,691
Net position, beginning, as restated (see Note 16)	-	1,294,719	1,294,719
Net position, ending	\$ -	\$ 1,391,410	\$ 1,391,410