

**TOWN OF FREMONT,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2020**

**TOWN OF FREMONT, NEW HAMPSHIRE**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

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# PLODZIK & SANDERSON

*Professional Association/Certified Public Accountants*

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## ***INDEPENDENT AUDITOR'S REPORT***

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

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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
Conservation Commission 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 matter described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Fremont, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

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

***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.

November 9, 2021

*Plodzik & Sanderson*  
*Professional Association*

## ***BASIC FINANCIAL STATEMENTS***

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

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,315,998
Taxes receivables (net)	331,596
Capital assets:	
Land and construction in progress	2,917,715
Other capital assets, net of depreciation	5,794,825
Total assets	<u>10,360,134</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	391,164
Amounts related to other postemployment benefits	7,784
Total deferred outflows of resources	<u>398,948</u>
<b>LIABILITIES</b>	
Accounts payable	94,888
Accrued interest payable	5,382
Long-term liabilities:	
Due within one year	107,808
Due in more than one year	1,502,751
Total liabilities	<u>1,710,829</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - Library	1,542
Amounts related to pensions	30,338
Amounts related to other postemployment benefits	2,070
Total deferred inflows of resources	<u>33,950</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,437,792
Restricted	144,761
Unrestricted	431,750
Total net position	<u><u>\$ 9,014,303</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, 2020

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 1,012,458	\$ 17,815	\$ -	\$ (994,643)
Public safety	1,250,379	47,564	-	(1,202,815)
Highways and streets	688,052	-	118,133	(569,919)
Sanitation	422,093	4,138	-	(417,955)
Health	58,237	-	-	(58,237)
Welfare	47,125	-	-	(47,125)
Culture and recreation	155,467	-	-	(155,467)
Conservation	150,461	-	-	(150,461)
Interest on long-term debt	5,702	-	-	(5,702)
Total governmental activities	<u>\$ 3,789,974</u>	<u>\$ 69,517</u>	<u>\$ 118,133</u>	<u>(3,602,324)</u>
General revenues:				
Taxes:				
Property				1,829,058
Other				40,369
Motor vehicle permit fees				1,093,973
Licenses and other fees				59,817
Grants and contributions not restricted to specific programs				364,136
Unrestricted investment earnings				73,131
Miscellaneous				31,557
Total general revenues				<u>3,492,041</u>
Change in net position				(110,283)
Net position, beginning				<u>9,124,586</u>
Net position, ending				<u>\$ 9,014,303</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, 2020**

	General	Conservation Commission	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 950,628	\$ 167,240	\$ 198,130	\$ 1,315,998
Taxes receivable	356,926	-	-	356,926
Interfund receivable	-	4,750	-	4,750
Total assets	<u>\$ 1,307,554</u>	<u>\$ 171,990</u>	<u>\$ 198,130</u>	<u>\$ 1,677,674</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 94,888	\$ -	\$ -	\$ 94,888
Interfund payable	4,750	-	-	4,750
Total liabilities	<u>99,638</u>	<u>-</u>	<u>-</u>	<u>99,638</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	36,045	-	-	36,045
Unavailable revenue - deferred highway block grant	1,542	-	-	1,542
Total deferred inflows of resources	<u>37,587</u>	<u>-</u>	<u>-</u>	<u>37,587</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	108,664	108,664
Restricted	-	-	36,097	36,097
Committed	531,881	171,990	53,369	757,240
Assigned	76,817	-	-	76,817
Unassigned	561,631	-	-	561,631
Total fund balances	<u>1,170,329</u>	<u>171,990</u>	<u>198,130</u>	<u>1,540,449</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,307,554</u>	<u>\$ 171,990</u>	<u>\$ 198,130</u>	<u>\$ 1,677,674</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, 2020**

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

Total fund balances of governmental funds (Exhibit C-1)	\$ 1,540,449
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Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.

Cost	\$ 18,121,428	
Less accumulated depreciation	(9,408,888)	
		8,712,540

Pension and other postemployment benefit (OPEB) related deferred outflows of current year, and therefore, are not reported in the governmental funds as follows:

Deferred outflows of resources related to pensions	\$ 391,164	
Deferred inflows of resources related to pensions	(30,338)	
Deferred outflows of resources related to OPEB	7,784	
Deferred inflows of resources related to OPEB	(2,070)	
		366,540

Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.

Receivables	\$ (4,750)	
Payables	4,750	
		-

Long-term revenue (taxes) is not available to pay current-period expenditures, and therefore, is deferred in the governmental funds.	36,045
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Allowance for uncollectible property taxes that is recognized on a full accrual basis, but not on the modified accrual basis.	(25,330)
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Interest on long-term debt is not accrued in governmental funds.	
Accrued interest payable	(5,382)

Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.

Bonds and notes	\$ 245,000	
Unamortized bond premium	8,675	
Capital leases	21,073	
Net pension liability	1,217,947	
Other postemployment benefits	117,864	
		(1,610,559)

Net position of governmental activities (Exhibit A)	<u><u>\$ 9,014,303</u></u>
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**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, 2020**

	General	Conservation Commission	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,909,354	\$ 37,500	\$ -	\$ 1,946,854
Licenses and permits	1,143,480	-	-	1,143,480
Intergovernmental	482,269	-	-	482,269
Charges for services	51,622	-	17,895	69,517
Miscellaneous	8,545	2,233	37,983	48,761
Total revenues	3,595,270	39,733	55,878	3,690,881
<b>EXPENDITURES</b>				
Current:				
General government	917,325	-	63,251	980,576
Public safety	991,233	-	15,537	1,006,770
Highways and streets	643,068	-	-	643,068
Sanitation	422,093	-	-	422,093
Health	58,237	-	-	58,237
Welfare	47,125	-	-	47,125
Culture and recreation	148,265	-	24	148,289
Conservation	6,665	149,476	-	156,141
Debt service:				
Principal	90,000	-	-	90,000
Interest	13,450	-	-	13,450
Capital outlay	163,131	-	-	163,131
Total expenditures	3,500,592	149,476	78,812	3,728,880
Excess (deficiency) of revenues over (under) expenditures	94,678	(109,743)	(22,934)	(37,999)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000	-	-	2,000
Transfers out	-	-	(2,000)	(2,000)
Total other financing sources (uses)	2,000	-	(2,000)	-
Net change in fund balances	96,678	(109,743)	(24,934)	(37,999)
Fund balances, beginning, as restated	1,073,651	281,733	223,064	1,578,448
Fund balances, ending	\$ 1,170,329	\$ 171,990	\$ 198,130	\$ 1,540,449

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, 2020*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (37,999)
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	\$446,555	
Depreciation expense	<u>(486,803)</u>	
		(40,248)
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		(11,190)
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.		
Bond discount on new issuance		
Repayment of bond/note principal	\$ 90,000	
Amortization of Bond Premium	1,735	
Repayment of capital leases	<u>39,110</u>	
		130,845
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.		
Decrease in accrued interest expense	\$ 6,013	
Net change in net pension liability, and related deferred outflows of resources and deferred inflows of resources	(170,054)	
Net change in other postemployment benefits liability, and related deferred outflows of resources and deferred inflows of resources	<u>12,350</u>	
		(151,691)
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ (110,283)</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, 2020*

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,927,924	\$ 1,927,924	\$ 1,898,164	\$ (29,760)
Licenses and permits	1,203,000	1,203,000	1,143,480	(59,520)
Intergovernmental	398,509	482,283	482,269	(14)
Charges for services	50,000	50,000	51,622	1,622
Miscellaneous	6,350	6,350	6,210	(140)
Total revenues	3,585,783	3,669,557	3,581,745	(87,812)
<b>EXPENDITURES</b>				
Current:				
General government	951,653	951,653	894,986	56,667
Public safety	1,008,452	1,092,226	1,005,445	86,781
Highways and streets	612,969	612,969	648,983	(36,014)
Sanitation	428,649	428,649	422,093	6,556
Health	61,953	61,953	58,237	3,716
Welfare	49,822	49,822	47,125	2,697
Culture and recreation	194,142	194,142	182,326	11,816
Conservation	6,665	6,665	6,665	-
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	14,950	14,950	13,450	1,500
Capital outlay	134,528	134,528	163,131	(28,603)
Total expenditures	3,553,783	3,637,557	3,532,441	105,116
Excess (deficiency) of revenues over (under) expenditures	32,000	32,000	49,304	17,304
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000	2,000	2,000	-
Transfers out	(84,000)	(84,000)	(84,000)	-
Total other financing sources (uses)	(82,000)	(82,000)	(82,000)	-
Net change in fund balances	\$ (50,000)	\$ (50,000)	(32,696)	\$ 17,304
Unassigned fund balance, beginning			605,042	
Unassigned fund balance, ending			\$ 572,346	

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

**EXHIBIT E-1**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2020**

	Private Purpose Trust Funds	Other Custodial Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 59,183	\$ 6,081,463	\$ 6,140,646
<b>LIABILITIES</b>			
Due to school district	-	4,893,881	4,893,881
<b>NET POSITION</b>			
Restricted	\$ 59,183	\$ 1,187,582	\$ 1,246,765

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

**EXHIBIT E-2**  
**TOWN OF NORTHWOOD, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended December 31, 2020**

	Private Purpose Trust Funds	Other Custodial Funds	Total
<b>ADDITIONS</b>			
Contributions	\$ -	\$ 43,717	\$ 43,717
Investment earnings	94	64,040	64,134
Tax collections for other governments	-	10,259,178	10,259,178
Total additions	94	10,366,935	10,367,029
<b>DEDUCTIONS</b>			
Payments of taxes to other governments	-	10,330,678	10,330,678
Payments for escrow purposes	-	240,085	240,085
Total deductions	-	10,570,763	10,570,763
Change in net position	94	(203,828)	(203,734)
Net position, beginning	59,089	1,391,410	1,450,499
Net position, ending	\$ 59,183	\$ 1,187,582	\$ 1,246,765

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, 2020**

	<u>NOTE</u>
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**TOWN OF FREMONT, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

**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.

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.

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.



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The Town reports the following major governmental funds:

**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.

**Conservation Commission Fund** – are used to account for proceeds for proper utilization and protection of natural.

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 six 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 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 uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

***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.

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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:

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

***1-F Interfund Activities***

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans). Or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***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 21, 2020 and November 12, 2020, and due on July 1, 2020 and December 16, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on May 7, 2020.

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, 2020 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 525,925,328
For all other taxes	\$ 535,327,528

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The tax rates and amounts assessed for the year ended December 31, 2020 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$3.94	\$ 2,105,553
School portion:		
State of New Hampshire	\$1.85	975,352
Local	\$16.47	8,818,529
County portion	\$0.87	465,297
Total	<u>\$23.13</u>	<u>\$ 12,364,731</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, 2020.

***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 revenues
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 receivables, 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 2020, \$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)	\$3,583,745
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record miscellaneous income of the blended funds	2,335
Change in deferred tax revenue relating to 60-day revenue recognition	
recognized as revenue on the GAAP basis, but not on the budgetary basis	11,190
Per Exhibit C-3 (GAAP basis)	<u>\$3,597,270</u>
	(Continued)

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*Budgetary reconciliation to GAAP basis continued:*

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$3,616,441
Adjustment:	
Basis differences:	
Encumbrances, beginning	36,968
Encumbrances, ending	(76,817)
GASB Statement No. 54:	
To record expenditures of the blended funds during the year	8,000
To eliminate transfers between general and blended funds	(84,000)
Per Exhibit C-3 (GAAP basis)	<u>\$3,500,592</u>

**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 \$7,456,644 and the bank balances totaled \$7,574,638.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 1,315,998
Cash per Statement of Net Position - Fiduciary Fund (Exhibit E-1)	6,140,646
Total cash and cash equivalents	<u>\$ 7,456,644</u>

**NOTE 4 – TAXES RECEIVABLE**

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020. The amount has been reduced by an allowance for an estimated uncollectible amount of \$25,330. Taxes receivable by year are as follows:

	As reported on:	
	Exhibit A	Exhibit C-1
Property:		
Levy of 2020	\$ 253,835	\$ 253,835
Unredeemed (under tax lien):		
Levy of 2019	61,887	61,887
Levy of 2018	29,825	29,825
Levies of 2017 and prior	11,379	11,379
Less: allowance for estimated uncollectible taxes	(25,330) *	-
Net taxes receivable	<u>\$ 331,596</u>	<u>\$ 356,926</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).

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$2,912,035	\$ 5,680	\$ 2,917,715
Being depreciated:			
Land improvements	459,956	-	459,956
Buildings and building improvements	3,654,690	57,169	3,711,859
Infrastructure	7,782,693	344,082	8,126,775
Machinery, equipment, and vehicles	2,865,499	39,624	2,905,123
Total capital assets being depreciated	14,762,838	440,875	15,203,713
Total all capital assets	17,674,873	446,555	18,121,428
Less accumulated depreciation:			
Land improvements	(409,185)	(22,998)	(432,183)
Buildings and building improvements	(1,450,904)	(104,443)	(1,555,347)
Infrastructure	(5,175,396)	(276,609)	(5,452,005)
Machinery, equipment, and vehicles	(1,886,600)	(82,753)	(1,969,353)
Total accumulated depreciation	(8,922,085)	(486,803)	(9,408,888)
Net book value, capital assets being depreciated	5,840,753	(45,928)	5,794,825
Net book value, all capital assets	\$8,752,788	\$ (40,248)	\$ 8,712,540

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	\$ 31,882
Public safety	153,194
Highways and streets	278,780
Culture and recreation	22,947
Total depreciation expense	\$ 486,803

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances** - The composition of interfund balances as of December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Conservation Commission	General	\$ 4,750

**Interfund Transfers** - The composition of interfund transfers for the year ended December 31, 2020 is as follows:

	Transfers In:
	General Fund
Transfers out:	
Permanent fund	\$ 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.

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**NOTE 7 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments of \$4,893,881 at December 31, 2020, consist of FY 2020-2021 district assessment due to the Fremont School District.

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

Deferred outflows of resources of at December 31, 2020 consist of amounts related to pensions totaling \$391,164 and amounts related to OPEB totaling \$7,784. For further discussion on these amounts, see Note 11 and 12, respectively.

Deferred inflows of resources are as follows:

	Exhibit A	Exhibit C-1
Deferred property taxes not collected within 60 days of fiscal year-end	\$ -	\$ 36,045
Unavailable Revenue- Library	1,542	1,542
Amounts related to pensions (see Note 11)	30,338	-
Amounts related to other postemployment benefits (see Note 12)	2,070	-
Total deferred inflows of resources	<u>\$ 33,950</u>	<u>\$ 37,587</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, 2020
Capital lease obligations:		
Police Cruiser	7.75%	<u>\$ 22,706</u>

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

	Governmental Activities
Vehicles:	
Police Cruisers	\$ 69,992
Less: accumulated depreciation	(23,331)
Total capital lease equipment	<u>\$ 46,661</u>

The annual requirements to amortize the capital lease payable as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Governmental Activities
2021	\$ 22,706
Less: interest	(1,633)
Present value of remaining payments	<u>\$ 21,073</u>

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



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**NOTE 10 – LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
General obligation bonds	\$ 335,000	\$ -	\$ (90,000)	\$ 245,000	\$ 85,000
Premium	10,410	-	(1,735)	8,675	1,735
Total bonds payable	345,410	-	(91,735)	253,675	86,735
Capital leases	60,183	-	(39,110)	21,073	21,073
Net pension liability	938,136	279,811	-	1,217,947	-
Net other postemployment benefits	131,939	-	(14,075)	117,864	-
Total long-term liabilities	\$ 1,475,668	\$ 279,811	\$ (144,920)	\$ 1,610,559	\$ 107,808

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2020
General obligation bonds/notes payable:					
Library Building	\$ 995,500	2001	2021	4.13-5.00	\$ 45,000
Glen Oaks Land purchase	\$ 795,300	2005	2025	4.04	200,000
					245,000
Bond premium					8,675
Total					\$ 253,675

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2020, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	\$ 245,000	\$ 21,650	\$ 266,650

**Bonds Authorized and Unissued** – Bonds and notes authorized and unissued as of December 31, 2020 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 18, 2006 - Article No.	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

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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** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). 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.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service.

For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

**Contributions** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. 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 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was \$84,839 which was paid in full.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** – At December 31, 2020 the Town reported a liability of \$1,217,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by 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, 2020, the Town's proportion was 0.01904187% which was decrease of 0.00045528% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$254,893. At December 31, 2020 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	\$ 117,900	\$ 17,261
Changes in assumptions	120,479	-
Net difference between projected and actual investment earnings on pension plan investments	75,331	-
Differences between expected and actual experience	32,890	13,077
Contributions subsequent to the measurement date	44,564	-
Total	<u>\$ 391,164</u>	<u>\$ 30,338</u>

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The \$44,564 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, 2021. 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,	
2021	\$ 93,626
2022	92,966
2023	77,338
2024	52,332
Totals	<u>\$ 316,262</u>

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

Inflation:	2.0%
Salary increases:	5.6% average, including inflation
Wage inflation:	2.75% (2.25% for teachers)
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

**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 <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

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**Discount Rate** – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer 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 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 1,576,745	\$ 1,217,947	\$ 924,761

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

**NOTE 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 2020 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.

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**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 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was \$12,544, which was paid in full.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** – At December 31, 2020, the Town reported a liability of \$117,864 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by 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, 2020, the Town's proportion was 0.02692752% which was an decrease of 0.00316718% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$187. At December 31, 2020, 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	\$ -	\$ 1,728
Net difference between projected and actual investment earnings on OPEB plan investments	441	-
Changes in assumptions	758	-
Differences between expected and actual experience	-	342
Contributions subsequent to the measurement date	6,585	-
Total	<u>\$ 7,784</u>	<u>\$ 2,070</u>

The \$6,585 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, 2021. 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,	
2021	\$(1,278)
2022	131
2023	156
2024	120
Totals	<u>\$ (871)</u>

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

Inflation:	2.0%
Salary increases:	5.6 % average, including inflation
Wage inflation:	2.75 % (2.25%) for teachers
Investment rate of return:	6.75 % net of OPEB plan investment expense, including inflation for determining solvency contributions

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

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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, 2016 – June 30, 2019.

**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. 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 <u>2020</u>
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42
Global Multi-Sector Fixed Income	10.00%	1.66
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability as of June 30, 2020 was 6.75%. 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 6.75% 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 (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 127,988	\$ 117,864	\$ 109,075

**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.

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**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 (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, 2020 or contracted with an actuarial firm to assist in evaluating the impact of this 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, 2020. At year-end, the Town's commitments with contractors for specific projects are as follows:

General fund:	
General government	\$ 14,711
Public safety	22,130
Highways and streets	5,915
Culture and recreation	34,061
Total encumbrances	<u>\$ 76,817</u>

**NOTE 14 – GOVERNMENTAL ACTIVITIES**

Net position reported on the government wide and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

	Governmental Activities	Fiduciary Funds
Net investment in capital assets:		
Net book value, all capital assets	\$ 8,712,540	\$ -
Less:		
General obligation bonds payable	(245,000)	-
Unamortized bond premiums	(8,675)	-
Capital leases payable	(21,073)	-
Total net investment in capital assets	<u>8,437,792</u>	<u>-</u>
Restricted net position:		
Perpetual care - nonexpendable	108,664	-
Perpetual care - income balance	36,097	-
Escrow and School purposes	-	1,246,765
Total restricted net position	<u>144,761</u>	<u>1,246,765</u>
Unrestricted	431,750	-
Total net position	<u>\$ 9,014,303</u>	<u>\$ 1,246,765</u>

**TOWN OF FREMONT, NEW HAMPSHIRE**  
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**NOTE 15 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	General Fund	Conservation Commission Fund	Nonmajor Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Permanent fund - principal balance	\$ -	\$ -	\$ 108,664	\$ 108,664
<b>Restricted:</b>				
Permanent - income balance	-	-	36,097	36,097
<b>Committed:</b>				
Expendable trust	531,881	-	-	531,881
Conservation commission	-	171,990	-	171,990
Police OHRV	-	-	3,825	3,825
Cable Franchise Fee	-	-	11,477	11,477
Playground	-	-	3,857	3,857
Police detail	-	-	30,579	30,579
Recreation revolving	-	-	3,631	3,631
Total committed fund balance	531,881	171,990	53,369	757,240
<b>Assigned:</b>				
Encumbrances	76,817	-	-	76,817
<b>Unassigned</b>	561,631	-	-	561,631
Total governmental fund balances	\$ 1,170,329	\$ 171,990	\$ 198,130	\$ 1,540,449

**NOTE 16 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, 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, 2020 to December 31, 2020 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 2020 the Town paid \$65,591 and \$33,340 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 17 – RELATED PARTY TRANSACTIONS**

The road agent owns a company that is contracted with the Town to perform highway and street work. The total invoices paid was \$190,599. It was noted that all invoices were subject to and complied with the Town's purchasing policies and procedures. Further, it should be noted that any contracts with contractors are subjected to the same authorization process with the Board of Selectmen approving all contracts and subsequent payments to contractors.

**NOTE 18 – COVID-19**

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.



***TOWN OF FREMONT, NEW HAMPSHIRE***  
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On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling \$83,744. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

***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 November 9, 2021, the date the December 31, 2020 financial statements were available to be issued, and the following occurred that requires recognition or disclosure:

At the March 9, 2021 Annual Town Election, the following articles were approved by the voters of the Town of Fremont:

- ***Warrant Article No. 9*** - The Town voted to raise and appropriate \$4,000 to be deposited in the Computer Expendable Trust Fund with the amount to come from December 31, 2020 unassigned fund balance.
- ***Warrant Article No. 10*** - The Town voted to raise and appropriate \$25,000 to be deposited into the Library Building Expendable Trust Fund, with the amount to come from December 31, 2020 unassigned fund balance.

***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, 2020*

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Town's proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	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	\$ 1,217,947
Town's covered payroll	\$ 145,308	\$ 158,682	\$ 174,569	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855	\$ 341,510
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%	356.64%
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%	58.72%

**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, 2020*

	December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 28,348	\$ 33,879	\$ 37,270	\$ 48,888	\$ 54,062	\$ 70,965	\$ 84,848	\$ 84,592
Contributions in relation to the contractually required contributions	(28,348)	(33,879)	(37,270)	(48,888)	(54,062)	(70,965)	(84,848)	(84,592)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 145,308	\$ 158,682	\$ 174,569	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855	\$ 341,510
Contributions as a percentage of covered payroll	19.51%	21.35%	21.35%	22.50%	20.99%	24.30%	24.68%	24.77%

**TOWN OF FREMONT, NEW HAMPSHIRE**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2020**

***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, 2020. 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 2020:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	20 years beginning July 1, 2019 (30 years beginning July 1, 2009)
Asset Valuation Method	5-year smooth market for funding purposes: 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% 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. Based on the 2010-215 experience study.
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 2010-2015 experience study.

**Other Information:**

Notes	The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium.
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**EXHIBIT H**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Plan Liability*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended December 31, 2020*

	December 31.				
	2016	2017	2018	2019	2020
Town's proportion of the net OPEB liability	0.01%	0.02%	0.03%	0.03%	0.03%
Town's proportionate share of the net OPEB liability	\$ 69,359	\$ 71,057	\$ 125,845	\$ 131,939	\$ 117,864
Town's covered payroll	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855	\$ 341,510
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	31.93%	27.59%	43.10%	38.37%	34.51%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%

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, 2020*

	December 31,				
	2016	2017	2018	2019	2020
Contractually required contribution	\$ 8,325	\$ 9,211	\$ 12,158	\$ 13,734	\$ 12,499
Contributions in relation to the contractually required contribution	(8,325)	(9,211)	(12,158)	(13,734)	(12,499)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 217,237	\$ 257,542	\$ 291,989	\$ 343,855	\$ 341,510
Contributions as a percentage of covered payroll	3.83%	3.58%	4.16%	3.99%	3.66%

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, 2020**

***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, 2020. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2/0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**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 (3.00% for teachers) in the 2017 valuation
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study.
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 2010-2015 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, 2020*

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 1,843,398	\$ 1,863,712	\$ 20,314
Land use change	50,000	2,000	(48,000)
Yield	4,200	2,960	(1,240)
Excavation	326	326	-
Interest and penalties on taxes	30,000	29,166	(834)
Total from taxes	<u>1,927,924</u>	<u>1,898,164</u>	<u>(29,760)</u>
Licenses, permits, and fees:			
Motor vehicle permit fees	1,145,000	1,093,973	(51,027)
Building permits	45,000	46,054	1,054
Other	13,000	3,453	(9,547)
Total from licenses, permits, and fees	<u>1,203,000</u>	<u>1,143,480</u>	<u>(59,520)</u>
Intergovernmental:			
State:			
Shared revenues	39,240	39,240	-
Meals and rooms distribution	241,122	241,122	-
Highway block grant	118,147	118,133	(14)
Federal:			
Cares	83,774	83,774	-
Total from intergovernmental	<u>482,283</u>	<u>482,269</u>	<u>(14)</u>
Charges for services:			
Income from departments	<u>50,000</u>	<u>51,622</u>	<u>1,622</u>
Miscellaneous:			
Sale of municipal property	300	-	(300)
Interest on investments	5,500	4,910	(590)
Other	550	1,300	750
Total from miscellaneous	<u>6,350</u>	<u>6,210</u>	<u>(140)</u>
Other financing sources:			
Transfers in	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total revenues and other financing sources	<u>3,671,557</u>	<u>\$ 3,583,745</u>	<u>\$ (87,812)</u>
Unassigned fund balance used to reduce tax rate	50,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 3,721,557</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, 2020*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 125,041	\$ 113,979	\$ -	\$ 11,062
Election and registration	-	85,150	88,178	-	(3,028)
Financial administration	-	20,750	22,067	-	(1,317)
Revaluation of property	-	44,080	42,927	-	1,153
Legal	-	40,000	35,109	-	4,891
Personnel administration	-	378,995	360,024	-	18,971
Planning and zoning	-	51,788	48,618	-	3,170
General government buildings	26,050	104,339	105,659	9,761	14,969
Cemeteries	3,000	24,772	17,212	4,950	5,610
Insurance, not otherwise allocated	-	64,848	63,848	-	1,000
Advertising and regional associations	-	8,990	8,857	-	133
Other	-	2,900	2,847	-	53
Total general government	29,050	951,653	909,325	14,711	56,667
Public safety:					
Police	-	727,653	667,131	22,130	38,392
Ambulance	-	10,000	10,000	-	-
Fire	7,918	312,551	258,396	-	62,073
Building inspection	-	37,692	34,224	-	3,468
Emergency management	-	4,330	21,482	-	(17,152)
Total public safety	7,918	1,092,226	991,233	22,130	86,781
Highways and streets:					
Highways and streets	-	605,529	634,711	5,915	(35,097)
Bridges	-	1,500	1,500	-	-
Street lighting	-	5,940	6,857	-	(917)
Total highways and streets	-	612,969	643,068	5,915	(36,014)
Sanitation:					
Solid waste collection	-	306,406	308,342	-	(1,936)
Solid waste disposal	-	122,243	113,751	-	8,492
Total sanitation	-	428,649	422,093	-	6,556
Health:					
Pest control	-	60,518	57,196	-	3,322
Health agencies	-	1,435	1,041	-	394
Total health	-	61,953	58,237	-	3,716
Welfare:					
Administration and direct assistance	-	20,580	18,983	-	1,597
Vendor payments and other	-	29,242	28,142	-	1,100
Total welfare	-	49,822	47,125	-	2,697
Culture and recreation:					
Parks and recreation	-	36,494	17,204	22,176	(2,886)
Library	-	154,643	129,754	11,885	13,004
Patriotic purposes	-	3,005	1,307	-	1,698
Total culture and recreation	-	194,142	148,265	34,061	11,816
Conservation	-	6,665	6,665	-	-

(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, 2020**

	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	-	13,450	13,450	-	-
Interest on tax anticipation notes	-	1,500	-	-	1,500
Total debt service	-	104,950	103,450	-	1,500
Capital outlay	-	134,528	163,131	-	(28,603)
Other financing uses:					
Transfers out	-	84,000	84,000	-	-
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 36,968	\$ 3,721,557	\$ 3,576,592	\$ 76,817	\$ 105,116

**SCHEDULE 3**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Changes in Unassigned Fund Balance*  
*For the Fiscal Year Ended December 31, 2020*

Unassigned fund balance, beginning (Non-GAAP Budgetary Basis)		\$ 605,042
Changes:		
Unassigned fund balance used to reduce 2020 tax rate		(50,000)
2020 Budget summary:		
Revenue shortfall (Schedule 1)	\$ (87,812)	
Unexpended balance of appropriations (Schedule 2)	105,116	
2020 Budget surplus		17,304
Unassigned fund balance, ending (Non-GAAP Budgetary Basis)		572,346
<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		(36,045)
Elimination of the allowance for uncollectible taxes		25,330
Unassigned fund balance, ending, GAAP basis (Exhibit C-1)		<u>\$ 561,631</u>

**SCHEDULE 4**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2020**

	Special Revenue Funds						Total
	Police OHRV	Playground	Recreation Revolving	Cable Franchise Fee	Police Special Details	Permanent Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,825	\$ 3,857	\$ 3,631	\$ 11,477	\$ 30,579	\$ 144,761	\$ 198,130
<b>FUND BALANCES</b>							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,664	\$ 108,664
Restricted	-	-	-	-	-	36,097	36,097
Committed	3,825	3,857	3,631	11,477	30,579	-	53,369
Total fund balances	\$ 3,825	\$ 3,857	\$ 3,631	\$ 11,477	\$ 30,579	\$ 144,761	\$ 198,130

**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, 2020**

	Special Revenue Funds						
	Police OHRV	Playground	Recreation Revolving	Cable Fee	Police Special Details	Permanent Fund	Total
<b>REVENUES</b>							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 17,895	\$ -	\$ 17,895
Miscellaneous	5	39	4	37,192	-	743	37,983
Total revenues	5	39	4	37,192	17,895	743	55,878
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	63,251	-	-	63,251
Public safety	1,229	-	-	-	14,308	-	15,537
Culture and recreation	-	24	-	-	-	-	24
Total expenditures	1,229	24	-	63,251	14,308	-	78,812
Excess (deficiency) of revenues over (under) expenditures	(1,224)	15	4	(26,059)	3,587	743	(22,934)
<b>OTHER FINANCING USES</b>							
Transfers out	-	-	-	-	-	(2,000)	(2,000)
Net change in fund balances	(1,224)	15	4	(26,059)	3,587	(1,257)	(24,934)
Fund balances, beginning	5,049	3,842	3,627	37,536	26,992	146,018	223,064
Fund balances, ending	\$ 3,825	\$ 3,857	\$ 3,631	\$ 11,477	\$ 30,579	\$ 144,761	\$ 198,130

**SCHEDULE 6**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Custodial Funds*  
**Combining Schedule of Fiduciary Net Position**  
**December 31, 2020**

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,893,881	\$ 1,187,582	\$ 6,081,463
<b>LIABILITIES</b>			
Due to school district	4,893,881	-	4,893,881
<b>NET POSITION</b>			
Restricted	\$ -	\$ 1,187,582	\$ 1,187,582



**SCHEDULE 7**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
**Custodial Funds**  
*Combining Schedule of Changes in Fiduciary Net Position*  
*For the Fiscal Year Ended December 31, 2020*

	Custodial Funds		Total
	Taxes	Trust Funds	
<b>Additions:</b>			
Contributions	\$ -	\$ 43,717	\$ 43,717
Investment earnings	-	64,040	64,040
Tax collections for other governments	10,259,178	-	10,259,178
Total additions	10,259,178	107,757	10,366,935
<b>Deductions:</b>			
Payments of taxes to other governments	10,259,178	71,500	10,330,678
Payments for escrow purposes	-	240,085	240,085
Total deductions	10,259,178	311,585	10,570,763
Change in net position	-	(203,828)	(203,828)
Net position, beginning	-	1,391,410	1,391,410
Net position, ending	\$ -	\$1,187,582	\$ 1,187,582