



# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

## ***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, major fund, and aggregate remaining fund information of the Town of Fremont as of and for the year ended December 31, 2018, 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**

#### Opinion Unit

Governmental Activities

General Fund

Aggregate Remaining Fund Information

#### Type of Opinion

Adverse

Unmodified

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.

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***Adverse Opinion***

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the government-wide financial statements of the Town of Fremont, as of December 31, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Town of Fremont as of December 31, 2018, 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.

***Change in Accounting Principle***

As discussed in Note 2-C to the financial statements, in fiscal year 2018 the Town adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are modified with respect to this matter, as it pertains to the Town's single employer OPEB plan.

***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, and
- 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.

December 31, 2019

*Plodryk & Sanderson*  
*Professional Association*

**EXHIBIT A**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Statement of Net Position*  
*December 31, 2018*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,949,001
Taxes receivables (net)	313,868
Account receivables	1,628
Intergovernmental receivable	16,645
Capital assets:	
Land and construction in progress	2,912,035
Other capital assets, net of depreciation	6,094,584
Total assets	<u>16,287,761</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	259,475
Amounts related to other postemployment benefits	19,595
Total deferred outflows of resources	<u>279,070</u>
<b>LIABILITIES</b>	
Accounts payable	21,642
Accrued interest payable	7,398
Intergovernmental payable	5,614,892
Long-term liabilities:	
Due within one year	91,735
Due in more than one year	1,279,736
Total liabilities	<u>7,015,403</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	2,861
Unavailable revenue - Highway Block Grant	16,822
Amounts related to pensions	29,720
Amounts related to other postemployment benefits	400
Total deferred inflows of resources	<u>49,803</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,569,474
Restricted	145,545
Unrestricted	786,606
Total net position	<u><u>\$ 9,501,625</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, 2018**

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 941,892	\$ 23,035	\$ -	\$ (918,857)
Public safety	981,971	60,699	-	(921,272)
Highways and streets	737,959	-	127,525	(610,434)
Sanitation	336,180	6,704	-	(329,476)
Health	10,227	-	-	(10,227)
Welfare	44,668	-	-	(44,668)
Culture and recreation	220,520	13,147	-	(207,373)
Conservation	19,203	-	-	(19,203)
Interest on long-term debt	18,418	-	-	(18,418)
Total governmental activities	<u>\$ 3,311,038</u>	<u>\$ 103,585</u>	<u>\$ 127,525</u>	<u>(3,079,928)</u>
General revenues:				
Taxes:				
Property				1,787,858
Other				72,266
Motor vehicle permit fees				1,023,010
Licenses and other fees				41,392
Grants and contributions not restricted to specific programs				258,909
Unrestricted investment earnings				22,055
Miscellaneous				58,312
Total general revenues				<u>3,263,802</u>
Change in net position				183,874
Net position, beginning, as restated (see Note 16)				9,317,751
Net position, ending				<u>\$ 9,501,625</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, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,509,466	\$ 439,535	\$ 6,949,001
Taxes receivable	323,868	-	323,868
Accounts receivable	-	1,628	1,628
Intergovernmental receivable	16,645	-	16,645
Total assets	<u>\$ 6,849,979</u>	<u>\$ 441,163</u>	<u>\$ 7,291,142</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 21,642	\$ -	\$ 21,642
Intergovernmental payable	5,614,892	-	5,614,892
Total liabilities	<u>5,636,534</u>	<u>-</u>	<u>5,636,534</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - Property taxes	41,128	-	41,128
Unavailable revenue - Highway Block Grant	16,822	-	16,822
Total deferred inflows of resources	<u>57,950</u>	<u>-</u>	<u>57,950</u>
<b>FUND BALANCES</b>			
Nonspendable	-	108,664	108,664
Restricted	-	36,881	36,881
Committed	499,767	295,618	795,385
Assigned	47,669	-	47,669
Unassigned	608,059	-	608,059
Total fund balances	<u>1,155,495</u>	<u>441,163</u>	<u>1,596,658</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,849,979</u>	<u>\$ 441,163</u>	<u>\$ 7,291,142</u>

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