



# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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## *INDEPENDENT AUDITOR'S REPORT*

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

We have audited the accompanying financial statements of the governmental activities, major fund, and aggregate remaining fund information of the Town of Fremont as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

### **Summary of Opinions**

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

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

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

*Town of Fremont*  
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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, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions***

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

***Change in Accounting Principle***

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

***Other Matters***

**Management's Discussion and Analysis** – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

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

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

September 17, 2020

*Blodzik & Sanderson*  
*Professional Association*

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

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

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

**EXHIBIT B**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
*Statement of Activities*  
*For the Fiscal Year Ended December 31, 2019*

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

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

**EXHIBIT C-1**  
**TOWN OF FREMONT, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2019**

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

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