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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Selectmen
Town of Fremont
Fremont NH

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fremont as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Fremont's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, such major fund and the aggregate remaining fund information of the Town of Fremont as of December 31, 2011 and the respective changes in financial position of the year then ended and the respective budgetary comparison for the general fund, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 2 through 8) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assistance.

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 financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from the related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basis financial statements or to the financial schedules themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. It is our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Pledzik & Sanderson
Professional Association*

July 16, 2012



**The Town of Fremont
Management's Discussion and Analysis
For the Year Ending December 31, 2011**

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

As management of the Town of Fremont NH, we offer readers of the Town of Fremont, NH financial statements this narrative overview and analysis of the financial activities of the Town of Fremont, NH for the fiscal year ended December 31, 2011.

Overview of Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (ie: uncollected taxes).

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial

statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of a comparison of budget to actual revenues and expenditures for the general fund.

Government-wide Financial Analysis

As noted earlier, net assets may, over time serve as a useful indicator of a government's financial position. In the case of the Town of Fremont NH, assets exceeded liabilities by \$8,365,646 at the close of the most recent fiscal year.

By far the largest portion of the Town of Fremont's net assets \$6,710,130 reflects its investment in capital assets (ie: land, buildings, vehicles, etc.). The Town of Fremont NH uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Fremont's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

***Town of Fremont, NH
Statement of Net Assets***

	Governmental Activities	
	2010	2011
Current & other assets	5,551,860	6,106,055
Capital assets	17,959,338	8,035,130
Total assets	23,511,198	14,141,185
Long-term liabilities outstanding	1,325,000	1,212,555
Other liabilities	4,238,900	4,562,984
Total liabilities	5,563,900	5,775,539
Net assets:		
Investment in capital assets net of related debt	16,499,338	6,710,130
Restricted assets	887,828	154,342
Unrestricted assets	560,132	1,501,174
Total net assets	17,947,298	8,365,646

At the end of the current fiscal year, the Town of Fremont NH is able to report positive balances in net assets, for the government as a whole. The same situation held true for the prior fiscal year. The changes noted in net assets are primarily due to a change in the method for which fixed assets (capital assets) were accounted for in the two periods. In the current period, the Town adopted a Capital Asset Policy and defined and properly accounted for all fixed assets (updating prior period estimates).

***Town of Fremont, NH
Statement of Activities***

	2010 AMOUNT	2011 AMOUNT	DIFFERENCE
Revenues:			
Program revenues:			
Charges for Services	107,012	89,330	(17,682)
Operating grants & contributions	321,070	121,570	199,500
Capital Contributions		108,669	(108,669)
General revenues:			
Taxes	1,472,540	1,235,943	236,597
Licenses and permits	666,085	658,818	(7,267)
Intergovernmental		211,786	211,786
Unrestricted investment earnings		1,478	1,478
Miscellaneous	68,390	338,082	269,692
Total revenues	2,635,097	2,765,676	130,579

	2010 AMOUNT	2011 AMOUNT	DIFFERENCE
Expenses:			
General Government	704,316	844,621	140,305
Public Safety	671,193	720,805	49,612
Highways and Streets	278,787	307,239	28,452
Sanitation	321,595	342,050	20,455
Health	57,498	59,532	2,034
Welfare	43,911	34,662	(9,249)
Culture & Recreation	146,785	196,777	49,992
Conservation	15,710	6,611	(9,099)
Interest on long-term debt	78,726	65,823	(12,903)
Capital Outlay	66,342		(66,342)
Depreciation-unallocated	101,670		(101,670)
Total governmental activities	2,486,533	2,578,120	91,587
Change in net assets	148,564	187,556	38,992
Beginning net assets	8,029,526	8,178,090	148,564
Ending net assets	8,178,090	8,365,646	187,556

General fund budgetary highlights

As shown in the above chart, revenues received during 2011 increased by \$130,579 from 2010. In 2011, the actual budgetary revenues were more than the budget for estimated revenues by \$154,450. Motor Vehicle Registrations were \$13,538 under the amount projected. Building Permits were \$4,515 over the amount projected. General income from department services was \$3,300 over projected. Miscellaneous income (rent and sale of town property, interest income on deposits and other miscellaneous items) increased by \$77,324 over the estimated revenue.

The overall, total governmental expenditures increased by \$31,559 (.01%) over the prior year. The Town experienced a catastrophic weather event which impacted total expenditures. The October 2011 Snowstorm caused damages totaling approximately \$18,823.00. FEMA Disaster reimbursement of (75%) \$14,117.25 was received by the Town in February 2012.

The Town realized a savings of \$11,546 in actual expenditures over the 2011 budgeted appropriation.

The Town's total property valuation increased by \$4,428,691 to \$363,266,248 in 2011. The total property tax commitment increased by \$361,042 over the prior year. In setting the 2011 tax rate, the Board of Selectmen did not use any of the Town's beginning general fund balance. The tax rate was set at \$27.27.

Capital Asset and Debt Administration

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

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

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

Acquisitions:

2011 Police cruiser
2011 F550 Highway Truck

Deletions:

2005 Police Cruiser
2005 F550 Highway Truck

Town of Fremont, NH Capital Assets

Governmental Activities
(at original cost)

	2010	Additions	Deletions	2011
AT COST:	2,320,950			2,320,950
Land (Not being Depreciated)				
Land Improvements	468,456	2,500		470,956
Buildings & Building Improvements	2,742,906	36,000		2,778,906
Machinery, Vehicles & Equipment	1,638,003	98,306		1,736,309
Infrastructure	5,717,897	93,589		5,811,486
LESS:				
Accumulated Depreciation				
Land Improvements	(210,305)	(23,548)		(233,853)
Buildings & Building Improvements	(731,769)	(62,995)		(794,764)
Machinery, Vehicles & Equipment	(854,525)	(103,406)		(957,931)
Infrastructure	(2,849,132)	(247,797)		(3,096,929)
Net Book Value Capital Assets being depreciated	5,921,531	(207,351)		5,714,180
Net Book Value All government activities capital assets	8,242,481	(207,351)		8,035,130

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

Long-term Debt. At the end of the current fiscal year, the Town of Fremont NH had total bonded debt outstanding of \$1,325,000 which is a 9% decrease from the \$1,460,000 owed at the end of 2010. These bonds are a general obligation of the taxpayers of Fremont NH.

NH RSA 33:4-A establishes a debt limit. Towns may not incur outstanding indebtedness exceeding 3% (\$10,698,849) of the town valuation. The NH Department of Revenue Administration currently computes Fremont's base valuation for debt limits at \$356,628,293. Fremont's debt is less than 1% of the valuation, so it is well within the debt limit. Fremont has an allowed debt margin of \$9,004,989.

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

Requests for Information

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

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

The full 2011 Audit Report is available on the Town's website at:
http://www.fremont.nh.gov/Pages/FremontNH_Admin/2011audit.pdf

The American Flag

Joseph Rodman Drake

When freedom, from her mountain height unfurled her standard to the air, she tore the azure robe of night and set the stars of glory there. She mingled with its gorgeous dyes the milky baldrick of the skies. Then from his mansion in the sun she called her eagle-bearer down and gave into his mighty hand the symbol of her chosen land.