

FREMONT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

FREMONT SCHOOL DISTRICT
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JUNE 30, 2022

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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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 School Board
Fremont School District
Fremont, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Fremont School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Fremont School District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general, grants and food service funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Fremont School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Fremont School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fremont School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Fremont School District
Independent Auditor's Report***

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fremont School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fremont School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the fiscal year 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, 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.

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.

Supplementary Information – Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fremont School District'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.

April 5, 2023
Concord, New Hampshire

*Plodzik & Sanderson
Professional Association*

BASIC FINANCIAL STATEMENTS

EXHIBIT A
FREMONT SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 621,144
Investments	3,714
Other receivables	2,378
Intergovernmental receivable	777,531
Inventory	11,349
Prepaid items	6,105
Capital assets, not being depreciated	480,100
Capital assets, net of accumulated depreciation	4,134,917
Total assets	<u>6,037,238</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	1,187,577
Amounts related to other postemployment benefits	92,651
Total deferred outflows of resources	<u>1,280,228</u>
LIABILITIES	
Accounts payable	185,057
Accrued salaries and benefits	25,153
Intergovernmental payable	24,039
Accrued interest payable	397
Noncurrent obligations:	
Due within one year	14,081
Due in more than one year	6,672,465
Total liabilities	<u>6,921,192</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants	5,054
Amounts related to pensions	1,459,530
Amounts related to other postemployment benefits	9,227
Total deferred inflows of resources	<u>1,473,811</u>
NET POSITION	
Net investment in capital assets	4,600,936
Restricted	77,674
Unrestricted	(5,756,147)
Total net position	<u>\$ (1,077,537)</u>

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

EXHIBIT B
FREMONT SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 8,685,452	\$ 8,645	\$ 389,185	\$ (8,287,622)
Support services:				
Student	733,973	-	32,364	(701,609)
Instructional staff	159,779	-	24,430	(135,349)
General administration	62,836	-	-	(62,836)
Executive administration	583,366	-	-	(583,366)
School administration	410,314	-	-	(410,314)
Operation and maintenance of plant	731,290	-	54,044	(677,246)
Student transportation	737,287	-	8,769	(728,518)
Noninstructional services	240,152	9,305	292,627	61,780
Total governmental activities	<u>\$ 12,344,449</u>	<u>\$ 17,950</u>	<u>\$ 801,419</u>	<u>(11,525,080)</u>
General revenues and contributions:				
School district assessment				8,482,346
Grants and contributions not restricted to specific programs				2,561,140
Interest				3,087
Miscellaneous				116,427
Total general revenues and contributions				<u>11,163,000</u>
Change in net position				(362,080)
Net position, beginning				(715,457)
Net position, ending				<u>\$ (1,077,537)</u>

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

EXHIBIT C-1
FREMONT SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General	Grants	Food Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 593,066	\$ -	\$ 4	\$ 28,074	\$ 621,144
Investments	3,714	-	-	-	3,714
Receivables:					
Accounts	-	-	2,378	-	2,378
Intergovernmental	644,699	66,701	55,292	10,839	777,531
Interfund receivables	61,647	-	78,698	-	140,345
Inventory	-	-	11,349	-	11,349
Prepaid items	6,105	-	-	-	6,105
Total assets	<u>\$ 1,309,231</u>	<u>\$ 66,701</u>	<u>\$ 147,721</u>	<u>\$ 38,913</u>	<u>\$ 1,562,566</u>
LIABILITIES					
Accounts payable	\$ 104,171	\$ -	\$ 80,886	\$ -	\$ 185,057
Accrued salaries and benefits	25,153	-	-	-	25,153
Intergovernmental payable	24,039	-	-	-	24,039
Interfund payable	78,698	61,647	-	-	140,345
Total liabilities	<u>232,061</u>	<u>61,647</u>	<u>80,886</u>	<u>-</u>	<u>374,594</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	-	5,054	-	-	5,054
FUND BALANCES					
Nonspendable	6,105	-	11,349	5,000	22,454
Restricted	-	-	55,486	5,839	61,325
Committed	894,699	-	-	-	894,699
Assigned	79,878	-	-	28,074	107,952
Unassigned	96,488	-	-	-	96,488
Total fund balances	<u>1,077,170</u>	<u>-</u>	<u>66,835</u>	<u>38,913</u>	<u>1,182,918</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,309,231</u>	<u>\$ 66,701</u>	<u>\$ 147,721</u>	<u>\$ 38,913</u>	<u>\$ 1,562,566</u>

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

EXHIBIT C-2
FREMONT SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,182,918
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 7,476,562	
Less accumulated depreciation	<u>(2,861,545)</u>	
		4,615,017
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 1,187,577	
Deferred inflows of resources related to pensions	(1,459,530)	
Deferred outflows of resources related to OPEB	92,651	
Deferred inflows of resources related to OPEB	<u>(9,227)</u>	
		(188,529)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (140,345)	
Payables	<u>140,345</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(397)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Note payable	\$ 14,081	
Compensated absences	197,989	
Net pension liability	4,465,853	
Other postemployment benefits	<u>2,008,623</u>	
		(6,686,546)
Net position of governmental activities (Exhibit A)		<u>\$ (1,077,537)</u>

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

EXHIBIT C-3
FREMONT SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General	Grants	Food Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$ 8,482,346	\$ -	\$ -	\$ -	\$ 8,482,346
Other local	96,419	-	9,305	31,740	137,464
State	2,725,628	4,777	1,040	-	2,731,445
Federal	2,913	336,614	291,587	-	631,114
Total revenues	<u>11,307,306</u>	<u>341,391</u>	<u>301,932</u>	<u>31,740</u>	<u>11,982,369</u>
EXPENDITURES					
Current:					
Instruction	8,330,689	221,784	-	33,968	8,586,441
Support services:					
Student	708,172	32,364	-	-	740,536
Instructional staff	150,454	24,430	-	-	174,884
General administration	62,836	-	-	-	62,836
Executive administration	606,880	-	-	-	606,880
School administration	424,690	-	-	-	424,690
Operation and maintenance of plant	472,253	39,544	-	-	511,797
Student transportation	728,518	8,769	-	-	737,287
Noninstructional services	-	-	240,152	-	240,152
Facilities acquisition and construction	344,518	14,500	-	-	359,018
Total expenditures	<u>11,829,010</u>	<u>341,391</u>	<u>240,152</u>	<u>33,968</u>	<u>12,444,521</u>
Net change in fund balances	(521,704)	-	61,780	(2,228)	(462,152)
Fund balances, beginning, as restated (see Note 15)	1,598,874	-	5,055	41,141	1,645,070
Fund balances, ending	<u>\$ 1,077,170</u>	<u>\$ -</u>	<u>\$ 66,835</u>	<u>\$ 38,913</u>	<u>\$ 1,182,918</u>

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

EXHIBIT C-4
FREMONT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ (462,152)
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	\$ 37,201	
Depreciation expense	<u>(186,639)</u>	
		(149,438)
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.		
Principal repayment of note payable		13,658
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest payable	\$ 385	
Increase in compensated absences payable	(729)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	244,481	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>(8,285)</u>	
		<u>235,852</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ (362,080)</u></u>

EXHIBIT D-1
FREMONT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 8,482,346	\$ 8,482,346	\$ 8,482,346	\$ -
Other local	21,500	21,500	89,953	68,453
State	2,711,138	2,711,138	2,725,628	14,490
Federal	5,000	5,000	2,913	(2,087)
Total revenues	11,219,984	11,219,984	11,300,840	80,856
EXPENDITURES				
Current:				
Instruction	8,593,562	8,502,000	8,327,496	174,504
Support services:				
Student	693,643	726,290	708,172	18,118
Instructional staff	199,182	201,618	177,695	23,923
General administration	66,899	62,119	62,836	(717)
Executive administration	612,701	629,429	606,880	22,549
School administration	458,109	452,009	424,690	27,319
Operation and maintenance of plant	490,220	494,488	491,720	2,768
Student transportation	670,727	717,750	728,518	(10,768)
Facilities acquisition and construction	6	327,528	313,483	14,045
Total expenditures	11,785,049	12,113,231	11,841,490	271,741
Excess (deficiency) of revenues over (under) expenditures	(565,065)	(893,247)	(540,650)	352,597
OTHER FINANCING SOURCES (USES)				
Transfers in	-	328,182	328,182	-
Transfers out	(100,002)	(100,002)	(100,000)	2
Total other financing sources (uses)	(100,002)	228,180	228,182	2
Net change in fund balance	\$ (665,067)	\$ (665,067)	(312,468)	\$ 352,599
Increase in nonspendable fund balance			(6,105)	
Increase in committed fund balance			(150,000)	
Unassigned fund balance, beginning			565,061	
Unassigned fund balance, ending			\$ 96,488	

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

EXHIBIT D-2
FREMONT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
State	\$ -	\$ 4,777	\$ 4,777	\$ -
Federal	285,000	336,614	336,614	-
Total revenues	285,000	341,391	341,391	-
EXPENDITURES				
Current:				
Instruction	285,000	221,784	221,784	-
Support services:				
Student	-	32,364	32,364	-
Instructional staff	-	24,430	24,430	-
Operation and maintenance of plant	-	39,544	39,544	-
Student transportation	-	8,769	8,769	-
Facilities acquisition and construction	-	14,500	14,500	-
Total expenditures	285,000	341,391	341,391	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

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

EXHIBIT D-3
FREMONT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local:			
Sales	\$ 135,500	\$ 9,305	\$ (126,195)
State:			
Lunch reimbursement	2,000	1,040	(960)
Federal:			
Lunch reimbursement	35,000	277,441	242,441
USDA commodities	-	14,146	14,146
Total revenues	<u>172,500</u>	<u>301,932</u>	<u>129,432</u>
EXPENDITURES			
Current:			
Noninstructional services	<u>172,500</u>	<u>240,152</u>	<u>67,652</u>
Net change in fund balance	<u>\$ -</u>	<u>61,780</u>	<u>\$ 61,780</u>
Fund balance, beginning		5,055	
Fund balance, ending		<u>\$66,835</u>	

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

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fremont School District, in Fremont, New Hampshire (the School District), 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.

1-A Reporting Entity

The Fremont School District is a municipal corporation governed by an elected 5-member School Board. In evaluating how to define the School District 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 School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds, and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: instruction, support services, noninstructional, debt services or facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to notes. Capital outlay includes expenditures for equipment, real property, or infrastructure.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as "transfers in" by the receiving fund and as "transfers out" by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 School District 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. District assessments,

FREMONT SCHOOL DISTRICT
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intergovernmental revenue, and other local sources 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.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School District reports the following major governmental funds:

General Fund – is the School District’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 district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction, support services and debt service. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the district portion of student activities and expendable trust funds are consolidated in the general fund.

Food Service Fund – accounts for the operation of the School District’s food service program.

Grants Fund – accounts for the resources received from various federal and state agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

Nonmajor Funds – The School District also reports two nonmajor governmental funds.

1-D Cash and Cash Equivalents

The School District 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. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

New Hampshire statutes require that the School District treasurer have custody of all money belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all such monies in participation units in the public deposit investment pool established pursuant to NH RSA 383:22 or in solvent banks in the State. Funds may be deposited in banks outside 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 of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

1-E Investments

State statutes place certain limitations on the nature of deposits and investments available as follows:

New Hampshire law authorizes the School District to invest in the following type of obligations:

- Obligations of the United States government;
- The public deposit investment pool established pursuant to RSA 383:22;
- Savings bank deposits; and
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the School District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

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Fair Value Measurement of Investments – In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for investments measured using the net asset value (NAV) as a practical expedient to estimate fair value, the School District categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities that the School District has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level of the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the School District and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified as Level 1. Corporate fixed income securities and certain government securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair value for shares in registered mutual funds and exchange traded funds are based on published share prices and classified in Level 1.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the School District held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the School District in accordance with the NHPDIP's information statement.

1-F Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

1-G Inventory

Inventories are valued at cost (first-in, first-out) which approximates market. The School District's inventories include various items consisting of materials and supplies held for subsequent use. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The nonspendable fund balance at the governmental fund level is equal to a part of the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. This amount is also equal to a part of nonspendable fund balance at year-end.

1-I Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The School District has established a threshold of \$10,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

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Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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 School District 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.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

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

Capital Asset Class:	Years
Buildings and building improvements	5-75
Machinery and equipment	5-10

1-J Interfund Activities

Interfund Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the 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-K 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 June 30, 2022.

1-L 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) until that time. The District has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

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) which 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. The District has three types of items which qualify for reporting in this category. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenue from grants arises when the related eligible expenditures will not be made until the subsequent period.

1-M 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.

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In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classifications to categorize the financial transaction:

Direct Borrowings – financial transactions for a note or a loan where the School District negotiates certain terms with a single lender and are not offered for public sale.

1-N Compensated Absences

General leave for the School District includes vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the School District's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable financial resources are maintained separately and represent a reconciling item between the governmental fund and government-wide presentations.

1-O 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* 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.

1-P Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains two separate other postemployment benefit plans, as follows:

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 – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-Q 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, reduced by the outstanding balances of notes, or other debt 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 School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

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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 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; 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 (School District 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 School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School District'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.

1-R 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/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, recoverability of inventory, the useful lives of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits 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 School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general, grants, and food service funds. However, the School Board has voted and accepted the federal grants awarded to the District through the year, so these amounts are reported as a final budget for the grants fund, which is also reported as a major fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

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.

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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. In the fiscal year 2022, \$565,067 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$100,000 was appropriated to fund the School District's capital reserve funds.

2-B Budgetary Reconciliation to GAAP Basis

While the School District 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 each major governmental fund which had a budget. There are no differences between the budgetary basis and GAAP basis of accounting for the major grants and food service funds. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$11,629,022
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
To remove transfer from the blended expendable trust funds to the general fund	(328,182)
Interest earnings related to the blended expendable trust funds	996
Other local revenue of the blended funds- Student Activities	5,470
Per Exhibit C-3 (GAAP Basis)	<u>\$11,307,306</u>
Expenditures:	
Per Exhibit D-1 (budgetary basis)	\$11,941,490
Adjustments:	
Basis difference:	
Encumbrances, beginning	57,706
Encumbrances, ending	(74,488)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(100,000)
Other regular program expenditures of the blended funds- Student Activities	4,302
Per Exhibit C-3 (GAAP basis)	<u>\$11,829,010</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of implementation of this Statement, prior year capital leases payable were reclassified as notes payable. However, there was no restatement to the beginning net position or fund balance.

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DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$621,144 and the bank balances totaled \$843,535.

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the School District funds. The School District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the School District's mission, the School District determines that the disclosures related to these investments only need to be disaggregated by major type. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The School District has the following recurring fair value measurements as of June 30, 2022:

	Valuation Measurement Method	Fair Value
Investments carried at amortized cost:		
NH Public Deposit Investment Pool	Level 2	\$ 3,714

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g., broker/dealer) to honor a transaction, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have custodial credit risk policies for investments.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2022, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, restricted grants, and expendable trust funds held by the Town of Fremont Trustees of Trust Funds for the School District. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 480,100	\$ -	\$ 480,100
			(Continued)

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Capital assets continued:

	Balance, beginning	Additions	Balance, ending
Being depreciated:			
Buildings and building improvements	6,500,443	-	6,500,443
Machinery and equipment	458,818	37,201	496,019
Total capital assets being depreciated	6,959,261	37,201	6,996,462
Total capital assets	7,439,361	37,201	7,476,562
Less accumulated depreciation:			
Buildings and building improvements	(2,334,586)	(154,345)	(2,488,931)
Machinery and equipment	(340,320)	(32,294)	(372,614)
Total accumulated depreciation	(2,674,906)	(186,639)	(2,861,545)
Net book value, capital assets being depreciated	4,284,355	(149,438)	4,134,917
Net book value, all capital assets	\$ 4,764,455	\$ (149,438)	\$ 4,615,017

Depreciation expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 184,663
Support services:	
Operation and maintenance of plant	1,976
Total depreciation expense	<u>\$ 186,639</u>

NOTE 7 – INTERFUND BALANCES

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 61,647
Food Service	General	78,698
		<u>\$ 140,345</u>

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2022 consist of amounts related to pensions totaling \$1,187,577 and amounts related to OPEB totaling \$92,651. For further discussion on these amounts, see Notes 10 and 11, respectively.

Deferred inflows of resources at June 30, 2022 consist of the following:

	Governmental Activities	Grants Fund
Local grant revenue collected in advance of eligible expenditures	\$ 5,054	\$ 5,054
Amounts related to pensions, see Note 10	1,459,530	-
Amounts related to OPEB, see Note 11	9,227	-
Total deferred inflows of resources	<u>\$ 1,473,811</u>	<u>\$ 5,054</u>

FREMONT SCHOOL DISTRICT
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NOTE 9 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due In More Than One Year
Direct borrowing- Note payable	\$ 27,739	\$ -	\$ (13,658)	\$ 14,081	\$ 14,081	\$ -
Compensated absences	197,260	729	-	197,989	-	197,989
Pension related liability	6,604,431	-	(2,138,578)	4,465,853	-	4,465,853
Net other postemployment benefits	1,995,856	60,569	(47,802)	2,008,623	-	2,008,623
Total long-term liabilities	<u>\$ 8,825,286</u>	<u>\$ 61,298</u>	<u>\$ (2,200,038)</u>	<u>\$ 6,686,546</u>	<u>\$ 14,081</u>	<u>\$ 6,672,465</u>

The long-term note is comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2022
Direct borrowing - Note payable Copiers	<u>\$ 66,812</u>	2018	2023	3.09%	<u>\$ 14,081</u>

The annual requirements to amortize all general obligation note outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Note - Direct Borrowing		
	Principal	Interest	Total
2023	<u>\$ 14,081</u>	<u>\$ 435</u>	<u>\$ 14,516</u>

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers with in 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%

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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 School District. 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. All employees are required to contribute 7% of earnable compensation. For fiscal year 2022, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was \$571,399, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School District reported a liability of \$4,465,853 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension liability was based on a projection of the School District'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, 2021, the School District's proportion was 0.10% which was the same as of its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of \$326,920. At June 30, 2022, the School District 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	\$ 24,695	\$ 163,779
Net difference between projected and actual investment earnings on pension plan investments	-	1,248,997
Changes in assumptions	466,433	-
Differences between expected and actual experience	125,050	46,754
Contributions subsequent to the measurement date	571,399	-
Total	<u>\$ 1,187,577</u>	<u>\$ 1,459,530</u>

The \$571,399 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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 June 30,	
2022	\$ (133,748)
2023	(126,559)
2024	(153,624)
2025	(429,421)
Thereafter	-
Totals	<u>\$ (843,352)</u>

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

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

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Mortality rates were based on the Pub-2010 Healthy 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 long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the School District'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	Current Single Rate Assumption	1% Increase
	5.75%	6.75%	7.75%
June 30, 2021	\$ 6,386,681	\$ 4,465,853	\$ 2,863,569

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

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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 long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2021</u>
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the School District'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, 2021	\$ 6,386,681	\$ 4,465,853	\$ 2,863,569

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

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NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

11-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (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.

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 2021 were as follows:

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

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

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2021, 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 2022, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was \$42,611, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the School District reported a liability of \$400,014 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The School District’s proportion of the net OPEB liability was based on a projection of the School District’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, 2021, the School District’s proportion was 0.10% which was the same as of its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the School District recognized OPEB expense of \$11,417. At June 30, 2022, the School District 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	\$ -	\$ 89
Net difference between projected and actual investment earnings on OPEB plan investments	-	4,997
Differences between expected and actual experience	-	83
Contributions subsequent to the measurement date	42,611	-
Total	<u>\$ 42,611</u>	<u>\$ 5,169</u>

The \$42,611 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. 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 June 30,	
2022	\$(1,315)
2023	(1,050)
2024	(1,177)
2025	(1,627)
Thereafter	-
Totals	<u>\$ (5,169)</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.6% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

Mortality rates were based on the Pub-2010 Healthy 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 OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. 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 School District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District'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, 2021	\$ 434,847	\$ 400,014	\$ 369,708

Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change 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.

11-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School District OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

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The total OPEB liability is based on the School District offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy – The School District’s funding policy for the implicit rate subsidy is a pay-as-you-go basis.

Benefits Provided – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees. The benefits are provided through the New Hampshire HealthTrust.

Employees Covered by Benefit Terms – At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	79
Total participants covered by OPEB plan	<u>82</u>

Total OPEB Liability – The School District’s total OPEB liability of \$1,608,609 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,608,609 in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.16%
Healthcare Cost Trend Rates:	
Current Year Trend	(1.30%)
Second Year Trend	7.00%
Ultimate Trend	4.04%
Year Ultimate Trend is Reached	2089
Salary Increases:	2.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2021.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Rate 2006).

Changes in the Total OPEB Liability

	June 30,	
	2021	2022
Total OPEB liability beginning of year	\$ 1,450,613	\$ 1,548,040
Changes for the year:		
Service cost	83,478	85,281
Interest	31,561	32,816
Assumption changes and difference between actual and expected experience	38,700	-
Benefit payments	<u>(56,312)</u>	<u>(57,528)</u>
Total OPEB liability end of year	<u>\$ 1,548,040</u>	<u>\$ 1,608,609</u>

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Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2020 actuarial valuation was prepared using a discount rate of 2.16%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$1,494,628 or by 7.09%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$1,723,050 or by 7.11%.

	Discount Rate		
	1% Decrease	Baseline 2.16%	1% Increase
Total OPEB Liability	\$ 1,723,050	\$ 1,608,609	\$ 1,494,628

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2020 actuarial valuation was prepared using an initial trend rate of (1.30%). If the trend rate were 1% higher than what was used the OPEB liability would increase to \$1,834,380 or by 14.04%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$1,411,140 or by 12.28%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline (1.30%)	1% Increase
Total OPEB Liability	\$ 1,411,140	\$ 1,608,609	\$ 1,834,380

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the School District recognized OPEB expense of \$97,007. At June 30, 2022, the School District 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
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 59	\$ 4,058
Changes in assumptions	49,981	-
Total	\$ 50,040	\$ 4,058

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	
June 30,	
2023	\$ 31,522
2024	8,080
2025	6,380
Thereafter	-
Totals	\$ 45,982

NOTE 12 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2022 are as follows:

Current:	
Instruction:	
Special programs	\$ 1,109
Support services:	
Instructional staff	27,241
Operation and maintenance of plant	43,322
Total support services	70,563
Facilities acquisition and construction	2,816
Total encumbrances	\$ 74,488

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NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2022 include the following:

	Governmental Activities
Net investment in capital assets:	
Net book value of all capital assets	\$ 4,615,017
Less:	
Note payable	(14,081)
Total net investment in capital assets	<u>4,600,936</u>
Restricted net position:	
Permanent funds - principal balance	5,000
Permanent fund - income balance	5,839
Food service	66,835
Total restricted net position	<u>77,674</u>
Unrestricted	<u>(5,756,147)</u>
Total net position	<u><u>\$ (1,077,537)</u></u>

NOTE 14 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2022 consist of the following:

	General Fund	Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 6,105	\$ -	\$ -	\$ 6,105
Permanent fund - principal balance	-	-	5,000	5,000
Inventory	-	11,349	-	11,349
Total nonspendable fund balance	<u>6,105</u>	<u>11,349</u>	<u>5,000</u>	<u>22,454</u>
Restricted:				
Food service	-	55,486	-	55,486
Permanent fund - income balance	-	-	5,839	5,839
Total restricted fund balance	<u>-</u>	<u>55,486</u>	<u>5,839</u>	<u>61,325</u>
Committed:				
Expendable trust	644,699	-	-	644,699
Voted appropriation - March 2022	250,000	-	-	250,000
Total committed fund balance	<u>894,699</u>	<u>-</u>	<u>-</u>	<u>894,699</u>
Assigned:				
Encumbrances	74,488	-	-	74,488
Student Activities	-	-	28,074	28,074
District activities	5,390	-	-	5,390
Total assigned fund balance	<u>79,878</u>	<u>-</u>	<u>28,074</u>	<u>107,952</u>
Unassigned	<u>96,488</u>	<u>-</u>	<u>-</u>	<u>96,488</u>
Total governmental fund balances	<u><u>\$ 1,077,170</u></u>	<u><u>\$ 66,835</u></u>	<u><u>\$ 38,913</u></u>	<u><u>\$ 1,182,918</u></u>

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NOTE 15 – PRIOR PERIOD ADJUSTMENTS

Fund balance at July 1, 2021 was restated for the following:

	General Fund	Other Governmental Funds
To restate for the District's portion of student activities in accordance with GASB No. 54	\$ 4,222	\$ (4,222)
Fund balance, as previously reported	<u>1,594,652</u>	<u>45,363</u>
Fund balance, as restated	<u>\$ 1,598,874</u>	<u>\$ 41,141</u>

NOTE 16 – RISK MANAGEMENT

The School District 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 2022, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2021 to June 30, 2022 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the District's property schedule on file with Primex³. 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 Primex³ 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. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The School District 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 – CONTINGENT LIABILITIES

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

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.

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 provided funding through the Coronavirus Relief Fund (CRF), the Education Stabilization Fund (ESF) and the American Rescue Plan Act (ARPA). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The ESF provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I, II, and III grants, with the School District expending \$135,681 of this funding in the fiscal year 2022 and must be used for activities to prevent, prepare and respond to the coronavirus.

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

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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 April 5, 2023, the date the June 30, 2022 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
FREMONT SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's:									
Proportion of the net pension liability	0.11%	0.11%	0.10%	0.10%	0.10%	0.11%	0.11%	0.10%	0.10%
Proportionate share of the net pension liability	\$ 4,927,403	\$ 4,187,917	\$ 3,898,365	\$ 5,347,444	\$ 5,053,536	\$ 5,046,261	\$ 5,069,810	\$ 6,604,431	\$ 4,465,853
Covered payroll (as of the measurement date)	\$ 3,185,613	\$ 3,085,739	\$ 2,900,084	\$ 2,935,306	\$ 3,038,306	\$ 2,952,557	\$ 3,057,515	\$ 3,057,515	\$ 3,044,553
Proportionate share of the net pension liability as a percentage of its covered payroll	154.68%	135.72%	134.42%	182.18%	166.33%	170.91%	165.81%	216.01%	146.68%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%

EXHIBIT F
FREMONT SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 284,684	\$ 361,962	\$ 330,139	\$ 360,089	\$ 376,440	\$ 442,939	\$ 458,530	\$ 462,643	\$ 571,400
Contributions in relation to the contractually required contributions	284,684	361,962	330,139	360,089	376,440	442,939	458,530	462,643	571,400
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$3,185,613	\$3,085,739	\$2,900,084	\$2,935,306	\$3,038,306	\$2,952,557	\$3,057,515	\$3,044,553	\$3,030,214
Contributions as a percentage of covered payroll	8.94%	11.73%	11.38%	12.27%	12.39%	15.00%	15.00%	15.20%	18.86%

FREMONT SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

***Schedule of the School District's Proportionate Share of Net Pension Liability and
Schedule of School District Contributions – Pensions***

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2022. 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.

EXHIBIT G
FREMONT SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's proportion of the net OPEB liability	0.13%	0.13%	0.10%	0.10%	0.10%	0.10%
School District's proportionate share of the net OPEB liability	\$ 607,526	\$ 581,605	\$ 443,986	\$ 426,115	\$ 447,816	\$ 400,014
School District's covered payroll (as of the measurement date)	\$2,935,306	\$3,038,306	\$2,952,557	\$3,057,515	\$3,057,515	\$3,044,553
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	20.70%	19.14%	15.04%	13.94%	14.65%	13.14%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

EXHIBIT H
FREMONT SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2022

<i>Unaudited</i>						
Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Contractually required contribution	\$ 72,920	\$ 75,392	\$ 42,894	\$ 44,356	\$ 48,003	\$ 42,611
Contributions in relation to the contractually required contribution	72,920	75,392	42,894	44,356	48,003	42,611
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$2,935,306	\$3,038,306	\$2,952,557	\$3,057,515	\$3,044,553	\$3,030,214
Contributions as a percentage of covered payroll	2.48%	2.48%	1.45%	1.45%	1.58%	1.41%

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

EXHIBIT I
FREMONT SCHOOL DISTRICT
Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022

Unaudited

	June 30,					
	2017	2018	2019	2020	2021	2022
OPEB liability, beginning of year	\$ 913,741	\$ 998,488	\$1,076,359	\$1,371,017	\$ 1,450,613	\$ 1,548,040
Changes for the year:						
Service cost	63,200	64,461	67,941	70,318	83,478	85,281
Interest	25,884	28,275	44,687	47,320	31,561	32,816
Assumption changes and difference between actual and expected experience	6,750	(2,122)	218,786	-	38,700	-
Benefit payments	(11,087)	(12,743)	(36,756)	(38,042)	(56,312)	(57,528)
OPEB liability, end of year	<u>\$ 998,488</u>	<u>\$1,076,359</u>	<u>\$1,371,017</u>	<u>\$1,450,613</u>	<u>\$ 1,548,040</u>	<u>\$ 1,608,609</u>
Covered payroll	<u>\$3,484,861</u>	<u>\$3,554,558</u>	<u>\$2,959,063</u>	<u>\$3,018,244</u>	<u>\$ 3,370,488</u>	<u>\$ 554,954</u>
Total OPEB liability as a percentage of covered payroll	28.65%	30.28%	46.33%	48.06%	45.93%	289.86%

FREMONT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2022. 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.

Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – There were no changes in assumptions for the current period.

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2022. The schedule is 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.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
FREMONT SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 8,482,346	\$ 8,482,346	\$ -
Other local sources:			
Tuition	14,500	8,645	(5,855)
Investment earnings	7,000	2,079	(4,921)
Miscellaneous	-	79,229	79,229
Total from other local sources	21,500	89,953	68,453
State sources:			
Adequacy aid (grant)	1,559,888	1,559,890	2
Adequacy aid (tax)	1,001,250	1,001,250	-
Catastrophic aid	150,000	164,488	14,488
Total from state sources	2,711,138	2,725,628	14,490
Federal sources:			
Medicaid	5,000	2,913	(2,087)
Other financing sources:			
Transfers in	328,182	328,182	-
Total revenues and other financing sources	11,548,166	\$ 11,629,022	\$ 80,856
Use of fund balance to reduce school district assessment	565,067		
Use of fund balance - appropriated	100,000		
Total revenues, other financing sources, and use of fund balance	\$ 12,213,233		

SCHEDULE 2
FREMONT SCHOOL DISTRICT
Major General Fund
Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 6,687,869	\$ 6,526,398	\$ -	\$ 161,471
Special programs	-	1,753,943	1,756,914	1,109	(4,080)
Other programs	-	60,188	43,075	-	17,113
Total instruction	-	8,502,000	8,326,387	1,109	174,504
Support services:					
Student	-	726,290	708,172	-	18,118
Instructional staff	-	201,618	150,454	27,241	23,923
General administration	-	62,119	62,836	-	(717)
Executive administration	-	629,429	606,880	-	22,549
School administration	-	452,009	424,690	-	27,319
Operation and maintenance of plant	23,855	494,488	472,253	43,322	2,768
Student transportation	-	717,750	728,518	-	(10,768)
Total support services	23,855	3,283,703	3,153,803	70,563	83,192
Facilities acquisition and construction	33,851	327,528	344,518	2,816	14,045
Other financing uses:					
Transfers out	-	100,002	100,000	-	2
Total appropriations, expenditures, encumbrances and other financing uses	\$ 57,706	\$ 12,213,233	\$ 11,924,708	\$ 74,488	\$ 271,743

SCHEDULE 3
FREMONT SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

Unassigned fund balance, beginning		\$ 565,061
Changes:		
Unassigned fund balance used to reduce school district assessment		(565,067)
Use of fund balance - appropriated		(100,000)
2021-2022 Budget summary:		
Revenue surplus (Schedule 1)	\$ 80,856	
Unexpended balance of appropriations (Schedule 2)	271,743	
2021-2022 Budget surplus		352,599
Increase in nonspendable fund balance		(6,105)
Increase in committed fund balance		(150,000)
Unassigned fund balance, ending		<u>\$ 96,488</u>

SCHEDULE 4
FREMONT SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Fund		
	Student Activity	Permanent Funds	Total
ASSETS			
Cash and cash equivalents	\$ 28,074	\$ -	\$ 28,074
Intergovernmental receivable	-	10,839	10,839
Total assets	<u>\$ 28,074</u>	<u>\$ 10,839</u>	<u>\$ 38,913</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 5,000	\$ 5,000
Restricted	-	5,839	5,839
Assigned	28,074	-	28,074
Total fund balances	<u>\$ 28,074</u>	<u>\$ 10,839</u>	<u>\$ 38,913</u>

SCHEDULE 5
FREMONT SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Special Revenue Fund	Permanent Fund	Total
	Student Activity		
REVENUES			
Other local	\$ 31,728	\$ 12	\$ 31,740
EXPENDITURES			
Current:			
Instruction	33,968	-	33,968
Net change in fund balances	(2,240)	12	(2,228)
Fund balances, beginning, as restated (see Note 15)	30,314	10,827	41,141
Fund balances, ending	\$ 28,074	\$ 10,839	\$ 38,913