

FREMONT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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PLODZIK & SANDERSON

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Fremont School District
Fremont, New Hampshire

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, 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund and the grants fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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:

- Management's Discussion and Analysis,
- 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 the Net Other Postemployment Benefits Liability,

*Fremont School District
Independent Auditor's Report*

- 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.

Other 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.

*Plodzik & Sanderson
Professional Association*

May 26, 2020

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fremont School District, like other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District are divided into two categories: governmental funds and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fremont School District maintained four individual governmental funds during the 2018-2019 fiscal year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund. The other funds, food service, grants, and permanent funds are considered to be non-major funds and are listed together under other governmental funds.

The School District adopts an annual appropriated budget for its major funds and its food service funds (non-major fund). A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the school district. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Fremont School District's own programs. The accounting used for fiduciary funds is much like that used for private enterprises.

The basic fiduciary fund financial statement can be found on page 17 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-37 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information consisting schedule of funding progress for other postemployment benefits & schedule of the School District's proportionate share of net pension liability. Required supplementary information can be found on pages 38-44 of this report.

Per GASB statement No. 68, the School District has allocated its proportionate share of the New Hampshire Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.. Decisions regarding the allocations are made by the administrators of the NHRS, not by the School District's management, and are audited by the plan auditors.

Combining and individual fund statements and schedules can be found on pages 45-50 of this report.

Financial Highlights

The District's Net Position increased by \$625,182 compared to the year ended June 30, 2018. The District returned \$52,382 in 2019 to offset taxes compared to \$574,231 in 2018 resulting in a significant decrease in current assets. Deferred Inflows also showed a significant decrease in 2019 please see Note 11 and Note 12 to the financial statements for in depth details.

Financial Analysis of the District as a Whole **Net Position**

The table below provides a summary of the District's net position for the year ended June 30, 2019, as compared with June 30, 2018.

Table 1
Condensed Statement of Net Position

| | Governmental Activities 2019 | Governmental Activities 2018 | Percent Change |
|----------------------------------|---|---|-----------------------|
| Assets | | | |
| Current Assets | \$973,002 | \$1,989,394 | -51.09% |
| Capital Assets | \$4,684,544 | \$4,257,566 | 10.03% |
| Total Assets | \$5,657,546 | \$6,246,960 | -9.44% |
| Deferred Outflows | \$1,281,000 | \$1,242,271 | 3.12% |
| Liabilities | | | |
| Long Term Liabilities | \$7,019,991 | \$6,913,694 | 1.54% |
| Other Liabilities | \$160,922 | \$674,776 | -76.15% |
| Total Liabilities | \$7,180,913 | \$7,588,470 | -5.37% |
| Deferred Inflows | \$349,505 | \$1,117,815 | -68.73% |
| | | | |
| Net Investment in Capital Assets | \$4,630,704 | \$4,190,754 | 10.50% |
| Restricted Net Position | \$15,312 | \$12,801 | 19.62% |
| Unrestricted Net Position | (\$5,237,888) | (\$5,420,609) | -3.37% |
| Net Position | (\$591,872) | (\$1,217,054) | 51.37% |

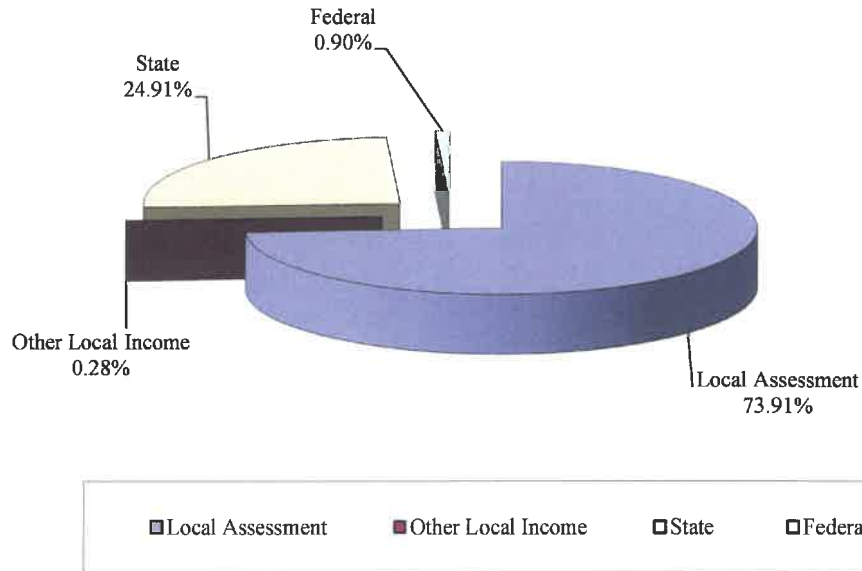
The district's combined total assets decreased by 9.44% and total liabilities decreased by 5.37%. Overall net position shows an increase of \$625,182 (51.37%). The calculation of net investment in capital assets uses an historical cost of school buildings and land that does not necessarily reflect the fair market value.

Revenues exceeded expenses in 2018-2019 resulting in a net increase in assets of \$625,182

Table 2
Statement of Activities

| | 2019 | 2018 | Change \$ | Change % |
|--|---------------------------|-----------------------------|-------------------------|-----------------------|
| Revenues | | | | |
| Program Revenue: | | | | |
| Charge for Services | \$114,031 | \$113,865 | \$166 | 0.15% |
| Operating Grants & Contributions | \$909,070 | \$656,964 | \$252,106 | 38.37% |
| General Revenue: | | | | |
| School District Assessment | \$8,645,885 | \$8,663,007 | (\$17,122) | -0.20% |
| Unrestricted Grants and Contributions | \$2,423,769 | \$2,554,129 | (\$130,360) | -5.10% |
| Unrestricted Investment Income | \$20,911 | \$9,229 | \$11,682 | 126.58% |
| Miscellaneous | \$9,198 | \$12,529 | (\$3,331) | -26.59% |
| Total Revenues | <u>\$12,122,864</u> | <u>\$12,009,723</u> | <u>\$113,141</u> | <u>0.94%</u> |
| Program Expenses (net of program revenues): | | | | |
| Instruction | \$8,505,040 | \$8,687,665 | (\$182,625) | -2.10% |
| Support Services: | | | | |
| Student | \$584,776 | \$594,139 | (\$9,363) | -1.58% |
| Instructional Staff | \$261,854 | \$280,362 | (\$18,508) | -6.60% |
| General Administration | \$42,888 | \$42,505 | \$383 | 0.90% |
| Executive Administration | \$640,191 | \$608,920 | \$31,271 | 5.14% |
| School Administration | \$389,013 | \$421,992 | (\$32,979) | -7.82% |
| Operation and Maintenance of Plant | \$243,277 | \$486,547 | (\$243,270) | -50.00% |
| Student Transportation | \$665,238 | \$640,621 | \$24,617 | 3.84% |
| Non-Instructional | \$147,325 | \$151,733 | (\$4,408) | -2.91% |
| Interest on Long-Term Debt | \$109 | \$1,068 | (\$959) | -89.79% |
| Facilities Acquisition and Construction | \$17,971 | \$0 | \$17,971 | 100.00% |
| Total Expenses | <u>\$11,497,682</u> | <u>\$11,915,552</u> | <u>(\$417,870)</u> | <u>-3.51%</u> |
| Change in Net Position | \$625,182 | \$94,171 | \$531,011 | 563.88% |
| Beginning Net Position, as restated | <u>(\$1,217,054)</u> | <u>(\$1,311,225)</u> | <u>\$94,171</u> | <u>-7.18%</u> |
| Ending Net Position | <u><u>(\$591,872)</u></u> | <u><u>(\$1,217,054)</u></u> | <u><u>\$625,182</u></u> | <u><u>-51.37%</u></u> |

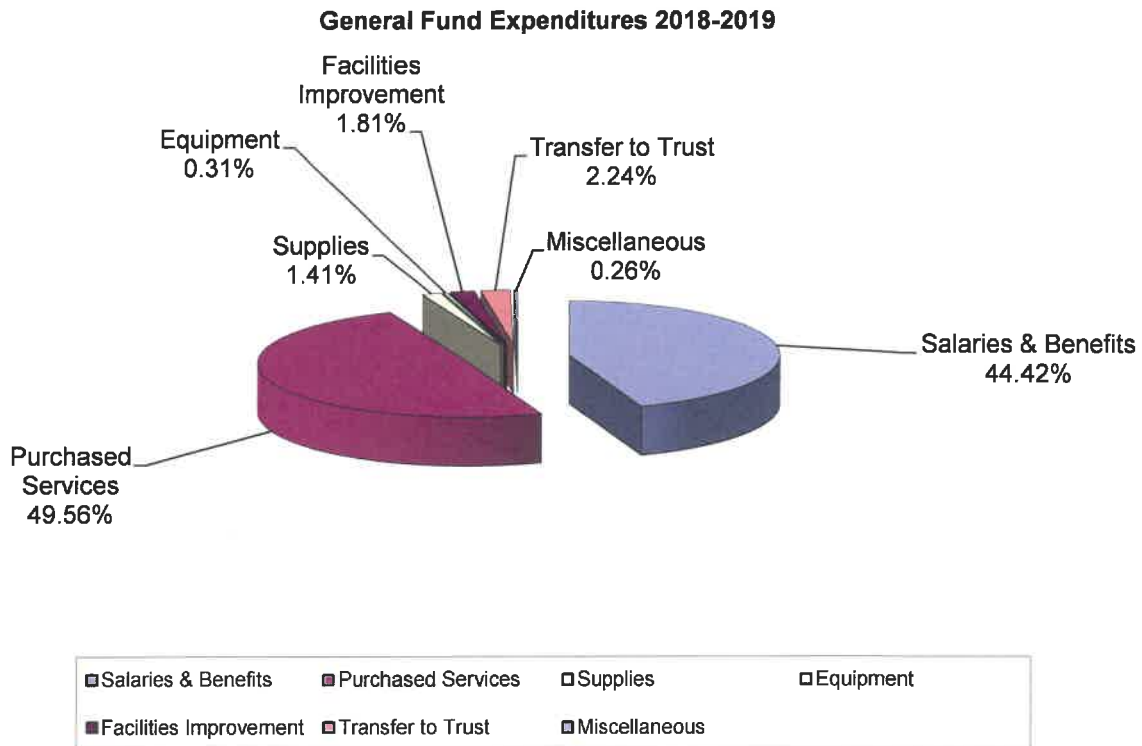
Revenue Analysis



June 30, 2019 (General Fund Only)

| | |
|----------------------------|-----------------------------|
| Assessment | \$8,645,885 |
| Local | |
| Interest | \$12,581 |
| Tuition | \$11,470 |
| Miscellaneous Other | \$9,024 |
| State | |
| State Adequacy Grant | \$1,454,762 |
| State Tax | \$969,007 |
| State Cat Aid | \$237,412 |
| State Kindergarten Aid | \$48,889 |
| State Infrastructure Grant | \$204,000 |
| Federal | |
| Medicaid | <u>\$105,332</u> |
| Total | <u>\$11, 698,362</u> |

Expenditure Analysis



June 30, 2019 (General Fund Only, budgetary basis)

| | |
|-------------------------------|----------------------------|
| Salaries & Benefits | \$5,461,119 |
| Purchased Services | \$6,093,888 |
| Supplies | \$173,070 |
| Equipment | \$37,995 |
| Facilities Improvement | \$222,472 |
| Transfer to Expendable Trusts | \$275,000 |
| Miscellaneous | \$31,667 |
| Total | <u>\$12,295,211</u> |

Fund Balance

Surplus funds from operations within the general fund are generally used to reduce local property taxes.

FY19 showed a \$321,849 change (reduction) in fund balance, resulting from a deficiency of revenues over expenses \$246,849 and a \$75,000 decrease in committed fund balance.

The fund balance in the food service fund is cumulative, and may be used to purchase equipment or to fund years in which there is a shortfall.

Typically, grant funds do not accumulate from year to year, unless a grant has been received for longer than one fiscal year. In that case, funds are carried forward for a specific purpose that must be completed within the specified time period of the grant. The trust funds are held by the town trustee of trust funds until such time as requests to expend are made by the School Board.

Fixed Assets

| | Original Cost | 2019 Depreciation | Accumulated Depreciation as of 06/30/2018 | Net Value |
|--------------------------------|------------------|----------------------|--|--------------|
| Land | \$480,100 | \$0 | \$0 | \$480,100 |
| Construction in progress | \$195,545 | \$0 | \$0 | \$195,545 |
| Buildings | \$5,840,953 | \$129,034 | \$1,886,083 | \$3,825,836 |
| Vehicles, Machinery, Equipment | \$440,381 | \$39,657 | \$217,661 | \$183,062 |
| Total | \$6,956,978 | \$168,691 | \$2,103,744 | \$4,684,543 |

Capital assets include land, improvements to land, easements, buildings, building improvements, and all other tangible or intangible assets that are used in operations and have a useful life extending beyond a single reporting period. The calculation of fixed assets uses an historical cost of school buildings that does not necessarily reflect the fair market value.

Contact Information

This report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

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432 Main Street
Fremont, NH 03044
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spenny@sau83.org

BASIC FINANCIAL STATEMENTS

EXHIBIT A
FREMONT SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 48,785 |
| Investments | 240,126 |
| Other receivables | 2,897 |
| Intergovernmental receivable | 676,561 |
| Inventory | 4,633 |
| Capital assets, not being depreciated | 675,645 |
| Capital assets, net of accumulated depreciation | 4,008,899 |
| Total assets | <u>5,657,546</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Amounts related to pensions | 1,015,258 |
| Amounts related to other postemployment benefits | 265,742 |
| Total deferred outflows of resources | <u>1,281,000</u> |
| LIABILITIES | |
| Accounts payable | 159,404 |
| Accrued interest payable | 1,518 |
| Noncurrent obligations: | |
| Due within one year | 25,353 |
| Due in more than one year | 6,994,638 |
| Total liabilities | <u>7,180,913</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable revenue - donations | 3,370 |
| Amounts related to pensions | 315,308 |
| Amounts related to other postemployment benefits | 30,827 |
| Total deferred inflows of resources | <u>349,505</u> |
| NET POSITION | |
| Net investment in capital assets | 4,630,704 |
| Restricted | 15,312 |
| Unrestricted | <u>(5,237,888)</u> |
| Total net position | <u>\$ (591,872)</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, 2019

| | | Program Revenues | | Net (Expense) |
|--|----------------------|-------------------|-------------------|---------------------|
| | | Charges | Operating | Revenue and |
| | Expenses | for | Grants and | Change in |
| | | Services | Contributions | Net Position |
| Governmental activities: | | | | |
| Instruction | \$ 8,505,040 | \$ 11,470 | \$ 752,952 | \$ (7,740,618) |
| Support services: | | | | |
| Student | 584,776 | - | 14,170 | (570,606) |
| Instructional staff | 261,854 | - | 90,975 | (170,879) |
| General administration | 42,888 | - | - | (42,888) |
| Executive administration | 640,191 | - | 4,453 | (635,738) |
| School administration | 389,013 | - | - | (389,013) |
| Operation and maintenance of plant | 243,277 | - | - | (243,277) |
| Student transportation | 665,238 | - | 1,950 | (663,288) |
| Noninstructional services | 147,325 | 102,561 | 44,570 | (194) |
| Interest on long-term debt | 109 | - | - | (109) |
| Facilities acquisition and construction | 17,971 | - | - | (17,971) |
| Total governmental activities | <u>\$ 11,497,682</u> | <u>\$ 114,031</u> | <u>\$ 909,070</u> | <u>(10,474,581)</u> |
| General revenues: | | | | |
| School district assessment | | | | 8,645,885 |
| Grants and contributions not restricted to specific programs | | | | 2,423,769 |
| Interest | | | | 20,911 |
| Miscellaneous | | | | 9,198 |
| Total general revenues | | | | <u>11,099,763</u> |
| Change in net position | | | | 625,182 |
| Net position, beginning | | | | <u>(1,217,054)</u> |
| Net position, ending | | | | <u>\$ (591,872)</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, 2019

| | General | Grants | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 41,419 | \$ - | \$ 7,366 | \$ 48,785 |
| Investments | 240,126 | - | - | 240,126 |
| Receivables, net of allowance for uncollectible: | | | | |
| Accounts | 459 | - | 2,438 | 2,897 |
| Intergovernmental | 581,585 | 82,328 | 12,648 | 676,561 |
| Interfund receivables | 69,376 | - | 299 | 69,675 |
| Inventory | - | - | 4,633 | 4,633 |
| Total assets | <u>\$ 932,965</u> | <u>\$ 82,328</u> | <u>\$ 27,384</u> | <u>\$ 1,042,677</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 131,849 | \$ 12,952 | \$ 14,603 | \$ 159,404 |
| Interfund payable | 299 | 69,376 | - | 69,675 |
| Total liabilities | <u>132,148</u> | <u>82,328</u> | <u>14,603</u> | <u>229,079</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - donations | <u>3,370</u> | <u>-</u> | <u>-</u> | <u>3,370</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 9,633 | 9,633 |
| Restricted | - | - | 5,679 | 5,679 |
| Committed | 745,065 | - | - | 745,065 |
| Unassigned | 52,382 | - | (2,531) | 49,851 |
| Total fund balances | <u>797,447</u> | <u>-</u> | <u>12,781</u> | <u>810,228</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 932,965</u> | <u>\$ 82,328</u> | <u>\$ 27,384</u> | <u>\$ 1,042,677</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, 2019

| | | |
|--|--------------------|---------------------|
| Total fund balances of governmental funds (Exhibit C-1) | | \$ 810,228 |
| 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 | \$ 6,956,979 | |
| Less accumulated depreciation | <u>(2,272,435)</u> | |
| | | 4,684,544 |
| 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 | \$ 1,015,258 | |
| Deferred inflows of resources related to pensions | (315,308) | |
| Deferred outflows of resources related to OPEB | 265,742 | |
| Deferred inflows of resources related to OPEB | <u>(30,827)</u> | |
| | | 934,865 |
| Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position. | | |
| Receivables | \$ (69,675) | |
| Payables | <u>69,675</u> | |
| | | - |
| Interest on long-term debt is not accrued in governmental funds. | | |
| Accrued interest payable | | (1,518) |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds. | | |
| Capital leases | \$ 53,840 | |
| Compensated absences | 104,887 | |
| Net pension liability | 5,046,261 | |
| Other postemployment benefits | <u>1,815,003</u> | |
| | | <u>(7,019,991)</u> |
| Net position of governmental activities (Exhibit A) | | <u>\$ (591,872)</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, 2019

| | General | Grants | Other Governmental Funds | Total Governmental Funds |
|---|--------------|---------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| School district assessment | \$ 8,645,885 | \$ - | \$ - | \$ 8,645,885 |
| Other local | 41,405 | - | 102,735 | 144,140 |
| State | 2,914,070 | - | 2,070 | 2,916,140 |
| Federal | 105,332 | 268,867 | 42,500 | 416,699 |
| Total revenues | 11,706,692 | 268,867 | 147,305 | 12,122,864 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 8,826,787 | 157,319 | - | 8,984,106 |
| Support services: | | | | |
| Student | 582,796 | 14,170 | - | 596,966 |
| Instructional staff | 173,680 | 90,975 | - | 264,655 |
| General administration | 42,888 | - | - | 42,888 |
| Executive administration | 648,410 | 4,453 | - | 652,863 |
| School administration | 411,269 | - | - | 411,269 |
| Operation and maintenance of plant | 506,959 | - | - | 506,959 |
| Student transportation | 663,288 | 1,950 | - | 665,238 |
| Noninstructional services | - | - | 147,325 | 147,325 |
| Facilities acquisition and construction | 354,394 | - | - | 354,394 |
| Total expenditures | 12,210,471 | 268,867 | 147,325 | 12,626,663 |
| Net change in fund balances | (503,779) | - | (20) | (503,799) |
| Fund balances, beginning | 1,301,226 | - | 12,801 | 1,314,027 |
| Fund balances, ending | \$ 797,447 | \$ - | \$ 12,781 | \$ 810,228 |

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, 2019

| | | |
|---|------------------|--------------------------|
| Net change in fund balances of total governmental funds (Exhibit C-3) | | \$ (503,799) |
| 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. Capital outlay expenditures exceeded depreciation expense in the current year, as follows: | | |
| Capitalized capital outlay | \$ 595,668 | |
| Depreciation expense | <u>(168,690)</u> | |
| | | 426,978 |
| 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 capital leases | | 12,972 |
| 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. | | |
| Increase in accrued interest expense | \$ (109) | |
| Decrease in compensated absences payable | 30,495 | |
| Net change in net pension liability and deferred outflows and inflows of resources related to pensions | 26,565 | |
| Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits | <u>632,080</u> | |
| | | <u>689,031</u> |
| Change in net position of governmental activities (Exhibit B) | | <u><u>\$ 625,182</u></u> |

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

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, 2019

| | Budgeted Amounts | | | Variance |
|--|------------------|--------------|--------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| REVENUES | | | | |
| School district assessment | \$ 8,645,885 | \$ 8,645,885 | \$ 8,645,885 | \$ - |
| Other local | 18,040 | 18,040 | 33,075 | 15,035 |
| State | 2,697,657 | 2,697,657 | 2,914,070 | 216,413 |
| Federal | 85,000 | 85,000 | 105,332 | 20,332 |
| Total revenues | 11,446,582 | 11,446,582 | 11,698,362 | 251,780 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 8,998,214 | 8,826,663 | 8,826,072 | 591 |
| Support services: | | | | |
| Student | 565,492 | 582,796 | 577,806 | 4,990 |
| Instructional staff | 197,144 | 168,707 | 173,680 | (4,973) |
| General administration | 76,334 | 42,888 | 42,888 | - |
| Executive administration | 632,608 | 643,935 | 643,942 | (7) |
| School administration | 444,880 | 411,270 | 411,269 | 1 |
| Operation and maintenance of plant | 454,711 | 443,259 | 443,259 | - |
| Student transportation | 651,422 | 663,288 | 663,288 | - |
| Other | 1 | - | - | - |
| Facilities acquisition and construction | 6 | 238,007 | 238,007 | - |
| Total expenditures | 12,020,812 | 12,020,813 | 12,020,211 | 602 |
| Excess (deficiency) of revenues over (under) expenditures | (574,230) | (574,231) | (321,849) | 252,382 |
| OTHER FINANCING USES | | | | |
| Transfers out | (275,001) | (275,000) | (275,000) | - |
| Net change in fund balance | \$ (849,231) | \$ (849,231) | (596,849) | \$ 252,382 |
| Decrease in committed fund balance | | | 75,000 | |
| Unassigned fund balance, beginning | | | 574,231 | |
| Unassigned fund balance, ending | | | \$ 52,382 | |

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, 2019

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|----------------------------|------------------|------------|------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Federal | \$ 240,000 | \$ 268,867 | \$ 268,867 | \$ - |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 240,000 | 157,319 | 157,319 | - |
| Support services: | | | | |
| Student | - | 14,170 | 14,170 | - |
| Instructional staff | - | 90,975 | 90,975 | - |
| Executive administration | - | 4,453 | 4,453 | - |
| Student transportation | - | 1,950 | 1,950 | - |
| Total expenditures | 240,000 | 268,867 | 268,867 | - |
| 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 E
FREMONT SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2019

| | |
|---------------------------|------------------|
| | <u>Agency</u> |
| ASSETS | |
| Cash and cash equivalents | <u>\$ 27,922</u> |
| LIABILITIES | |
| Due to student groups | <u>\$ 27,922</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, 2019

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FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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: current, debt service 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 bonds. 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*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. 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.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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, 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, debt service, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, guidance the expendable trust funds are consolidated in the general fund.

Grants Fund – accounts for the resources received from various federal, state, and local 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.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Net Position. These funds account for resources held by the School District for the benefit of other parties, and include the agency funds. Fiduciary funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting.

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.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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.

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. Most of the School District's directly held marketable equity securities would be examples of Level 1 investments.

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, certain directly held fixed income securities are categorized in Level 2. All of the School District's holdings in New Hampshire Public Deposit Investment Pool (NHPDIP), would be examples of Level 2 investments.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments. The School District held no Level 3 investments as of June 30, 2019.

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) are categorized in Level 2. 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 of the food service fund include 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 the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

1-H Capital Assets

Capital assets are reported in the governmental activities column in the government-wide 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.

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: | <u>Years</u> |
|-------------------------------------|---------------------|
| Buildings and building improvements | 5-75 |
| Machinery and equipment | 5-10 |

1-I Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). 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.

1-J 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, 2019.

1-K 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 then.

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.

1-L Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

1-M 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 personnel policy.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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 fund and government-wide presentations.

1-N 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-O 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-P 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/amortization, reduced by the outstanding balances of bonds 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.

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.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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.

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 government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

1-Q 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, and the useful lives of capital assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general and grants funds, as well as the nonmajor food service 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.

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 2019, \$574,231 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally the voters authorized the use of \$275,000 of available fund balance at June 30, 2018 to fund transfers to expendable trust funds.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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 fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

| | |
|---|----------------------|
| Revenues: | |
| Per Exhibit D-1 (budgetary basis) | \$ 11,698,362 |
| Adjustments: | |
| Basis difference: | |
| GASB Statement No. 54: | |
| Interest earnings related to the blended expendable trust funds | 8,330 |
| Per Exhibit C-3 (GAAP Basis) | <u>\$ 11,706,692</u> |
| Expenditures and other financing uses: | |
| Per Exhibit D-1 (budgetary basis) | \$ 12,295,211 |
| Adjustments: | |
| Basis difference: | |
| Encumbrances, beginning | 190,260 |
| GASB Statement No. 54: | |
| To remove transfer from the general fund to the blended expendable trust fund | <u>(275,000)</u> |
| Per Exhibit C-3 (GAAP basis) | <u>\$ 12,210,471</u> |

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (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 \$76,707 and the bank balances totaled \$1,343,996. Petty cash totaled \$300.

Cash and cash equivalents reconciliation:

| | |
|--|------------------|
| Cash per Statement of Net Position (Exhibit A) | \$ 48,785 |
| Cash per Statement of Net Position - Fiduciary Funds (Exhibit E) | 27,922 |
| Total cash and cash equivalents | <u>\$ 76,707</u> |

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, 2019:

| | Valuation Measurement Method | Fair Value |
|-----------------------------------|------------------------------------|-------------------|
| Investments type: | | |
| NH Public Deposit Investment Pool | Level 2 | <u>\$ 240,126</u> |

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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 not 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, 2019, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, 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, 2018 consisted of the following:

| | Balance, beginning | Additions | Retirements | Balance, ending |
|--|-----------------------|------------|--------------|--------------------|
| At cost: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 480,100 | \$ - | \$ - | \$ 480,100 |
| Construction in progress | 140,659 | 195,545 | (140,659) | 195,545 |
| Total capital assets not being depreciated | 620,759 | 195,545 | (140,659) | 675,645 |
| Being depreciated: | | | | |
| Buildings and building improvements | 5,412,403 | 428,550 | - | 5,840,953 |
| Machinery and equipment | 369,257 | 112,232 | (41,108) | 440,381 |
| Total capital assets being depreciated | 5,781,660 | 540,782 | (41,108) | 6,281,334 |
| Total capital assets | 6,402,419 | 736,327 | (181,767) | 6,956,979 |
| Less accumulated depreciation: | | | | |
| Buildings and building improvements | (1,886,082) | (129,034) | - | (2,015,116) |
| Machinery and equipment | (258,771) | (39,656) | 41,108 | (257,319) |
| Total accumulated depreciation | (2,144,853) | (168,690) | 41,108 | (2,272,435) |
| Net book value, capital assets being depreciated | 3,636,807 | 372,092 | - | 4,008,899 |
| Net book value, all capital assets | \$ 4,257,566 | \$ 567,637 | \$ (140,659) | \$ 4,684,544 |

Depreciation expense of \$168,690 was charged to instruction function of the School District based on their usage of the related assets.

NOTE 7 – INTERFUND BALANCES

Interfund receivable and payable balances at June 30, 2019 are as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|--------------|------------------|
| General | Grants | \$ 69,376 |
| Nonmajor | General | 299 |
| | | <u>\$ 69,675</u> |

FREMONT SCHOOL DISTRICT
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NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources of at June 30, 2019 consist of amounts related to pensions totaling \$1,015,258 and amounts related to OPEB totaling \$265,742. For further discussion on these amounts, see Notes 11 and 12, respectively. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

| | Governmental Activities | General Fund |
|--|----------------------------|-----------------|
| Donations collected in advance of eligible expenditures being made | \$ 3,370 | \$ 3,370 |
| Amounts related to pensions, see Note 11 | 315,308 | - |
| Amounts related to OPEB, see Note 12 | 30,827 | - |
| Total deferred inflows of resources | <u>\$ 349,505</u> | <u>\$ 3,370</u> |

NOTE 9 – CAPITAL LEASE OBLIGATIONS

The School District has entered into a capital lease agreement under which the related equipment will become the property of the School District when all the terms of the lease agreement are met.

| | Standard Interest Rate | Present Value of Remaining Payments as of June 30, 2019 |
|----------------------------|------------------------------|--|
| Capital lease obligations: | | |
| Copiers | 3.09% | <u>\$ 53,840</u> |

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

| | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment: | |
| Copiers | \$ 66,812 |
| Less: accumulated depreciation | 26,725 |
| Total capital lease equipment | <u>\$ 40,087</u> |

The annual requirements to amortize the capital lease payable as of June 30, 2019, including interest payments, are as follows:

| Fiscal Year Ending June 30, | Governmental Activities |
|-------------------------------------|----------------------------|
| 2020 | \$ 14,516 |
| 2021 | 14,516 |
| 2022 | 14,516 |
| 2023 | 14,516 |
| Total requirements | 58,064 |
| Less: interest | 4,224 |
| Present value of remaining payments | <u>\$ 53,840</u> |

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

NOTE 10 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2019:

| | Balance July 1, 2018 | Additions | Reductions | Balance June 30, 2019 | Due Within One Year |
|-----------------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Capital leases | \$ 66,812 | \$ - | \$ (12,972) | \$ 53,840 | \$ 12,852 |
| Compensated absences | 135,382 | - | (30,495) | 104,887 | 12,501 |
| Pension related liability | 5,053,536 | - | (7,275) | 5,046,261 | - |
| Net other postemployment benefits | 1,657,964 | 294,658 | (137,619) | 1,815,003 | - |
| Total long-term liabilities | <u>\$ 6,913,694</u> | <u>\$ 294,658</u> | <u>\$ (188,361)</u> | <u>\$ 7,019,991</u> | <u>\$ 25,353</u> |

FREMONT SCHOOL DISTRICT
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NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers 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 within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – 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. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

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 2019, the School District contributed 15.70% for teachers and 11.08% for other employees. The contribution requirement for the fiscal year 2019 was \$458,272, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the School District reported a liability of \$5,046,261 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2018, the School District's proportion was 0.10479852% which was an increase of 0.10479852% from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the School District recognized pension expense of \$431,964. At June 30, 2019, 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 | \$ 167,482 | \$ 157,673 |
| Net difference between projected and actual investment earnings on pension plan investments | - | 116,775 |
| Changes in assumptions | 349,226 | - |
| Differences between expected and actual experience | 40,278 | 40,860 |
| Contributions subsequent to the measurement date | 458,272 | - |
| Total | <u>\$ 1,015,258</u> | <u>\$ 315,308</u> |

The \$458,272 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, 2020. 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, | |
|--------------------------------|-------------------|
| 2019 | \$ 142,886 |
| 2020 | 165,042 |
| 2021 | (61,886) |
| 2022 | (4,364) |
| 2023-2027 | - |
| Thereafter | - |
| Totals | <u>\$ 241,678</u> |

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2017, rolled forward to June 30, 2018, using the following assumptions:

| | |
|----------------------------|---|
| Inflation: | 2.5% per year |
| Wage inflation | 3.25% per year |
| Salary increases: | 5.6% average, including inflation |
| Investment rate of return: | 7.25% net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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.

FREMONT SCHOOL DISTRICT
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Following is a table presenting target allocations and long-term rates of return for 2018:

| Asset Class | Target Allocation | Weighted average long-term expected real rate of return 2018 |
|----------------------------------|-------------------|---|
| Large Cap Equities | 22.50% | 4.25% |
| Small/Mid Cap Equities | 7.50% | 4.50% |
| Total domestic equities | 30.00% | |
| Int'l Equities (unhedged) | 13.00% | 4.50% |
| Emerging Int'l Equities | 7.00% | 6.00% |
| Total international equity | 20.00% | |
| Core Bonds | 4.50% | 0.50% |
| Short Duration | 2.50% | (0.25%) |
| Global Multi-Sector Fixed Income | 11.00% | 1.80% |
| Absolute Return Fixed Income | 7.00% | 1.14% |
| Total fixed income | 25.00% | |
| Private equity | 5.00% | 6.25% |
| Private debt | 5.00% | 4.25% |
| Opportunistic | 5.00% | 2.15% |
| Total alternative investments | 15.00% | |
| Real estate | 10.00% | 3.25% |
| Total | 100.00% | |

Discount Rate – The discount rate used to measure the collective total pension liability was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

| Actuarial Valuation Date | 1% Decrease 6.25% | Current Single Rate Assumption 7.25% | 1% Increase 8.25% |
|--------------------------|----------------------|---|----------------------|
| June 30, 2018 | \$ 6,714,091 | \$ 5,046,261 | \$ 3,648,568 |

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-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 2018 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

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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 years 2017 and 2016 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 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2019, the School District contributed 1.66% for teachers and 0.30% for other employees. The contribution requirement for the fiscal year 2018 was \$44,350, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2019, the School District reported a liability of \$443,986 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. 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, 2018, the School District's proportion was 0.09697290% which was a decrease of 0.03022787% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$65,857. At June 30, 2019, 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 | \$ - | \$ 29,416 |
| Net difference between projected and actual investment earnings on OPEB plan investments | - | 1,411 |
| Differences between expected and actual experience | 2,606 | - |
| Contributions subsequent to the measurement date | 44,350 | - |
| Total | <u>\$ 46,956</u> | <u>\$ 30,827</u> |

The \$44,350 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, 2020.

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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, | |
|--------------------------------|--------------------|
| 2019 | \$ (27,250) |
| 2020 | (440) |
| 2021 | (440) |
| 2022 | (91) |
| 2023-2027 | - |
| Thereafter | - |
| Totals | <u>\$ (28,221)</u> |

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

| | |
|----------------------------|--|
| Price inflation: | 2.5% per year |
| Wage inflation: | 3.25% per year |
| Salary increases: | 5.6% average, including inflation |
| Investment rate of return: | 7.25% 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 RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2018:

| Asset Class | Target Allocation | Weighted average long-term expected real rate of return 2018 |
|----------------------------------|----------------------|--|
| Large Cap Equities | 22.50% | 4.25% |
| Small/Mid Cap Equities | 7.50% | 4.50% |
| Total domestic equities | 30.00% | |
| Int'l Equities (unhedged) | 13.00% | 4.50% |
| Emerging Int'l Equities | 7.00% | 6.00% |
| Total international equity | 20.00% | |
| Core Bonds | 4.50% | 0.50% |
| Short Duration | 2.50% | (0.25%) |
| Global Multi-Sector Fixed Income | 11.00% | 1.80% |
| Absolute Return Fixed Income | 7.00% | 1.14% |
| Total fixed income | 25.00% | |
| Private equity | 5.00% | 6.25% |
| Private debt | 5.00% | 4.75% |
| Opportunistic | 5.00% | 2.15% |
| Total alternative investments | 15.00% | |
| Real estate | 10.00% | 3.25% |
| Total | 100.00% | |

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Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.25%. 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 7.25% 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 (6.25%) or 1-percentage point higher (8.25%) than the current rate:

| Actuarial Valuation Date | 1% Decrease 6.25% | Current Single Rate Assumption 7.25% | 1% Increase 8.25% |
|--------------------------------|----------------------|--|----------------------|
| June 30, 2018 | \$ 462,103 | \$ 443,986 | \$ 393,239 |

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.

12-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.

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, 2018 the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 3 |
| Active employees | 61 |
| Total participants covered by OPEB plan | 64 |

Total OPEB Liability – The School District’s total OPEB liability of \$1,371,017 was measured as of July 1, 2018 and was determined by an actuarial valuation of that date.

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Actuarial Assumptions and Other Inputs – The total OPEB liability of \$1,371,017 in the July 1, 2018 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: | 3.50% |
| Healthcare Cost Trend Rates: | |
| Current Year Trend | 7.30% |
| Second Year Trend | 9.50% |
| Decrement | 0.50% |
| Ultimate Trend | 5.00% |
| Year Ultimate Trend is Reached | 2029 |
| 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 July 1, 2018.

Mortality rates were based on the RP-2000 Combined Health Participant Table Projected 10 years using Projection Scale AA.

Changes in the Total OPEB Liability

| | June 30, | | |
|---|------------|--------------|--------------|
| | 2017 | 2018 | 2019 |
| Total OPEB liability beginning of year | \$ 913,741 | \$ 998,488 | \$ 1,076,359 |
| Changes for the year: | | | |
| Service cost | 63,200 | 64,461 | 67,941 |
| Interest | 25,884 | 28,275 | 44,687 |
| Assumption changes and difference between actual and expected experience | 6,750 | (2,122) | 218,786 |
| Benefit payments | (11,087) | (12,743) | (36,756) |
| Total OPEB liability end of year | \$ 998,488 | \$ 1,076,359 | \$ 1,371,017 |

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB Liability, calculated using the discount rate of 3.50%, as well as what the total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percent higher than the current rate:

| | Discount Rate | | |
|----------------------|---------------|----------------|--------------|
| | 1% Decrease | Baseline 3.50% | 1% Increase |
| Total OPEB Liability | \$ 1,473,065 | \$ 1,371,017 | \$ 1,269,931 |

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB Liability, calculated using the trend rate of 7.30%, as well as what the total OPEB Liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

| | Healthcare Cost Trend Rates | | |
|----------------------|-----------------------------|----------------|--------------|
| | 1% Decrease | Baseline 7.30% | 1% Increase |
| Total OPEB Liability | \$ 1,217,622 | \$ 1,371,017 | \$ 1,543,035 |

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the School District recognized OPEB benefit of \$11,774. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources |
|--|--------------------------------------|
| Net difference between projected and actual investment earnings on OPEB plan investments | <u>\$ 218,786</u> |

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, | |
|--------------------------------|-------------------|
| 2019 | \$ 48,836 |
| 2020 | 48,836 |
| 2021 | 48,836 |
| 2022 | 48,836 |
| 2023-2027 | 23,442 |
| Thereafter | - |
| Totals | <u>\$ 218,786</u> |

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2019 include the following:

| | |
|--|---------------------|
| Net investment in capital assets: | |
| Net book value of all capital assets | \$ 4,684,544 |
| Less: | |
| Capital leases payable | <u>(53,840)</u> |
| Total net investment in capital assets | <u>4,630,704</u> |
| Restricted for: | |
| Permanent funds - nonexpendable | 5,000 |
| Permanent funds - expendable | 5,679 |
| Food Service | <u>4,633</u> |
| Total restricted net position | <u>15,312</u> |
| Unrestricted | <u>(5,237,888)</u> |
| Total net position | <u>\$ (591,872)</u> |

NOTE 14 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2019 consist of the following:

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------|-----------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | |
| Permanent fund - principal balance | \$ - | \$ 5,000 | \$ 5,000 |
| Inventory | <u>-</u> | <u>4,633</u> | <u>4,633</u> |
| Total nonspendable fund balance | <u>-</u> | <u>9,633</u> | <u>9,633</u> |
| Restricted: | | | |
| Permanent fund - income balance | <u>-</u> | <u>5,679</u> | <u>5,679</u> |

(Continued)

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

Governmental fund balances continued:

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------|-----------------|-----------------------------------|--------------------------------|
| Committed: | | | |
| Expendable trust | 545,065 | - | 545,065 |
| Voted appropriation - March 2019 | 200,000 | - | 200,000 |
| Total committed fund balance | 745,065 | - | 745,065 |
| Unassigned (deficit): | | | |
| General fund | 52,382 | - | 52,382 |
| Food service (deficit) | - | (2,531) | (2,531) |
| Total unassigned (deficit) | 52,382 | (2,531) | 49,851 |
| Total governmental fund balances | \$ 797,447 | \$ 12,781 | \$ 810,228 |

NOTE 15 – 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 2019, 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, 2018 to June 30, 2019 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits 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. In fiscal year 2018-19 the School District paid \$21,670 and \$17,564, respectively, to Primex for workers' compensation and property/liability. 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 16 – CAFETERIA BENEFIT PLAN

Effective July 1, 2012 the School District implemented a cafeteria benefit plan pursuant to Section 125 of the IRS code. Under this plan, eligible employees may direct a contribution, made by the School District, into any combination of the following benefit categories:

1. Medical Insurance Premium Account;
2. Out of Pocket Medical Spending Account; or
3. Dependent Care Spending Account.

In addition to directing the School District's contribution to the above categories, eligible employees may elect to contribute pre-tax dollars to these categories. Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Care Spending Account as well as the Medical Spending Account. This cap applies to both School District contributions and employee pre-tax contributions.

All regular full-time and part-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the School District begins on July 1 and ends on June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 and 3 above), employees must submit claims within ninety days of the end of the plan year or separation of service from the School District, whichever occurs first. Funds unclaimed after ninety days of the close of the plan year are then remitted to the School District.

FREMONT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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 – 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 May 26, 2020, the date the June 30, 2019 financial statements were available to be issued, and the following event occurred that require recognition or disclosure:

- On March 11, 2020, the World Health Organization declared, the outbreak of a coronavirus (COVID-19), a pandemic. In response to the pandemic, the State of New Hampshire's Governor, issued an order declaring a state of emergency on March 13, 2020. Financial impact could occur though such potential impact is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
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, 2019

| | June 30, | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| School District's: | | | | | | |
| Proportion of the net pension liability | 0.11% | 0.11% | 0.10% | 0.10% | 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 |
| Covered payroll | \$ 3,185,613 | \$ 3,085,739 | \$ 2,900,084 | \$ 2,935,306 | \$ 3,038,306 | \$ 2,952,557 |
| 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% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.32% | 59.81% | 65.47% | 58.30% | 62.66% | 64.73% |

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

EXHIBIT G
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, 2019

| | June 30, | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Contractually required contribution | \$ 284,684 | \$ 361,962 | \$ 330,139 | \$ 360,089 | \$ 376,440 | \$ 442,939 |
| Contributions in relation to the contractually required contributions | 284,684 | 361,962 | 330,139 | 360,089 | 376,440 | 442,939 |
| Contribution deficiency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School District's covered payroll | \$ 3,185,613 | \$ 3,085,739 | \$ 2,900,084 | \$ 2,935,306 | \$ 3,038,306 | \$ 2,952,557 |
| Contributions as a percentage of covered payroll | 8.94% | 11.73% | 11.38% | 12.27% | 12.39% | 15.00% |

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

FREMONT SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the School District's pension plan at June 30, 2019. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2018:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage-of-Payroll, Closed |
| Remaining Amortization Period | 22 years beginning July 1, 2018 (30 years beginning July 1, 2009) |
| Asset Valuation Method | 5-year smooth market for funding purposes |
| Price Inflation | 2.5% per year |
| Wage Inflation | 3.25% per year |
| Salary Increases | 5.6% Average, including inflation |
| Municipal Bond Rate | 3.62% per year |
| Investment Rate of Return | 7.25% per year |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015. |
| Mortality | RP-2014 Employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP -2015, based in the last experience study. |

Other Information:

| | |
|-------|---|
| Notes | The roll-forward of total pension liability from June 30, 2017 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments. |
|-------|---|

EXHIBIT H
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, 2019

| | | June 30, | |
|--|--------------|--------------|--------------|
| | 2017 | 2018 | 2019 |
| School District's proportion of the net OPEB liability | 0.13% | 0.13% | 0.10% |
| School District's proportionate share of the net OPEB liability | \$ 607,526 | \$ 581,605 | \$ 443,986 |
| School District's covered payroll | \$ 2,935,306 | \$ 3,038,306 | \$ 2,952,557 |
| School District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 20.70% | 19.14% | 15.04% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 5.21% | 7.91% | 7.53% |

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 School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2019

| | | June 30, | |
|---|--------------|--------------|--------------|
| | 2017 | 2018 | 2019 |
| Contractually required contribution | \$ 72,920 | \$ 75,392 | \$ 42,894 |
| Contributions in relation to the contractually required contribution | 72,920 | 75,392 | 42,894 |
| Contribution deficiency | \$ - | \$ - | \$ - |
| School District's covered payroll | \$ 2,935,306 | \$ 3,038,306 | \$ 2,952,557 |
| Contributions as a percentage of covered payroll | 2.48% | 2.48% | 1.45% |

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

EXHIBIT J
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, 2019

| | June 30, | | |
|--|---------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 |
| OPEB liability, beginning of year | \$ 913,741 | \$ 998,488 | \$ 1,076,359 |
| Changes for the year: | | | |
| Service cost | 63,200 | 64,461 | 67,941 |
| Interest | 25,884 | 28,275 | 44,687 |
| Assumption changes and difference between actual and expected experience | 6,750 | (2,122) | 218,786 |
| Benefit payments | (11,087) | (12,743) | (36,756) |
| OPEB liability, end of year | <u>\$ 998,488</u> | <u>\$ 1,076,359</u> | <u>\$ 1,371,017</u> |
| Covered payroll | <u>\$ 3,484,861</u> | <u>\$ 3,554,558</u> | <u>\$ 2,959,063</u> |
| Total OPEB liability as a percentage of covered payroll | 28.65% | 30.28% | 46.33% |

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

FREMONT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2019. 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.

There were no changes to benefit terms or assumptions in the current actuarial valuation report.

Methods and Assumptions:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage-of-Payroll, Closed |
| Remaining Amortization Period | Not applicable under statutory funding |
| Asset Valuation Method | 5-year smooth market: 20% corridor |
| Price Inflation | 2.5% per year |
| Wage Inflation | 3.25% per year |
| Salary Increases | 5.6% Average, including inflation |
| Municipal Bond Rate | 3.62% per year |
| Investment Rate of Return | 7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015. |
| Mortality | RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study. |

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

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2019. 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, 2019

| | Estimated | Actual | Variance Positive (Negative) |
|--|---------------|---------------|------------------------------------|
| School district assessment: | | | |
| Current appropriation | \$ 8,645,885 | \$ 8,645,885 | \$ - |
| Other local sources: | | | |
| Tuition | 14,540 | 11,470 | (3,070) |
| Investment earnings | 3,500 | 12,581 | 9,081 |
| Miscellaneous | - | 9,024 | 9,024 |
| Total from other local sources | 18,040 | 33,075 | 15,035 |
| State sources: | | | |
| Adequacy aid (grant) | 1,454,762 | 1,454,762 | - |
| Adequacy aid (tax) | 969,007 | 969,007 | - |
| Kindergarten aid | 48,888 | 48,889 | 1 |
| Catastrophic aid | 225,000 | 237,412 | 12,412 |
| Other state aid | - | 204,000 | 204,000 |
| Total from state sources | 2,697,657 | 2,914,070 | 216,413 |
| Federal sources: | | | |
| Medicaid | 85,000 | 105,332 | 20,332 |
| Total revenues | 11,446,582 | \$ 11,698,362 | \$ 251,780 |
| Use of fund balance to reduce school district assessment | 574,231 | | |
| Use of fund balance - appropriated | 275,000 | | |
| Total revenues and use of fund balance | \$ 12,295,813 | | |

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, 2019

| | Encumbered from Prior Year | Appropriations | Expenditures | Variance Positive (Negative) |
|--|----------------------------------|----------------|---------------|------------------------------------|
| Current: | | | | |
| Instruction: | | | | |
| Regular programs | \$ - | \$ 6,865,347 | \$ 6,864,774 | \$ 573 |
| Special programs | - | 1,908,306 | 1,908,288 | 18 |
| Other programs | 715 | 53,010 | 53,725 | - |
| Total instruction | 715 | 8,826,663 | 8,826,787 | 591 |
| Support services: | | | | |
| Student | 4,990 | 582,796 | 582,796 | 4,990 |
| Instructional staff | - | 168,707 | 173,680 | (4,973) |
| General administration | - | 42,888 | 42,888 | - |
| Executive administration | 4,468 | 643,935 | 648,410 | (7) |
| School administration | - | 411,270 | 411,269 | 1 |
| Operation and maintenance of plant | 63,700 | 443,259 | 506,959 | - |
| Student transportation | - | 663,288 | 663,288 | - |
| Total support services | 73,158 | 2,956,143 | 3,029,290 | 11 |
| Facilities acquisition and construction | 116,387 | 238,007 | 354,394 | - |
| Other financing uses: | | | | |
| Transfers out | - | 275,000 | 275,000 | - |
| Total appropriations, expenditures, and encumbrances | \$ 190,260 | \$ 12,295,813 | \$ 12,485,471 | \$ 602 |

*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, 2019*

| | | |
|---|------------|-------------------|
| Unassigned fund balance, beginning | | \$ 574,231 |
| Changes: | | |
| Unassigned fund balance used to reduce school district assessment | | (299,231) |
| Unassigned fund balance appropriated for use in 2018-2019 | | (275,000) |
| 2018-2019 Budget summary: | | |
| Revenue surplus (Schedule 1) | \$ 251,780 | |
| Unexpended balance of appropriations (Schedule 2) | <u>602</u> | |
| 2018-2019 Budget surplus | | 252,382 |
| Decrease in committed fund balance | | <u>75,000</u> |
| Unassigned fund balance, ending | | <u>\$ 327,382</u> |

SCHEDULE 4
FREMONT SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

| | Special Revenue Fund | | |
|-------------------------------------|----------------------------|-------------------|------------------|
| | Food Service | Permanent Fund | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,366 | \$ - | \$ 7,366 |
| Accounts receivable | 2,438 | - | 2,438 |
| Intergovernmental receivable | 1,969 | 10,679 | 12,648 |
| Interfund receivable | 299 | - | 299 |
| Inventory | 4,633 | - | 4,633 |
| Total assets | <u>\$ 16,705</u> | <u>\$ 10,679</u> | <u>\$ 27,384</u> |
| LIABILITIES | | | |
| Accounts payable | <u>\$ 14,603</u> | <u>\$ -</u> | <u>\$ 14,603</u> |
| FUND BALANCES (DEFICIT) | | | |
| Nonspendable | 4,633 | 5,000 | 9,633 |
| Restricted | - | 5,679 | 5,679 |
| Unassigned (deficit) | (2,531) | - | (2,531) |
| Total fund balances | <u>2,102</u> | <u>10,679</u> | <u>12,781</u> |
| Total liabilities and fund balances | <u>\$ 16,705</u> | <u>\$ 10,679</u> | <u>\$ 27,384</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, 2019

| | Special Revenue Fund | | |
|-----------------------------|----------------------------|-------------------|------------|
| | Food Service | Permanent Fund | Total |
| REVENUES | | | |
| Other local | \$ 102,561 | \$ 174 | \$ 102,735 |
| State | 2,070 | - | 2,070 |
| Federal | 42,500 | - | 42,500 |
| Total revenues | 147,131 | 174 | 147,305 |
| EXPENDITURES | | | |
| Current: | | | |
| Noninstructional services | 147,325 | - | 147,325 |
| Net change in fund balances | (194) | 174 | (20) |
| Fund balances, beginning | 2,296 | 10,505 | 12,801 |
| Fund balances, ending | \$ 2,102 | \$ 10,679 | \$ 12,781 |

SCHEDULE 6
FREMONT SCHOOL DISTRICT
Ellis School Student Activities Fund
Schedule of Changes in Student Activities Fund
For the Fiscal Year Ended June 30, 2019

| Balance, beginning | Additions | Deductions | Balance, ending |
|-----------------------|-----------|------------|--------------------|
| \$ 16,282 | \$ 77,155 | \$ 65,515 | \$ 27,922 |