



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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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, major fund, and aggregate remaining fund information of the Fremont School District as of and for the year ended June 30, 2020, 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, major fund, and aggregate remaining fund information of the Fremont School District, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in fiscal year 2020 the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Fremont School District
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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,
- 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.

June 17, 2021

*Plodzik & Sanderson
Professional Association*

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, deferred outflows of resources and liabilities, deferred inflows of resources, 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 reported in one category as governmental 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 five individual governmental funds during the 2019-2020 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, student activities, 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 fund (non-major fund). A budgetary comparison statement has been provided for the general fund 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 school district does not have any fiduciary funds to 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 16-37 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information consisting of 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 45-49 of this report.

Financial Highlights

The District's Net Position decreased by \$84,182 compared to the year ended June 30, 2019. The District returned \$434,069 in 2020 to offset taxes compared to \$52,382 in 2019 resulting in a significant increase in current assets. Deferred outflows showed a decrease while deferred inflows showed a significant increase in 2020 please see Note 12 and Note 13 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, 2020, as compared with June 30, 2019.

Table 1
Condensed Statement of Net Position

	Governmental Activities 2020	Governmental Activities 2019 Restated	Percent Change
Assets			
Current Assets	\$2,543,344	\$1,000,924	154.10%
Capital Assets	\$4,846,216	\$4,684,544	3.45%
Total Assets	\$7,389,560	\$5,685,468	29.97%
Deferred Outflows	\$1,098,011	\$1,281,000	-14.28%
Liabilities			
Long Term Liabilities	\$7,108,610	\$7,019,991	1.26%
Other Liabilities	\$1,336,260	\$160,922	730.38%
Total Liabilities	\$8,444,870	\$7,180,913	17.60%
Deferred Inflows	\$690,833	\$349,505	97.66%
Net Investment in Capital Assets	\$4,805,228	\$4,630,704	3.77%
Restricted Net Position	\$15,463	\$15,312	0.99%
Unrestricted Net Position	(\$5,468,823)	(\$5,209,966)	4.97%
Net Position	(\$648,132)	(\$563,950)	-14.93%

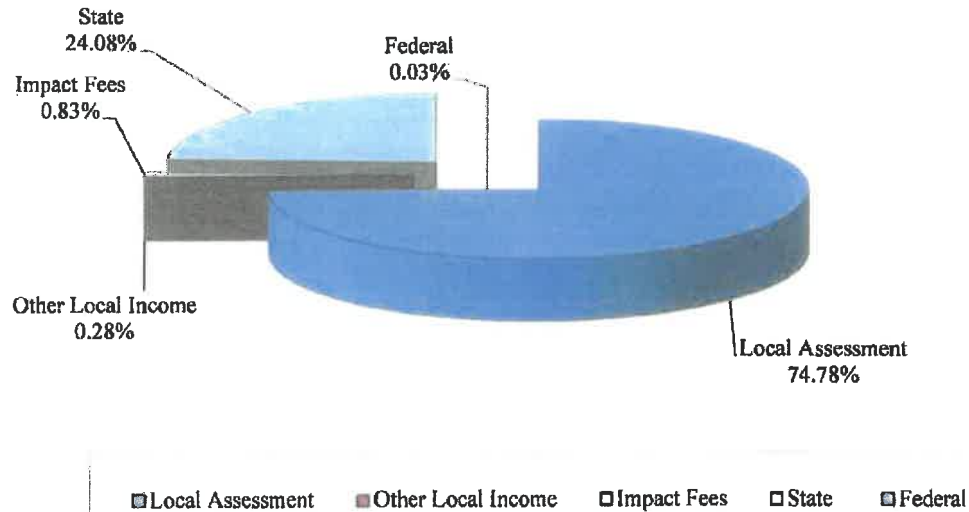
The district's combined total assets increased by 29.97%, however, total liabilities increased by 17.6%. Overall net position shows a decrease of \$84,182 (-14.93%). The calculation of net investment in capital assets uses an historical cost of school buildings and land that does not necessarily reflect the fair market value.

Expenses exceeded revenues in 2019-2020 resulting in a net decrease in net position of \$84,182

Table 2
Statement of Activities

	2020	2019	Change \$	Change %
Revenues				
Program Revenue:				
Charge for Services	\$83,846	\$114,031	(\$30,185)	-26.47%
Operating Grants & Contributions	\$635,595	\$909,070	(\$273,475)	-30.08%
General Revenue:				
School District Assessment	\$9,348,456	\$8,645,885	\$702,571	8.13%
Unrestricted Grants and Contributions	\$2,649,733	\$2,423,769	\$225,964	9.32%
Unrestricted Investment Income	\$15,380	\$20,911	(\$5,531)	-26.45%
Miscellaneous	\$173,839	\$9,198	\$164,641	1789.97%
Total Revenues	\$12,906,849	\$12,122,864	\$783,985	6.47%
Program Expenses (net of program revenues):				
Instruction	\$9,898,282	\$8,505,040	\$1,393,242	16.38%
Support Services:				
Student	\$657,210	\$584,776	\$72,434	12.39%
Instructional Staff	\$189,309	\$261,854	(\$72,545)	-27.70%
General Administration	\$40,359	\$42,888	(\$2,529)	-5.90%
Executive Administration	\$532,974	\$640,191	(\$107,217)	-16.75%
School Administration	\$407,688	\$389,013	\$18,675	4.80%
Operation and Maintenance of Plant	\$641,054	\$243,277	\$397,777	163.51%
Student Transportation	\$519,163	\$665,238	(\$146,075)	-21.96%
Non-Instructional	\$104,992	\$147,325	(\$42,333)	-28.73%
Interest on Long-Term Debt	\$0	\$109	(\$109)	-100.00%
Facilities Acquisition and Construction	\$0	\$17,971	(\$17,971)	100.00%
Total Expenses	\$12,991,031	\$11,497,682	\$1,493,349	12.99%
Change in Net Position	(\$84,182)	\$625,182	(\$709,364)	-113.47%
Less: Restatement related to GASB 84		\$27,922	(\$27,922)	
Beginning Net Position, as restated	(\$563,950)	(\$1,217,054)	\$653,104	-53.66%
Ending Net Position	(\$648,132)	(\$563,950)	(\$84,182)	14.93%

Revenue Analysis

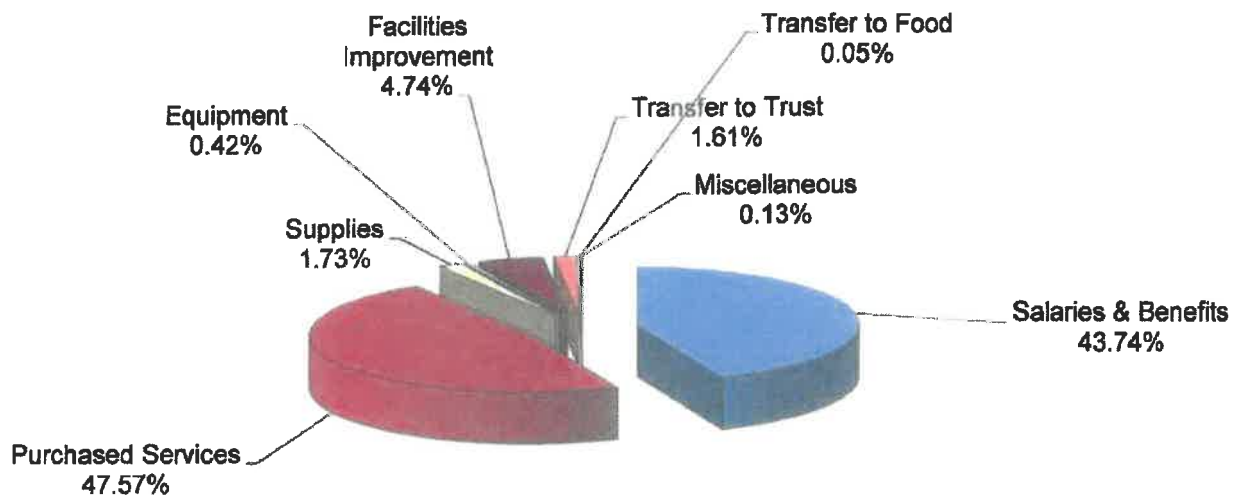


June 30, 2020 (General Fund Only)

Assessment	\$9,348,456
Local	
Interest	\$7,221
Tuition	\$13,230
Other	\$14,481
Impact Fees	\$103,463
Transfer-Trust	\$71,500
State	
State Adequacy Grant	\$1,667,922
State Tax	\$981,811
State Special Education Tax	\$334,765
State Other State Aid	\$26,502
State Infrastructure Grant	\$0
Federal	
Medicaid	\$3,822
Total	<u>\$12,573,173</u>

Expenditure Analysis

General Fund Expenditures 2019-2020



Salaries & Benefits	Purchased Services	Supplies	Equipment
Facilities Improvement	Transfer to Trust	Transfer to Food	Miscellaneous

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

Salaries & Benefits	\$5,420,552
Purchased Services	\$5,894,142
Supplies	\$214,651
Equipment	\$52,098
Facilities Improvement	\$587,907
Transfer to Expendable Trusts	\$200,000
Transfer to Food Serv	\$ 5,598
Miscellaneous	\$ 16,538
Total	<u>\$12,391,486</u>