

**FREMONT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2017**

**FREMONT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
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## **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, each major fund, and aggregate remaining fund information of the Fremont School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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, 2017, and the respective changes in financial position and, the respective budgetary comparison for the general fund and 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 Management's Discussion and Analysis (pages 3-8), Schedule of Funding Progress for Other Postemployment Benefit Plan (page 34), Schedule of School District's Proportionate Share of Net Pension Liability (page 35), and Schedule of School District Contributions (page 36) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally

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

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.

March 30, 2018

*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 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 2016-2017 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 and federal grant funds (non-major funds). 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 18-33 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 34-38 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 39-44 of this report.

### **Financial Highlights**

The District's Net Position increased by \$453,537 compared to the year ended June 30, 2016. This increase is mainly due to an unassigned fund balance of \$651,415, which has been returned to the town to offset the 2017-2018 property taxes.

### **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, 2017, as compared with June 30, 2016.

**Table 1**  
**Condensed Statement of Net Position**

	<b>Governmental Activities 2016</b>	<b>Governmental Activities 2017</b>	<b>Percent Change</b>
<b>Assets</b>			
Current/Other Assets	\$1,593,266	\$1,771,120	11.16%
Capital Assets	\$4,193,158	\$4,279,498	2.06%
<b>Total Assets</b>	<b>\$5,786,424</b>	<b>\$6,050,618</b>	<b>4.57%</b>
<b>Deferred Outflows</b>	<b>\$364,423</b>	<b>\$1,455,873</b>	<b>299.50%</b>
<b>Liabilities</b>			
Long Term Liabilities	\$4,658,912	\$6,155,848	32.13%
Other Liabilities	\$939,284	\$594,509	-36.71%
<b>Total Liabilities</b>	<b>\$5,598,196</b>	<b>\$6,750,357</b>	<b>20.58%</b>
<b>Deferred Inflows</b>	<b>\$727,388</b>	<b>\$477,334</b>	<b>-34.38%</b>
Net Investment in			
Capital Assets/Restricted	\$4,178,178	\$4,281,772	2.48%
Unrestricted Net Position	(\$4,352,915)	(\$4,002,972)	-8.04%
<b>Net Position</b>	<b>(\$174,737)</b>	<b>\$278,800</b>	<b>259.55%</b>

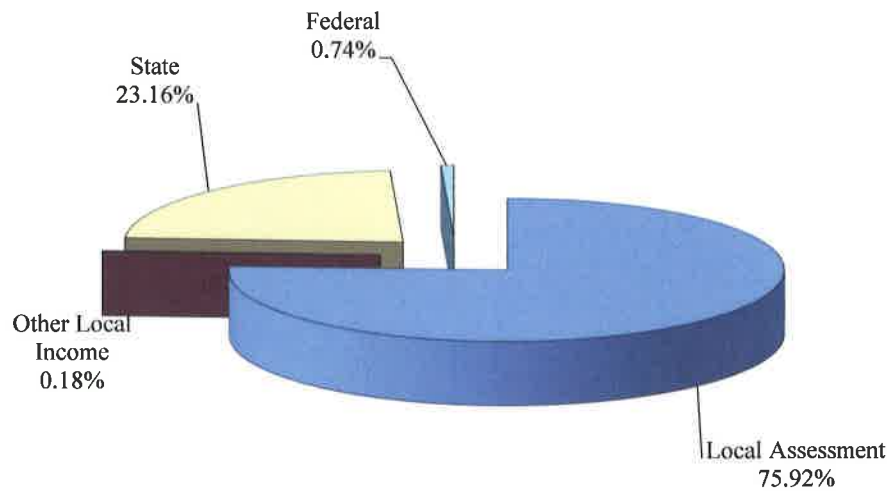
The district's combined total assets increased by 4.57% and total liabilities increased by 20.58%. The increase in long term liabilities reflects the District's portion of pension (NHRS) related liability per GASB statement No. 67 (see Note 11). Overall net position shows an increase of \$453,537. The 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 2016-2017 resulting in a net increase in assets of \$453,537.

**Table 2**  
**Statement of Activities**

	<b>2016 Amount</b>	<b>2017 Amount</b>	<b>% of Total</b>
General Revenues:			
School District Assessment	8,293,785	9,054,427	77.85%
Unrestricted Grants and Contributions	2,538,719	2,567,077	22.07%
Miscellaneous	89,353	8,922	0.08%
Total Revenues	<u>10,921,857</u>	<u>11,630,426</u>	
Program Expenses (net of program revenues):			
Instruction	8,159,938	8,168,272	73.08%
Support Services			
Student	617,476	622,547	5.57%
Instructional Staff	223,453	189,844	1.70%
General Administration	77,829	75,673	0.68%
Executive Administration	573,436	639,363	5.72%
School Administration	330,404	412,440	3.69%
Operation and Maintenance of Plant	518,393	437,992	3.92%
Student Transportation	631,797	634,422	5.68%
Non-Instructional	-715	-3,664	-0.03%
Facilities Acquisition and Construction	23,750	0	0.00%
Total Expenses	<u>11,155,761</u>	<u>11,176,889</u>	
Change in Net Position	-233,904	453,537	
Beginning Net Position, as restated	<u>59,167</u>	<u>-174,737</u>	
Ending Net Position	<u>-174,737</u>	<u>278,800</u>	

## Revenue Analysis



Local Assessment
  Other Local Income
  State
  Federal

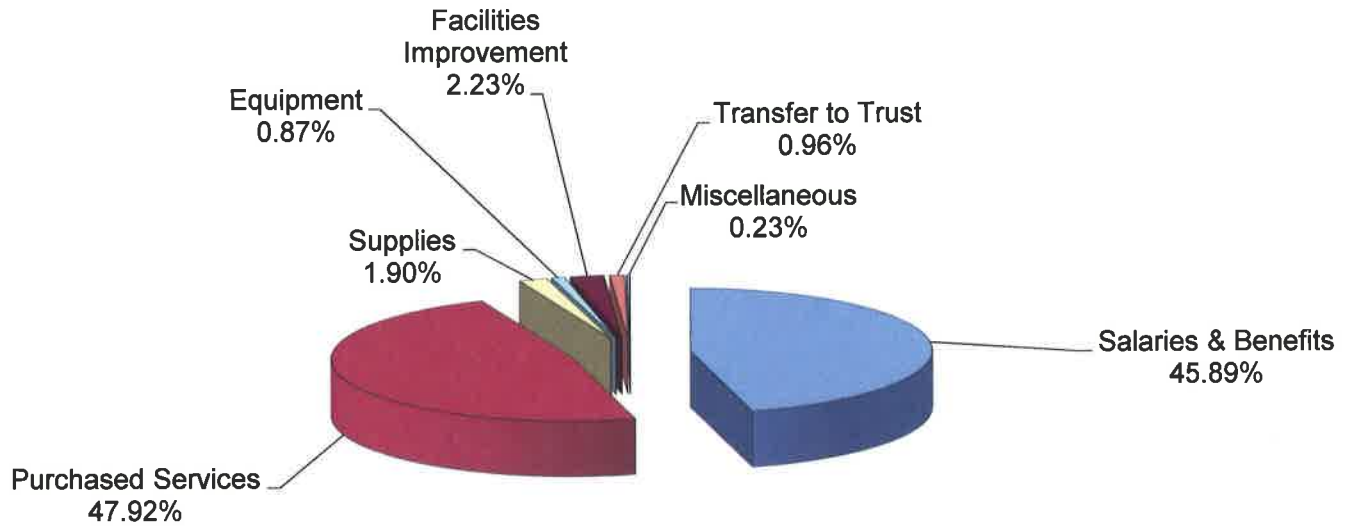
### June 30, 2017 (General Fund Only)

Assessment	\$9,054,427
Local	
Interest	\$4,415
Tuition	\$13,320
Miscellaneous Other	\$4,072
State	
State Adequacy Grant	\$1,668,536
State Tax	\$898,541
State Cat Aid	\$190,991
State Vocational Transportation Aid	\$4,464
Federal	
Medicaid	\$88,086
<b>Total</b>	<b><u>\$11,926,852</u></b>



## Expenditure Analysis

### General Fund Expenditures 2015-2016



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

### June 30, 2017 (General Fund Only, budgetary basis)

Salaries & Benefits	\$5,280,990
Purchased Services	\$5,514,486
Supplies	\$219,217
Equipment	\$100,321
Facilities Improvement	\$256,835
Transfer to Expendable Trusts	\$110,000
Miscellaneous	<u>\$26,942</u>
<b>Total</b>	<b><u>\$11,508,791</u></b>

### **Fund Balance**

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

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	2017 Depreciation	Accumulated Depreciation as of 06/30/2017	Net Value
Land	\$480,100	\$0	\$0	\$480,100
Construction in progress	\$127,242	\$0	\$0	\$127,242
Buildings	\$5,376,929	\$98,711	\$1,776,884	\$3,600,045
Vehicles, Machinery, Equipment	\$369,736	-\$29,130	\$297,625	\$72,111
Total	\$6,354,007	\$69,581	\$2,074,509	\$4,279,498

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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Fremont, NH 03044  
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spenny@sau83.org

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**FREMONT SCHOOL DISTRICT**  
*Statement of Net Position*  
*June 30, 2017*

	Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 902,487
Investments	475,075
Intergovernmental receivable	381,871
Other receivables	5,563
Inventory	6,124
Capital assets, not being depreciated	607,342
Capital assets, net of accumulated depreciation	3,672,156
Total assets	<u>6,050,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	<u>1,455,873</u>
<b>LIABILITIES</b>	
Accounts payable	303,152
Intergovernmental payable	256,981
Accrued interest payable	341
Noncurrent obligations:	
Due within one year	34,035
Due in more than one year	6,155,848
Total liabilities	<u>6,750,357</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Amounts related to pensions	476,676
Unavailable revenue - grants and donations	658
Total deferred inflows of resources	<u>477,334</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,265,565
Restricted	16,207
Unrestricted	<u>(4,002,972)</u>
Total net position	<u>\$ 278,800</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, 2017

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 8,620,946	\$ 13,320	\$ 439,354	\$ (8,168,272)
Support services:				
Student	624,900	-	2,353	(622,547)
Instructional staff	244,314	-	54,470	(189,844)
General administration	75,673	-	-	(75,673)
Executive administration	643,822	-	4,459	(639,363)
School administration	412,440	-	-	(412,440)
Operation and maintenance of plant	437,992	-	-	(437,992)
Student transportation	639,622	-	5,200	(634,422)
Other	3,801	-	3,801	-
Noninstructional services	139,798	91,983	51,479	3,664
Total governmental activities	<u>\$11,843,308</u>	<u>\$ 105,303</u>	<u>\$ 561,116</u>	<u>(11,176,889)</u>
General revenues:				
School district assessment				9,054,427
Grants and contributions not restricted to specific programs				2,567,077
Interest				4,850
Miscellaneous				4,072
Total general revenues				<u>11,630,426</u>
Change in net position				453,537
Net position, beginning				(174,737)
Net position, ending				<u>\$ 278,800</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, 2017**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 854,547	\$ -	\$ 47,940	\$ 902,487
Investments	475,075	-	-	475,075
Receivables:				
Accounts	425	-	5,138	5,563
Intergovernmental	288,431	80,006	13,434	381,871
Interfund receivables	107,324	-	-	107,324
Inventory	-	-	6,124	6,124
Total assets	<u>\$ 1,725,802</u>	<u>\$80,006</u>	<u>\$ 72,636</u>	<u>\$ 1,878,444</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 274,099	\$24,712	\$ 4,341	\$ 303,152
Intergovernmental payable	256,981	-	-	256,981
Interfund payable	-	55,236	52,088	107,324
Total liabilities	<u>531,080</u>	<u>79,948</u>	<u>56,429</u>	<u>667,457</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - grants and donations	<u>600</u>	<u>58</u>	<u>-</u>	<u>658</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	11,124	11,124
Restricted	-	-	5,437	5,437
Committed	260,071	-	-	260,071
Assigned	282,636	-	-	282,636
Unassigned (deficit)	651,415	-	(354)	651,061
Total fund balances	<u>1,194,122</u>	<u>-</u>	<u>16,207</u>	<u>1,210,329</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,725,802</u>	<u>\$80,006</u>	<u>\$ 72,636</u>	<u>\$ 1,878,444</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 of Governmental Funds to the Statement of Net Position*  
*June 30, 2017*

Total fund balances of governmental funds (Exhibit C-1)		\$ 1,210,329
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 6,354,007	
Less accumulated depreciation	<u>(2,074,509)</u>	
		4,279,498
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 1,455,873	
Deferred inflows of resources related to pensions	<u>(476,676)</u>	
		979,197
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (107,324)	
Payables	<u>107,324</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(341)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Capital lease	\$ 13,933	
Compensated absences	119,686	
Other postemployment benefits	708,820	
Net pension liability	<u>5,347,444</u>	
		<u>(6,189,883)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 278,800</u>

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

**EXHIBIT C-3**  
**FREMONT SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*For the Fiscal Year Ended June 30, 2017*

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 9,054,427	\$ -	\$ -	\$ 9,054,427
Other local	22,221	-	92,004	114,225
State	2,762,532	-	2,038	2,764,570
Federal	88,086	226,096	49,441	363,623
Total revenues	<u>11,927,266</u>	<u>226,096</u>	<u>143,483</u>	<u>12,296,845</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	8,163,584	155,813	-	8,319,397
Support services:				
Student	611,648	2,353	-	614,001
Instructional staff	188,075	54,470	-	242,545
General administration	75,673	-	-	75,673
Executive administration	627,624	4,459	-	632,083
School administration	424,020	-	-	424,020
Operation and maintenance of plant	673,745	-	-	673,745
Student transportation	634,422	5,200	-	639,622
Other	-	3,801	-	3,801
Noninstructional services	-	-	139,798	139,798
Total expenditures	<u>11,398,791</u>	<u>226,096</u>	<u>139,798</u>	<u>11,764,685</u>
Net change in fund balances	528,475	-	3,685	532,160
Fund balances, beginning	665,647	-	12,522	678,169
Fund balances, ending	<u>\$ 1,194,122</u>	<u>\$ -</u>	<u>\$ 16,207</u>	<u>\$ 1,210,329</u>

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



**EXHIBIT C-4**  
**FREMONT SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures, and*  
*Changes in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2017*

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 532,160
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense.		
Capitalized capital outlay	\$ 238,300	
Depreciation expense	(135,481)	
		102,819
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.		(16,479)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal repayment of capital leases		13,568
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 332	
Decrease in compensated absences payable	19,901	
Increase in other postemployment benefits	(89,884)	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(108,880)	
		(178,531)
Change in net position of governmental activities (Exhibit B)		<u>\$ 453,537</u>

**EXHIBIT D-1**  
**FREMONT SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
School district assessment	\$ 9,054,427	\$ 9,054,427	\$ 9,054,427	\$ -
Other local	16,150	16,150	21,807	5,657
State	2,759,100	2,759,100	2,762,532	3,432
Federal	70,000	70,000	88,086	18,086
Total revenues	<u>11,899,677</u>	<u>11,899,677</u>	<u>11,926,852</u>	<u>27,175</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	8,844,998	8,334,130	8,142,601	191,529
Support services:				
Student	643,012	621,633	611,648	9,985
Instructional staff	228,839	193,419	188,075	5,344
General administration	88,778	83,883	78,013	5,870
Executive administration	591,652	630,010	627,624	2,386
School administration	453,991	427,443	424,020	3,423
Operation and maintenance of plant	531,038	784,416	761,307	23,109
Student transportation	728,136	634,785	634,422	363
Other	1	400,722	-	400,722
Facilities acquisition and construction	5	9	-	9
Total expenditures	<u>12,110,450</u>	<u>12,110,450</u>	<u>11,467,710</u>	<u>642,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,773)</u>	<u>(210,773)</u>	<u>459,142</u>	<u>669,915</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(111,500)</u>	<u>(111,500)</u>	<u>(110,000)</u>	<u>1,500</u>
Net change in fund balance	<u>\$ (322,273)</u>	<u>\$ (322,273)</u>	<u>349,142</u>	<u>\$ 671,415</u>
Decrease in committed fund balance			90,000	
Unassigned fund balance, beginning			212,273	
Unassigned fund balance, ending			<u>\$ 651,415</u>	

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, 2017*

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Federal	\$ 175,000	\$ 226,096	\$ 226,096	\$ -
<b>EXPENDITURES</b>				
Current:				
Instruction	175,000	155,813	155,813	-
Support services:				
Student	-	2,353	2,353	-
Instructional staff	-	54,470	54,470	-
Executive administration	-	4,459	4,459	-
Student transportation	-	5,200	5,200	-
Other	-	3,801	3,801	-
Total expenditures	175,000	226,096	226,096	-
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, 2017*

	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 18,512</u>
<b>LIABILITIES</b>	
Due to student groups	<u><u>\$ 18,512</u></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, 2017**

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**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2017**

**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 accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

In 2017 the School District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a government should apply.

***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.

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 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.

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. District assessments, 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, and support services. Under GASB Statement No. 54 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.

**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.

**Nonmajor Funds** – The School District also reports two nonmajor governmental funds, the food service and permanent funds. All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

### ***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;

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2017**

- Savings bank deposits; and
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the State treasurer.

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

**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. 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. Holdings in U.S. government obligations and corporate bonds 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, 2017.

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 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***

The inventories of the School District are valued at cost (first-in, first-out), which approximates market. The inventories of the School District's food service fund consist of materials and supplies held for subsequent use. The cost of these inventories is expended when consumed rather than when purchased.



**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**JUNE 30, 2017**

**1-H Capital Assets**

Capital assets are defined by the School District as assets with an initial individual cost of \$10,000 or more and an estimated life in excess of one year. Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, sidewalks, drainage, and similar items) and are reported in governmental activities.

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 governmental activities column of the government-wide Statement of Net Position. When cost of general capital assets cannot be determined from available records, estimated historical cost is used.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

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 or amortized using the straight-line method over the following estimated useful lives:

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

**1-I Interfund Activities**

Interfund activities are reported as follows:

**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.

**Interfund Transfers** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

**1-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, 2017.

**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) and so will not be recognized as an inflow of resources (revenue) until that time.

**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 applicable governmental activities Statement of Net Position.

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**JUNE 30, 2017**

***1-M Compensated Absences***

The School District's policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee's length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

An expense and a liability for vacation, sick pay, and salary-related payments are accrued as the leave is earned in the government-wide financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

***1-N Claims and Judgements***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

***1-O Defined Benefit Pension Plan***

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules are prepared by New Hampshire Retirement System, and are audited by the plan's independent auditors.

***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** – This classification includes the School District's capital assets, net of accumulated depreciation, reduced by the outstanding balances of capital leases that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position** – This classification includes assets that have third-party (statutory, bond covenant, or granting agency) limitation on their use. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

**Unrestricted Net Position** – This classification typically includes unrestricted liquid assets.

**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 are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – This classification includes 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** – This classification includes 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.

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

**Unassigned** – This classification is 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 during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of tangible and intangible 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 2017, \$322,273 of the beginning general fund unassigned fund balance was applied for this purpose.

***2-B Budgetary Reconciliation to GAAP Basis***

The School District employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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The following reconciles the general fund budgetary basis to the GAAP basis:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 11,926,852
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	414
Per Exhibit C-3 (GAAP Basis)	<u>\$ 11,927,266</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 11,577,710
Adjustments:	
Basis difference:	
Encumbrances, beginning	213,717
Encumbrances, ending	(282,636)
GASB Statement No. 54:	
To remove transfer from the general fund to the blended expendable trust fund	(110,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 11,398,791</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 \$920,999 and the bank balances totaled \$1,178,202.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 902,487
Cash per Statement of Net Position - Fiduciary Funds (Exhibit E)	18,512
Total cash and cash equivalents	<u>\$ 920,999</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, 2017:

Investment type:	Valuation	Fair Value
	Measurement Method	
NH Public Deposit Investment Po	Level 2	<u>\$ 475,075</u>

**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.

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**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, 2017, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, and expendable trust funds held by the Town of Fremont trustees of the trust funds. 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, 2017 consisted of the following:

	Balance, beginning	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 480,100	\$ -	\$ -	\$ 480,100
Construction in progress	-	127,242	-	127,242
Total capital assets not being depreciated	480,100	127,242	-	607,342
Being depreciated:				
Buildings and building improvements	5,265,871	111,058	-	5,376,929
Machinery and equipment	452,115	-	(82,379)	369,736
Total capital assets being depreciated	5,717,986	111,058	(82,379)	5,746,665
Total capital assets	6,198,086	238,300	(82,379)	6,354,007
Less accumulated depreciation:				
Buildings and building improvements	(1,678,173)	(98,711)	-	(1,776,884)
Machinery and equipment	(326,755)	(36,770)	65,900	(297,625)
Total accumulated depreciation	(2,004,928)	(135,481)	65,900	(2,074,509)
Net book value, capital assets being depreciated	3,713,058	(24,423)	(16,479)	3,672,156
Net book value, all capital assets	\$ 4,193,158	\$ 102,819	\$ (16,479)	\$ 4,279,498

Depreciation expense in the amount of \$135,481 was charged to the instruction function of the School District based on their usage of the related assets.

**NOTE 7 – INTERFUND BALANCES**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 55,236
	Nonmajor	52,088
		<u>\$ 107,324</u>

**NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred outflows and inflows of resources of \$1,455,873 and \$476,676 respectively in the governmental activities at June 30, 2017 consist of deferred amounts related to pensions, see Note 11 for further information.

Deferred inflows of resources also includes \$658 reported in the governmental activities and governmental funds for unavailable revenues consisting of local grants and donations received in advance of eligible expenditures being made.

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**NOTE 9 – CAPITAL LEASE OBLIGATION**

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, 2017
Capital lease obligations:		
Copiers	2.68%	\$ 13,933

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

	Governmental Activities
Equipment:	
Copiers	\$ 67,291
Less: accumulated depreciation	67,291
Total capital lease equipment	\$ -

The annual requirements to amortize the capital lease payable as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2018	\$ 14,306
Less: interest	373
Present value of remaining payments	\$ 13,933

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, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Capital lease	\$ 27,501	\$ -	\$ (13,568)	\$ 13,933	\$ 13,933
Compensated absences	139,587	-	(19,901)	119,686	20,102
Net other postemployment benefits	618,936	89,884	-	708,820	-
Pension related liability	3,899,165	1,448,279	-	5,347,444	-
Total long-term liabilities	\$ 4,685,189	\$ 1,538,163	\$ (33,469)	\$ 6,189,883	\$ 34,035

**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.

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**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 2017, the School District contributed 15.67% for teachers and 11.17% for other employees. The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$391,549, \$432,238, and \$452,528, respectively, which were paid in full in each year.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions:** At June 30, 2017, the School District reported a liability of \$5,347,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the School District's proportion was 0.10056131% which was an increase of 0.00215569% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense of \$481,786. At June 30, 2017, 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	\$ 71,909	\$ 409,151
Net difference between projected and actual investment earnings on pension plan investments	334,564	-
Changes in assumptions	658,100	-
Differences between expected and actual experience	14,860	67,525
Contributions subsequent to the measurement date	376,440	-
Total	<u>\$ 1,455,873</u>	<u>\$ 476,676</u>

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The \$376,440 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, 2017. 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,	
2017	\$ 76,410
2018	76,410
2019	205,942
2020	230,284
2021	13,711
Thereafter	-
Totals	<u>\$ 602,757</u>

**Actuarial Assumptions:** The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions which, accordingly apply to 2016 measurements:

Inflation:	2.5%
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, 2015 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. Following is a table presenting target allocations and long-term rates of return for 2016:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2016
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%	4.75%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.64%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	1.71%
Absolute Return Fixed Income	7.00%	1.08%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	3.68%
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 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, 2016	\$ 6,871,101	\$ 5,347,444	\$ 4,083,811

**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 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Annual OPEB Cost -** The School District provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provision of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the School District's contractual agreements.

The Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement No. 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The School District has only partially funded (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2017:

Annual required contribution/OPEB cost	\$ 111,312
Interest on net OPEB obligation	24,757
Adjustment to annual required contribution	(35,098)
Annual OPEB cost (expense)	100,971
Contributions made	(11,087)
Increase in net OPEB obligation	89,884
Net OPEB obligation - beginning of year	618,936
Net OPEB obligation - end of year	\$ 708,820

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The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Expected Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
June 30, 2017	\$ 111,312	\$ 11,087	9.96%	\$ 708,820
June 30, 2016	\$ 226,584	\$ 16,185	7.14%	\$ 618,936
June 30, 2015	\$ 223,151	\$ 13,104	5.87%	\$ 415,479

As of July 1, 2016, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$966,517, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$966,517. The covered payroll (annual payroll of active employees covered by the plan) was \$3,484,861 during fiscal year 2017, and the ratio of the UAAL to the covered payroll was 27.73%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefits Plan, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return per annum. The projected annual healthcare cost trend is -5.70% in the first year, increased to 9.50% for the second year and then reduced by annual decrements of ½% to an ultimate rate of 5.0%. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2017 was 29 years.

**NOTE 13 – ENCUMBRANCES**

Encumbrances outstanding at June 30, 2017 are as follows:

Current:	
Instruction:	
Regular programs	\$ 184,734
Support services:	
General administration	2,340
Operation and maintenance of plant	95,562
Total support services	97,902
Total encumbrances	<u>\$ 282,636</u>

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**NOTE 14 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the government-wide Statement of Net Position at June 30, 2017 include the following:

Net investment in capital assets:	
Net book value of all capital assets	\$ 4,279,498
Less:	
Capital leases payable	(13,933)
Total net investment in capital assets	<u>4,265,565</u>
Restricted:	
Perpetual care - nonexpendable	5,000
Perpetual care - expendable	5,437
Food service	5,770
Total restricted net position	<u>16,207</u>
Unrestricted	<u>(4,002,972)</u>
Total net position	<u>\$ 278,800</u>

**NOTE 15 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances at June 30, 2017 consist of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>			
Permanent fund - principal balance	\$ -	\$ 5,000	\$ 5,000
Inventory	-	6,124	6,124
Total nonspendable fund balance	<u>-</u>	<u>11,124</u>	<u>11,124</u>
<b>Restricted:</b>			
Permanent fund - income balance	-	5,437	5,437
<b>Committed:</b>			
Expendable trust	240,071	-	240,071
Voted appropriation - March 2017	20,000	-	20,000
Total committed fund balance	<u>260,071</u>	<u>-</u>	<u>260,071</u>
<b>Assigned:</b>			
Encumbrances	97,902	-	97,902
Contingency	184,734	-	184,734
Total assigned fund balance	<u>282,636</u>	<u>-</u>	<u>282,636</u>
<b>Unassigned</b>	<u>651,415</u>	<u>(354)</u>	<u>651,061</u>
Total governmental fund balances	<u>\$ 1,194,122</u>	<u>\$ 16,207</u>	<u>\$ 1,210,329</u>

**NOTE 16 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2017, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance program for member School Districts and cities.

The New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1 to June 30, 2017 by Primex<sup>3</sup>, which retained \$1,000,000 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 estimated net contribution from the Fremont School District billed and paid for the year ended June 30, 2017 was

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\$19,891 for workers' compensation and \$22,045 for property/liability. The workers' compensation section of the self-insurance membership agreement permits Primex<sup>3</sup> to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. At this time, Primex<sup>3</sup> foresees no likelihood of any additional assessment for this or any prior year.

**NOTE 17 – CAFETERIA BENEFIT PLAN**

Effective July 1, 2002, 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.

**NOTE 18 – CONTINGENT LIABILITIES**

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the School District.

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 19 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through March 30, 2018, the date the June 30, 2017 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT F**  
**FREMONT SCHOOL DISTRICT**  
*Schedule of Funding Progress for Other Postemployment Benefit Plan*  
*For the Fiscal Year Ended June 30, 2017*

Fiscal Year End	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
June 30, 2017	July 1, 2016	\$ -	\$ 966,517	\$ 966,517	0.00%	\$ 3,484,861	27.73%
June 30, 2016	July 1, 2015	\$ -	\$ 1,899,491	\$ 1,899,491	0.00%	\$ 3,649,595	52.05%
June 30, 2015	July 1, 2014	\$ -	\$ 1,729,338	\$ 1,729,338	0.00%	\$ 3,578,034	48.33%
June 30, 2014	July 1, 2013	\$ -	\$ 1,558,161	\$ 1,558,161	0.00%	\$ 3,507,877	44.42%

The notes to the required supplementary information is an integral part of this schedule.

**EXHIBIT G**  
**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, 2017*

Fiscal Year End	Valuation Date	District's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	District Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2017	June 30, 2016	0.10056131%	\$ 5,347,444	\$ 2,935,306	182.18%	58.30%
June 30, 2016	June 30, 2015	0.09840562%	\$ 3,898,365	\$ 2,900,084	134.42%	65.47%
June 30, 2015	June 30, 2014	0.11157711%	\$ 4,187,917	\$ 3,085,739	135.72%	59.81%
June 30, 2014	June 30, 2013	0.11449000%	\$ 4,927,403	\$ 3,185,613	154.68%	66.32%

The notes to the required supplementary information is an integral part of this schedule.

**EXHIBIT H**  
**FREMONT SCHOOL DISTRICT**  
*Schedule of School District Contributions*  
*New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan*  
*For the Fiscal Year Ended June 30, 2017*

Fiscal Year End	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2017	June 30, 2016	\$ 360,089	\$ 360,089	\$ -	\$ 2,935,306	12.27%
June 30, 2016	June 30, 2015	\$ 330,139	\$ 330,139	\$ -	\$ 2,900,084	11.38%
June 30, 2015	June 30, 2014	\$ 361,962	\$ 361,962	\$ -	\$ 3,085,739	11.73%
June 30, 2014	June 30, 2013	\$ 284,684	\$ 284,684	\$ -	\$ 3,185,613	8.94%

The notes to the required supplementary information is an integral part of this schedule.



**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
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***Schedule of Funding Progress for Other Postemployment Benefits (OPEB)***

As required by GASB Statement No. 45, as amended in December 2009 by GASB Statement No. 57, Exhibit F represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2017, and the three preceding years.

The GASB standard on accounting for postretirement benefits other than pensions requires the following disclosures in the financial statements with regard to the retiree benefit liability:

**Actuarial Methods and Assumptions**

In July 1, 2016 the valuation, the Projected Unit Credit cost method was used. The assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The projected annual health care cost trend -5.70% in the first year, increased to 9.50% for the second year and then reduced by annual decrements of ½% to an ultimate rate of 5.00%. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2017 was 29 years.

The annual healthcare cost trend rates below were applied:

Year	Pre 65 Medical
2017	-5.70%
2018	9.50%
2019	9.00%
2020	8.50%
2021	8.00%
2022	7.50%
2023	7.00%
2024	6.50%
2025	6.00%
2026	5.50%
2027	5.00%

***Schedule of the School District's Proportionate Share of Net Pension Liability & Schedule of School District Contributions***

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the School District's pension plan at June 30, 2017, and three preceding years.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2016:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	23 years beginning July 1, 2016 (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	2.85% per year
Investment Rate of Return	7.25% per year

**FREMONT SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2017**

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.
<b>Other Information:</b>	
Notes	Contribution rates for Fiscal Year 2016 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.

***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, 2017**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 9,054,427	\$ 9,054,427	\$ -
Other local sources:			
Tuition	15,450	13,320	(2,130)
Investment earnings	700	4,415	3,715
Miscellaneous	-	4,072	4,072
Total from other local sources	16,150	21,807	5,657
State sources:			
Adequacy aid (grant)	1,668,536	1,668,536	-
Adequacy aid (tax)	898,541	898,541	-
Catastrophic aid	192,023	190,991	(1,032)
Other state aid	-	4,464	4,464
Total from state sources	2,759,100	2,762,532	3,432
Federal sources:			
Medicaid	70,000	88,086	18,086
Total revenues	11,899,677	\$ 11,926,852	\$ 27,175
Use of fund balance to reduce school district assessment	322,273		
Total revenues and use of fund balance	\$ 12,221,950		

**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, 2017**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 205,717	\$ 6,362,289	\$ 6,227,235	\$ 184,734	\$ 156,037
Special programs	-	1,919,391	1,887,783	-	31,608
Other	-	52,450	48,566	-	3,884
Total instruction	<u>205,717</u>	<u>8,334,130</u>	<u>8,163,584</u>	<u>184,734</u>	<u>191,529</u>
Support services:					
Student	-	621,633	611,648	-	9,985
Instructional staff	-	193,419	188,075	-	5,344
General administration	-	83,883	75,673	2,340	5,870
Executive administration	-	630,010	627,624	-	2,386
School administration	-	427,443	424,020	-	3,423
Operation and maintenance of plant	8,000	784,416	673,745	95,562	23,109
Student transportation	-	634,785	634,422	-	363
Other	-	400,722	-	-	400,722
Total support services	<u>8,000</u>	<u>3,776,311</u>	<u>3,235,207</u>	<u>97,902</u>	<u>451,202</u>
Facilities acquisition and construction	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>111,500</u>	<u>110,000</u>	<u>-</u>	<u>1,500</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 213,717</u>	<u>\$ 12,221,950</u>	<u>\$ 11,508,791</u>	<u>\$ 282,636</u>	<u>\$ 644,240</u>

**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, 2017*

Unassigned fund balance, beginning		\$ 212,273
Changes:		
Unassigned fund balance used to reduce school district assessment		(322,273)
2016-2017 Budget summary:		
Revenue surplus (Schedule 1)	\$27,175	
Unexpended balance of appropriations (Schedule 2)	<u>644,240</u>	
2016-2017 Budget surplus		671,415
Decrease in committed fund balance		<u>90,000</u>
Unassigned fund balance, ending		<u><u>\$ 651,415</u></u>

**SCHEDULE 4**  
**FREMONT SCHOOL DISTRICT**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**June 30, 2017**

	Special Revenue Fund	Permanent Fund	Total
	Food Service		
<b>ASSETS</b>			
Cash and cash equivalents	\$47,940	\$ -	\$47,940
Receivables:			
Accounts	5,138	-	5,138
Intergovernmental	2,997	10,437	13,434
Inventory	6,124	-	6,124
Total assets	<u>\$62,199</u>	<u>\$ 10,437</u>	<u>\$72,636</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 4,341	\$ -	\$ 4,341
Interfund payable	52,088	-	52,088
Total liabilities	<u>56,429</u>	<u>-</u>	<u>56,429</u>
Fund balances (deficit):			
Nonspendable	6,124	5,000	11,124
Restricted	-	5,437	5,437
Unassigned (deficit)	(354)	-	(354)
Total fund balances	<u>5,770</u>	<u>10,437</u>	<u>16,207</u>
Total liabilities and fund balances	<u>\$62,199</u>	<u>\$ 10,437</u>	<u>\$72,636</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, 2017**

	Special Revenue Fund		
	Food Service	Permanent Fund	Total
Revenues:			
Local	\$91,983	\$ 21	\$92,004
State	2,038	-	2,038
Federal	49,441	-	49,441
Total revenues	143,462	21	143,483
Expenditures:			
Current:			
Noninstructional services	139,798	-	139,798
Net change in fund balances	3,664	21	3,685
Fund balances, beginning	2,106	10,416	12,522
Fund balances, ending	\$ 5,770	\$ 10,437	\$16,207



**SCHEDULE 6**  
**FREMONT SCHOOL DISTRICT**  
**Ellis School Student Activities Fund**  
**Schedule of Changes in Student Activities Funds**  
**For the Fiscal Year Ended June 30, 2017**

Balance, beginning	Additions	Deductions	Balance, ending
\$ 24,983	\$ 100,846	\$ 107,317	\$ 18,512