

TOWN OF LITTLETON, NEW HAMPSHIRE

Financial Statements

December 31, 2020

and

Independent Auditor's Report

**TOWN OF LITTLETON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2020**

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	
BASIC FINANCIAL STATEMENTS	
EXHIBITS:	
A Statement of Net Position	1
B Statement of Activities	2
C Balance Sheet – Governmental Funds	3
C-1 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
D Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
D-1 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
E Statement of Fiduciary Net Position – Fiduciary Funds	7
F Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8
NOTES TO BASIC FINANCIAL STATEMENTS	9-39
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	40
2 Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability	41
3 Schedule of Town OPEB Contributions	42
4 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	43
5 Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability	44
6 Schedule of Town Pension Contributions	45
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	46-47

**TOWN OF LITTLETON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2020**

TABLE OF CONTENTS (CONTINUED)

SUPPLEMENTAL SCHEDULES		<u>Page(s)</u>
SCHEDULES:		
A	Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	48
A-1	Combining Balance Sheet – Governmental Funds – All Nonmajor Special Revenue Funds	49
B	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	50
B-1	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Special Revenue Funds	51

INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Littleton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire, as of December 31, 2020, and the respective changes in financial position, thereof 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 budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages 40-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Littleton, New Hampshire's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements 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 nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vachon Clukay & Company PC

Manchester, New Hampshire
February 28, 2022

EXHIBIT A
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2020

	Primary Government Governmental <u>Activities</u>	Component <u>Unit</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,755,791	\$ 4,828,735
Investments	2,149,740	28,782
Taxes receivable, net	2,089,786	
Accounts receivable, net	315,038	704,335
Current portion of intergovernmental receivable	175,421	6,014
Inventory		700,570
Prepaid items	13,742	3,977
Tax dedeed property available for sale	145,703	
Total Current Assets	<u>10,645,221</u>	<u>6,272,413</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable capital assets	4,976,352	177,824
Depreciable capital assets, net	<u>17,470,120</u>	<u>8,237,938</u>
Total Noncurrent Assets	<u>22,446,472</u>	<u>8,415,762</u>
Total Assets	<u>33,091,693</u>	<u>14,688,175</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources attributable to OPEB	122,220	5,632
Deferred outflows of resources attributable to pensions	<u>2,330,287</u>	<u>458,147</u>
Total Deferred Outflows of Resources	<u>2,452,507</u>	<u>463,779</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	407,813	605,806
Accrued liabilities	206,668	104,402
Due to other governments	4,950	
Deposits	4,578	143,068
Tax anticipation note payable	4,000,000	
Current portion of capital lease payable	72,761	
Current portion of bonds payable		30,071
Current portion of notes payable	631,875	
Current portion of accrued landfill postclosure liability	11,921	
Current portion of compensated absences payable	4,462	
Total Current Liabilities	<u>5,345,028</u>	<u>883,347</u>
Noncurrent Liabilities:		
Capital lease payable	232,871	
Notes payable	4,192,164	
State of New Hampshire revolving loan	2,366	
Accrued landfill postclosure liability	119,207	
Compensated absences payable	223,047	11,768
Longevity benefits payable		67,870
Net pension liability	8,170,577	1,885,851
Other post-employment benefits (OPEB) liability	<u>1,669,292</u>	<u>95,180</u>
Total Noncurrent Liabilities	<u>14,609,524</u>	<u>2,060,669</u>
Total Liabilities	<u>19,954,552</u>	<u>2,944,016</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes collected in advance	34,087	
Deferred inflows of resources attributable to OPEB	64,033	58,703
Deferred inflows of resources attributable to pensions	<u>125,733</u>	<u>111,115</u>
Total Deferred Inflows of Resources	<u>223,853</u>	<u>169,818</u>
NET POSITION		
Net investment in capital assets	17,614,435	8,385,691
Restricted	2,082,220	
Unrestricted (Deficit)	<u>(4,330,860)</u>	<u>3,652,429</u>
Total Net Position	<u>\$ 15,365,795</u>	<u>\$ 12,038,120</u>

See accompanying notes to the basic financial statements

EXHIBIT B
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Governmental Activities:						
General government	\$ 1,999,455		\$ 32,829		\$ (1,966,626)	
Public safety	4,814,621	\$ 471,765	223,619		(4,119,237)	
Highways and streets	2,028,401		279,047	\$ 20,477	(1,728,877)	
Sanitation	1,663,888	1,567,876	40,486	316,003	260,477	
Health and welfare	315,367		51,292		(264,075)	
Culture and recreation	949,220	104,292	66,325	39,130	(739,473)	
Conservation	1,633				(1,633)	
Interest and fiscal charges	129,069				(129,069)	
Total governmental activities	<u>\$ 11,901,654</u>	<u>\$ 2,143,933</u>	<u>\$ 693,598</u>	<u>\$ 375,610</u>	<u>(8,688,513)</u>	
Component unit:						
Electric service	\$ 9,456,056	\$ 8,810,952				\$ (645,104)
Water service	1,166,476	671,084		\$ 438,745		(56,647)
Total component unit	<u>\$ 10,622,532</u>	<u>\$ 9,482,036</u>	<u>\$ -</u>	<u>\$ 438,745</u>		<u>(701,751)</u>
General revenues:						
Property and other taxes					7,832,895	
Licenses and permits					1,433,971	
Grants and contributions:						
Rooms and meals tax distribution					300,529	
Municipal aid					132,868	
Interest and investment earnings					160,654	42,968
Miscellaneous					63,062	156,074
Special item - capital contribution					154,885	(154,885)
Net gain on disposal of capital assets					35,000	17,891
Total general revenues, special item, and net gain on disposal of capital assets					<u>10,113,864</u>	<u>62,048</u>
Change in net position					1,425,351	(639,703)
Net Position - beginning of year, as restated					<u>13,940,444</u>	<u>12,677,823</u>
Net Position - end of year					<u>\$ 15,365,795</u>	<u>\$ 12,038,120</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF LITTLETON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2020

	General <u>Fund</u>	Sewer <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,689,633	\$ 118	\$ 66,040	\$ 5,755,791
Investments	1,044,466	42,465	1,062,809	2,149,740
Taxes receivable, net	2,089,786			2,089,786
Accounts receivable, net	2,036	80,586	232,416	315,038
Due from other governments	101,437		73,984	175,421
Due from other funds	100,526	1,472,294	375,785	1,948,605
Prepaid items	13,742			13,742
Tax deeded property available for sale	145,703			145,703
Total Assets	<u>9,187,329</u>	<u>1,595,463</u>	<u>1,811,034</u>	<u>12,593,826</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 9,187,329</u>	<u>\$ 1,595,463</u>	<u>\$ 1,811,034</u>	<u>\$ 12,593,826</u>
LIABILITIES				
Accounts payable	\$ 407,813			\$ 407,813
Accrued liabilities	156,381		\$ 15,404	171,785
Due to other governments	4,950			4,950
Due to other funds	1,848,079		100,526	1,948,605
Deposits	4,578			4,578
Tax anticipation note payable	4,000,000			4,000,000
Total Liabilities	<u>6,421,801</u>	<u>\$ -</u>	<u>115,930</u>	<u>6,537,731</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes collected in advance	34,087			34,087
Uncollected property taxes	452,912			452,912
Total Deferred Inflows of Resources	<u>486,999</u>	<u>-</u>	<u>-</u>	<u>486,999</u>
FUND BALANCES				
Nonspendable	159,445		916,857	1,076,302
Restricted	1,322,672		142,691	1,465,363
Committed	606,934	1,595,463	635,556	2,837,953
Assigned	182,778			182,778
Unassigned	6,700			6,700
Total Fund Balances	<u>2,278,529</u>	<u>1,595,463</u>	<u>1,695,104</u>	<u>5,569,096</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,187,329</u>	<u>\$ 1,595,463</u>	<u>\$ 1,811,034</u>	<u>\$ 12,593,826</u>

See accompanying notes to the basic financial statements

EXHIBIT C-1
TOWN OF LITTLETON, NEW HAMPSHIRE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 5,569,096
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,446,472
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	452,912
Deferred outflows of resources and deferred inflows of resources that do not require or provide the use of current financial resources are not reported within the funds.	
Deferred outflows of resources related to OPEB	122,220
Deferred outflows of resources related to net pension liability	2,330,287
Deferred inflows of resources related to OPEB	(64,033)
Deferred inflows of resources related to net pension liability	(125,733)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year end consist of:	
Capital lease payable	(305,632)
Notes payable	(4,824,039)
State of New Hampshire revolving loan	(2,366)
Accrued interest on long-term obligations	(34,883)
Accrued landfill postclosure liability	(131,128)
Compensated absences payable	(227,509)
Net pension liability	(8,170,577)
OPEB liability	<u>(1,669,292)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 15,365,795</u>

See accompanying notes to the basic financial statements

EXHIBIT D
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General <u>Fund</u>	Sewer <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$ 7,678,593			\$ 7,678,593
Licenses and permits	1,391,432		\$ 42,539	1,433,971
Intergovernmental	985,663	\$ 40,486	315,338	1,341,487
Charges for services	105,409	1,208,649	829,875	2,143,933
Investment income (loss)	40,191	(776)	121,239	160,654
Miscellaneous	55,366		7,696	63,062
Total Revenues	<u>10,256,654</u>	<u>1,248,359</u>	<u>1,316,687</u>	<u>12,821,700</u>
Expenditures:				
Current operations:				
General government	1,763,568		2,965	1,766,533
Public safety	3,566,096		486,904	4,053,000
Highways and streets	1,202,015		25,596	1,227,611
Sanitation	21,905	881,451	477,601	1,380,957
Health and welfare	315,367			315,367
Culture and recreation	911,939		70,455	982,394
Conservation	1,633			1,633
Capital outlay	1,646,060		81,200	1,727,260
Debt service:				
Principal retirement	975,565	75,085	200,000	1,250,650
Interest and fiscal charges	67,898	41,424		109,322
Total Expenditures	<u>10,472,046</u>	<u>997,960</u>	<u>1,344,721</u>	<u>12,814,727</u>
Excess of revenues over (under) expenditures	<u>(215,392)</u>	<u>250,399</u>	<u>(28,034)</u>	<u>6,973</u>
Other financing sources (uses):				
Note payable issuance			500,000	500,000
Proceeds from State revolving loan fund			246,661	246,661
Capital lease issuance	379,966			379,966
Transfers in	15,011		479,180	494,191
Transfers out	(473,858)		(20,333)	(494,191)
Total Other financing sources (uses)	<u>(78,881)</u>	<u>-</u>	<u>1,205,508</u>	<u>1,126,627</u>
Net change in fund balances	(294,273)	250,399	1,177,474	1,133,600
Fund Balances - beginning of year	<u>2,572,802</u>	<u>1,345,064</u>	<u>517,630</u>	<u>4,435,496</u>
Fund Balances - end of year	<u>\$ 2,278,529</u>	<u>\$ 1,595,463</u>	<u>\$ 1,695,104</u>	<u>\$ 5,569,096</u>

See accompanying notes to the basic financial statements

EXHIBIT D-1
TOWN OF LITTLETON, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 1,133,600
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, 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 capital outlays exceeded depreciation expense in the current period.	558,543
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	470,305
Issuance of long-term debt obligations are reported as other financing sources in the governmental funds, but long-term debt obligations increase long-term liabilities in the statement of net position.	(1,126,627)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,250,650
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	(19,747)
Some expenses reported in the statement of activities, such as compensated absences and the accrued landfill postclosure liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(7,251)
Governmental funds report OPEB and pension contributions as expenditures. However, in the statement of activities, OPEB and pension expense reflects the change in the OPEB liability and net pension liability and related deferred outflows and inflows of resources, and does not require the use of current financial resources. This is the amount by which OPEB and pension expense differed from OPEB and pension contributions in the current period.	
Net changes in OPEB	(100,153)
Net changes in pension	<u>(733,969)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 1,425,351</u>

See accompanying notes to the basic financial statements

EXHIBIT E
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Private- Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 1,538,283
Investments	\$ 7,103,896	895,297
Taxes receivable		<u>3,609,949</u>
Total Assets	<u>7,103,896</u>	<u>6,043,529</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments		<u>5,148,232</u>
Total Liabilities	<u>-</u>	<u>5,148,232</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for:		
Individuals and other governments	<u>7,103,896</u>	<u>895,297</u>
Total Net Position	<u>\$ 7,103,896</u>	<u>\$ 895,297</u>

See accompanying notes to the basic financial statements

EXHIBIT F
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Private- Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous	\$ 400	\$ 116,332
Total Contributions	<u>400</u>	<u>116,332</u>
Investment Earnings:		
Interest	128,273	4,808
Realized gains	197,762	
Net increase in the fair value of investments	<u>493,533</u>	
Total Investment Earnings	819,568	4,808
Less: Investment expense	<u>(26,134)</u>	
Net Investment Earnings	<u>793,434</u>	<u>4,808</u>
Property tax collections for other governments		12,129,063
Motor vehicle fee collections for other governments		391,125
Total Additions	<u>793,834</u>	<u>12,641,328</u>
DEDUCTIONS:		
Benefits	107,650	
Distributions		214,175
Payments of property tax to other governments		12,129,063
Payments of motor vehicle fees to other governments		391,125
Total Deductions	<u>107,650</u>	<u>12,734,363</u>
Change in net position	686,184	(93,035)
Net Position - beginning of year	<u>6,417,712</u>	<u>988,332</u>
Net Position - end of year	<u>\$ 7,103,896</u>	<u>\$ 895,297</u>

See accompanying notes to the basic financial statements

**TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Littleton, New Hampshire conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Town of Littleton, New Hampshire (the “Town”) was incorporated in 1784. The Town operates under the Town Meeting/Board of Selectmen form of government and performs local governmental functions as authorized by State law.

The financial statements include those of the various departments governed by the Board of Selectmen and other officials with financial responsibility.

Governmental Accounting Standards Board Statement No. 14 (as amended by GASB No. 39 and No. 61) requires that all component units for which the Town maintains financial oversight and a financial benefit or burden relationship be included in the financial statements. Oversight responsibility is derived from a number of criteria including financial interdependency, selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. The relative importance of each criterion must be evaluated in light of specific circumstances.

Although the decision to include or exclude a component unit is left to the professional judgment of local responsible officials, a positive response to any of the criteria requires that the specific reason for excluding the component unit be disclosed.

Discretely Presented Component Unit

The component unit columns in the government-wide financial statements include the financial data of the Town’s component unit, Littleton Water and Light. The Littleton Water and Light financial data is reported in a separate column to emphasize that they are separate from the Town and to allow financial statement users to distinguish between the primary government and the component unit.

Littleton Water and Light, which was established through special legislation in 1903 and amended in 1949, is included because the Board of Selectmen appoints the Board of Commissioners of Littleton Water and Light, and debt issued by Littleton Water and Light is backed by the full faith and credit of the Town.

Separately issued financial statements of Littleton Water and Light may be obtained by writing to their Board of Commissioners at 65 Lafayette Avenue, Littleton, New Hampshire 03561.

Basis of Presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government and its component unit, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

2. Fund Financial Statements:

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Town employs the use of two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the Town's major governmental funds:

The *General Fund* is the main operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

The *Sewer Fund* accounts for all revenues and expenditures pertaining to the Town's wastewater operations.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

2. Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and custodial funds. Private-purpose trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. The Town maintains various private-purpose trusts, which account for monies designated to benefit individuals within the Town. Custodial funds are held and administered by the Town for the benefit of others; therefore, custodial fund assets are not available to support the Town. The Town's custodial funds consist of property taxes collected on behalf of the Littleton School District and Grafton County, motor vehicle fees collected on behalf of the State of New Hampshire, and the capital reserve funds of the Littleton School District, which are held by the Town as required by State law.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Town and its component unit are included on the Statement of Net Position.

2. Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, intergovernmental revenues, charges for services and interest on investments.

Licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, property taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The Town's budget represents functional appropriations as authorized by annual or special Town meetings. The Selectmen may transfer funds between operating categories as they deem necessary. The Town adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2020, the Town applied \$100,000 of its unappropriated fund balance to reduce taxes.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Investments

Investments are stated at their fair value in all funds. Certificates of deposit with a maturity of greater than ninety days from the date of issuance are included in investments.

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at December 31, 2020 are recorded as receivables net of reserves for estimated uncollectible taxes and welfare tax liens of \$90,000 and \$7,758, respectively, in the General Fund.

Accounts Receivable

Charges for services billed during the current year and prior and uncollected at December 31, 2020 are reported as receivables net of reserves for estimated uncollectibles of \$72,906 in the Ambulance Fund, a Nonmajor Governmental Fund.

Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets including infrastructure are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Town maintains a capitalization threshold of \$10,000. The Town's infrastructure consists of roads, bridges, sidewalks, sewer collection systems, and similar items. Intangible assets of the Town consist of land easements which are reported as non-depreciable capital assets. Works of art of the Town consist of statues and sculptures which are reported as non-depreciable capital assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land, certain intangible assets, construction in process, and works of art, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
	Land improvements	20
	Buildings and improvements	20-30
	Equipment	5-25
	Vehicles	5-15
	Infrastructure	10-50

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Compensated Absences

Employees earn accrued leave time as they provide services. Provision is made in the annual budget for accrued leave time. Pursuant to Town personnel policy and collective bargaining agreements, employees may accumulate (subject to certain limitations) unused leave time earned. Additionally, employees may request reimbursement of accrued leave time (subject to certain limitations) at any point throughout the year.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee death or retirement. The entire compensated absences liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full, from current resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements based on the estimated portion of employee balances expected to be reimbursed in the current period. General obligation debt and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) OPEB Plan and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, NHRS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for non-registered commingled funds valued at net asset value (NAV) as a practical expedient to estimate fair value.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS) and additions to/deductions from NHRS's fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the residual amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The Town has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for the specific purposes stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or in enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority (Annual Town Meeting). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to constraint may be determined in the subsequent period.
- *Assigned Fund Balance*: Amounts the Town intends to use for a specific purpose. For all governmental funds, other than the General Fund, any remaining positive amounts are to be classified as "Assigned". The Selectmen expressly delegate the authority to assign amounts to be used for specific purposes to the Town Manager.
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum Level of Unassigned Fund Balance

As recommended by the New Hampshire Department of Revenue Administration and New Hampshire Government Finance Officers Association, the Town will strive to maintain an unassigned fund balance in its General Fund equal to 5-8% of the total annual appropriations of the community (which includes Town, County, and School District).

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/ expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/ expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 5,755,791
Investments	2,149,740
Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,538,283
Investments	<u>7,999,193</u>
Total deposits and investments	<u>\$ 17,443,007</u>

Deposits and investments at December 31, 2020 consist of the following:

Cash on hand	\$ 4,418
Deposits with financial institutions	393,469
Investments	<u>17,045,120</u>
Total deposits and investments	<u>\$ 17,443,007</u>

The Town's investment policy for governmental funds requires that deposits be made in federally insured banks chartered under the laws of the State of New Hampshire or the federal government with a branch within the State of New Hampshire. The Town limits its investments in accordance with New Hampshire State law (RSA 41:29) to United States Treasury securities maturing in less than one year, short-term obligations of U.S. Government agencies, fully insured or collateralized certificates of deposits in banks incorporated in the State of New Hampshire or national banks located in the State of New Hampshire, repurchase agreements with banks chartered by the State of New Hampshire and fully collateralized, and the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool.

Responsibility for the investments of the Town's Trust Funds is with the Board of Trustees. The Trustees of Trust Funds investment policy employs the prudent person rule as defined by State of New Hampshire RSA 31:25-b. Investments of the library funds are at the discretion of the Library Trustees.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Interest Rate Risk

Interest rate risk 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 Town’s investment policy for managing interest rate risk requires investments to be made into highly liquid investment vehicles to minimize exposure to interest rate risk.

The Trustees of the Trust Funds investment policy for managing interest rate risk requires a mix of cash, fixed income, and equity investments to be held with a target of 35 percent of funds to be invested in fixed income securities with an average maturity not to exceed 10 years. The Library Trustees have not adopted an investment policy for managing interest rate risk.

Information about the sensitivity of the fair values of the Town’s investments subject to market interest rate fluctuations is provided by the following table that shows the distribution of investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
US Treasury obligations	\$ 528,324		\$ 274,926	\$ 253,398
Government agency bonds	976,204		193,281	782,923
Municipal bonds	61,105	\$ 50,695	10,410	
Corporate bonds	742,864	25,115	424,136	293,613
Bond mutual funds	207,146		123,025	84,121
	<u>\$2,515,643</u>	<u>\$ 75,810</u>	<u>\$1,025,778</u>	<u>\$1,414,055</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town’s investment policy for managing credit risk requires that investments be diversified into a mix of cash and investments to avoid over-concentration of assets in a specific maturity.

The Trustees of the Trust Funds investment policy for managing credit risk limits investments to those with a credit rating of at least BBB, and limits amounts invested in a single maturity to no more than ten percent of the total of the fixed income portfolio at the time of purchase, except for U.S. Government and State of New Hampshire obligations, and the obligations of their subdivisions. The Library Trustees have not adopted an investment policy for managing credit risk.

The following are the actual ratings as of year-end for each investment type:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Ratings as of Year End	Investment Type						Totals
	Government	Municipal	Corporate	Bond	Money	State	
	agency bonds	bonds	bonds	mutual funds	market funds	investment pool	
AAA	\$ 976,204					\$ 2,439	\$ 978,643
AA		\$ 10,410	\$ 215,433				225,843
A		50,695	392,570				443,265
BBB			134,861				134,861
Not Rated				\$ 207,146	\$ 1,872,614		2,079,760
Fair Value	<u>\$ 976,204</u>	<u>\$ 61,105</u>	<u>\$ 742,864</u>	<u>\$ 207,146</u>	<u>\$ 1,872,614</u>	<u>\$ 2,439</u>	<u>\$ 3,862,372</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's investment policy for assurance against custodial credit risk requires that all investment and depository instruments not covered by federal depository insurance be collateralized.

Of the Town's deposits with financial institutions at year end, \$100,000 was collateralized by securities held by the bank in the bank's name. Additionally, as of December 31, 2020, Town deposits with financial institutions totaling \$89,157 were uninsured and uncollateralized.

As of December 31, 2020, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

Investment Type	Reported Amount
U.S. Treasury obligations	\$ 528,324
Equity securities	3,923,603
Government agency bonds	976,204
Municipal bonds	61,105
Corporate bonds	742,864
Money market funds	1,872,614
Bond mutual funds	207,146
Exchange traded funds	1,834,634
Repurchase agreement funds	6,896,187
	<u>\$ 17,042,681</u>

Investment in NHPDIP

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool. The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by State law and is administered by a public body of state, local and banking officials. Financial statements for the NHPDIP can be accessed through the NHPDIP's website at www.NHPDIP.com.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

Fair Value Measurement of Investments

The Town categorizes the fair value measurements of its investments within the fair value hierarchy established by accounting principles generally accepted in the United States. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows (in order of priority):

- Level 1 Inputs - Inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.
- Level 2 Inputs - Inputs other than quoted prices that are observable for assets or liabilities either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs - Significant unobservable inputs.

As of December 31, 2020, the Town's investments measured at fair value, by type, were as follows:

<u>Investment Type</u>	<u>Fair Value Measurements Using:</u>			<u>Totals</u>
	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	
U.S. Treasury obligations		\$ 528,324		\$ 528,324
Equity securities	\$ 3,923,603			3,923,603
Government agency bonds		976,204		976,204
Municipal bonds		61,105		61,105
Corporate bonds		742,864		742,864
Money market funds	1,872,614			1,872,614
Bond mutual funds	207,146			207,146
Exchange traded funds	1,834,634			1,834,634
	<u>\$ 7,837,997</u>	<u>\$ 2,308,497</u>	<u>\$ -</u>	<u>\$ 10,146,494</u>

Equity securities, money market funds, bond mutual funds, and exchange traded funds classified as Level 1 inputs are valued using unadjusted quoted prices in active markets for those securities.

U.S. Treasury obligations, government agency bonds, municipal bonds, and corporate bonds classified as Level 2 inputs are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in capital assets of the governmental activities:

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,772,879			\$ 1,772,879
Easements	466,775			466,775
Works of art	80,957			80,957
Construction in process	4,934,668		\$(2,278,927)	2,655,741
Total capital assets not being depreciated	<u>7,255,279</u>	<u>\$ -</u>	<u>(2,278,927)</u>	<u>4,976,352</u>
Other capital assets:				
Land improvements	6,646,183			6,646,183
Buildings and improvements	14,074,392	110,754		14,185,146
Equipment	4,033,022	306,129	(138,100)	4,201,051
Vehicles	2,903,097	936,533		3,839,630
Infrastructure	8,641,613	2,832,621		11,474,234
Total other capital assets at historical cost	<u>36,298,307</u>	<u>4,186,037</u>	<u>(138,100)</u>	<u>40,346,244</u>
Less accumulated depreciation for:				
Land improvements	(2,098,069)	(288,882)		(2,386,951)
Buildings and improvements	(10,783,231)	(244,281)		(11,027,512)
Equipment	(2,657,159)	(193,217)	138,100	(2,712,276)
Vehicles	(2,459,806)	(221,987)		(2,681,793)
Infrastructure	(3,667,392)	(400,200)		(4,067,592)
Total accumulated depreciation	<u>(21,665,657)</u>	<u>(1,348,567)</u>	<u>138,100</u>	<u>(22,876,124)</u>
Total other capital assets, net	<u>14,632,650</u>	<u>2,837,470</u>	<u>-</u>	<u>17,470,120</u>
Total capital assets, net	<u>\$21,887,929</u>	<u>\$ 2,837,470</u>	<u>\$(2,278,927)</u>	<u>\$22,446,472</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 134,795
Public safety	241,312
Highways and streets	687,459
Sanitation	218,672
Culture and recreation	66,329
Total governmental activities depreciation expense	<u>\$1,348,567</u>

The balance of capital assets acquired through capital lease issuances as of December 31, 2020 is as follows:

Vehicles and equipment	\$ 379,966
Less: Accumulated depreciation	<u>(40,711)</u>
	<u>\$ 339,255</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

The following is a summary of changes in capital assets of the discretely presented component unit:

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2020</u>
Discretely presented component unit:				
Capital assets not depreciated:				
Land	\$ 102,482			\$ 102,482
Construction in process	<u>337,911</u>	\$ 954,392	\$(1,216,961)	<u>75,342</u>
Total capital assets not being depreciated	<u>440,393</u>	<u>954,392</u>	<u>(1,216,961)</u>	<u>177,824</u>
Other capital assets:				
Land improvements	-	188,689		188,689
Structure and systems	15,854,949	461,234	(99,767)	16,216,416
Equipment	<u>1,867,453</u>	<u>179,303</u>	<u>(95,173)</u>	<u>1,951,583</u>
Total other capital assets at historical cost	<u>17,722,402</u>	<u>829,226</u>	<u>(194,940)</u>	<u>18,356,688</u>
Less accumulated depreciation for:				
Land improvements, structure, systems, and equipment	<u>(9,850,016)</u>	<u>(463,064)</u>	<u>194,330</u>	<u>(10,118,750)</u>
Total accumulated depreciation	<u>(9,850,016)</u>	<u>(463,064)</u>	<u>194,330</u>	<u>(10,118,750)</u>
Total other capital assets, net	<u>7,872,386</u>	<u>366,162</u>	<u>(610)</u>	<u>8,237,938</u>
Total capital assets, net	<u>\$ 8,312,779</u>	<u>\$ 1,320,554</u>	<u>\$(1,217,571)</u>	<u>\$ 8,415,762</u>

Depreciation expense recognized by the discretely presented component unit for the year ended December 31, 2020 was \$463,064.

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2020 are as follows:

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2020</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes payable - direct borrowings	\$ 3,598,580	\$ 2,717,778	\$(1,492,319)	\$ 4,824,039	\$ 631,875
State of New Hampshire revolving loan	1,966,449	246,661	(2,210,744)	2,366	-
Capital lease payable	-	379,966	(74,334)	305,632	72,761
Compensated absences payable	<u>229,180</u>	<u>11,025</u>	<u>(12,696)</u>	<u>227,509</u>	<u>4,462</u>
Total governmental activities	<u>\$ 5,794,209</u>	<u>\$ 3,355,430</u>	<u>\$(3,790,093)</u>	<u>\$ 5,359,546</u>	<u>\$ 709,098</u>

Payments on the notes payable, capital lease obligations, and compensated absences of the governmental activities are paid out of the General Fund and Nonmajor Governmental Funds, as applicable to the related debt and budgetary authorization.

The changes in the discretely presented component unit's long-term obligations for the year ended December 31, 2020 are as follows:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due Within</u> <u>One Year</u>
Discretely presented component unit:					
Bonds payable - general obligation	\$ 64,687		\$ (34,616)	\$ 30,071	\$ 30,071
Compensated absences payable	-	\$ 11,768		11,768	-
Longevity benefits payable	-	<u>67,870</u>		<u>67,870</u>	-
Total component unit	<u>\$ 64,687</u>	<u>\$ 79,638</u>	<u>\$ (34,616)</u>	<u>\$ 109,709</u>	<u>\$ 30,071</u>

Payments on the general obligation bonds, compensated absences, and longevity benefits of the discretely presented component unit are paid by Littleton Water and Light.

Notes Payable – Direct Borrowings

Governmental Activities:

Notes payable from direct borrowings at December 31, 2020 are comprised of the following individual issues:

<u>Description</u>	<u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>12/31/2020</u>
2011 Industrial Park / Sewer Facility	\$ 393,169	4.06%	01/2022	\$ 71,482
2013 Grove Street Bridge refinancing	1,144,737	2.92%	07/2023	379,111
2013 Parking Lot Enhancement	200,000	variable	07/2023	64,011
2013 Police station refinancing	1,259,211	2.92%	07/2023	417,022
2015 Public Works Garage	1,300,000	2.24%	06/2032	1,034,430
2016 Promisory Note	900,000	2.50%	10/2031	731,294
2020 Promisory Note	500,000	1.54%	07/2023	300,000
2020 Subarea #5 wastewater upgrades	<u>2,217,778</u>	2.00%	10/2039	<u>1,826,689</u>
Total governmental activities	<u>\$7,914,895</u>			<u>\$4,824,039</u>

Notes from direct borrowings totaling \$3,728,734 include provisions that if the Town defaults on the note for any reason, the holder may demand immediate payment of all principal and accrued unpaid interest.

Variable interest on the 2013 parking lot enhancement note is based on a variable rate equal to 68% of the sum of the Federal Home Loan Bank of Boston 5-year amortization advance rate plus a margin of 2.00%.

Debt service requirements to retire outstanding notes payable from direct borrowings for governmental activities at December 31, 2020 are as follows:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 631,875	\$ 107,911	\$ 739,786
2022	644,933	91,618	736,551
2023	622,609	75,927	698,536
2024	232,874	62,800	295,674
2025	238,276	57,398	295,674
2026-2030	1,276,272	202,095	1,478,367
2031-2035	733,564	79,304	812,868
2036-2039	443,636	22,401	466,037
	<u>\$ 4,824,039</u>	<u>\$ 699,454</u>	<u>\$ 5,523,493</u>

General Obligation Bonds

Discretely Presented Component Unit:

General obligation bonds payable for Littleton Water and Light at December 31, 2020 is comprised of the following issue:

	Original <u>Issue</u>	Interest <u>Rate</u>	Final Maturity <u>Date</u>	Balance at <u>12/31/2020</u>
Water filtration project	<u>\$ 750,000</u>	3.98%	11/2021	<u>\$ 30,071</u>

This issue is backed by the full faith and credit of the Town and represents general obligation debt of the Town. The debt will be repaid from the operating revenues of Littleton Water and Light. Accordingly, this general obligation debt is recognized as a liability of Littleton Water and Light, and is not recorded as a long-term obligation of the Town.

Debt service requirements to retire general obligation bonds for the discretely presented component unit at December 31, 2020 are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	<u>\$ 30,071</u>	<u>\$ 1,196</u>	<u>\$ 31,267</u>

Interest expense for the year ended December 31, 2020, was \$1,738 for Littleton Water and Light.

Capital Lease Payable

Governmental Activities

Capital lease obligations represent lease agreements entered into for the financing of equipment acquisitions. These contracts are subject to cancellation should funds not be appropriated to meet payment obligations. Amounts are annually budgeted in the applicable function.

The following is the individual capital lease obligation outstanding for governmental activities at December 31, 2020:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

<u>Description</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance at 12/31/2020</u>
Vehicle	3.27%	04/2024	\$ 305,632

Debt service requirements to retire capital lease obligations outstanding for governmental activities at December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 72,761	\$ 9,994	\$ 82,755
2022	75,140	7,615	82,755
2023	77,597	5,158	82,755
2024	80,134	2,621	82,755
	<u>\$ 305,632</u>	<u>\$ 25,388</u>	<u>\$ 331,020</u>

State of New Hampshire Revolving Loan

The Town has drawn \$2,366 of approximately \$49,000 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the Town’s wastewater system phase 2 asset management program project. The Town shall be provided federal financial assistance, whereby up to 100% of the total disbursements are to be forgiven, not to exceed \$30,000. The principal forgiveness will be applied at the time of the initial loan repayment.

Payments are not scheduled to commence until the first day of the month following the first anniversary of the substantial completion date of the project or the first anniversary of the scheduled completion date of the project, whichever is earlier. Interest is accrued at 1% during the construction period of the project. The interest rate applicable during repayment will be 2.00% in accordance with RSA 486:14.

NOTE 5—ACCRUED LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town’s landfill ceased operations and was closed in 1999. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs has a balance of \$131,128 as of December 31, 2020. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining postclosure care costs are expected to be financed through the Town’s Landfill Capital Reserve Fund.

The following is a summary of changes in the estimated liability for postclosure care costs for the year ended December 31, 2020:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Balance January 1, 2020	\$ 122,206
Change in estimated liability	30,827
Expenditures recognized in the General Fund	<u>(21,905)</u>
Balance December 31, 2020	<u>\$ 131,128</u>

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the New Hampshire Retirement System (NHRS), a public employee retirement system that administers a single cost-sharing multiple-employer defined benefit pension plan. The plan provides service, disability, death and vested retirement allowances to plan members and beneficiaries. Benefit provisions are established and may be amended by the New Hampshire State legislature.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

Substantially all full-time state and local employees, public school teachers, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan.

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.

Benefits Provided

Benefit formulas and eligibility requirements for the pension plan are set by State law (RSA 100-A).

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Changes in Benefits

Ch 340 laws of 2019 (HB 616) grants a one-time, 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiaries of such member who is receiving a survivorship pension benefit. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020. The adjustment shall become a permanent addition to the member's base retirement allowance.

Funding Policy

Covered police officers and firefighters are required to contribute 11.55% and 11.80%, respectively, of their covered salary, whereas general employees are required to contribute 7.0% of their covered salary. The Town is required to contribute at an actuarially determined rate. The Town's contribution rate for the covered payroll of general employees was 10.88% for the year ended December 31, 2020. The Town's contribution rates for the covered payroll of police officers and firefighters were 24.77% and 26.43%, respectively, for the year ended December 31, 2020. The Town contributes 100% of the employer cost for police officers, firefighters and general employees of the Town.

Per RSA-100-A:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contributions to the NHRS for the year ended December 31, 2020, were \$593,495.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town reported a liability of \$8,170,577 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The Town's proportion of the net pension liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the Town's proportion was approximately 0.1277 percent, which was an increase of 0.0089 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$1,360,289. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 220,645	\$ 87,729
Changes of assumptions	808,233	
Net difference between projected and actual earnings on pension plan investments	505,359	
Changes in proportion and differences between Town contributions and proportionate share of contributions	483,736	38,004
Town contributions subsequent to the measurement date	<u>312,314</u>	
Totals	<u>\$2,330,287</u>	<u>\$ 125,733</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to pensions is reflected as an increase to unrestricted net position in the amount of \$2,204,554. The Town reported \$312,314 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense in the measurement periods as follows:

Year Ending <u>June 30,</u>	
2021	\$ 403,753
2022	498,459
2023	531,122
2024	<u>458,906</u>
	<u>\$ 1,892,240</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)

The long-term expected rate of return on pension plan investments 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 rates 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 geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
Fixed income	25%	0.42-1.66%
International equity	20%	3.96-6.20%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net pension liability	\$ 10,577,571	\$ 8,170,577	\$ 6,203,743

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS

Total OPEB Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 42,308	\$ 594,800	\$ 1,723	\$ 64,346
Single Employer Plan	<u>79,912</u>	<u>1,074,492</u>	<u>62,310</u>	<u>107,948</u>
Total	<u>\$ 122,220</u>	<u>\$ 1,669,292</u>	<u>\$ 64,033</u>	<u>\$ 172,294</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$58,187.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

The New Hampshire Retirement System (NHRS) administers a cost-sharing multiple-employer other postemployment benefit plan (OPEB Plan). The OPEB Plan provides a medical insurance subsidy to qualified retired members.

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System at 54 Regional Drive, Concord, New Hampshire 03301 or from their website at www.nhrs.org.

The OPEB Plan is divided into four membership types. The four membership types are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees, and Group I State Employees. The OPEB plan is closed to new entrants.

Benefits Provided

Benefit amounts and eligibility requirements for the OPEB Plan are set by state law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. Medical subsidy rates established by RSA 100-A:52 II are dependent upon whether retirees are eligible for Medicare. Retirees not eligible for Medicare may receive a maximum medical subsidy of \$375.56 for a single person plan and \$751.12 for a two-person plan. Retirees eligible for Medicare may receive a maximum medical subsidy of \$236.84 for a single person plan and \$473.68 for a two-person plan.

Funding Policy

Per RSA-100-A:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of general employees and public safety employees were 0.29% and 3.66%, respectively, for the year ended December 31, 2020. Contributions to the OPEB plan for the Town were \$63,053 for the year ended December 31, 2020. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the Town reported a liability of \$594,800 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll forward of the actuarial valuation from June 30, 2019. The Town's proportion of the net OPEB liability was based on actual contributions by the Town during the relevant fiscal year relative to the actual contributions of all participating plan members, excluding contributions to separately finance specific liabilities of individual employers or NHRS. At June 30, 2020, the Town's proportion was approximately 0.1359 percent, which was an increase of 0.0009 percentage points from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of \$64,346. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 1,723
Changes in assumptions	\$ 3,824	
Net difference between projected and actual investment earnings on OPEB plan investments	2,226	
Changes in proportion and differences between Town contributions and proportionate share of contributions	513	
Town contributions subsequent to the measurement date	<u>35,745</u>	
Totals	<u>\$ 42,308</u>	<u>\$ 1,723</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

The Town reported \$35,745 as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods as follows:

<u>June 30,</u>	
2021	\$ 2,783
2022	658
2023	785
2024	614
	<u>\$ 4,840</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Wage inflation	2.75% (2.25% for teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	6.75%, per year, net of OPEB plan investment expense, including inflation for determining solvency contributio

Mortality rates were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the discount rate from 7.25% to 6.75%
- Reduced wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated demographic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables)
- Increased the medical subsidy margin for teachers from 0.20% to 0.50%

The long-term expected rate of return on OPEB Plan investments 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 rates of return net of investment expenses by the target

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and geometric real rates of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	3.71-4.15%
Fixed income	25%	0.42-1.66%
International equity	20%	3.96-6.20%
Alternative investments	15%	4.81-7.71%
Real estate	10%	2.95%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and RSA 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the Town's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 6.75 percent, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
Town's proportionate share of the net OPEB liability	\$ 645,891	\$ 594,800	\$ 550,442

SINGLE EMPLOYER PLAN

Plan Description

The Town of Littleton, New Hampshire administers the retiree health care benefits program, a single employer defined benefits plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

Employees of the Town and their dependents are eligible for postemployment medical insurance based on the eligibility requirements under the New Hampshire Retirement System. Group I members hired before July 1, 2011 are eligible for benefits after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service. Group I members

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

hired on or after July 1, 2011 are eligible after attaining age 65 or attaining age 60 with 30 years or more of service. Group II members hired before July 1, 2011 must attain age 60, or meet one of the following eligibility criteria; Group II members vested prior to January 1, 2012 who are at least age 45 and attain 20 years of service, Group II members hired prior to July 1, 2011 not vested prior to January 1, 2012 may qualify for benefits based on the calculations of age and years of service below:

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>
At least 8 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
Less than 4 years	49	24

Group II members hired on or after July 1, 2011 must attain a minimum age of 52.5 with 25 years of service to qualify for benefits.

Benefits are provided through the Town, and the full cost of benefits is paid by retirees. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50.

Employees Covered by Benefit Terms

At January 1, 2019, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>46</u>
	<u>46</u>

Total OPEB Liability

The Town's total OPEB liability of \$1,074,492 was measured as of December 31, 2020 and was determined by a rollforward of the actuarial valuation as of January 1, 2019.

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the January 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll growth rate	2.00%
Discount rate	2.12%
Healthcare cost trend rates	2.20% for 2019, increasing to 16% for 2020, then decreasing 0.50% per year to an ultimate trend rate of 5.00%, reached in 2029

The discount rate reflects a tax-exempt, high quality municipal bond rate. The municipal bond rate was based on the Bond Buyer's 20-Bond GO Index based on the 20-year AA municipal bond rate as of December 31, 2020.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	\$ 974,634
Changes for the year:	
Service cost	82,681
Interest	20,626
Benefit payments	<u>(3,449)</u>
Net changes	<u>99,858</u>
Balance at December 31, 2020	<u>\$ 1,074,492</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 1,209,215	\$ 1,074,492	\$ 952,249

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (1.20% initial rate to 4.00% ultimate rate) or 1-percentage-point higher (3.20% initial rate to 6.00% ultimate rate) than the current healthcare cost trend rate:

	1% Decrease (1.20% initial to 4.00% ultimate)	Healthcare Cost Trend Rates (2.20% initial to 5.00% ultimate)	1% Increase (3.20% initial to 6.00% ultimate)
Total OPEB liability	\$ 902,741	\$ 1,074,492	\$ 1,280,940

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Town recognized OPEB expense of \$107,948. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87	\$ 62,310
Changes of assumptions	<u>79,825</u>	<u> </u>
Totals	<u>\$ 79,912</u>	<u>\$ 62,310</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>December 31,</u>	
2021	\$ 4,641
2022	4,641
2023	4,641
2024	<u>3,679</u>
	<u>\$ 17,602</u>

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2020 are as follows:

		General Fund	Due from Nonmajor Governmental Funds	Totals
Due to	General Fund		\$ 100,526	\$ 100,526
	Sewer Fund	\$ 1,472,294		1,472,294
	Nonmajor Governmental Funds	<u>375,785</u>		<u>375,785</u>
		<u>\$ 1,848,079</u>	<u>\$ 100,526</u>	<u>\$ 1,948,605</u>

During the year, several interfund transactions occurred between funds. The various transfers were made in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2020 are as follows:

		General Fund	Transfer from Nonmajor Governmental Funds	Totals
Transfer to	General Fund		\$ 15,011	\$ 15,011
	Nonmajor Governmental Funds	\$ 473,858	<u>5,322</u>	<u>479,180</u>
		<u>\$ 473,858</u>	<u>\$ 20,333</u>	<u>\$ 494,191</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

NOTE 9—CAPITAL CONTRIBUTION

During the year ended December 31, 2020, Littleton Water and Light, the Town’s discretely presented component unit, contributed funds totaling \$154,885 to the Town in support of the Town’s ongoing capital projects. These amounts have been reported within the intergovernmental revenues within the funds, and as a special item - capital contribution within the Statement of Activities.

NOTE 10—SHORT-TERM OBLIGATIONS

During the year ended December 31, 2020, the Town issued tax anticipation notes to assist in the payment of operating expenses during the year. These borrowings are guaranteed to be repaid from the tax revenues of the Town.

The changes in short-term obligations for the year ended December 31, 2020, are as follows:

Balance - January 1, 2020	\$ -
Additions	6,000,000
Reductions	<u>(2,000,000)</u>
Balance - December 31, 2020	<u>\$ 4,000,000</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$748,054,458 as of April 1, 2020) and are due in two installments on July 23, 2020 and January 21, 2021. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

Under State law, the Tax Collector obtains tax liens on properties which have unpaid taxes in the following calendar year after taxes were due for the amount of unpaid taxes, interest and costs. Priority tax liens obtained prior to April 1, 2019 accrue interest at 18% per annum. Priority tax liens obtained after April 1, 2019 accrue interest at 14% per annum. If the property is not redeemed within a two year redemption period, the property may be tax deeded to the Town.

In accordance with State law, the Town collects taxes for the Littleton School District and Grafton County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the School District. Total taxes appropriated during the year were \$10,606,232 and \$1,522,831 for the Littleton School District and Grafton County, respectively. These taxes are recognized in the financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

NOTE 12—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2020 as follows:

Permanent funds - Principal	\$ 916,857
Permanent funds - Income	82,187
Library	1,022,672
Drug forfeiture funds	1,881
Miscellaneous grants and contributions	58,623
	<u>\$ 2,082,220</u>

NOTE 13—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2020 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Prepaid items	\$ 13,742			\$ 13,742
Tax deeded property	145,703			145,703
Permanent Funds - Principal			\$ 916,857	916,857
<i>Restricted for:</i>				
Unspent bond proceeds	300,000			300,000
Library	1,022,672			1,022,672
Permanent Funds - Income			82,187	82,187
Drug Forfeiture Fund			1,881	1,881
Miscellaneous grants			58,623	58,623
<i>Committed for:</i>				
Non-lapsing appropriations	276,463			276,463
Expendable Trust Funds	247,849			247,849
Parks and recreation	81,506			81,506
Opera House	1,116			1,116
Wastewater collection		\$ 1,595,463		1,595,463
Conservation Fund			62,859	62,859
Transfer Station Fund			244,451	244,451
Parking Meter Fund			66,145	66,145
Police Special Detail Fund			11,699	11,699
Ambulance Fund			198,335	198,335
Capital Projects			52,067	52,067
<i>Assigned for:</i>				
Subsequent year appropriations	6,750			6,750
Encumbrances	176,028			176,028
<i>Unassigned:</i>				
Unassigned - General operations	6,700			6,700
	<u>\$ 2,278,529</u>	<u>\$ 1,595,463</u>	<u>\$ 1,695,104</u>	<u>\$ 5,569,096</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

NOTE 14—RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2020.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the Town shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$200,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 15—CONTINGENCIES

Litigation

There may be various claims and suits pending against the Town, which arise in the normal course of the Town's activities. In the opinion of Town management, any potential claims against the Town which are not covered by insurance are immaterial and would not affect the financial position of the Town.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2020

Federal Grants

The Town participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amounts, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 16—AUTHORIZED AND UNISSUED DEBT

During the Annual Town Meeting held in March of 2019, the Town authorized the issuance of up to \$6,322,300 in debt to fund sewer line and stormwater systems repair and replacements through 2019 warrant article #2, and \$49,000 in debt to fund a wastewater treatment plant asset management study through 2019 warrant article #4. These projects are accounted for within the Capital Projects Fund, a Nonmajor Governmental Fund. As of December 31, 2020, no debt has been issued in accordance with these authorizations.

During the Annual Town Meeting held in March of 2020, the Town authorized the issuance of up to \$75,000 in debt to fund an engineering study to provide design solutions to reduce phosphate loading in Partridge Lake through 2020 warrant article #5. This project is accounted for within the General Fund. As of December 31, 2020, no debt has been issued in accordance with this authorization. This project is to be funded through the State of New Hampshire Clean Water State Revolving Loan Fund Program whereby up to 100% of the total disbursements are eligible for forgiveness upon completion of the project.

NOTE 17—RESTATEMENT OF NET POSITION

During the year ended December 31, 2020, management determined that capital assets as previously reported were understated. The impact of the restatement on net position of the Governmental Activities as of January 1, 2020, is as follows:

	Governmental
	<u>Activities</u>
Net Position - January 1, 2020 (as previously reported)	\$ 13,734,254
Amount of restatement due to:	
Understatement of capital assets	<u>206,190</u>
Net Position - January 1, 2020, as restated	<u>\$ 13,940,444</u>

NOTE 18—SUBSEQUENT EVENTS

During October 2021, the Town issued a note payable in the amount of \$726,294 at an interest rate of 2.10% in accordance with authorization through the 2018 warrant article #5, 2019 warrant article #3, and 2020 warrant article #3. The note payable calls for an initial repayment of \$536,700 due at closing, with the remaining balance of \$189,594 including accrued interest to date to be paid during the year ended December 31, 2022, contingent of approval at the March 2022 annual meeting.

SCHEDULE 1
TOWN OF LITTLETON, NEW HAMPSHIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,500,520	\$ 7,500,520	\$ 7,832,895	\$ 332,375
Licenses and permits	1,405,350	1,405,350	1,391,432	(13,918)
Intergovernmental	756,039	969,258	925,663	(43,595)
Charges for services	200	200	1,117	917
Investment income	16,150	16,150	24,683	8,533
Miscellaneous	46,900	46,900	31,565	(15,335)
Total Revenues	<u>9,725,159</u>	<u>9,938,378</u>	<u>10,207,355</u>	<u>268,977</u>
Expenditures:				
Current operations:				
General government	1,537,191	1,570,020	1,774,388	(204,368)
Public safety	3,446,586	3,575,684	3,548,715	26,969
Highways and streets	1,362,695	1,362,695	1,285,973	76,722
Health and welfare	197,606	248,898	315,367	(66,469)
Culture and recreation	87,560	85,389	84,070	1,319
Conservation	3,205	3,205	1,633	1,572
Capital outlay	1,868,623	939,331	1,266,094	(326,763)
Debt service:				
Principal retirement	1,123,753	1,123,753	975,565	148,188
Interest and fiscal charges	110,923	110,923	67,898	43,025
Total Expenditures	<u>9,738,142</u>	<u>9,019,898</u>	<u>9,319,703</u>	<u>(299,805)</u>
Excess of revenues over (under) expenditures	<u>(12,983)</u>	<u>918,480</u>	<u>887,652</u>	<u>(30,828)</u>
Other financing sources (uses):				
Note payable issuance	415,000	75,000		(75,000)
Transfers in	50,000	35,000	15,000	(20,000)
Transfers out	(1,318,261)	(1,318,261)	(1,169,715)	148,546
Total Other financing sources (uses)	<u>(853,261)</u>	<u>(1,208,261)</u>	<u>(1,154,715)</u>	<u>53,546</u>
Net change in fund balance	(866,244)	(289,781)	(267,063)	22,718
Fund Balances - beginning of year				
- Budgetary Basis	<u>1,469,333</u>	<u>1,469,333</u>	<u>1,469,333</u>	<u>-</u>
Fund Balances - end of year				
- Budgetary Basis	<u>\$ 603,089</u>	<u>\$ 1,179,552</u>	<u>\$ 1,202,270</u>	<u>\$ 22,718</u>

See accompanying notes to the required supplementary information

SCHEDULE 2

TOWN OF LITTLETON, NEW HAMPSHIRE

**Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability
For the Year Ended December 31, 2020**

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net OPEB Liability</u>	<u>Town's Proportionate Share of the Net OPEB Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2020	0.1359%	\$ 594,800	\$ 3,043,492	19.54%	7.74%
June 30, 2019	0.1350%	\$ 591,638	\$ 2,707,379	21.85%	7.75%
June 30, 2018	0.1254%	\$ 574,199	\$ 2,623,637	21.89%	7.53%
June 30, 2017	0.0840%	\$ 384,163	\$ 2,495,047	15.40%	7.91%
June 30, 2016	0.0840%	\$ 406,248	\$ 2,410,233	16.86%	5.21%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 3
TOWN OF LITTLETON, NEW HAMPSHIRE
Schedule of Town OPEB Contributions
For the Year Ended December 31, 2020

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	\$ 63,053	\$ (63,053)	\$ -	\$ 3,149,781	2.00%
December 31, 2019	\$ 58,556	\$ (58,556)	\$ -	\$ 2,863,527	2.04%
December 31, 2018	\$ 54,834	\$ (54,834)	\$ -	\$ 2,704,501	2.03%
December 31, 2017	\$ 49,408	\$ (49,408)	\$ -	\$ 2,565,359	1.93%

See accompanying notes to the required supplementary information

SCHEDULE 4

TOWN OF LITTLETON, NEW HAMPSHIRE

**Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
For the Year Ended December 31, 2020**

<u>Single Employer Plan Information Only</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 82,681	\$ 80,965	\$ 56,784
Interest	20,626	18,588	26,696
Changes of benefit terms	-	-	-
Changes of assumptions or other inputs	-	122,973	-
Differences between expected and actual experience	-	(92,568)	143
Benefit payments	<u>(3,449)</u>	<u>(3,377)</u>	<u>(23,251)</u>
Net change in total OPEB liability	99,858	126,581	60,372
Total OPEB liability - beginning of year	<u>974,634</u>	<u>848,053</u>	<u>787,681</u>
Total OPEB liability - end of year	<u>\$ 1,074,492</u>	<u>\$ 974,634</u>	<u>\$ 848,053</u>
Covered employee payroll	\$ 2,268,272	\$ 2,223,796	\$ 1,702,384
Total OPEB liability as a percentage of covered employee payroll	47.37%	43.83%	49.82%
<u>Significant Actuarial Assumptions</u>			
Discount rate	2.12%	2.12%	3.78%
Health cost trend rates:			
Initial	2.2% - 2019	2.2% - 2019	9.5% - 2018
Ultimate	5.0% - 2029	5.0% - 2029	5.0% - 2027
Mortality data set	SOA RP-2014	SOA RP-2014	SOA RP-2014
Mortality improvement scale	MP-2020	MP-2020	MP-2017
Salary increase rate	2.00%	2.00%	2.00%

See accompanying notes to the required supplementary information

SCHEDULE 5

TOWN OF LITTLETON, NEW HAMPSHIRE

**Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2020**

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.1277%	\$ 8,170,577	\$ 3,043,492	268.46%	58.72%
June 30, 2019	0.1188%	\$ 5,676,978	\$ 2,707,379	209.69%	65.59%
June 30, 2018	0.1141%	\$ 5,494,904	\$ 2,623,637	209.44%	64.73%
June 30, 2017	0.1158%	\$ 5,694,316	\$ 2,495,047	228.22%	62.66%
June 30, 2016	0.1149%	\$ 6,109,281	\$ 2,410,233	253.47%	58.30%
June 30, 2015	0.1122%	\$ 4,445,991	\$ 2,297,442	193.52%	65.47%
June 30, 2014	0.1128%	\$ 4,232,780	\$ 2,252,572	187.91%	66.32%
June 30, 2013	0.1057%	\$ 4,550,498	\$ 2,072,701	219.54%	59.81%

Significant Actuarial Assumptions

<u>Measurement Periods</u>	<u>Inflation</u>	<u>Salary Increases</u>	<u>Investment Rate of Return</u>	<u>Mortality Table</u>	<u>Mortality Scale</u>
June 30, 2020	2.00%	5.60%	6.75%	Pub-2010	MP-2019
June 30, 2016 - 2019	2.50%	5.60%	7.25%	RP-2014	MP-2015
June 30, 2013 - 2015	3.00%	3.75-5.80%	7.75%	RP-2000	Scale AA

See accompanying notes to the required supplementary information

SCHEDULE 6
TOWN OF LITTLETON, NEW HAMPSHIRE
Schedule of Town Pension Contributions
For the Year Ended December 31, 2020

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Town's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
December 31, 2020	\$ 593,495	\$ (593,495)	\$ -	\$ 3,149,781	18.84%
December 31, 2019	\$ 539,841	\$ (539,841)	\$ -	\$ 2,863,527	18.85%
December 31, 2018	\$ 502,795	\$ (502,795)	\$ -	\$ 2,704,501	18.59%
December 31, 2017	\$ 455,250	\$ (455,250)	\$ -	\$ 2,565,359	17.75%
December 31, 2016	\$ 406,643	\$ (406,643)	\$ -	\$ 2,402,392	16.93%
December 31, 2015	\$ 383,760	\$ (383,760)	\$ -	\$ 2,286,521	16.78%
December 31, 2014	\$ 391,988	\$ (391,988)	\$ -	\$ 2,396,092	16.36%
December 31, 2013	\$ 314,088	\$ (314,088)	\$ -	\$ 2,152,222	14.59%

See accompanying notes to the required supplementary information

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2020

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the Town. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). Property tax budgetary revenues are recognized when levied rather than when susceptible to accrual. Budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary revenues and expenditures, non-budgetary transfers, budgetary transfers out, encumbrances, and capital lease issuance as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 10,651,631	\$ 10,945,904
Difference in property taxes meeting susceptible to accrual criteria	154,302	
Non-budgetary revenues and expenditures	(203,601)	(850,505)
Non-budgetary transfers	(11)	
Budgetary transfers		695,857
Encumbrances - December 31, 2020		176,028
Encumbrances - December 31, 2019		(97,900)
Capital lease issuance	<u>(379,966)</u>	<u>(379,966)</u>
Per Schedule 1	<u>\$ 10,222,355</u>	<u>\$ 10,489,418</u>

Major Special Revenue Fund

The Town adopts its budgets under regulations of the New Hampshire Department of Revenue Administration which differ from accounting principles generally accepted in the United States of America. Consequently, budgetary information in these financial statements has been presented only for the General Fund, as the information is neither practical nor meaningful for the Sewer Fund.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the year ended December 31, 2020, the Town overdrafted its statutory appropriations as follows:

Total appropriations	\$ 10,338,159
Budgetary expenditures	<u>10,489,418</u>
Statutory overdraft	<u>\$ (151,259)</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2020

NOTE 3—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF TOWN OPEB CONTRIBUTIONS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

NOTE 4—SCHEDULE OF CHANGES IN THE TOWN’S TOTAL OPEB LIABILITY AND RELATED RATIOS

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s total OPEB liability and related ratios. The Town implemented the provisions of GASB Statement #75 during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 5—SCHEDULE OF CHANGES IN THE TOWN’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF TOWN PENSION CONTRIBUTIONS

In accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net pension liability and schedule of Town pension contributions. The Town implemented the provisions of GASB Statement #68 during the year ended December 31, 2015. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

SCHEDULE A
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2020

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Capital Projects <u>Fund</u>	Combining <u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 66,040			\$ 66,040
Investments	66,970	\$ 995,839		1,062,809
Accounts receivable, net	232,416			232,416
Due from other governments	57,926		\$ 16,058	73,984
Due from other funds	<u>336,571</u>	<u>3,205</u>	<u>36,009</u>	<u>375,785</u>
Total Assets	<u>759,923</u>	<u>999,044</u>	<u>52,067</u>	<u>1,811,034</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 759,923</u>	<u>\$ 999,044</u>	<u>\$ 52,067</u>	<u>\$ 1,811,034</u>
LIABILITIES				
Accrued liabilities	\$ 15,404			\$ 15,404
Due to other funds	<u>100,526</u>			<u>100,526</u>
Total Liabilities	<u>115,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>115,930</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable		916,857		916,857
Restricted	60,504	82,187		142,691
Committed	<u>583,489</u>		<u>52,067</u>	<u>635,556</u>
Total Fund Balances	<u>643,993</u>	<u>999,044</u>	<u>52,067</u>	<u>1,695,104</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 759,923</u>	<u>\$ 999,044</u>	<u>\$ 52,067</u>	<u>\$ 1,811,034</u>

SCHEDULE A
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2020

	Conservation Fund	Drug Forfeiture Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Private Grants Fund	Ambulance Fund	Federal Grants Fund	State Grants Fund	Dog Park Fund	Total Special Revenue Funds
ASSETS											
Cash and cash equivalents			\$ 14,123	\$ 1,782			\$ 50,135				\$ 66,040
Investments	\$ 62,859				\$ 4,111						66,970
Accounts receivable, net			25,803		6,489		200,124				232,416
Due from other governments								\$ 30,862	\$ 27,064		57,926
Due from other funds		\$ 1,881	210,605	64,363	1,099	\$ 57,050				\$ 1,573	336,571
Total Assets	<u>62,859</u>	<u>1,881</u>	<u>250,531</u>	<u>66,145</u>	<u>11,699</u>	<u>57,050</u>	<u>250,259</u>	<u>30,862</u>	<u>27,064</u>	<u>1,573</u>	<u>759,923</u>
DEFERRED OUTFLOWS OF RESOURCES											
Total Assets and Deferred Outflows of Resources	<u>\$ 62,859</u>	<u>\$ 1,881</u>	<u>\$ 250,531</u>	<u>\$ 66,145</u>	<u>\$ 11,699</u>	<u>\$ 57,050</u>	<u>\$ 250,259</u>	<u>\$ 30,862</u>	<u>\$ 27,064</u>	<u>\$ 1,573</u>	<u>\$ 759,923</u>
LIABILITIES											
Accrued liabilities			\$ 6,080				\$ 9,324				\$ 15,404
Due to other funds							42,600	\$ 30,862	\$ 27,064		100,526
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>6,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>51,924</u>	<u>30,862</u>	<u>27,064</u>	<u>\$ -</u>	<u>115,930</u>
DEFERRED INFLOWS OF RESOURCES											
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES											
Restricted		1,881				57,050				1,573	60,504
Committed	62,859		244,451	66,145	11,699		198,335				583,489
Total Fund Balances	<u>62,859</u>	<u>1,881</u>	<u>244,451</u>	<u>66,145</u>	<u>11,699</u>	<u>57,050</u>	<u>198,335</u>	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>643,993</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 62,859</u>	<u>\$ 1,881</u>	<u>\$ 250,531</u>	<u>\$ 66,145</u>	<u>\$ 11,699</u>	<u>\$ 57,050</u>	<u>\$ 250,259</u>	<u>\$ 30,862</u>	<u>\$ 27,064</u>	<u>\$ 1,573</u>	<u>\$ 759,923</u>

SCHEDULE B
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2020

	Special Revenue <u>Funds</u>	Permanent <u>Funds</u>	Capital Projects <u>Fund</u>	Combining <u>Totals</u>
Revenues:				
Licenses and permits	\$ 42,539			\$ 42,539
Intergovernmental	139,976		\$ 175,362	315,338
Charges for services	829,875			829,875
Investment income	7,055	\$ 114,184		121,239
Miscellaneous	7,696			7,696
Total Revenues	<u>1,027,141</u>	<u>114,184</u>	<u>175,362</u>	<u>1,316,687</u>
Expenditures:				
Current operations:				
General government	2,965			2,965
Public safety	486,904			486,904
Highways and streets			25,596	25,596
Sanitation	448,679		28,922	477,601
Culture and recreation	70,455			70,455
Capital outlay	81,200			81,200
Debt service:				
Principal retirement			200,000	200,000
Total Expenditures	<u>1,090,203</u>	<u>-</u>	<u>254,518</u>	<u>1,344,721</u>
Excess of revenues over (under) expenditures	<u>(63,062)</u>	<u>114,184</u>	<u>(79,156)</u>	<u>(28,034)</u>
Other financing sources (uses):				
Note payable issuance			500,000	500,000
Proceeds from State revolving loan fund			246,661	246,661
Transfers in	479,180			479,180
Transfers out	(20,333)			(20,333)
Total Other financing sources (uses)	<u>458,847</u>	<u>-</u>	<u>746,661</u>	<u>1,205,508</u>
Net change in fund balances	395,785	114,184	667,505	1,177,474
Fund Balances - beginning of year	<u>248,208</u>	<u>884,860</u>	<u>(615,438)</u>	<u>517,630</u>
Fund Balances - end of year	<u>\$ 643,993</u>	<u>\$ 999,044</u>	<u>\$ 52,067</u>	<u>\$ 1,695,104</u>

SCHEDULE B
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended December 31, 2020

	Conservation Fund	Drug Forfeiture Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Private Grants Fund	Ambulance Fund	Federal Grants Fund	State Grants Fund	Dog Park Fund	Total Special Revenue Funds
Revenues:											
Licenses and permits				\$ 42,539							\$ 42,539
Intergovernmental		\$ 3,007				\$ 37,064		\$ 72,841	\$ 27,064		139,976
Charges for services			\$ 359,227		\$ 15,752		\$ 454,896				829,875
Investment income	\$ 7,047				3		5				7,055
Miscellaneous						6,023	100			\$ 1,573	7,696
Total Revenues	<u>7,047</u>	<u>3,007</u>	<u>359,227</u>	<u>42,539</u>	<u>15,755</u>	<u>43,087</u>	<u>455,001</u>	<u>72,841</u>	<u>27,064</u>	<u>1,573</u>	<u>1,027,141</u>
Expenditures:											
Current operations:											
General government						2,965					2,965
Public safety		1,127		16,762		6,261	408,304	27,386	27,064		486,904
Sanitation			448,679								448,679
Culture and recreation						25,000		45,455			70,455
Capital outlay							81,200				81,200
Total Expenditures	<u>-</u>	<u>1,127</u>	<u>448,679</u>	<u>16,762</u>	<u>-</u>	<u>34,226</u>	<u>489,504</u>	<u>72,841</u>	<u>27,064</u>	<u>-</u>	<u>1,090,203</u>
Excess of revenues over (under) expenditures	<u>7,047</u>	<u>1,880</u>	<u>(89,452)</u>	<u>25,777</u>	<u>15,755</u>	<u>8,861</u>	<u>(34,503)</u>	<u>-</u>	<u>-</u>	<u>1,573</u>	<u>(63,062)</u>
Other financing sources (uses):											
Transfers in			241,020			5,322	232,838				479,180
Transfers out	(11)	(5,322)		(15,000)							(20,333)
Total Other financing sources (uses)	<u>(11)</u>	<u>(5,322)</u>	<u>241,020</u>	<u>(15,000)</u>	<u>-</u>	<u>5,322</u>	<u>232,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,847</u>
Net change in fund balances	7,036	(3,442)	151,568	10,777	15,755	14,183	198,335	-	-	1,573	395,785
Fund Balances (deficit) - beginning of year	<u>55,823</u>	<u>5,323</u>	<u>92,883</u>	<u>55,368</u>	<u>(4,056)</u>	<u>42,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,208</u>
Fund Balances - end of year	<u>\$ 62,859</u>	<u>\$ 1,881</u>	<u>\$ 244,451</u>	<u>\$ 66,145</u>	<u>\$ 11,699</u>	<u>\$ 57,050</u>	<u>\$ 198,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,573</u>	<u>\$ 643,993</u>