

**TOWN OF LITTLETON, NEW HAMPSHIRE**

**Financial Statements**

**December 31, 2022**

**and**

**Independent Auditor's Report**

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**December 31, 2022**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	
<b>BASIC FINANCIAL STATEMENTS</b>	
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	9-37
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
SCHEDULES:	
1 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	38
2 Schedule of Changes in the Town's Proportionate Share of the Net OPEB Liability	39
3 Schedule of Town OPEB Contributions	40
4 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios	41
5 Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability	42
6 Schedule of Town Pension Contributions	43
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	44

**TOWN OF LITTLETON, NEW HAMPSHIRE  
FINANCIAL STATEMENTS  
December 31, 2022**

**TABLE OF CONTENTS (CONTINUED)**

<b>SUPPLEMENTAL SCHEDULES</b>		<u>Page(s)</u>
SCHEDULES:		
A	Combining Balance Sheet – Governmental Funds – All Nonmajor Funds	45
A-1	Combining Balance Sheet – Governmental Funds – All Nonmajor Special Revenue Funds	46
B	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Funds	47
B-1	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – All Nonmajor Special Revenue Funds	48

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Selectmen  
Town of Littleton, New Hampshire

### **Opinions**

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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Littleton, New Hampshire's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2022, 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.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Littleton, New Hampshire's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Littleton, New Hampshire's ability to continue as a going concern for a reasonable period of time.

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

## **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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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  
August 3, 2023

EXHIBIT A  
**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**Statement of Net Position**  
**December 31, 2022**

	<u>Primary Government</u> Governmental Activities	Component <u>Unit</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,574,800	\$ 4,753,363
Investments	2,145,355	28,878
Taxes receivable, net	335,625	
Accounts receivable, net	276,346	1,137,506
Due from other governments	273,326	
Inventory		712,596
Prepaid items	21,494	2,800
Total Current Assets	<u>8,626,946</u>	<u>6,635,143</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable capital assets	2,803,092	532,972
Depreciable capital assets, net	18,941,326	7,486,221
Total Noncurrent Assets	<u>21,744,418</u>	<u>8,019,193</u>
Total Assets	<u>30,371,364</u>	<u>14,654,336</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources attributable to OPEB	258,942	5,066
Deferred outflows of resources attributable to pensions:	1,910,159	355,109
Total Deferred Outflows of Resources	<u>2,169,101</u>	<u>360,175</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	497,245	1,061,692
Accrued liabilities	162,751	59,818
Due to other governments	6,968	
Advances from grantors	363,962	
Deposits	33,531	182,828
Current portion of financed purchase obligations	164,024	
Current portion of notes payable	680,510	
Current portion of accrued landfill postclosure liability	12,000	
Current portion of compensated absences payable	17,917	
Total Current Liabilities	<u>1,938,908</u>	<u>1,304,338</u>
Noncurrent Liabilities:		
Financed purchase obligations	351,492	
Notes payable	3,309,670	
Accrued landfill postclosure liability	108,000	
Compensated absences payable	323,002	14,249
Longevity benefits payable		59,187
Other postemployment benefits (OPEB) liability	1,135,772	80,529
Net pension liability	7,997,464	1,756,488
Total Noncurrent Liabilities	<u>13,225,400</u>	<u>1,910,453</u>
Total Liabilities	<u>15,164,308</u>	<u>3,214,791</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes collected in advance	12,508	
Deferred inflows of resources attributable to OPEB	831,272	47,403
Deferred inflows of resources attributable to pensions:	35,757	35,967
Total Deferred Inflows of Resources	<u>879,537</u>	<u>83,370</u>
NET POSITION		
Net investment in capital assets	17,538,722	8,019,193
Restricted	2,247,197	
Unrestricted (Deficit)	<u>(3,289,299)</u>	<u>3,697,157</u>
Total Net Position	<u>\$ 16,496,620</u>	<u>\$ 11,716,350</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, 2022**

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
<b>Governmental Activities:</b>						
General government	\$ 2,160,189		\$ 42,266		\$ (2,117,923)	
Public safety	5,053,616	\$ 444,899	228,869		(4,379,848)	
Highways and streets	2,469,905		592,347	\$ 82,160	(1,795,398)	
Sanitation	2,649,639	1,577,480	121,556	8,835	(941,768)	
Health and welfare	341,341				(341,341)	
Culture and recreation	1,126,105	188,252			(937,853)	
Conservation	2,671				(2,671)	
Economic development	41,832			249,192	207,360	
Interest and fiscal charges	113,399				(113,399)	
Total governmental activities	<u>\$ 13,958,697</u>	<u>\$ 2,210,631</u>	<u>\$ 985,038</u>	<u>\$ 340,187</u>	<u>(10,422,841)</u>	
<b>Component unit:</b>						
Electric service	\$ 11,421,010	\$ 10,807,929				\$ (613,081)
Water service	704,204	740,873				36,669
Total component unit	<u>\$ 12,125,214</u>	<u>\$ 11,548,802</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(576,412)</u>
<b>General revenues:</b>						
					8,130,267	
					1,527,987	
<b>Grants and contributions:</b>						
					527,755	
					110	
					(194,407)	42,389
					292,178	353,772
					1,228	
					10,285,118	396,161
					(137,723)	(180,251)
					16,634,343	11,896,601
					<u>\$ 16,496,620</u>	<u>\$ 11,716,350</u>

See accompanying notes to the basic financial statements



EXHIBIT C  
**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

	General Fund	Federal Grants Fund	Sewer Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,555,207		\$ 118		\$ 19,475	\$ 5,574,800
Investments	1,092,686		1,952	\$ 976,277	74,440	2,145,355
Taxes receivable, net	335,625					335,625
Accounts receivable, net	199,833		75,313		1,200	276,346
Due from other governments	20,674	\$ 26,980			225,672	273,326
Due from other funds	118,540	337,283	583,784		537,891	1,577,498
Prepaid items	21,494					21,494
Total Assets	<u>7,344,059</u>	<u>364,263</u>	<u>661,167</u>	<u>976,277</u>	<u>858,678</u>	<u>10,204,444</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 7,344,059</u>	<u>\$ 364,263</u>	<u>\$ 661,167</u>	<u>\$ 976,277</u>	<u>\$ 858,678</u>	<u>\$ 10,204,444</u>
LIABILITIES						
Accounts payable	\$ 440,470		\$ 56,775			\$ 497,245
Accrued liabilities	127,386				\$ 4,527	131,913
Due to other governments	6,968					6,968
Advances from grantors		\$ 363,962				363,962
Due to other funds	1,458,958				118,540	1,577,498
Deposits	33,531					33,531
Total Liabilities	<u>2,067,313</u>	<u>363,962</u>	<u>56,775</u>	<u>\$ -</u>	<u>123,067</u>	<u>2,611,117</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes collected in advance	12,508					12,508
Uncollected property taxes	243,712					243,712
Total Deferred Inflows of Resources	<u>256,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,220</u>
FUND BALANCES						
Nonspendable	21,494			861,620		883,114
Restricted	1,514,250	301		114,657	56,369	1,685,577
Committed	885,790		604,392		679,242	2,169,424
Assigned	63,278					63,278
Unassigned	2,535,714					2,535,714
Total Fund Balances	<u>5,020,526</u>	<u>301</u>	<u>604,392</u>	<u>976,277</u>	<u>735,611</u>	<u>7,337,107</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,344,059</u>	<u>\$ 364,263</u>	<u>\$ 661,167</u>	<u>\$ 976,277</u>	<u>\$ 858,678</u>	<u>\$ 10,204,444</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, 2022**

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 7,337,107
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.	21,744,418
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	243,712
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	258,942
Deferred outflows of resources related to net pension liability	1,910,159
Deferred inflows of resources related to OPEB	(831,272)
Deferred inflows of resources related to net pension liability	(35,757)
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:	
Financed purchase obligations	(515,516)
Notes payable	(3,990,180)
Accrued interest on long-term obligations	(30,838)
Accrued landfill postclosure liability	(120,000)
Compensated absences payable	(340,919)
OPEB liability	(1,135,772)
Net pension liability	<u>(7,997,464)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 16,496,620</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, 2022**

	General Fund	Federal Grants Fund	Sewer Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 8,168,729				\$ 10,000	\$ 8,178,729
Licenses and permits	1,462,550				65,437	1,527,987
Intergovernmental	1,162,478	\$ 158,823	\$ 46,604		410,233	1,778,138
Charges for services	621,996		1,174,384		414,251	2,210,631
Investment income (loss)	(61,696)		144	\$ (123,515)	(9,340)	(194,407)
Miscellaneous	185,630		99,944		12,137	297,711
Total Revenues	<u>11,539,687</u>	<u>158,823</u>	<u>1,321,076</u>	<u>(123,515)</u>	<u>902,718</u>	<u>13,798,789</u>
Expenditures:						
Current operations:						
General government	1,997,334					1,997,334
Public safety	4,030,607	158,823		3,739	147,950	4,341,119
Highways and streets	1,428,586				66,627	1,495,213
Sanitation	3,943		1,820,252		555,809	2,380,004
Health and welfare	319,454					319,454
Culture and recreation	1,114,698	2,676				1,117,374
Conservation	2,239				432	2,671
Economic development					160,054	160,054
Capital outlay	1,160,271				159,931	1,320,202
Debt service:						
Principal retirement	994,198					994,198
Interest and fiscal charges	115,131					115,131
Total Expenditures	<u>11,166,461</u>	<u>161,499</u>	<u>1,820,252</u>	<u>3,739</u>	<u>1,090,803</u>	<u>14,242,754</u>
Excess of revenues over (under) expenditures:	<u>373,226</u>	<u>(2,676)</u>	<u>(499,176)</u>	<u>(127,254)</u>	<u>(188,085)</u>	<u>(443,965)</u>
Other financing sources (uses):						
Note payable issuance	349,079				93,870	442,949
Proceeds from State revolving loan fund					37,685	37,685
Transfers in	401,151				138,561	539,712
Transfers out	(136,680)		(375,363)		(27,669)	(539,712)
Total Other financing sources (uses)	<u>613,550</u>	<u>-</u>	<u>(375,363)</u>	<u>-</u>	<u>242,447</u>	<u>480,634</u>
Net change in fund balances	986,776	(2,676)	(874,539)	(127,254)	54,362	36,669
Fund Balances - beginning of year	<u>4,033,750</u>	<u>2,977</u>	<u>1,478,931</u>	<u>1,103,531</u>	<u>681,249</u>	<u>7,300,438</u>
Fund Balances - end of year	<u>\$ 5,020,526</u>	<u>\$ 301</u>	<u>\$ 604,392</u>	<u>\$ 976,277</u>	<u>\$ 735,611</u>	<u>\$ 7,337,107</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, 2022**

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 36,669
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. Depreciation expense and capital outlays in the current period are as follows:	
Depreciation expense	(1,527,925)
Capital outlays	1,014,221
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets.	
	(4,305)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:	
Property tax revenue	(48,462)
State of New Hampshire revolving loan forgiveness	74,952
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.	
Note payable issuance	(442,949)
Proceeds from State revolving loan fund	(37,685)
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. Repayments in the current year are as follows:	
Principal paid on notes payable	644,933
Principal paid on financed purchase obligations	349,265
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	
	1,732
Some expenses reported in the statement of activities, do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.	
Compensated absences payable	(76,995)
Accrued landfill postclosure liability	11,128
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	71,400
Net changes in pension	<u>(203,702)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ (137,723)</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, 2022**

	Private- Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents		\$ 4,781,857
Investments	\$ 6,736,690	860,643
Taxes receivable		<u>294,903</u>
Total Assets	<u>6,736,690</u>	<u>5,937,403</u>
<b>LIABILITIES</b>		
Due to other governments		<u>5,076,760</u>
Total Liabilities	<u>-</u>	<u>5,076,760</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals and other governments	<u>6,736,690</u>	<u>860,643</u>
Total Net Position	<u>\$ 6,736,690</u>	<u>\$ 860,643</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, 2022**

	Private- Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous	\$ 468	\$ 58,718
Total Contributions	<u>468</u>	<u>58,718</u>
Investment earnings:		
Interest income	137,797	10,812
Realized gains	15,359	
Net decrease in the fair value of investments	<u>(1,029,596)</u>	
Total Investment earnings	(876,440)	10,812
Less: Investment expense	<u>(25,979)</u>	
Net Investment earnings	<u>(902,419)</u>	<u>10,812</u>
Property tax collections for other governments		12,229,629
Motor vehicle fee collections for other governments		434,490
Total Additions	<u>(901,951)</u>	<u>12,733,649</u>
DEDUCTIONS:		
Benefits	92,118	
Distributions		71,470
Payments of property tax to other governments		12,229,629
Payments of motor vehicle fees to other governments		434,490
Total Deductions	<u>92,118</u>	<u>12,735,589</u>
Change in net position	(994,069)	(1,940)
Net Position - beginning of year	<u>7,730,759</u>	<u>862,583</u>
Net Position - end of year	<u>\$ 6,736,690</u>	<u>\$ 860,643</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, 2022**

**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 column 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, 2022**

**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 *Federal Grants Fund* is used to account for financial resources of the Town's federally funded grant programs and the related expenditures.



**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's programs.

**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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

**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. 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 10). 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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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, 2022, the Town applied \$475,000 of its unappropriated fund balance to reduce taxes.

***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, 2022 are recorded as receivables net of reserves for estimated uncollectible taxes and welfare tax liens of \$74,000 and \$8,379, respectively, in the General Fund.

***Accounts Receivable***

Charges for services billed during the current year and prior and uncollected at December 31, 2022 are reported as receivables net of reserves for estimated uncollectibles of \$336,442 in the General 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, 2022**

***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.

***Lease Liabilities and Leased Assets***

Lease liabilities are measured at the present value of payments expected to be made during the lease term. Leased assets are measured at the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and are amortized on a straight-line basis over the life of the related lease.

***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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

***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 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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

*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).

*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—CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended December 31, 2022, the Town implemented GASB Statement No. 87 *Leases*. Under GASB Statement No. 87, a lease liability and an intangible right to use asset is recognized for leasing arrangements where the Town is the lessee. The Town has entered into various rental agreements as lessee for office equipment. Management has determined that the effect of implementing GASB Statement No. 87 related to these leases is immaterial to its financial statements.

**NOTE 3—DEPOSITS AND INVESTMENTS**

Deposits and investments of the primary government as of December 31, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 5,574,800
Investments	2,145,355
Statement of Fiduciary Net Position:	
Cash and cash equivalents	4,781,857
Investments	7,597,333
Total deposits and investments	<u>\$ 20,099,345</u>

Deposits and investments of the primary government at December 31, 2022 consist of the following:

Cash on hand	\$ 1,318
Deposits with financial institutions	488,928
Investments	19,609,099
Total deposits and investments	<u>\$ 20,099,345</u>

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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.

***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 formally 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>&gt; 5 Years</u>
U.S. Treasury obligations	\$ 559,651	\$ 334,687	\$ 38,084	\$ 186,880
Government agency bonds	823,621	88,338	456,311	278,972
Corporate bonds	614,471	49,571	564,900	
Bond mutual funds	192,968		128,761	64,207
	<u>\$ 2,190,711</u>	<u>\$ 472,596</u>	<u>\$ 1,188,056</u>	<u>\$ 530,059</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 formally adopted an investment policy for managing credit risk.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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

	Investment Type					Totals
	Government agency bonds	Corporate bonds	Bond mutual funds	Money market funds	State investment pool	
Ratings as of Year End						
AAA	\$ 823,621				\$ 2,480	\$ 826,101
AA		\$ 195,088				195,088
A		344,778				344,778
BBB		74,605				74,605
Not Rated			\$ 192,968	\$ 2,298,328		2,491,296
Fair Value	<u>\$ 823,621</u>	<u>\$ 614,471</u>	<u>\$ 192,968</u>	<u>\$ 2,298,328</u>	<u>\$ 2,480</u>	<u>\$ 3,931,868</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, 2022, Town deposits with financial institutions totaling \$61,692 were uninsured and uncollateralized.

As of December 31, 2022, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

	Reported Amount
U.S. Treasury obligations	\$ 559,651
Equity securities	3,522,718
Government agency bonds	823,621
Corporate bonds	614,471
Money market funds	2,298,328
Bond mutual funds	192,968
Exchange traded funds	1,728,451
Repurchase agreement funds	9,866,411
	<u>\$ 19,606,619</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](http://www.NHPDIP.com).



**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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, 2022, 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		\$ 559,651		\$ 559,651
Equity securities	\$ 3,522,718			3,522,718
Government agency bonds		823,621		823,621
Corporate bonds		614,471		614,471
Money market funds	2,298,328			2,298,328
Bond mutual funds	192,968			192,968
Exchange traded funds	1,728,451			1,728,451
	<u>\$ 7,742,465</u>	<u>\$ 1,997,743</u>	<u>\$ -</u>	<u>\$ 9,740,208</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, 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, 2022**

**NOTE 4—CAPITAL ASSETS**

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

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>
<b>Governmental activities:</b>				
Capital assets not depreciated:				
Land	\$ 2,222,879			\$ 2,222,879
Easements	466,775			466,775
Works of art	80,957			80,957
Construction in process	3,218,014		\$ (3,185,533)	32,481
Total capital assets not being depreciated	<u>5,988,625</u>	<u>\$ -</u>	<u>(3,185,533)</u>	<u>2,803,092</u>
Other capital assets:				
Land improvements	6,646,183	115,954		6,762,137
Buildings and improvements	14,191,871	49,535		14,241,406
Equipment	4,315,575			4,315,575
Vehicles	3,487,621	717,392	(25,831)	4,179,182
Infrastructure	11,504,234	3,316,873		14,821,107
Total other capital assets at historical cost	<u>40,145,484</u>	<u>4,199,754</u>	<u>(25,831)</u>	<u>44,319,407</u>
Less accumulated depreciation for:				
Land improvements	(2,675,514)	(290,177)		(2,965,691)
Buildings and improvements	(11,265,180)	(227,015)		(11,492,195)
Equipment	(2,873,704)	(202,950)		(3,076,654)
Vehicles	(2,479,794)	(238,213)	21,526	(2,696,481)
Infrastructure	(4,577,490)	(569,570)		(5,147,060)
Total accumulated depreciation	<u>(23,871,682)</u>	<u>(1,527,925)</u>	<u>21,526</u>	<u>(25,378,081)</u>
Total other capital assets, net	<u>16,273,802</u>	<u>2,671,829</u>	<u>(4,305)</u>	<u>18,941,326</u>
Total capital assets, net	<u>\$ 22,262,427</u>	<u>\$ 2,671,829</u>	<u>\$ (3,189,838)</u>	<u>\$ 21,744,418</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 146,543
Public safety	228,332
Highways and streets	785,393
Sanitation	275,238
Culture and recreation	92,419
Total governmental activities depreciation expense	<u>\$ 1,527,925</u>

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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

	Balance <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2022</u>
<b>Discretely presented component unit:</b>				
Capital assets not depreciated:				
Land	\$ 291,171			\$ 291,171
Construction in process	148,399	\$ 315,263	\$ (221,861)	241,801
Total capital assets not being depreciated	<u>439,570</u>	<u>315,263</u>	<u>(221,861)</u>	<u>532,972</u>
Other capital assets:				
Structure and systems	16,289,367	191,277	(108)	16,480,536
Equipment	2,004,350	20,160		2,024,510
Total other capital assets at historical cost	<u>18,293,717</u>	<u>211,437</u>	<u>(108)</u>	<u>18,505,046</u>
Less accumulated depreciation for:				
Structure and systems, and equipment	<u>(10,550,170)</u>	<u>(468,763)</u>	<u>108</u>	<u>(11,018,825)</u>
Total accumulated depreciation	<u>(10,550,170)</u>	<u>(468,763)</u>	<u>108</u>	<u>(11,018,825)</u>
Total other capital assets, net	<u>7,743,547</u>	<u>(257,326)</u>	<u>-</u>	<u>7,486,221</u>
Total capital assets, net	<u>\$ 8,183,117</u>	<u>\$ 57,937</u>	<u>\$ (221,861)</u>	<u>\$ 8,019,193</u>

Depreciation expense recognized by the discretely presented component unit for the year ended December 31, 2022 was \$468,763.

**NOTE 5—LONG-TERM OBLIGATIONS**

***Changes in Long-Term Obligations***

The changes in the Town's long-term obligations for the year ended December 31, 2022 are as follows:

	Balance <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2022</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Notes payable - direct borrowings	\$ 4,192,164	\$ 442,949	\$ (644,933)	\$ 3,990,180	\$ 680,510
State of New Hampshire revolving loan	37,267	37,685	(74,952)	-	
Financed purchase obligations	864,781		(349,265)	515,516	164,024
Compensated absences payable	263,924	89,234	(12,239)	340,919	17,917
Total governmental activities	<u>\$ 5,358,136</u>	<u>\$ 569,868</u>	<u>\$ (1,081,389)</u>	<u>\$ 4,846,615</u>	<u>\$ 862,451</u>

Payments on the notes payable, financed purchase obligations, and compensated absences of the governmental activities are paid out of the General Fund.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

The changes in the discretely presented component unit's long-term obligations for the year ended December 31, 2022 are as follows:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
<b>Discretely presented component unit:</b>					
Compensated absences payable	\$ 13,810	\$ 5,187	\$ (4,748)	\$ 14,249	\$ -
Longevity benefits payable	<u>72,400</u>	<u>4,363</u>	<u>(17,576)</u>	<u>59,187</u>	<u>-</u>
Total component unit	<u>\$ 86,210</u>	<u>\$ 9,550</u>	<u>\$ (22,324)</u>	<u>\$ 73,436</u>	<u>\$ -</u>

Payments on the 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, 2022 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>12/31/2022</u>	<u>Collateralized</u> <u>By</u>
2013 Grove Street Bridge refinancing	\$ 1,144,737	2.92%	07/2023	\$ 130,102	N/A
2013 Parking Lot Enhancement	200,000	variable	07/2023	21,718	N/A
2013 Police station refinancing	1,259,211	2.92%	07/2023	143,112	N/A
2015 Public Works Garage	1,300,000	2.24%	06/2032	873,071	N/A
2016 Promisory Note	900,000	2.50%	10/2031	614,089	N/A
2020 Promisory Note	500,000	1.54%	07/2023	100,000	N/A
2020 Subarea #5 wastewater upgrades	2,217,778	2.00%	10/2039	1,665,139	N/A
2022 Promisory Note R-1	93,870	2.95%	05/2029	93,870	N/A
2022 Promisory Note R-2	<u>349,079</u>	2.95%	05/2029	<u>349,079</u>	N/A
Total governmental activities	<u>\$ 7,964,675</u>			<u>\$ 3,990,180</u>	

Notes payable from direct borrowings totaling \$2,811,284 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, 2022 are as follows:

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 680,510	\$ 88,994	\$ 769,504
2024	292,452	74,190	366,642
2025	299,643	66,999	366,642
2026	306,940	59,702	366,642
2027	314,419	52,223	366,642
2028-2032	1,342,168	150,129	1,492,297
2033-2037	527,838	54,709	582,547
2038-2039	226,210	6,809	233,019
	<u>\$ 3,990,180</u>	<u>\$ 553,755</u>	<u>\$ 4,543,935</u>

***Financed Purchase Obligations***

Governmental Activities:

Finance purchase obligations represent financing agreements entered into for the acquisition of equipment. 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 are the individual finance purchase obligations outstanding for governmental activities at December 31, 2022:

<u>Description</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Balance at</u> <u>12/31/2022</u>
Vehicle	3.27%	04/2024	\$ 157,732
Vehicle	2.29%	07/2026	357,784
Total governmental activities			<u>\$ 515,516</u>

Debt service requirements to retire finance purchase obligations outstanding for governmental activities at December 31, 2022 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 164,024	\$ 13,366	\$ 177,390
2024	168,544	8,845	177,389
2025	90,437	4,197	94,634
2026	92,511	2,122	94,633
	<u>\$ 515,516</u>	<u>\$ 28,530</u>	<u>\$ 544,046</u>

***State of New Hampshire Revolving Loan***

During the year ended December 31, 2022, the Town drew down \$37,685 under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the Town's Partridge Lake watershed restoration plan project. The Town has drawn \$74,952 in total, of approximately \$75,000 in available funds. During the year ended December 31, 2022, this balance was forgiven in full.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

**NOTE 6—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 \$120,000 as of December 31, 2022. 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, 2022. 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, 2022:

Balance January 1, 2022	\$ 131,128
Change in estimated liability	(7,185)
Expenditures recognized in the General Fund	<u>(3,943)</u>
Balance December 31, 2022	<u>\$ 120,000</u>

**NOTE 7—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, 54 Regional Drive, Concord, New Hampshire 03301, or from their website at [www.nhrs.org](http://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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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%

***Funding Policy***

Covered police officers and fire employees 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 rates for the covered payroll of general employees, police officers, and firefighters was 13.75%, 30.67%, and 29.78%, respectively. The Town contributes 100% of the employer cost for general employees and public safety 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 their actuarial funding policy. The Town's pension contributions to NHRS for the year ending December 31, 2022 were \$844,224.

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

At December 31, 2022, the Town reported a liability of \$7,997,464 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021. 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, 2022, the Town's proportion was approximately 0.1394 percent, which was an increase of 0.0019 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$1,048,053. At December 31, 2022, 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, 2022**

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 150,098	\$ 30,701
Changes of assumptions	425,401	
Net difference between projected and actual earnings on pension plan investments	303,093	
Changes in proportion and differences between Town contributions and proportionate share of contributions	588,403	5,056
Town contributions subsequent to the measurement date	<u>443,164</u>	
Totals	<u>\$ 1,910,159</u>	<u>\$ 35,757</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 \$1,874,402. The Town reported \$443,164 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, 2023. 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>	
2023	\$ 551,352
2024	476,346
2025	(31,302)
2026	434,842
	<u>\$ 1,431,238</u>

***Actuarial Assumptions***

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Inflation	2.00%
Wage inflation	2.75% (2.25% for teachers)
Salary increases	5.40%, 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.



**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

The actuarial assumptions used in the June 30, 2021 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 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>
Public equity	50%	7.60-7.90%
Private market equity	20%	6.60-8.85%
Private debt	5%	7.25%
Fixed income	25%	3.60%
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 to 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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town's proportionate share of the net pension liability	\$ 10,730,581	\$ 7,997,464	\$ 5,725,131

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

**NOTE 8—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	\$ 37,992	\$ 585,717	\$ -	\$ 49,350
Single Employer Plan	<u>220,950</u>	<u>550,055</u>	<u>831,272</u>	<u>(50,731)</u>
Total	<u>\$ 258,942</u>	<u>\$ 1,135,772</u>	<u>\$ 831,272</u>	<u>\$ (1,381)</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as a decrease to unrestricted net position in the amount of \$572,330.

**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](http://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.

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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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 0.31% and 3.21%, respectively, for the year ended December 31, 2022. Contributions to the OPEB plan for the Town were \$63,601 for the year ended December 31, 2022. 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, 2022, the Town reported a liability of \$585,717 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021. 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, 2022, the Town's proportion was approximately 0.1550 percent, which was an increase of 0.0072 percentage points from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized OPEB expense of \$49,350. At December 31, 2022, 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>
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 1,600	
Town contributions subsequent to the measurement date	<u>36,392</u>	
Totals	<u>\$ 37,992</u>	<u>\$ -</u>

The Town reported \$36,392 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, 2023. 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>	
2023	\$ 266
2024	69
2025	(629)
2026	<u>1,894</u>
	<u>\$ 1,600</u>

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

*Actuarial Assumptions*

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2021, 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	5.40%, average, including inflation
Investment rate of return	6.75%, per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

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, 2021 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 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 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>
Public equity	50%	7.60-7.90%
Private market equity	20%	6.60-8.85%
Private debt	5%	7.25%
Fixed income	25%	3.60%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made under the current statutes 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

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town's proportionate share of the net OPEB liability	\$ 635,895	\$ 585,717	\$ 542,015

**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 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.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

***Employees Covered by Benefit Terms***

At January 1, 2021, 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>51</u>
	<u>51</u>

***Total OPEB Liability***

The Town’s total OPEB liability of \$550,055 was measured as of December 31, 2022 and was determined by a roll forward of the actuarial valuation as of January 1, 2021.

***Actuarial Assumptions and Other Inputs for OPEB***

The total OPEB liability in the January 1, 2021 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	3.00%
Discount rate	3.72%
Healthcare cost trend rates	17.8% for 2022, decreasing to an ultimate trend rate of 4.54%, reached in 2090
Benefit participation rate	50% of future retirees eligible for coverage will elect coverage under the plan.

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, 2022.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Safety Employees Headcount-Weighted Mortality fully generational using Scale MP-2021.

The following assumptions were changed in the current year:

- Increased the discount rate from 2.06% to 3.72%.
- Healthcare cost trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2022.
- The election rate was reduced to from 100% to 50% based on expected future enrollment.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at December 31, 2021	\$ 1,290,741
Changes for the year:	
Service cost	38,789
Interest	19,769
Changes of assumptions	(796,950)
Benefit payments	(2,294)
Net changes	<u>(740,686)</u>
Balance at December 31, 2022	<u>\$ 550,055</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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 617,472	\$ 550,055	\$ 491,976

***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 (16.80% initial rate to 3.54% ultimate rate) or 1-percentage-point higher (18.80% initial rate to 5.54% ultimate rate) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 465,082	\$ 550,055	\$ 654,100

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

For the year ended December 31, 2022, the Town recognized negative OPEB expense of (\$50,731). At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 184,273	\$ 28,388
Changes of assumptions	<u>36,677</u>	<u>802,884</u>
Totals	<u>\$ 220,950</u>	<u>\$ 831,272</u>

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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>	
2023	\$ (108,627)
2024	(110,913)
2025	(113,930)
2026	(113,930)
2027	(113,930)
Thereafter	(48,992)
	<u>\$ (610,322)</u>

**NOTE 9—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, 2022 are as follows:

		General	Due from Nonmajor Governmental	
		<u>Fund</u>	<u>Funds</u>	<u>Totals</u>
	General Fund		\$ 118,540	\$ 118,540
Due to	Federal Grants Fund	\$ 337,283		337,283
	Sewer Fund	583,784		583,784
	Nonmajor Governmental Funds	<u>537,891</u>		<u>537,891</u>
		<u>\$ 1,458,958</u>	<u>\$ 118,540</u>	<u>\$ 1,577,498</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, 2022 are as follows:

		General	Transfer from Nonmajor Governmental		
		<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Totals</u>
	General Fund		\$ 375,363	\$ 25,788	\$ 401,151
Transfer to	Nonmajor Governmental Funds	<u>\$ 136,680</u>		<u>1,881</u>	<u>138,561</u>
		<u>\$ 136,680</u>	<u>\$ 375,363</u>	<u>\$ 27,669</u>	<u>\$ 539,712</u>

**NOTE 10—PROPERTY TAXES**

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1<sup>st</sup> (\$720,815,733 as of April 1, 2022) and are due in two installments on July 6, 2022 and December 12, 2022. 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).



**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

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 dedeed 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 \$10,726,760 and \$1,502,869 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.

**NOTE 11—TOP TAXPAYERS**

The following are the five largest assessed properties as they relate to the assessed property valuation of \$720,815,733 as of April 1, 2022:

Taxpayer	Property Valuation	Percentage of Total Valuation
Great River Hydro LLC	\$ 182,393,200	25.3%
Public Service Co. of NH	\$ 36,840,380	5.1%
New England Power Company	\$ 24,539,000	3.4%
Lowes Home Center INC.	\$ 12,712,200	1.8%
Home Depot USA INC.	\$ 10,112,000	1.4%

**NOTE 12—RESTRICTED NET POSITION**

Net position of governmental activities is restricted for specific purposes at December 31, 2022 as follows:

Permanent funds - Principal	\$ 861,620
Permanent funds - Income	114,657
Library	1,063,984
SB 401 - Highway Block Grant	150,266
Miscellaneous federal, state, and local grants	56,670
	<u>\$ 2,247,197</u>

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

**NOTE 13—COMPONENTS OF FUND BALANCE**

The components of the Town’s fund balance for its governmental funds at December 31, 2022 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>Sewer Fund</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><i>Nonspendable:</i></b>						
Prepaid items	\$ 21,494					\$ 21,494
Permanent Funds - Principal				\$ 861,620		861,620
<b><i>Restricted for:</i></b>						
Unspent bond proceeds	300,000					300,000
Library	1,063,984					1,063,984
SB 401 - Highway Block Grant	150,266					150,266
Permanent Funds - Income				114,657		114,657
Miscellaneous grants		\$ 301			\$ 56,369	56,670
<b><i>Committed for:</i></b>						
Non-lapsing appropriations	412,508					412,508
Expendable Trust Funds	352,052					352,052
Parks and recreation	107,432					107,432
Opera House	13,798					13,798
Wastewater collection			\$ 604,392			604,392
Conservation Fund					92,640	92,640
Transfer Station Fund					357,199	357,199
Parking Meter Fund					104,473	104,473
Police Special Detail Fund					17,798	17,798
Capital Projects					107,132	107,132
<b><i>Assigned for:</i></b>						
Subsequent year appropriations	52,436					52,436
Encumbrances	10,842					10,842
<b><i>Unassigned:</i></b>						
Unassigned - General operations	2,535,714					2,535,714
	<u>\$ 5,020,526</u>	<u>\$ 301</u>	<u>\$ 604,392</u>	<u>\$ 976,277</u>	<u>\$ 735,611</u>	<u>\$ 7,337,107</u>

**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, 2022, 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, 2022.

**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 2022**

***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.

***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. This project is accounted for within the Capital Projects Fund, a Nonmajor Governmental Fund. As of December 31, 2022, no debt has been issued in accordance with this authorization.

During the Annual Town Meeting held in March of 2022, the Town authorized the issuance of up to \$1,930,000 in debt to fund wastewater treatment system plant improvements through 2022 warrant article #5. This project is accounted for within the Capital Projects Fund, a Nonmajor Governmental Fund. As of December 31, 2022, no debt has been issued in accordance with this authorization.

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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,851,664	\$ 7,851,664	\$ 8,120,267	\$ 268,603
Licenses and permits	1,409,225	1,409,225	1,462,550	53,325
Intergovernmental	746,363	896,629	1,162,478	265,849
Charges for services	280,000	280,000	433,744	153,744
Investment income	10,000	10,000	23,786	13,786
Miscellaneous	27,250	27,250	136,901	109,651
Total Revenues	<u>10,324,502</u>	<u>10,474,768</u>	<u>11,339,726</u>	<u>864,958</u>
Expenditures:				
Current operations:				
General government	1,932,430	1,932,430	2,000,004	(67,574)
Public safety	4,299,632	4,299,632	4,030,978	268,654
Highways and streets	1,592,527	1,592,527	1,428,586	163,941
Sanitation	16,368	16,368		16,368
Health and welfare	554,079	554,079	319,454	234,625
Culture and recreation	35,400	35,400	29,973	5,427
Conservation	3,305	3,305	2,239	1,066
Capital outlay	1,648,614	936,106	1,159,451	(223,345)
Debt service:				
Principal retirement	1,024,323	1,024,323	994,198	30,125
Interest and fiscal charges	90,072	90,072	115,131	(25,059)
Total Expenditures	<u>11,196,750</u>	<u>10,484,242</u>	<u>10,080,014</u>	<u>404,228</u>
Excess of revenues over (under) expenditures	<u>(872,248)</u>	<u>(9,474)</u>	<u>1,259,712</u>	<u>1,269,186</u>
Other financing sources (uses):				
Note payable issuance			349,079	349,079
Transfers in	375,363	375,363	399,395	24,032
Transfers out	<u>(1,032,787)</u>	<u>(1,032,787)</u>	<u>(1,032,787)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(657,424)</u>	<u>(657,424)</u>	<u>(284,313)</u>	<u>373,111</u>
Net change in fund balance	(1,529,672)	(666,898)	975,399	1,642,297
Fund Balances - beginning of year				
- Budgetary Basis	<u>2,740,731</u>	<u>2,740,731</u>	<u>2,740,731</u>	<u>-</u>
Fund Balances - end of year				
- Budgetary Basis	<u>\$ 1,211,059</u>	<u>\$ 2,073,833</u>	<u>\$ 3,716,130</u>	<u>\$ 1,642,297</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, 2022**

<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, 2022	0.1550%	\$ 585,717	\$ 3,635,823	16.11%	10.64%
June 30, 2021	0.1478%	\$ 591,930	\$ 3,352,525	17.66%	11.06%
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%
June 30, 2015	*	*	*	*	*
June 30, 2014	*	*	*	*	*
June 30, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

**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, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	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, 2022**

<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, 2022	\$ 63,601	\$ (63,601)	\$ -	\$ 3,782,325	1.68%
December 31, 2021	\$ 63,495	\$ (63,495)	\$ -	\$ 3,537,174	1.80%
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%
December 31, 2016	*	*	*	*	*
December 31, 2015	*	*	*	*	*
December 31, 2014	*	*	*	*	*
December 31, 2013	*	*	*	*	*

\* 10 Year schedule, historical information not available

*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, 2022**

<u>Single Employer Plan Information Only</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total OPEB Liability:										
Service cost	\$ 38,789	\$ 126,425	\$ 82,681	\$ 80,965	\$ 56,784	*	*	*	*	*
Interest	19,769	23,583	20,626	18,588	26,696	*	*	*	*	*
Changes of benefit terms	-	-	-	-	-	*	*	*	*	*
Changes of assumptions or other inputs	(796,950)	(177,712)	-	122,973	-	*	*	*	*	*
Differences between expected and actual experience	-	252,102	-	(92,568)	143	*	*	*	*	*
Benefit payments	(2,294)	(8,149)	(3,449)	(3,377)	(23,251)	*	*	*	*	*
Net change in total OPEB liability	(740,686)	216,249	99,858	126,581	60,372	*	*	*	*	*
Total OPEB Liability - beginning of year	<u>1,290,741</u>	<u>1,074,492</u>	<u>974,634</u>	<u>848,053</u>	<u>787,681</u>	*	*	*	*	*
Total OPEB Liability - end of year	<u>\$ 550,055</u>	<u>\$ 1,290,741</u>	<u>\$ 1,074,492</u>	<u>\$ 974,634</u>	<u>\$ 848,053</u>	*	*	*	*	*
Covered employee payroll	\$ 1,441,450	\$ 2,421,731	\$ 2,268,272	\$ 2,223,796	\$ 1,702,384	*	*	*	*	*
Total OPEB liability as a percentage of covered employee payroll	38.16%	53.30%	47.37%	43.83%	49.82%	*	*	*	*	*
<u>Significant Actuarial Assumptions</u>										
Discount rate	3.72%	2.06%	2.12%	2.12%	3.78%	*	*	*	*	*
Health cost trend rates:										
Initial	17.8% - 2022	12.6% - 2021	2.2% - 2019	2.2% - 2019	9.5% - 2018	*	*	*	*	*
Ultimate	4.54% - 2090	4.24% - 2089	5.0% - 2029	5.0% - 2029	5.0% - 2027	*	*	*	*	*
Mortality data set	PUB-2010	PUB-2010	SOA RP-2014	SOA RP-2014	SOA RP-2014	*	*	*	*	*
Mortality improvement scale	MP-2021	MP-2021	MP-2020	MP-2020	MP-2017	*	*	*	*	*
Salary increase rate	3.00%	3.00%	2.00%	2.00%	2.00%	*	*	*	*	*
Plan participation rate	50%	100%	100%	100%	100%	*	*	*	*	*

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

\* 10 Year schedule, historical information not available

*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, 2022**

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Town's Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.1394%	\$ 7,997,464	\$ 3,635,823	219.96%	65.12%
June 30, 2021	0.1375%	\$ 6,092,893	\$ 3,352,525	181.74%	72.22%
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, 2022	2.00%	5.40%	6.75%	Pub-2010	MP-2019
June 30, 2020 - 2021	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, 2022**

<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, 2022	\$ 844,224	\$ (844,224)	\$ -	\$ 3,782,325	22.32%
December 31, 2021	\$ 724,556	\$ (724,556)	\$ -	\$ 3,537,174	20.48%
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, 2022**

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

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 in, budgetary transfers in and out, and encumbrances as follows:

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 12,289,917	\$ 11,303,141
Difference in property taxes meeting susceptible to accrual criteria	(48,462)	
Non-budgetary revenues and expenditures	(151,499)	(1,089,488)
Non-budgetary transfers	(1,960)	
Budgetary transfers	204	896,107
Encumbrances - December 31, 2022		10,842
Encumbrances - December 31, 2021		(7,801)
Per Schedule 1	<u>\$ 12,088,200</u>	<u>\$ 11,112,801</u>

***Major Special Revenue Funds***

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 Federal Grants Fund or the Sewer Fund.

SCHEDULE A  
**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Funds**  
**December 31, 2022**

	Special Revenue <u>Funds</u>	Capital Projects <u>Fund</u>	Combining <u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 19,475		\$ 19,475
Investments	74,440		74,440
Accounts receivable, net	1,200		1,200
Due from other governments	15,196	\$ 210,476	225,672
Due from other funds	537,891		537,891
Total Assets	<u>648,202</u>	<u>210,476</u>	<u>858,678</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 648,202</u>	<u>\$ 210,476</u>	<u>\$ 858,678</u>
LIABILITIES			
Accrued liabilities	\$ 4,527		\$ 4,527
Due to other funds	15,196	\$ 103,344	118,540
Total Liabilities	<u>19,723</u>	<u>103,344</u>	<u>123,067</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES			
Restricted	56,369		56,369
Committed	572,110	107,132	679,242
Total Fund Balances	<u>628,479</u>	<u>107,132</u>	<u>735,611</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 648,202</u>	<u>\$ 210,476</u>	<u>\$ 858,678</u>

SCHEDULE A-1  
**TOWN OF LITTLETON, NEW HAMPSHIRE**  
**Combining Balance Sheet**  
**Governmental Funds - All Nonmajor Special Revenue Funds**  
**December 31, 2022**

	Conservation Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Private Grants Fund	State Grants Fund	Dog Park Fund	Total Special Revenue Funds
<b>ASSETS</b>								
Cash and cash equivalents		\$ 13,917	\$ 5,558					\$ 19,475
Investments	\$ 74,440							74,440
Accounts receivable, net				\$ 1,200				1,200
Due from other governments						\$ 15,196		15,196
Due from other funds	18,200	347,809	98,915	16,598	\$ 52,805		\$ 3,564	537,891
Total Assets	<u>92,640</u>	<u>361,726</u>	<u>104,473</u>	<u>17,798</u>	<u>52,805</u>	<u>15,196</u>	<u>3,564</u>	<u>648,202</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 92,640</u>	<u>\$ 361,726</u>	<u>\$ 104,473</u>	<u>\$ 17,798</u>	<u>\$ 52,805</u>	<u>\$ 15,196</u>	<u>\$ 3,564</u>	<u>\$ 648,202</u>
<b>LIABILITIES</b>								
Accrued liabilities		\$ 4,527						\$ 4,527
Due to other funds						\$ 15,196		15,196
Total Liabilities	<u>\$ -</u>	<u>4,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,196</u>	<u>\$ -</u>	<u>19,723</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
<b>FUND BALANCES</b>								
Restricted					52,805		3,564	56,369
Committed	92,640	357,199	104,473	17,798				572,110
Total Fund Balances	<u>92,640</u>	<u>357,199</u>	<u>104,473</u>	<u>17,798</u>	<u>52,805</u>	<u>-</u>	<u>3,564</u>	<u>628,479</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 92,640</u>	<u>\$ 361,726</u>	<u>\$ 104,473</u>	<u>\$ 17,798</u>	<u>\$ 52,805</u>	<u>\$ 15,196</u>	<u>\$ 3,564</u>	<u>\$ 648,202</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, 2022**

	Special Revenue <u>Funds</u>	Capital Projects <u>Fund</u>	Combining <u>Totals</u>
Revenues:			
Taxes	\$ 10,000		\$ 10,000
Licenses and permits	65,437		65,437
Intergovernmental	70,046	\$ 340,187	410,233
Charges for services	414,251		414,251
Investment income (loss)	(9,340)		(9,340)
Miscellaneous	6,236	5,901	12,137
Total Revenues	<u>556,630</u>	<u>346,088</u>	<u>902,718</u>
Expenditures:			
Current operations:			
Public safety	147,950		147,950
Highways and streets	2,919	63,708	66,627
Sanitation	488,157	67,652	555,809
Conservation	432		432
Economic development		160,054	160,054
Capital outlay		159,931	159,931
Total Expenditures	<u>639,458</u>	<u>451,345</u>	<u>1,090,803</u>
Excess of revenues over (under) expenditures	<u>(82,828)</u>	<u>(105,257)</u>	<u>(188,085)</u>
Other financing sources (uses):			
Note payable issuance		93,870	93,870
Proceeds from State revolving loan fund		37,685	37,685
Transfers in	138,561		138,561
Transfers out	(27,669)		(27,669)
Total Other financing sources (uses)	<u>110,892</u>	<u>131,555</u>	<u>242,447</u>
Net change in fund balances	28,064	26,298	54,362
Fund Balances - beginning of year	<u>600,415</u>	<u>80,834</u>	<u>681,249</u>
Fund Balances - end of year	<u>\$ 628,479</u>	<u>\$ 107,132</u>	<u>\$ 735,611</u>

SCHEDULE B-1  
**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, 2022**

	Conservation Fund	Drug Forfeiture Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Private Grants Fund	Ambulance Fund	State Grants Fund	Dog Park Fund	Total Special Revenue Funds
<b>Revenues:</b>										
Taxes	\$ 10,000									\$ 10,000
Licenses and permits				\$ 65,437						65,437
Intergovernmental						\$ 3,700		\$ 66,346		70,046
Charges for services			\$ 403,096		\$ 11,155					414,251
Investment income (loss)	(9,340)									(9,340)
Miscellaneous			2,000			1,000	\$ 2,210		\$ 1,026	6,236
Total Revenues	<u>660</u>	<u>\$ -</u>	<u>405,096</u>	<u>65,437</u>	<u>11,155</u>	<u>4,700</u>	<u>2,210</u>	<u>66,346</u>	<u>1,026</u>	<u>556,630</u>
<b>Expenditures:</b>										
<b>Current operations:</b>										
Public safety				68,754	7,870	4,980		66,346		147,950
Highways and streets						2,919				2,919
Sanitation			488,157							488,157
Conservation	432									432
Total Expenditures	<u>432</u>	<u>-</u>	<u>488,157</u>	<u>68,754</u>	<u>7,870</u>	<u>7,899</u>	<u>-</u>	<u>66,346</u>	<u>-</u>	<u>639,458</u>
Excess of revenues over (under) expenditures	<u>228</u>	<u>-</u>	<u>(83,061)</u>	<u>(3,317)</u>	<u>3,285</u>	<u>(3,199)</u>	<u>2,210</u>	<u>-</u>	<u>1,026</u>	<u>(82,828)</u>
<b>Other financing sources (uses):</b>										
Transfers in			136,680			1,881				138,561
Transfers out		(1,881)			(111)	(1,960)	(23,717)			(27,669)
Total Other financing sources (uses)	<u>-</u>	<u>(1,881)</u>	<u>136,680</u>	<u>-</u>	<u>(111)</u>	<u>(79)</u>	<u>(23,717)</u>	<u>-</u>	<u>-</u>	<u>110,892</u>
Net change in fund balances	228	(1,881)	53,619	(3,317)	3,174	(3,278)	(21,507)	-	1,026	28,064
Fund Balances - beginning of year	92,412	1,881	303,580	107,790	14,624	56,083	21,507	-	2,538	600,415
Fund Balances - end of year	<u>\$ 92,640</u>	<u>\$ -</u>	<u>\$ 357,199</u>	<u>\$ 104,473</u>	<u>\$ 17,798</u>	<u>\$ 52,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,564</u>	<u>\$ 628,479</u>