

TOWN OF LITTLETON, NEW HAMPSHIRE

Financial Statements

December 31, 2019

and

Independent Auditor's Report

**TOWN OF LITTLETON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Littleton, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire, as of December 31, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in the Town's proportionate share of the net OPEB liability, schedule of Town OPEB contributions, schedule of changes in the Town's total OPEB liability and related ratios, schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town pension contributions on pages 40-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

The combining nonmajor governmental fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States

of America. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vashon Clukay & Company PC

Manchester, New Hampshire
July 23, 2021

EXHIBIT A
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2019

	Primary Government	
	Governmental	Component
	<u>Activities</u>	<u>Unit</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,744,137	\$ 5,264,069
Investments	2,022,498	28,715
Taxes receivable, net	1,067,094	
Accounts receivable, net	174,236	815,297
Current portion of intergovernmental receivable	29,993	6,923
Inventory		717,195
Prepaid expenses	21,090	
Tax deceded property available for sale	127,987	
Total Current Assets	<u>5,187,035</u>	<u>6,832,199</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable capital assets	7,255,279	440,393
Depreciable capital assets, net	14,426,460	7,872,386
Intergovernmental receivable, net of current portion		6,014
Total Noncurrent Assets	<u>21,681,739</u>	<u>8,318,793</u>
Total Assets	<u>26,868,774</u>	<u>15,150,992</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources attributable to OPEB	136,333	129,294
Deferred outflows of resources attributable to pensions	714,091	2,893
Total Deferred Outflows of Resources	<u>850,424</u>	<u>132,187</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	300,542	648,499
Accrued expenses	121,666	2,328
Retainage payable	36,578	
Due to other governments	3,252	
Deposits	5,553	140,612
Current portion of bonds payable		34,616
Current portion of notes payable	901,231	
Current portion of accrued landfill postclosure obligation	12,220	
Total Current Liabilities	<u>1,381,042</u>	<u>826,055</u>
Noncurrent Liabilities:		
Bonds payable		30,071
Notes payable	2,697,349	
State of New Hampshire revolving loan	1,966,449	
Accrued landfill postclosure obligation	109,986	
Accrued leave time obligation	229,180	
Net pension liability	5,716,978	1,392,498
Other post-employment benefits obligation	1,566,272	123,627
Total Noncurrent Liabilities	<u>12,286,214</u>	<u>1,546,196</u>
Total Liabilities	<u>13,667,256</u>	<u>2,372,251</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes collected in advance	7,508	
Deferred inflows of resources attributable to OPEB	81,013	191,716
Deferred inflows of resources attributable to pensions	229,167	41,389
Total Deferred Inflows of Resources	<u>317,688</u>	<u>233,105</u>
NET POSITION		
Net investment in capital assets	16,380,132	8,248,092
Restricted	1,944,808	
Unrestricted (Deficit)	<u>(4,590,686)</u>	<u>4,429,731</u>
Total Net Position	<u>\$ 13,734,254</u>	<u>\$ 12,677,823</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, 2019

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Governmental Activities:						
General government	\$ 1,833,697				\$ (1,833,697)	
Public safety	4,052,456	\$ 117,685	\$ 13,650		(3,921,121)	
Highways and streets	2,029,575		405,548		(1,624,027)	
Sanitation	1,501,950	1,414,840	57,118		(29,992)	
Health and welfare	164,051				(164,051)	
Culture and recreation	946,182	181,133			(765,049)	
Conservation	3,116				(3,116)	
Economic development				\$ 285,975	285,975	
Interest and fiscal charges	85,630				(85,630)	
Total governmental activities	<u>\$ 10,616,657</u>	<u>\$ 1,713,658</u>	<u>\$ 476,316</u>	<u>\$ 285,975</u>	<u>(8,140,708)</u>	
Component unit:						
Electric service	\$ 8,819,184	\$ 9,157,159				\$ 337,975
Water service	671,046	678,327				7,281
Total component unit	<u>\$ 9,490,230</u>	<u>\$ 9,835,486</u>	<u>\$ -</u>	<u>\$ -</u>		<u>345,256</u>
General revenues:						
					6,660,181	
					1,494,269	
Grants and contributions:						
					301,453	
					50,000	
					282,859	54,935
					108,428	222,696
					<u>8,897,190</u>	<u>277,631</u>
					756,482	622,887
					<u>12,977,772</u>	<u>12,054,936</u>
					<u>\$ 13,734,254</u>	<u>\$ 12,677,823</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF LITTLETON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2019

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Sewer <u>Fund</u>	Permanent <u>Funds</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,725,897				\$ 18,240	\$ 1,744,137
Investments	1,041,565		\$ 43,358	\$ 881,655	55,920	2,022,498
Taxes receivable, net	1,067,094					1,067,094
Accounts receivable	74,188		81,098		18,950	174,236
Due from other governments		\$ 13,787			16,206	29,993
Due from other funds	583,618		1,241,061	3,205	181,416	2,009,300
Prepaid expenses	21,090					21,090
Tax decided property available for sale	127,987					127,987
Total Assets	<u>4,641,439</u>	<u>13,787</u>	<u>1,365,517</u>	<u>884,860</u>	<u>290,732</u>	<u>7,196,335</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 4,641,439</u>	<u>\$ 13,787</u>	<u>\$ 1,365,517</u>	<u>\$ 884,860</u>	<u>\$ 290,732</u>	<u>\$ 7,196,335</u>
LIABILITIES						
Accounts payable	\$ 233,051	\$ 12,755	\$ 20,453		\$ 34,283	\$ 300,542
Accrued expenses	94,981				4,515	99,496
Retainage payable		36,578				36,578
Due to other governments	3,252					3,252
Due to other funds	1,425,682	579,892			3,726	2,009,300
Deposits	5,553					5,553
Total Liabilities	<u>1,762,519</u>	<u>629,225</u>	<u>20,453</u>	<u>\$ -</u>	<u>42,524</u>	<u>2,454,721</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes collected in advance	7,508					7,508
Uncollected property taxes	298,610					298,610
Total Deferred Inflows of Resources	<u>306,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,118</u>
FUND BALANCES						
Nonspendable	149,077			818,155		967,232
Restricted	1,311,758			66,705	48,190	1,426,653
Committed	831,442		1,345,064		204,074	2,380,580
Assigned	240,123					240,123
Unassigned (Deficit)	40,402	(615,438)			(4,056)	(579,092)
Total Fund Balances	<u>2,572,802</u>	<u>(615,438)</u>	<u>1,345,064</u>	<u>884,860</u>	<u>248,208</u>	<u>4,435,496</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,641,439</u>	<u>\$ 13,787</u>	<u>\$ 1,365,517</u>	<u>\$ 884,860</u>	<u>\$ 290,732</u>	<u>\$ 7,196,335</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, 2019

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 4,435,496
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.	21,681,739
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	298,610
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	136,333
Deferred outflows of resources related to net pension liability	714,091
Deferred inflows of resources related to OPEB	(81,013)
Deferred inflows of resources related to net pension liability	(229,167)
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:	
Notes payable	(3,598,580)
State of New Hampshire revolving loan	(1,966,449)
Accrued interest on long-term obligations	(22,170)
Accrued landfill postclosure obligation	(122,206)
Accrued leave time payable	(229,180)
Net pension liability	(5,716,978)
OPEB liability	<u>(1,566,272)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 13,734,254</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, 2019

	General Fund	Capital Projects Fund	Sewer Fund	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 6,673,878					\$ 6,673,878
Licenses and permits	1,419,651				\$ 74,618	1,494,269
Intergovernmental	732,486	\$ 285,975	\$ 40,485		54,798	1,113,744
Charges for services	266,977		1,091,838		354,843	1,713,658
Investment income	154,040		41	\$ 121,180	7,598	282,859
Miscellaneous	93,298				15,130	108,428
Total Revenues	<u>9,340,330</u>	<u>285,975</u>	<u>1,132,364</u>	<u>121,180</u>	<u>506,987</u>	<u>11,386,836</u>
Expenditures:						
Current operations:						
General government	1,586,299			4,368	1,433	1,592,100
Public safety	3,369,733				73,559	3,443,292
Highways and streets	1,273,296	1,579,745			44,114	2,897,155
Sanitation	22,358		842,109		400,894	1,265,361
Health and welfare	164,051					164,051
Culture and recreation	857,057			6,019		863,076
Conservation	2,982				134	3,116
Economic development		490,614				490,614
Capital outlay	594,440				23,108	617,548
Debt service:						
Principal retirement	978,430		31,679			1,010,109
Interest and fiscal charges	64,174		27,392			91,566
Total Expenditures	<u>8,912,820</u>	<u>2,070,359</u>	<u>901,180</u>	<u>10,387</u>	<u>543,242</u>	<u>12,437,988</u>
Excess of revenues over (under) expenditures	<u>427,510</u>	<u>(1,784,384)</u>	<u>231,184</u>	<u>110,793</u>	<u>(36,255)</u>	<u>(1,051,152)</u>
Other financing sources (uses):						
Proceeds from state revolving loan fund		1,548,786				1,548,786
Transfers in	30,000				135,650	165,650
Transfers out	(135,650)				(30,000)	(165,650)
Total Other financing sources (uses)	<u>(105,650)</u>	<u>1,548,786</u>	<u>-</u>	<u>-</u>	<u>105,650</u>	<u>1,548,786</u>
Net change in fund balances	321,860	(235,598)	231,184	110,793	69,395	497,634
Fund Balances - beginning, as restated	<u>2,250,942</u>	<u>(379,840)</u>	<u>1,113,880</u>	<u>774,067</u>	<u>178,813</u>	<u>3,937,862</u>
Fund Balances - ending	<u>\$ 2,572,802</u>	<u>\$ (615,438)</u>	<u>\$ 1,345,064</u>	<u>\$ 884,860</u>	<u>\$ 248,208</u>	<u>\$ 4,435,496</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, 2019

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ 497,634
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	1,329,668
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(13,697)
Proceeds from long-term debt obligations are reported as other financing sources in the governmental funds, but long-term debt issuance increases long-term liabilities in the statement of net position.	(1,548,786)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,012,370
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	3,675
Some expenses reported in the statement of activities, such as accrued leave time obligation and accrued landfill postclosure obligation, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(73,156)
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	(158,899)
Net changes in pension	<u>(292,327)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 756,482</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, 2019

	Private- Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents		\$ 2,260,166
Investments	\$ 6,417,712	988,332
Taxes receivable		2,183,164
Total Assets	<u>6,417,712</u>	<u>5,431,662</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
LIABILITIES		
Due to other governments		<u>4,443,330</u>
Total Liabilities	<u>-</u>	<u>4,443,330</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for:		
Individuals and other governments	<u>6,417,712</u>	<u>988,332</u>
Total Net Position	<u>\$ 6,417,712</u>	<u>\$ 988,332</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, 2019

	Private- Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
ADDITIONS:		
Contributions:		
Miscellaneous		\$ 46,704
Total Contributions	<u>\$ -</u>	<u>46,704</u>
Investment earnings:		
Interest	134,474	20,503
Realized gains	40,166	
Net increase in the fair value of investments	<u>696,851</u>	
Total Investment Earnings	871,491	20,503
Less: Investment expense	<u>(15,702)</u>	
Net Investment Earnings	<u>855,789</u>	<u>20,503</u>
Property tax collections for other governments		11,931,731
Motor vehicle fee collections for other governments		<u>392,517</u>
Total Additions	<u>855,789</u>	<u>12,391,455</u>
DEDUCTIONS:		
Benefits	81,402	
Payments of property tax to other governments		11,931,731
Payments of motor vehicle fees to other governments		<u>392,517</u>
Total Deductions	<u>81,402</u>	<u>12,324,248</u>
Change in net position	774,387	67,207
Net Position - beginning, as restated	<u>5,643,325</u>	<u>921,125</u>
Net Position - ending	<u>\$ 6,417,712</u>	<u>\$ 988,332</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, 2019**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

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

Discretely Presented Component Unit

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

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

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

Basis of Presentation

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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 *Capital Projects Fund* accounts for all financial resources used for the acquisition or construction of major capital facilities, infrastructure and equipment. It accounts for the federal, state, and local financing of these projects and the related expenditures.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

The *Sewer Fund* accounts for all revenues 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, 2019

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 11). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

2. Expenses/Expenditures:

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

Budgetary Data

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

State law requires balanced budgets but permits the use of beginning fund balance to reduce the property tax rate. For the year ended December 31, 2019, the Town did not apply any fund balance to reduce taxes.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2019 are recorded as receivables net of reserves for estimated uncollectable taxes and welfare tax liens of \$90,000 and \$7,758, respectively, 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

Accrued Leave Time

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.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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 accrued leave time 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, accrued leave time obligations that will be paid from governmental funds are reported as liabilities in the fund financial statements based on the estimated portion of employee balances expected to be reimbursed in the current period. General obligation debt and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Postemployment Benefits Other Than Pensions (OPEB)

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

Net Pension Liability

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

Net Position

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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 (the 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 the 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 are available for any purpose. The residual classification of any General Fund balance is to be reported here. Any deficit balance of another governmental fund is also classified as "Unassigned".

Spending Prioritizations

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

Minimum Level of Unassigned Fund Balance

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

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

At December 31, 2019, the Police Special Details Fund, a Nonmajor Governmental Fund, had a deficit ‘Unassigned’ fund balance of (\$4,056).

NOTE 3—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 1,744,137
Investments	2,022,498
Statement of Fiduciary Net Position:	
Cash and cash equivalents	2,260,166
Investments	7,406,044
Total deposits and investments	<u>\$ 13,432,845</u>

Deposits and investments at December 31, 2019 consist of the following:

Cash on hand	\$ 4,300
Deposits with financial institutions	386,565
Investments	13,041,980
Total deposits and investments	<u>\$ 13,432,845</u>

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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 adopted an investment policy for managing interest rate risk.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturity (in Years)</u>		
		<u>0-1 Years</u>	<u>1-5 Years</u>	<u>≥ 5 Years</u>
US Treasury obligations	\$ 521,193	\$ 40,037	\$ 296,648	\$ 184,508
Government agency bonds	928,974		278,727	650,247
Municipal bonds	126,296	65,408	60,888	
Corporate bonds	882,511	151,469	453,620	277,422
Bond mutual funds	242,609	12,000	152,681	77,928
	<u>\$ 2,701,583</u>	<u>\$ 268,914</u>	<u>\$ 1,242,564</u>	<u>\$ 1,190,105</u>

Credit Risk

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

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

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Ratings as of Year End	Investment Type						Totals
	Government	Municipal	Corporate	Bond	Money	State	
	agency	bonds	bonds	mutual	market	investment	
	bonds	bonds	bonds	funds	funds	pool	
AAA	\$ 928,974	\$ 50,323	\$ 100,894			\$ 2,423	\$ 1,082,614
AA		10,145	235,995				246,140
A		65,828	479,369				545,197
BBB			66,253				66,253
Not Rated				\$ 242,609	\$ 1,927,395		2,170,004
Fair Value	<u>\$ 928,974</u>	<u>\$ 126,296</u>	<u>\$ 882,511</u>	<u>\$ 242,609</u>	<u>\$ 1,927,395</u>	<u>\$ 2,423</u>	<u>\$ 4,110,208</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, \$150,908 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2019, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

Investment Type	Reported Amount
U.S. Treasury obligations	\$ 521,193
Equity securities	3,875,502
Government agency bonds	928,974
Municipal bonds	126,296
Corporate bonds	882,511
Money market funds	1,927,395
Bond mutual funds	242,609
Exchange traded funds	850,806
Repurchase agreement funds	3,684,271
	<u>\$ 13,039,557</u>

Investment in NHPDIP

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2019, 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		\$ 521,193		\$ 521,193
Equity securities	\$ 3,875,502			3,875,502
Government agency bonds		928,974		928,974
Municipal bonds		126,296		126,296
Corporate bonds		882,511		882,511
Money market funds	1,927,395			1,927,395
Bond mutual funds	242,609			242,609
Exchange traded funds	850,806			850,806
	<u>\$ 6,896,312</u>	<u>\$ 2,458,974</u>	<u>\$ -</u>	<u>\$ 9,355,286</u>

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

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

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 4—CAPITAL ASSETS

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

	Balance <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2019</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,772,879			\$ 1,772,879
Easements	466,775			466,775
Works of art	80,957			80,957
Construction in process	2,924,098	\$ 2,010,570		4,934,668
Total capital assets not being depreciated	<u>5,244,709</u>	<u>2,010,570</u>	<u>\$ -</u>	<u>7,255,279</u>
Other capital assets:				
Land improvements	6,284,541	361,642		6,646,183
Buildings and improvements	13,763,216	17,499		13,780,715
Equipment	3,980,636	90,393	(38,007)	4,033,022
Vehicles	3,185,315	74,300	(382,348)	2,877,267
Infrastructure	8,641,613			8,641,613
Total other capital assets at historical cost	<u>35,855,321</u>	<u>543,834</u>	<u>(420,355)</u>	<u>35,978,800</u>
Less accumulated depreciation for:				
Land improvements	(1,818,227)	(279,841)		(2,098,068)
Buildings and improvements	(10,444,960)	(236,025)		(10,680,985)
Equipment	(2,525,710)	(169,456)	38,007	(2,657,159)
Vehicles	(2,659,187)	(171,897)	382,348	(2,448,736)
Infrastructure	(3,299,875)	(367,517)		(3,667,392)
Total accumulated depreciation	<u>(20,747,959)</u>	<u>(1,224,736)</u>	<u>420,355</u>	<u>(21,552,340)</u>
Total other capital assets, net	<u>15,107,362</u>	<u>(680,902)</u>	<u>-</u>	<u>14,426,460</u>
Total capital assets, net	<u>\$ 20,352,071</u>	<u>\$ 1,329,668</u>	<u>\$ -</u>	<u>\$ 21,681,739</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 134,523
Public safety	212,376
Highways and streets	633,604
Sanitation	190,535
Culture and recreation	53,698
Total governmental activities depreciation expense	<u>\$ 1,224,736</u>

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>
Discretely presented component unit:				
Capital assets not depreciated:				
Land	\$ 102,482			\$ 102,482
Construction in process	439,220	\$ 482,203	\$ (583,512)	337,911
Total capital assets not being depreciated	<u>541,702</u>	<u>482,203</u>	<u>(583,512)</u>	<u>440,393</u>
Other capital assets:				
Structure and systems	15,535,390	439,270	(119,711)	15,854,949
Equipment	1,686,419	183,839	(2,805)	1,867,453
Total other capital assets at historical cost	<u>17,221,809</u>	<u>623,109</u>	<u>(122,516)</u>	<u>17,722,402</u>
Less accumulated depreciation for:				
Structure, systems, and equipment	<u>(9,555,982)</u>	<u>(422,832)</u>	<u>128,798</u>	<u>(9,850,016)</u>
Total accumulated depreciation	<u>(9,555,982)</u>	<u>(422,832)</u>	<u>128,798</u>	<u>(9,850,016)</u>
Total other capital assets, net	<u>7,665,827</u>	<u>200,277</u>	<u>6,282</u>	<u>7,872,386</u>
Total capital assets, net	<u>\$ 8,207,529</u>	<u>\$ 682,480</u>	<u>\$ (577,230)</u>	<u>\$ 8,312,779</u>

Depreciation expense recognized by the discretely presented component unit for the year ended December 31, 2019 was \$422,832.

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, 2019 are as follows:

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Notes payable - direct borrowings	\$ 4,542,438		\$ (943,858)	\$ 3,598,580	\$ 901,231
State of New Hampshire revolving loan	417,663	\$ 1,548,786		1,966,449	-
Accrued leave time obligation	181,590	47,590		229,180	-
Total governmental activities	<u>\$ 5,141,691</u>	<u>\$ 1,596,376</u>	<u>\$ (943,858)</u>	<u>\$ 5,794,209</u>	<u>\$ 901,231</u>

Payments on the notes payable are paid out of the General Fund and Nonmajor Governmental Funds, as applicable to the related debt and budgetary authorization.

The changes in the discretely presented component unit's long-term obligations for the year ended December 31, 2019 are as follows:

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Discretely presented component unit:					
Bonds payable - general obligation	\$ 100,771		\$ (36,084)	\$ 64,687	\$ 34,616
Total component unit	<u>\$ 100,771</u>	<u>\$ -</u>	<u>\$ (36,084)</u>	<u>\$ 64,687</u>	<u>\$ 34,616</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Payments on the general obligation bonds 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, 2019 are comprised of the following individual issues:

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance at 12/31/2019</u>
2011 Industrial Park / Sewer Facility	\$ 393,169	4.06%	01/2022	\$ 107,225
2013 Grove Street Bridge refinancing	1,144,737	2.92%	07/2023	498,199
2013 Parking Lot Enhancement	200,000	variable	07/2023	84,595
2013 Police station refinancing	1,259,211	2.92%	07/2023	548,019
2014 Trans-Canada Note	2,638,908	1.75%	10/2020	460,616
2015 Public Works Garage	1,300,000	2.24%	06/2032	1,112,441
2016 Promisory Note	900,000	2.50%	10/2031	787,485
Total governmental activities	<u>\$ 7,836,025</u>			<u>\$ 3,598,580</u>

Notes from direct borrowings totaling \$2,265,884 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, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 901,231	\$ 84,310	\$ 985,541
2021	451,899	66,513	518,412
2022	463,358	53,604	516,962
2023	439,402	41,085	480,487
2024	148,003	31,161	179,164
2025-2029	797,019	98,801	895,820
2030-2032	397,668	11,816	409,484
	<u>\$ 3,598,580</u>	<u>\$ 387,290</u>	<u>\$ 3,985,870</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

General Obligation Bonds

Discretely Presented Component Unit:

General obligation bonds payable for Littleton Water and Light at December 31, 2019 is comprised of the following issue:

	<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>12/31/2019</u>
Water filtration project	<u>\$ 750,000</u>	3.98%	11/2021	<u>\$ 64,687</u>

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

Debt service requirements to retire general obligation bonds for the discretely presented component unit at December 31, 2019 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 34,616	\$ 2,807	\$ 37,423
2021	<u>30,071</u>	<u>1,196</u>	<u>31,267</u>
	<u>\$ 64,687</u>	<u>\$ 4,003</u>	<u>\$ 68,690</u>

Interest expense for the year ended December 31, 2019, was \$4,404 for Littleton Water and Light.

State of New Hampshire Revolving Loan

The Town has drawn \$1,966,449 of approximately \$2,340,000 in funds under the State of New Hampshire Water Pollution Control Revolving Loan Fund Program for the Town's Sub Area #5 wastewater improvements project. The Town shall be provided federal financial assistance, whereby up to 12.5% of the total disbursements are to be forgiven, not to exceed \$250,000. The principal forgiveness will be applied at the time of the initial loan repayment.

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

NOTE 6—ACCRUED LANDFILL POSTCLOSURE OBLIGATION

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 \$122,206 as of December 31, 2019. The estimated total current cost of

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2019. 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, 2019:

Balance January 1, 2019	\$ 134,426
Change in estimated liability	12,011
Expenditures recognized in the General Fund	<u>(24,231)</u>
Balance December 31, 2019	<u>\$ 122,206</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 at 54 Regional Drive, Concord, New Hampshire 03301, or from their website at www.nhrs.org.

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

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Benefits Provided

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

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

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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 police officers, fire employees, and general employees were 25.33%, 27.79%, and 11.08%, respectively, through June 30, 2019, and 24.77%, 26.43%, and 10.88%, respectively, thereafter. The Town contributed 100% of the employer cost for police officers, firefighters, and general employees of the Town.

Per RSA-100:16, plan member contribution rates are established and may be amended by the New Hampshire State legislature and employer contribution rates are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's pension contributions to the NHRS for the year ending December 31, 2019 were \$539,841.

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

At December 31, 2019, the Town reported a liability of \$5,716,978 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018. 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, 2019, the Town's proportion was approximately 0.1188 percent, which was an increase of 0.0047 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$795,938. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 31,610	\$ 122,931
Changes of assumptions	205,123	
Net difference between projected and actual earnings on pension plan investments		46,700
Changes in proportion and differences between Town contributions and proportionate share of contributions	223,881	59,536
Town contributions subsequent to the measurement date	<u>253,477</u>	
Totals	<u>\$ 714,091</u>	<u>\$ 229,167</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 \$484,924. The Town reported \$253,477 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, 2020. 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>	
2020	\$ 233,790
2021	(69,442)
2022	18,246
2023	<u>48,853</u>
	<u>\$ 231,447</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic equity	30%	4.25-4.50%
Fixed income	25%	1.12-2.46%
International equity	20%	4.50-6.00%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the collective pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer contributions are projected based on the expected payroll of current members only. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the collective pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 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:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net pension liability	\$ 7,655,269	\$ 5,716,978	\$ 4,114,995

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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	\$ 34,819	\$ 591,638	\$ 1,742	\$ 117,906
Single Employer Plan	<u>101,514</u>	<u>974,634</u>	<u>79,271</u>	<u>104,194</u>
Total	<u>\$ 136,333</u>	<u>\$ 1,566,272</u>	<u>\$ 81,013</u>	<u>\$ 222,100</u>

The net amount of deferred outflows of resources and deferred inflows of resources related to OPEB is reflected as an increase to unrestricted net position in the amount of \$55,320.

COST-SHARING MULTIPLE EMPLOYER PLAN

Plan Description

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

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

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

Benefits Provided

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

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, 2019

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 rate for the covered payroll of general employees and public safety employees were 0.30% and 4.10%, respectively, through June 30, 2019, and 0.29% and 3.66%, respectively, thereafter. Contributions to the OPEB plan for the Town were \$58,556 for the year ended December 31, 2019. 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, 2019, the Town reported a liability of \$591,638 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018. 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, 2019, the Town's proportion was approximately 0.1350 percent, which was an increase of 0.0096 percentage points from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized OPEB expense of \$117,906. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience		\$ 1,030
Net difference between projected and actual investment earnings on OPEB plan investments		664
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 4,690	48
Town contributions subsequent to the measurement date	<u>30,129</u>	
Totals	<u>\$ 34,819</u>	<u>\$ 1,742</u>

The Town reported \$30,129 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, 2020. 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:

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

<u>June 30,</u>	
2020	\$ 3,171
2021	(439)
2022	45
2023	171
	<u>\$ 2,948</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Wage inflation	3.25% (3.00% for Teachers)
Salary increases	5.60%, average, including inflation
Investment rate of return	7.25%, per year, net of OPEB plan investment expense, including inflation for determining solvency contributions

Mortality rates were based on the RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.

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

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>
Domestic equity	30%	4.25-4.50%
Fixed income	25%	1.12-2.46%
International equity	20%	4.50-6.00%
Alternative investments	15%	4.86-7.90%
Real estate	10%	3.00%
Total	<u>100%</u>	

The discount rate used to measure the collective total OPEB liability as of June 30, 2019 was 7.25%. 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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Town's proportionate share of the net OPEB liability	\$ 641,721	\$ 591,638	\$ 548,119

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.

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

The Town's total OPEB liability of \$974,634 was measured as of December 31, 2019 and was determined by a rollforward of the actuarial valuation as of January 1, 2019.

Actuarial Assumptions and Other Inputs for OPEB

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

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

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2018	\$ 848,053
Changes for the year:	
Service cost	80,965
Interest	18,588
Changes of assumptions	122,973
Differences between expected and actual experience	(92,568)
Benefit payments	(3,377)
Net changes	<u>126,581</u>
Balance at December 31, 2019	<u>\$ 974,634</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.78% at December 31, 2018 to 2.12% at December 31, 2019, and a change in mortality assumptions from SOA RP-2014 Total Dataset Mortality with Scale MP-2017 to SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

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

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

	1% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
Total OPEB liability	\$ 1,099,319	\$ 974,634	\$ 861,334

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

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

	1% Decrease <u>(1.20% initial rate to 4.00% ultimate rate)</u>	Healthcare Cost Trend Rates <u>(2.20% initial rate to 5.00% ultimate rate)</u>	1% Increase <u>(3.20% initial rate to 6.00% ultimate rate)</u>
Total OPEB liability	\$ 822,997	\$ 974,634	\$ 1,155,075

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NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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

For the year ended December 31, 2019, the Town recognized OPEB expense of \$104,194. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 115	\$ 79,271
Changes of assumptions	<u>101,399</u>	<u> </u>
Totals	<u>\$ 101,514</u>	<u>\$ 79,271</u>

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

<u>December 31,</u>	
2020	\$ 4,641
2021	4,641
2022	4,641
2023	4,641
2024	<u>3,679</u>
	<u>\$ 22,243</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, 2019 are as follows:

	General <u>Fund</u>	Due from		<u>Totals</u>
		Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	
General Fund		\$ 579,892	\$ 3,726	\$ 583,618
Sewer Fund	\$ 1,241,061			1,241,061
Permanent Funds	3,205			3,205
Nonmajor Governmental Funds	<u>181,416</u>			<u>181,416</u>
	<u>\$ 1,425,682</u>	<u>\$ 579,892</u>	<u>\$ 3,726</u>	<u>\$ 2,009,300</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, 2019 are as follows:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

		Transfer from		
		Nonmajor		
		General	Governmental	Totals
Transfer to		<u>Fund</u>	<u>Funds</u>	<u></u>
	General Fund		\$ 30,000	\$ 30,000
	Nonmajor Governmental Funds	\$ 135,650		135,650
		<u>\$ 135,650</u>	<u>\$ 30,000</u>	<u>\$ 165,650</u>

NOTE 10—SHORT-TERM OBLIGATIONS

During the year ended December 31, 2019, the Town issued tax anticipation notes to assist in the payment of operating expenses during the year. These borrowings are guaranteed to be repaid from the tax revenues of the Town.

The changes in short-term obligations for the year ended December 31, 2019, are as follows:

Balance - January 1, 2019	\$ -
Additions	1,500,000
Reductions	<u>(1,500,000)</u>
Balance - December 31, 2019	<u>\$ -</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$640,657,398 as of April 1, 2019) and are due in two installments on July 2, 2019 and January 8, 2020. Taxes paid after the due dates accrue interest at 8% per annum. Property taxes are recognized as revenue when received in cash or if available to finance current period operations (within sixty days of year-end).

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

In accordance with State law, the Town collects taxes for the Littleton School District and Grafton County, both independent governmental units, which are remitted to them as required by law. The Town also collects State of New Hampshire Education taxes, which are remitted directly to the School District. Total taxes appropriated during the year were \$10,551,030 and \$1,380,701 for the Littleton School District and Grafton County, respectively. These taxes are recognized in the financial statements within the fiduciary funds only. The Town bears responsibility for uncollected taxes.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 12—RESTRICTED NET POSITION

Net position of governmental activities is restricted for specific purposes at December 31, 2019 as follows:

Permanent funds - Principal	\$ 818,155
Permanent funds - Income	66,705
Library	1,011,758
Drug forfeiture funds	5,323
Miscellaneous grants	42,867
	<u>\$ 1,944,808</u>

NOTE 13—COMPONENTS OF FUND BALANCE

Components of the Town's fund balance for its governmental funds at December 31, 2019 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Sewer Fund</u>	<u>Permanent Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>						
Prepaid expenses	\$ 21,090					\$ 21,090
Tax deeded property	127,987					127,987
Permanent Funds - Principal				\$ 818,155		818,155
<i>Restricted for:</i>						
Unspent bond proceeds	300,000					300,000
Library	1,011,758					1,011,758
Permanent Funds - Income				66,705		66,705
Drug Forfeiture Fund					\$ 5,323	5,323
Miscellaneous grants					42,867	42,867
<i>Committed for:</i>						
Non-lapsing appropriations	539,021					539,021
Expendable Trust Funds	246,834					246,834
Parks and recreation	43,248					43,248
Opera House	2,339					2,339
Wastewater collection			\$ 1,345,064			1,345,064
Conservation Fund					55,823	55,823
Transfer Station Fund					92,883	92,883
Parking Meter Fund					55,368	55,368
<i>Assigned for:</i>						
Subsequent year appropriations	142,223					142,223
Encumbrances	97,900					97,900
<i>Unassigned:</i>						
Police Special Detail Fund (deficit)					(4,056)	(4,056)
Capital Projects Fund (deficit)		\$ (615,438)				(615,438)
Unassigned - General operations	40,402					40,402
	<u>\$ 2,572,802</u>	<u>\$ (615,438)</u>	<u>\$ 1,345,064</u>	<u>\$ 884,860</u>	<u>\$ 248,208</u>	<u>\$ 4,435,496</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, 2019, the Town was a member of and participated in a public entity risk pool (Trust) for

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

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, 2019.

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.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 16—AUTHORIZED AND UNISSUED DEBT

During the Annual Town Meeting held in March of 2018, the Town authorized the issuance of \$340,000 in debt to fund various sewer line repair and replacement projects through 2018 warrant article #2. These projects are accounted for within the General Fund. Additionally, the Town authorized the issuance of \$500,000 in debt to fund various road repair projects through 2018 warrant article #3. These projects are accounted for within the Capital Projects Fund. As of December 31, 2019, no debt has been issued in accordance with these authorizations.

During the Annual Town Meeting held in March of 2019, the Town authorized the issuance of up to \$6,322,300 in debt to fund sewer line and stormwater systems repair and replacements through 2019 warrant article #2, and \$49,000 in debt to fund a wastewater treatment plant asset management study through 2019 warrant article #4. These projects are accounted for within the Capital Projects Fund. Additionally, the Town authorized \$90,000 in debt to fund the purchase of highway equipment through 2019 warrant article #11. This project is accounted for within the General Fund. As of December 31, 2019, no debt has been issued in accordance with these authorizations.

NOTE 17—RESTATEMENT OF EQUITY

During the year ended December 31, 2019, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. Additionally, during the year ended December 31, 2019, it was determined that the accrued expenses of the General Fund as previously reported were overstated. The impact on fund balance of the General Fund as of January 1, 2019 is as follows:

	General <u>Fund</u>
Fund Balance - January 1, 2019 (as previously reported)	\$ 1,894,455
Amount of restatement due to:	
Implementation of GASB Statement 84	267,161
Overstatement of accrued expenses	<u>89,326</u>
Fund Balance - January 1, 2019, as restated	<u>\$ 2,250,942</u>

The impact of the above restatements on net position of Fiduciary Funds as of January 1, 2019 is as follows:

	Custodial <u>Funds</u>
Net Position - January 1, 2019 (as previously reported)	\$ -
Amount of restatement due to:	
Implementation of GASB Statement 84	<u>921,125</u>
Net Position - January 1, 2019, as restated	<u>\$ 921,125</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2019

NOTE 18—SUBSEQUENT EVENTS

During June 2020, the Town issued a tax anticipation note in the amount of \$2,000,000 at an interest rate of 1.10%. The balance was repaid in full, including interest of \$5,530, in September of 2020.

During December 2020, the Town issued a tax anticipation note in the amount of \$4,000,000 at an interest rate of 1.08%. The balance was repaid in full, including interest of \$9,458, in March of 2021.

During June 2020, the Town issued a note payable in the amount of \$500,000 at an interest rate of 1.54% in accordance with authorization through the 2018 warrant article #3. The note payable calls for a \$200,000 payment at closing, and three annual payments of \$100,000, including accrued interest beginning July 2021 through July 2023.

During March of 2020, the Town authorized the purchase of an ambulance through the execution of a lease agreement totaling \$379,966. The terms of the agreement call for five equal payments of \$82,746 including principal and interest at 3.27% beginning April 2020 and maturing April 2024.

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, 2019

	<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	\$ 6,763,594	\$ 6,763,594	\$ 6,660,181	\$ (103,413)
Licenses and permits	1,410,475	1,410,475	1,419,651	9,176
Intergovernmental	554,465	554,465	732,486	178,021
Charges for services	1,100	1,100	85,844	84,744
Investment income	10,000	10,000	24,607	14,607
Miscellaneous	56,401	56,401	82,047	25,646
Total Revenues	<u>8,796,035</u>	<u>8,796,035</u>	<u>9,004,816</u>	<u>208,781</u>
Expenditures:				
Current operations:				
General government	1,494,962	1,494,962	1,587,833	(92,871)
Public safety	3,326,714	3,326,714	3,347,883	(21,169)
Highways and streets	1,360,773	1,355,773	1,314,296	41,477
Health and welfare	166,021	166,021	164,051	1,970
Culture and recreation	165,155	17,380	16,973	407
Conservation	3,205	3,205	2,982	223
Capital outlay	1,255,252	529,006	591,440	(62,434)
Debt service:				
Principal retirement	1,051,870	1,051,870	978,430	73,440
Interest and fiscal charges	128,521	128,521	64,174	64,347
Total Expenditures	<u>8,952,473</u>	<u>8,073,452</u>	<u>8,068,062</u>	<u>5,390</u>
Excess of revenues over (under) expenditures	<u>(156,438)</u>	<u>722,583</u>	<u>936,754</u>	<u>214,171</u>
Other financing sources (uses):				
Proceeds from bond issuance	340,000			-
Transfers in	30,000	30,000	30,000	-
Transfers out	(642,288)	(642,288)	(782,818)	(140,530)
Total Other financing sources (uses)	<u>(272,288)</u>	<u>(612,288)</u>	<u>(752,818)</u>	<u>(140,530)</u>
Net change in fund balance	(428,726)	110,295	183,936	73,641
Fund Balances - beginning				
- Budgetary Basis	<u>1,285,397</u>	<u>1,285,397</u>	<u>1,285,397</u>	<u>-</u>
Fund Balances - ending				
- Budgetary Basis	<u>\$ 856,671</u>	<u>\$ 1,395,692</u>	<u>\$ 1,469,333</u>	<u>\$ 73,641</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, 2019

<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, 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%

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, 2019

<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, 2019	\$ 58,556	\$ (58,556)	\$ -	\$ 2,863,527	2.04%
December 31, 2018	\$ 54,834	\$ (54,834)	\$ -	\$ 2,704,501	2.03%
December 31, 2017	\$ 49,408	\$ (49,408)	\$ -	\$ 2,565,359	1.93%

See accompanying notes to the required supplementary information

SCHEDULE 4
TOWN OF LITTLETON, NEW HAMPSHIRE
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 80,965	\$ 56,784
Interest	18,588	26,696
Changes of benefit terms	-	-
Changes of assumptions or other inputs	122,973	-
Differences between expected and actual experience	(92,568)	143
Benefit payments	<u>(3,377)</u>	<u>(23,251)</u>
Net change in total OPEB liability	126,581	60,372
Total OPEB liability - beginning	<u>848,053</u>	<u>787,681</u>
Total OPEB liability - ending	<u>\$ 974,634</u>	<u>\$ 848,053</u>
Covered employee payroll	\$ 2,223,796	\$ 1,702,384
Total OPEB liability as a percentage of covered employee payroll	43.83%	49.82%

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, 2019**

<u>Measurement Period Ended</u>	<u>Town's Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Town's Covered Payroll</u>	<u>Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2019	0.1188%	\$ 5,716,978	\$ 2,707,379	211.16%	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%

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, 2019

<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, 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, 2019

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 9,370,330	\$ 9,048,470
Difference in property taxes meeting susceptible to accrual criteria	(13,697)	
Non-budgetary revenues and expenditures	(321,817)	(876,158)
Budgetary transfers out		647,168
Encumbrances - December 31, 2019		97,900
Encumbrances - December 31, 2018		(66,500)
Per Schedule 1	<u>\$ 9,034,816</u>	<u>\$ 8,850,880</u>

Major Special Revenue Fund

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

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the year ended December 31, 2019, the Town overdrafted its statutory appropriations as follows:

Total appropriations	\$ 8,715,740
Budgetary expenditures	<u>8,850,880</u>
Statutory overdraft	<u>\$ (135,140)</u>

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

In accordance with GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town’s proportionate share of the net OPEB liability and schedule of Town OPEB contributions. The Town implemented the provisions of GASB Statement #75

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2019

during the year ended December 31, 2018. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as additional information becomes available.

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

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

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

Changes in Actuarial Assumptions

The following changes in actuarial assumptions were made as of the January 1, 2019 valuation date: the discount rate was changed from 3.78% at December 31, 2018 to 2.12% at December 31, 2019, and the mortality assumptions were updated from the SOA RP-2014 Total Dataset Mortality with Scale MP-2017 to the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

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

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

Changes in Actuarial Assumptions

For the June 30, 2015 actuarial valuation, the New Hampshire Retirement System reduced its assumption for the investment rate of return from 7.75% to 7.25%, decreased the price inflation from 3.0% to 2.5%, decreased the wage inflation from 3.75% to 3.25%, and decreased the salary increases from 5.8% to 5.6%. Additionally, the mortality table was changed from the RP-2000 projected to 2020 with Scale AA to the RP-2014 employee generational mortality table for males and females, adjusted for mortality improvements using Scale MP-2015.

SCHEDULE A
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2019

	Conservation Fund	Drug Forfeiture Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Grants Fund	Combining Totals
ASSETS							
Cash and cash equivalents			\$ 12,505	\$ 5,735			\$ 18,240
Investments	\$ 55,812				\$ 108		55,920
Accounts receivable			13,616		5,334		18,950
Due from other governments						\$ 16,206	16,206
Due from other funds	11	\$ 5,323	84,007	50,702		41,373	181,416
Total Assets	<u>55,823</u>	<u>5,323</u>	<u>110,128</u>	<u>56,437</u>	<u>5,442</u>	<u>57,579</u>	<u>290,732</u>
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 55,823</u>	<u>\$ 5,323</u>	<u>\$ 110,128</u>	<u>\$ 56,437</u>	<u>\$ 5,442</u>	<u>\$ 57,579</u>	<u>\$ 290,732</u>
LIABILITIES							
Accounts payable			\$ 12,730	\$ 1,069	\$ 5,772	\$ 14,712	\$ 34,283
Accrued expenses			4,515				4,515
Due to other funds					3,726		3,726
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>17,245</u>	<u>1,069</u>	<u>9,498</u>	<u>14,712</u>	<u>42,524</u>
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Restricted		5,323				42,867	48,190
Committed	55,823		92,883	55,368			204,074
Unassigned (Deficit)					(4,056)		(4,056)
Total Fund Balances	<u>55,823</u>	<u>5,323</u>	<u>92,883</u>	<u>55,368</u>	<u>(4,056)</u>	<u>42,867</u>	<u>248,208</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 55,823</u>	<u>\$ 5,323</u>	<u>\$ 110,128</u>	<u>\$ 56,437</u>	<u>\$ 5,442</u>	<u>\$ 57,579</u>	<u>\$ 290,732</u>

SCHEDULE B
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	Conservation <u>Fund</u>	Drug Forfeiture <u>Fund</u>	Transfer Station <u>Fund</u>	Parking Meter <u>Fund</u>	Police Special Detail <u>Fund</u>	Grants <u>Fund</u>	Combining <u>Totals</u>
Revenues:							
Licenses and permits				\$ 74,618			\$ 74,618
Intergovernmental		\$ 3,220				\$ 51,578	54,798
Charges for services			\$ 323,002		\$ 31,841		354,843
Investment income	\$ 7,598						7,598
Miscellaneous						15,130	15,130
Total Revenues	<u>7,598</u>	<u>3,220</u>	<u>323,002</u>	<u>74,618</u>	<u>31,841</u>	<u>66,708</u>	<u>506,987</u>
Expenditures:							
Current operations:							
General government						1,433	1,433
Public safety				32,988	36,608	3,963	73,559
Highways and streets						44,114	44,114
Sanitation			394,427			6,467	400,894
Conservation	134						134
Capital outlay			23,108				23,108
Total Expenditures	<u>134</u>	<u>-</u>	<u>417,535</u>	<u>32,988</u>	<u>36,608</u>	<u>55,977</u>	<u>543,242</u>
Excess of revenues over (under) expenditures	<u>7,464</u>	<u>3,220</u>	<u>(94,533)</u>	<u>41,630</u>	<u>(4,767)</u>	<u>10,731</u>	<u>(36,255)</u>
Other financing sources (uses):							
Transfers in	11		135,639				135,650
Transfers out			(10,000)	(20,000)			(30,000)
Total Other financing sources (uses)	<u>11</u>	<u>-</u>	<u>125,639</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>105,650</u>
Net change in fund balances	7,475	3,220	31,106	21,630	(4,767)	10,731	69,395
Fund Balances - beginning	<u>48,348</u>	<u>2,103</u>	<u>61,777</u>	<u>33,738</u>	<u>711</u>	<u>32,136</u>	<u>178,813</u>
Fund Balances (Deficit) - ending	<u>\$ 55,823</u>	<u>\$ 5,323</u>	<u>\$ 92,883</u>	<u>\$ 55,368</u>	<u>\$ (4,056)</u>	<u>\$ 42,867</u>	<u>\$ 248,208</u>