

July 23, 2021

To the Board of Selectmen
Town of Littleton, New Hampshire

We have audited the primary government financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire (the “Town”) for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Littleton, New Hampshire are described in Note 1 to the basic financial statements. During the year ended December 31, 2019, the Town adopted and implemented the Statement of Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the financial statements and is described in Note 17 to the basic financial statements. We noted no transactions entered into by the Town of Littleton, New Hampshire during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the governmental activities, each major fund and the aggregate remaining fund information’s financial statements were:

Management’s estimate of the allowance for uncollectible taxes receivable in the General Fund is based on taxpayer bankruptcies, abatements subsequently issued, historical collection levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Additionally, management’s estimate of the useful lives of capital assets is based upon historical records of utilization, necessary improvements and replacements. We evaluated the key factors and assumptions used to develop the depreciable useful lives of capital assets in determining that they are reasonable in relation to the financial statements.

Significant estimates also include actuarial assumptions used in determining cost-sharing pension and other post-employment benefits costs and single employer other post-employment benefits costs which are based on plan audited financial statements and a plan actuarial valuation report, respectively. We evaluated the assumptions used in the plan audited financial statements and the plan actuarial valuation report to determine that they are reasonable in relation to the financial statements as a whole. In addition, the estimates of future annual postclosure care costs for the Town's landfill are based upon assessments of anticipated future monitoring and maintenance costs performed by the Town's landfill engineering firm. We evaluated the assessments of the Town's landfill engineering firm to determine that future annual postclosure care costs are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Please see the attached schedule of material adjustments detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions

occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit, we noted certain deficiencies in the Town of Littleton, New Hampshire's internal control that we considered to be material weaknesses. See the separately issued 'Report on Internal Controls' dated July 23, 2021 for further information regarding the identified deficiencies.

Other Matters

We applied certain limited procedures to 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 which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Nonmajor Governmental Fund Financial Statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Selectmen and management of the Town of Littleton, New Hampshire and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Vachon Clukay & Company PC

Town of Littleton, New Hampshire
Material Audit Adjustments
For the year ended December 31, 2019

The following is a listing of the material audit adjustments made for the year ended December 31, 2019, and have been corrected by management:

General Fund:

- To restate beginning fund balance for the implementation of GASB Statement #84, increasing beginning fund balance by \$267,161.
- To recognize expenditures that were initially reported as prepaid items in the amount of \$74,300.
- To recognize revenues in the General Fund of \$163,357 for FEMA disaster relief funding received as reimbursement for expenditures incurred by the General Fund in prior years.

General Fund (Expendable Trust Funds)

- To restate beginning fund balance for amounts previously reported as accrued expenses within the expendable trust funds. This resulted in an increase in committed fund balance as of the beginning of the year of \$89,327.

Capital Projects Fund

- To remove interfund receivable and payable balances and transfer in and out activity associated with the landfill closure activity totaling \$22,358.

Aggregate Remaining Funds:

Nonmajor Governmental Funds – Grants Fund

- To reduce revenues by \$163,357 for FEMA disaster relief funding initially credited to the Grants Fund, to report activity within the General Fund.