

TOWN OF LITTLETON, NEW HAMPSHIRE

Financial Statements

December 31, 2018

and

Independent Auditor's Report

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Schedule of Findings and Questioned Costs

TOWN OF LITTLETON, NEW HAMPSHIRE
FINANCIAL STATEMENTS
December 31, 2018

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FINANCIAL STATEMENTS
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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, 2018, 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 and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2018, 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 i-xi and 39-46 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, 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 schedule of expenditures of federal awards and 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 schedule of expenditures of federal awards and the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020 on our consideration of the Town of Littleton, New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Littleton, New Hampshire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Littleton, New Hampshire's internal control over financial reporting and compliance.

Vachon Clukay & Company PC

Manchester, New Hampshire
June 19, 2020

EXHIBIT A
TOWN OF LITTLETON, NEW HAMPSHIRE
Statement of Net Position
December 31, 2018

	Primary Government Governmental Activities	Component Unit
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,199,892	\$ 4,519,301
Investments	1,984,490	28,643
Taxes receivable, net	981,535	
Accounts receivable, net	143,091	890,921
Current portion of intergovernmental receivable	542,712	7,217
Inventory		865,797
Prepaid expenses	17,822	
Tax dedeed property available for sale	89,453	
Total Current Assets	<u>9,958,995</u>	<u>6,311,879</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable capital assets	5,244,709	541,702
Depreciable capital assets, net	15,107,362	7,665,827
Intergovernmental receivable, net of current portion		12,937
Total Noncurrent Assets	<u>20,352,071</u>	<u>8,220,466</u>
Total Assets	<u>30,311,066</u>	<u>14,532,345</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources attributable to OPEB	75,687	3,408
Deferred outflows of resources attributable to pensions	795,552	168,999
Total Deferred Outflows of Resources	<u>871,239</u>	<u>172,407</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	571,186	618,450
Accrued expenses	105,293	1,541
Retainage payable	97,595	
Due to other governments	4,970,578	
Deposits	20,745	128,515
Current portion of bonds payable		36,084
Current portion of notes payable	943,858	
Current portion of accrued landfill postclosure obligation	12,220	
Current portion of accrued leave time obligation	127,113	
Total Current Liabilities	<u>6,848,588</u>	<u>784,590</u>
Noncurrent Liabilities:		
Bonds payable		64,687
Notes payable	3,598,580	
State of New Hampshire revolving loan	417,663	
Accrued landfill postclosure obligation	122,206	
Accrued leave time obligation	54,477	
Net pension liability	5,494,904	1,377,443
Other post-employment benefits obligation	1,422,252	116,530
Total Noncurrent Liabilities	<u>11,110,082</u>	<u>1,558,660</u>
Total Liabilities	<u>17,958,670</u>	<u>2,343,250</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources attributable to OPEB	5,488	51,726
Deferred inflows of resources attributable to pensions	240,375	254,840
Total Deferred Inflows of Resources	<u>245,863</u>	<u>306,566</u>
NET POSITION		
Net investment in capital assets	15,691,970	8,106,758
Restricted	1,716,984	
Unrestricted (Deficit)	<u>(4,431,182)</u>	<u>3,948,178</u>
Total Net Position	<u>\$ 12,977,772</u>	<u>\$ 12,054,936</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit
Governmental Activities:						
General government	\$ 1,827,333		\$ 53,098		\$ (1,774,235)	
Public safety	3,774,331	\$ 21,471	12,276	\$ 15,916	(3,724,668)	
Highways and streets	1,837,742		1,901	229,726	(1,606,115)	
Health and welfare	170,278				(170,278)	
Sanitation	1,518,740	1,302,300		40,485	(175,955)	
Culture and recreation	899,974	177,439			(722,535)	
Conservation	2,814				(2,814)	
Economic development	2,500			1,128,198	1,125,698	
Interest and fiscal charges	122,650				(122,650)	
Total governmental activities	<u>\$ 10,156,362</u>	<u>\$ 1,501,210</u>	<u>\$ 67,275</u>	<u>\$ 1,414,325</u>	<u>(7,173,552)</u>	
Component unit:						
Electric service	\$ 9,085,111	\$ 8,814,266				\$ (270,845)
Water service	607,120	691,228				84,108
Total component unit	<u>\$ 9,692,231</u>	<u>\$ 9,505,494</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(186,737)</u>
General revenues:						
Property and other taxes					6,455,168	
Licenses and permits					1,400,288	
Grants and contributions:						
Rooms and meals tax distribution					302,881	
Interest and investment earnings (losses)					(11,693)	31,169
Miscellaneous					82,922	202,458
Net gain (loss) on disposal of capital assets						(678)
Total general revenues and net gain (loss) on disposal of capital assets					<u>8,229,566</u>	<u>232,949</u>
Change in net position					1,056,014	46,212
Net Position - beginning, as restated					11,921,758	12,008,724
Net Position - ending					<u>\$ 12,977,772</u>	<u>\$ 12,054,936</u>

See accompanying notes to the basic financial statements

EXHIBIT C
TOWN OF LITTLETON, NEW HAMPSHIRE
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,170,309		\$ 29,583	\$ 6,199,892
Investments	1,121,863		862,627	1,984,490
Taxes receivable, net	981,535			981,535
Accounts receivable	54,636		88,455	143,091
Due from other governments		\$ 511,759	30,953	542,712
Due from other funds	791,050		1,381,911	2,172,961
Prepaid expenses	86,334			86,334
Tax deeded property available for sale	89,453			89,453
Total Assets	<u>9,295,180</u>	<u>511,759</u>	<u>2,393,529</u>	<u>12,200,468</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,295,180</u>	<u>\$ 511,759</u>	<u>\$ 2,393,529</u>	<u>\$ 12,200,468</u>
LIABILITIES				
Accounts payable	\$ 249,443	\$ 3,457	\$ 318,286	\$ 571,186
Accrued expenses	198,580		7,981	206,561
Retainage payable		97,595		97,595
Due to other governments	4,970,578			4,970,578
Due to other funds	1,381,911	790,547	503	2,172,961
Deposits	20,745			20,745
Total Liabilities	<u>6,821,257</u>	<u>891,599</u>	<u>326,770</u>	<u>8,039,626</u>
DEFERRED INFLOWS OF RESOURCES				
Uncollected property taxes	<u>579,468</u>			<u>579,468</u>
Total Deferred Inflows of Resources	<u>579,468</u>	<u>-</u>	<u>-</u>	<u>579,468</u>
FUND BALANCES				
Nonspendable	175,787		716,554	892,341
Restricted	1,208,679		91,751	1,300,430
Committed	633,061		1,258,454	1,891,515
Unassigned (Deficit)	(123,072)	(379,840)		(502,912)
Total Fund Balances	<u>1,894,455</u>	<u>(379,840)</u>	<u>2,066,759</u>	<u>3,581,374</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,295,180</u>	<u>\$ 511,759</u>	<u>\$ 2,393,529</u>	<u>\$ 12,200,468</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, 2018

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 3,581,374
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.	20,352,071
Prepaid expenses for debt service requirements reduce long-term liabilities on the accrual basis in the statement of net position, not the modified accrual basis.	(68,512)
Property taxes are recognized on an accrual basis in the statement of net position, not the modified accrual basis.	579,468
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	75,687
Deferred outflows of resources related to net pension liability	795,552
Deferred inflows of resources related to OPEB	(5,488)
Deferred inflows of resources related to net pension liability	(240,375)
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	(4,542,438)
State of New Hampshire revolving loan	(417,663)
Accrued interest on long-term obligations	(25,845)
Accrued landfill postclosure obligation	(134,426)
Accrued leave time payable	(54,477)
Net pension liability	(5,494,904)
OPEB liability	<u>(1,422,252)</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 12,977,772</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, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 6,293,992			\$ 6,293,992
Licenses and permits	1,346,197		\$ 54,091	1,400,288
Intergovernmental	527,809	\$ 1,128,198	128,474	1,784,481
Charges for services	177,439		1,323,771	1,501,210
Investment income (losses)	3,819	54	(15,566)	(11,693)
Miscellaneous	48,368		34,554	82,922
Total Revenues	<u>8,397,624</u>	<u>1,128,252</u>	<u>1,525,324</u>	<u>11,051,200</u>
Expenditures:				
Current operations:				
General government	1,486,526		152,963	1,639,489
Public safety	3,369,834		53,268	3,423,102
Highways and streets	1,346,763	422,501	5,850	1,775,114
Health and welfare	170,278			170,278
Sanitation	3,212	572,652	1,276,032	1,851,896
Culture and recreation	868,770			868,770
Conservation	2,595		219	2,814
Economic development		1,364,935		1,364,935
Capital outlay	146,562		31,875	178,437
Debt service:				
Principal retirement	931,197		51,284	982,481
Interest and fiscal charges	108,631		18,093	126,724
Total Expenditures	<u>8,434,368</u>	<u>2,360,088</u>	<u>1,589,584</u>	<u>12,384,040</u>
Excess of revenues over (under) expenditures	<u>(36,744)</u>	<u>(1,231,836)</u>	<u>(64,260)</u>	<u>(1,332,840)</u>
Other financing sources (uses):				
Proceeds from note payable	189,547			189,547
Proceeds from state revolving loan fund		417,663		417,663
Transfers in	15,000		106,262	121,262
Transfers out	(106,262)		(15,000)	(121,262)
Total other financing sources (uses)	<u>98,285</u>	<u>417,663</u>	<u>91,262</u>	<u>607,210</u>
Net change in fund balances	61,541	(814,173)	27,002	(725,630)
Fund balances - beginning	<u>1,832,914</u>	<u>434,333</u>	<u>2,039,757</u>	<u>4,307,004</u>
Fund balances - ending	<u>\$ 1,894,455</u>	<u>\$ (379,840)</u>	<u>\$ 2,066,759</u>	<u>\$ 3,581,374</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, 2018

Net Change in Fund Balances - Governmental Funds (Exhibit D)	\$ (725,630)
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.	1,675,802
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	161,176
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.	(607,210)
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.	982,481
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	4,074
Some expenses reported in the statement of activities, such as accrued leave time obligations, and the accrued landfill postclosure obligation, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(126,599)
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	(203,527)
Net changes in pension	<u>(104,553)</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u>\$ 1,056,014</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, 2018

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Investments	\$ 5,643,325	\$ 921,125
Total Assets	<u>5,643,325</u>	<u>\$ 921,125</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	
LIABILITIES		
Due to other governments		\$ 921,125
Total Liabilities	<u>-</u>	<u>\$ 921,125</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	
NET POSITION		
Held in trust	<u>5,643,325</u>	
Total Net Position	<u>\$ 5,643,325</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, 2018

	Private- Purpose Trust Funds
ADDITIONS:	
Contributions:	
Private donations	\$ 1,325
Total Contributions	<u>1,325</u>
Investment earnings:	
Interest	124,776
Realized gains	309,517
Net decrease in the fair value of investments	<u>(594,423)</u>
Total Investment Losses	(160,130)
Less: Investment expense	<u>(26,210)</u>
Net Investment Losses	<u>(186,340)</u>
Total Additions	<u>(185,015)</u>
DEDUCTIONS:	
Benefits	<u>90,350</u>
Total Deductions	<u>90,350</u>
Change in Net Position	(275,365)
Net Position - beginning	<u>5,918,690</u>
Net Position - ending	<u>\$ 5,643,325</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, 2018**

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, 2018

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 transactions 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, 2018

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 agency 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. The Town's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Town's agency funds account for school district trust funds, which are held by the Town in accordance with 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 private-purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

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

1. Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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, 2018, the Town did not apply any fund balance to reduce taxes.

Investments

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

Taxes Receivable

Taxes levied during the current fiscal year and prior and uncollected at December 31, 2018 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.

For governmental fund financial statements, the Town estimates a portion of the unused and accrued leave time liability to be due in the current period attributable to employee reimbursement requests. Based on Town estimates, 70% of the total accrued leave time liability has been reported as liabilities and expenditures within the governmental funds. Additionally, the entire accrued leave time liability is reported on the government-wide financial statements.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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.

Pensions

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, 2018

Fund Balance Policy

Under GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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, 2018

sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Estimates

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

NOTE 2—DEPOSITS AND INVESTMENTS

Deposits and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 6,199,892
Investments	1,984,490
Statement of Fiduciary Net Position:	
Investments	<u>6,564,450</u>
Total deposits and investments	<u>\$ 14,748,832</u>

Deposits and investments at December 31, 2018 consist of the following:

Cash on hand	\$ 4,970
Deposits with financial institutions	368,629
Investments	<u>14,375,233</u>
Total deposits and investments	<u>\$ 14,748,832</u>

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

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

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.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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	\$ 883,358	\$ 158,396	\$ 406,566	\$ 318,396
Government agency bonds	450,738	104,635	307,166	38,937
Municipal bonds	124,934		124,934	
Corporate bonds	850,913	30,224	391,893	428,796
Bond mutual funds	429,373	127,558	223,372	78,443
	<u>\$ 2,739,316</u>	<u>\$ 420,813</u>	<u>\$ 1,453,931</u>	<u>\$ 864,572</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:

	<u>Investment Type</u>						<u>Totals</u>
	<u>Government agency bonds</u>	<u>Municipal bonds</u>	<u>Corporate bonds</u>	<u>Bond mutual funds</u>	<u>Money market funds</u>	<u>State investment pool</u>	
Ratings as of Year End							
AAA	\$ 450,738	\$ 50,065	\$ 100,676			\$ 27,138	\$ 628,617
AA		10,067	227,621				237,688
A		64,802	474,584				539,386
BBB			48,032				48,032
Not Rated				\$ 429,373	\$ 1,961,553		2,390,926
Fair Value	<u>\$ 450,738</u>	<u>\$ 124,934</u>	<u>\$ 850,913</u>	<u>\$ 429,373</u>	<u>\$ 1,961,553</u>	<u>\$ 27,138</u>	<u>\$ 3,844,649</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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, \$148,941 was collateralized by securities held by the bank in the bank's name.

As of December 31, 2018, Town investments in the following investment types were held by the same counterparty that was used to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury obligations	\$ 883,358
Equity securities	2,705,896
Government agency bonds	450,738
Municipal bonds	124,934
Corporate bonds	850,913
Money market funds	1,961,553
Bond mutual funds	429,373
Exchange traded funds	1,045,912
Repurchase agreement funds	5,895,418
	<u>\$ 14,348,095</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.

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

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, 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):

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

- 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, 2018, 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		\$ 883,358		\$ 883,358
Equity securities	\$ 2,705,896			2,705,896
Government agency bonds		450,738		450,738
Municipal bonds		124,934		124,934
Corporate bonds		850,913		850,913
Money market funds	1,961,553			1,961,553
Bond mutual funds	429,373			429,373
Exchange traded funds	1,045,912			1,045,912
	<u>\$ 6,142,734</u>	<u>\$ 2,309,943</u>	<u>\$ -</u>	<u>\$ 8,452,677</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.

NOTE 3—CAPITAL ASSETS

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

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2018</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	919,068	\$ 2,005,030		2,924,098
Total capital assets not being depreciated	<u>3,239,679</u>	<u>2,005,030</u>	<u>\$ -</u>	<u>5,244,709</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

Other capital assets:

Land improvements	5,809,785	474,756		6,284,541
Buildings and improvements	13,714,656	48,560		13,763,216
Equipment	3,728,004	252,632		3,980,636
Vehicles	3,082,039	126,977	(23,701)	3,185,315
Infrastructure	8,641,613			8,641,613
Total other capital assets at historical cost	<u>34,976,097</u>	<u>902,925</u>	<u>(23,701)</u>	<u>35,855,321</u>

Less accumulated depreciation for:

Land improvements	(1,559,296)	(258,931)		(1,818,227)
Buildings and improvements	(10,210,586)	(234,374)		(10,444,960)
Equipment	(2,334,611)	(191,099)		(2,525,710)
Vehicles	(2,502,656)	(180,232)	23,701	(2,659,187)
Infrastructure	(2,932,358)	(367,517)		(3,299,875)
Total accumulated depreciation	<u>(19,539,507)</u>	<u>(1,232,153)</u>	<u>23,701</u>	<u>(20,747,959)</u>
Total other capital assets, net	<u>15,436,590</u>	<u>(329,228)</u>	<u>-</u>	<u>15,107,362</u>
Total capital assets, net	<u>\$ 18,676,269</u>	<u>\$ 1,675,802</u>	<u>\$ -</u>	<u>\$ 20,352,071</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 134,086
Public safety	221,411
Highways and streets	638,257
Sanitation	184,701
Culture and recreation	53,698
Total governmental activities depreciation expense	<u>\$ 1,232,153</u>

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

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018
Discretely presented component unit:				
Capital assets not depreciated:				
Land	\$ 102,482			\$ 102,482
Construction in process	<u>197,998</u>	<u>\$ 494,697</u>	<u>\$ (253,475)</u>	<u>439,220</u>
Total capital assets not being depreciated	<u>300,480</u>	<u>494,697</u>	<u>(253,475)</u>	<u>541,702</u>
Other capital assets:				
Structure and systems	15,327,721	229,987	(22,318)	15,535,390
Equipment	<u>1,668,527</u>	<u>17,892</u>		<u>1,686,419</u>
Total other capital assets at historical cost	<u>16,996,248</u>	<u>247,879</u>	<u>(22,318)</u>	<u>17,221,809</u>
Less accumulated depreciation for:				
Structure, systems, and equipment	(9,151,966)	(425,656)	21,640	(9,555,982)
Total accumulated depreciation	<u>(9,151,966)</u>	<u>(425,656)</u>	<u>21,640</u>	<u>(9,555,982)</u>
Total other capital assets, net	<u>7,844,282</u>	<u>(177,777)</u>	<u>(678)</u>	<u>7,665,827</u>
Total capital assets, net	<u>\$ 8,144,762</u>	<u>\$ 316,920</u>	<u>\$ (254,153)</u>	<u>\$ 8,207,529</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

Depreciation expense recognized by the discretely presented component unit for the year ended December 31, 2018 was \$425,656.

NOTE 4—LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The changes in the Town's long-term obligations for the year ended December 31, 2018 are as follows:

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Notes payable	\$ 5,401,624	\$ 189,547	\$(1,048,733)	\$ 4,542,438	\$ 943,858
State of New Hampshire revolving loan	-	417,663	-	417,663	-
Accrued leave time payable	167,167	28,892	(14,469)	181,590	127,113
Total governmental activities	<u>\$ 5,568,791</u>	<u>\$ 636,102</u>	<u>\$(1,063,202)</u>	<u>\$ 5,141,691</u>	<u>\$ 1,070,971</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, 2018 are as follows:

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due Within</u> <u>One Year</u>
Discretely presented component unit:					
Bonds payable	\$ 137,300		\$ (36,529)	\$ 100,771	\$ 36,084
Total component unit	<u>\$ 137,300</u>	<u>\$ -</u>	<u>\$ (36,529)</u>	<u>\$ 100,771</u>	<u>\$ 36,084</u>

Payments on the general obligation bonds of the discretely presented component unit are paid by Littleton Water and Light.

General Obligation Debt

Governmental Activities:

Notes payable at December 31, 2018 are comprised of the following individual issues:

TOWN OF LITTLETON, NEW HAMPSHIRE
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For the Year Ended December 31, 2018

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance at 12/31/2018</u>
2011 Industrial Park / Sewer Facility	\$ 393,169	4.06%	01/2022	\$ 142,968
2013 Grove Street Bridge refinancing	1,144,737	2.92%	07/2023	613,872
2013 Parking Lot Enhancement	200,000	variable	07/2023	104,820
2013 Police station refinancing	1,259,211	2.92%	07/2023	675,259
2014 General Obligation Note	2,638,908	1.75%	10/2020	913,265
2015 Public Works Garage	1,300,000	2.24%	06/2032	1,182,475
2016 General Obligation Note	900,000	2.50%	10/2031	842,224
2018 Highway Vehicle Note	94,964	2.89%	12/2019	33,906
2018 Transfer Station Equipment Note	94,583	2.89%	12/2019	33,649
Total governmental activities	<u>\$ 8,025,572</u>			<u>\$ 4,542,438</u>

Variable interest on the 2013 parking lot enhancement note is based on a fixed rate of 1.79% through July 2018, with the rate thereafter 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 general obligation notes outstanding for governmental activities at December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 943,858	\$ 105,359	\$ 1,049,217
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
2024-2028	777,720	118,099	895,819
2029-2032	564,970	23,679	588,649
	<u>\$ 4,542,438</u>	<u>\$ 492,649</u>	<u>\$ 5,035,087</u>

Discretely Presented Component Unit:

Bonds payable for Littleton Water and Light at December 31, 2018 is comprised of the following issue:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Balance at 12/31/2018</u>
Water filtration project	<u>\$ 750,000</u>	3.98%	11/2021	<u>\$ 100,771</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.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

Debt service requirements to retire general obligation bonds for the discretely presented component unit at December 31, 2018 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 36,084	\$ 4,477	\$ 40,561
2020	34,616	2,807	37,423
2021	30,071	1,196	31,267
	<u>\$ 100,771</u>	<u>\$ 8,480</u>	<u>\$ 109,251</u>

Interest expense for the year ended December 31, 2018, was \$6,165 for Littleton Water and Light.

State of New Hampshire Revolving Loan

The Town has drawn \$417,663 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 5—ACCRUED LANDFILL POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The Town's landfill ceased operations and was closed in 1999. An estimated liability has been recorded based on the future post-closure care costs that will be incurred. The estimated liability for landfill post-closure care costs has a balance of \$134,426 as of December 31, 2018. The estimated total current cost of the landfill postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2018. 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, 2018:

Balance January 1, 2018	\$ 62,304
Change in estimated liability	75,334
Expenditures recognized in the General Fund	(3,212)
Balance December 31, 2018	<u>\$ 134,426</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

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

The NHRS issues a publicly available financial report that includes financial statements and required supplementary information for NHRS. That report may be obtained by writing to New Hampshire Retirement System, 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. All assets are held in a single trust and are available to pay retirement benefits to all members.

Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is $1/60$ or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at $1/66$ or 1.515% of AFC multiplied by years of creditable service.

Group II members vested by January 1, 2012, who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have not attained status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $1/4$ of 1% . For Group II members who commenced service prior to July 1, 2011, who have not attained vested status prior to January 1, 2012, benefits are calculated 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, 2018

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 3 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%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

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, firefighters, and general employees were 25.33%, 27.79%, and 11.08%, respectively, through December 31, 2018. 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, 2018 were \$502,795.

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

At December 31, 2018, the Town reported a liability of \$5,494,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017. 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, 2018, the Town's proportion was approximately 0.1141 percent, which was a decrease of 0.0017 percentage points from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$609,424. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 43,859	\$ 44,492
Changes of assumptions	380,274	
Net difference between projected and actual earnings on pension plan investments		127,157
Changes in proportion and differences between Town contributions and proportionate share of contributions	104,491	68,726
Town contributions subsequent to the measurement date	266,928	
Totals	<u>\$ 795,552</u>	<u>\$ 240,375</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 \$555,177. The Town reported \$266,928 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, 2019. 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>	
2019	\$ 263,894
2020	174,769
2021	(117,203)
2022	(33,211)
	<u>\$ 288,249</u>

Actuarial Assumptions

The total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study. Retirement rates were based on a table of rates that are specific to the type of eligibility condition, last updated in 2015 pursuant to an experience study of the period July 1, 2010 – June 30, 2015.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
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	\$ 7,311,015	\$ 5,494,904	\$ 3,972,948

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

NOTE 7—OTHER POSTEMPLOYMENT BENEFITS

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

	<u>Deferred Outflows</u>	<u>OPEB Liability</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Cost-Sharing Multiple Employer Plan	\$ 75,544	\$ 574,199	\$ 1,824	\$ 202,618
Single Employer Plan	143	848,053	3,664	82,759
Total	<u>\$ 75,687</u>	<u>\$ 1,422,252</u>	<u>\$ 5,488</u>	<u>\$ 285,377</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 \$70,199.

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. Political subdivision employees, teachers and State employees belong to Group I. Police officers and firefighters belong to Group II. 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, 2018

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-100:16, contribution rates are established and may be amended by the New Hampshire State legislature and are determined by the NHRS Board of Trustees based on an actuarial valuation. The Town's contribution rates for the covered payroll of public safety employees and political subdivision employees were 4.10%, and 0.30%, respectively, for the year ended December 31, 2018. Contributions to the OPEB plan for the Town were \$54,834 for the year ended December 31, 2018. 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, 2018, the Town reported a liability of \$574,199 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2017. 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, 2018, the Town's proportion was approximately 0.1254 percent, which was an increase of 0.0414 percentage points from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized OPEB expense of \$202,618. At December 31, 2018, 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	\$ 3,371	
Net difference between projected and actual investment earnings on OPEB plan investments		\$ 1,824
Changes in proportion and differences between Town contributions and proportionate share of contributions	40,283	
Town contributions subsequent to the measurement date	31,890	
Totals	<u>\$ 75,544</u>	<u>\$ 1,824</u>

The Town reported \$31,890 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, 2019. 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:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

<u>June 30,</u>	
2019	\$ 43,084
2020	(569)
2021	(570)
2022	(115)
	<u>\$ 41,830</u>

Actuarial Assumptions

The total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Wage inflation	3.25 percent
Salary increases	5.6 percent, average, including inflation
Investment rate of return	7.25 percent, net of OPEB plan investment expense, including inflation

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, 2017 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>
Fixed income	25%	(0.25)-1.80%
Domestic equity	30%	4.25-4.50%
International equity	20%	4.50-6.00%
Real estate	10%	3.25%
Private equity	5%	6.25%
Private debt	5%	4.25%
Opportunistic	5%	2.15%
Total	<u>100%</u>	

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

The discount rate used to measure the collective total OPEB liability as of June 30, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

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

The following presents the Town's proportionate share of the net OPEB liability calculated using the discount rate of 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	\$ 597,629	\$ 574,199	\$ 508,568

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:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

Years of Creditable Service as of <u>January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>
At least 3 but less than 10 years	46	21
At least 6 but less than 8 years	47	22
At least 4 but less than 6 years	48	23
Less than 4 years	49	24

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

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

Employees Covered by Benefit Terms

At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	<u>32</u>
	<u>35</u>

Total OPEB Liability

The Town's total OPEB liability of \$848,053 was measured as of December 31, 2018 and was determined by a rollforward of the actuarial valuation as of January 1, 2017.

Actuarial Assumptions and Other Inputs for OPEB

The total OPEB liability in the January 1, 2017 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 percent
Discount rate	3.78 percent
Healthcare cost trend rates	9.50 percent for 2018, decreasing 0.50 percent per year to an ultimate trend rate of 5.00 percent, reached in 2027

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-2017.

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	\$ 787,681
Changes for the year:	
Service cost	56,784
Interest	26,696
Differences between expected and actual experience	143
Benefit payments	(23,251)
Net changes	60,372
Balance at December 31, 2018	<u>\$ 848,053</u>

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

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

	1% Decrease (2.78%)	Current Discount Rate (3.78%)	1% Increase (4.78%)
Total OPEB liability	\$ 987,285	\$ 848,053	\$ 686,179

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 (8.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rate:

	1% Decrease (8.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (9.50% decreasing to 5.00%)	1% Increase (10.50% decreasing to 6.00%)
Total OPEB liability	\$ 732,653	\$ 848,053	\$ 987,114

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

For the year ended December 31, 2018, the Town recognized OPEB expense of \$82,759. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 143	\$ 3,664
Totals	\$ 143	\$ 3,664

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>	
2019	\$ (693)
2020	(693)
2021	(693)
2022	(693)
2023	(693)
Thereafter	(56)
	<u>\$ (3,521)</u>

NOTE 8—INTERFUND BALANCES AND TRANSFERS

The Town has combined the cash resources of its governmental funds. For accounting and reporting purposes, that portion of the pooled cash balance is reported in the specific fund as an interfund balance. Interfund balances at December 31, 2018 are as follows:

	General Fund	Due from		Totals
		Capital Projects Fund	Nonmajor Governmental Funds	
Due to General Fund		\$ 790,547	\$ 503	\$ 791,050
Nonmajor Governmental Funds	\$ 1,381,911			1,381,911
	<u>\$ 1,381,911</u>	<u>\$ 790,547</u>	<u>\$ 503</u>	<u>\$ 2,172,961</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, 2018 are as follows:

	General Fund	Transfer from		Totals
		Nonmajor Governmental Funds		
Transfer to General Fund		\$ 15,000	\$ 15,000	
Nonmajor Governmental Funds	\$ 106,262		106,262	
	<u>\$ 106,262</u>	<u>\$ 15,000</u>	<u>\$ 121,262</u>	

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

NOTE 9—RESTRICTED NET POSITION

Net position is restricted for specific purposes at December 31, 2018 as follows:

Permanent funds - Principal	\$ 716,554
Permanent funds - Income	57,512
Library	908,679
Drug forfeiture funds	2,103
Miscellaneous grants	32,136
	<u>\$ 1,716,984</u>

NOTE 10—COMPONENTS OF FUND BALANCE

The components of the Town's fund balance for its governmental funds at December 31, 2018 are as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Prepaid expenses	\$ 86,334			\$ 86,334
Tax deeded property	89,453			89,453
Permanent Funds - Principal			\$ 716,554	716,554
<i>Restricted for:</i>				
Unspent bond proceeds	300,000			300,000
Library	908,679			908,679
Permanent Funds - Income			57,512	57,512
Drug Forfeiture Fund			2,103	2,103
Miscellaneous grants			32,136	32,136
<i>Committed for:</i>				
Non-lapsing appropriations	419,715			419,715
Expendable Trust Funds	179,827			179,827
Parks and recreation	31,780			31,780
Opera House	1,739			1,739
Wastewater collection			1,113,880	1,113,880
Conservation Fund			48,348	48,348
Transfer Station Fund			61,777	61,777
Parking Meter Fund			33,738	33,738
Public Special Detail Fund			711	711
<i>Unassigned:</i>				
Capital Projects Fund (deficit)		\$ (379,840)		(379,840)
Unassigned - General operations (deficit)	(123,072)			(123,072)
	<u>\$ 1,894,455</u>	<u>\$ (379,840)</u>	<u>\$ 2,066,759</u>	<u>\$ 3,581,374</u>

NOTE 11—PROPERTY TAXES

Taxes are levied on the assessed valuation of all taxable real property as of the prior April 1 (\$814,610,881 as of April 1, 2018) and are due in two installments on July 2, 2018 and December 27, 2018. Taxes paid after the due dates accrue interest at 12% per annum. Property taxes are recognized as

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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. These priority tax liens accrue interest at 18% 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 \$10,648,689 and \$1,217,530 for the Littleton School District and Grafton County, respectively. These taxes are not recognized as revenues in these financial statements. The Town bears responsibility for uncollected taxes. At December 31, 2018, the balance of the property tax appropriation due to the Littleton School District is \$4,969,389 and has been reported in the General Fund as 'Due to other governments' in these financial statements.

NOTE 12—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, 2018, the Town was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage. Coverage has not been significantly reduced from the prior year and settled claims have not exceeded coverage in any of the past three years.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2018.

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

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

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 13—CONTINGENCIES

Litigation

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

Federal Grants

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

NOTE 14—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, 2018, no debt has been issued in accordance with these authorizations.

NOTE 15—RESTATEMENT OF NET POSITION

During the year ended December 31, 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The impact on net position of the Governmental Activities and the Discretely Presented Component Unit as of January 1, 2018 is as follows:

	Governmental Activities	Discretely Presented Component Unit
Net Position - January 1, 2018 (as previously reported)	\$ 12,954,468	\$ 12,169,022
Amount of restatement due to:		
OPEB liability	(1,056,028)	(161,447)
Deferred outflows of resources related to OPEB	28,915	1,634
Deferred inflows of resources related to OPEB	(5,597)	(485)
Net Position - January 1, 2018, as restated	<u>\$ 11,921,758</u>	<u>\$ 12,008,724</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2018

NOTE 16—SUBSEQUENT EVENTS

At the March 2019 annual Town meeting, the voters authorized the issuance of \$6,322,300 in debt for the purpose of the Sub Area 2 sewer line repair and replacement project, and \$49,000 in debt for the purpose of an asset management study and preliminary engineering of the wastewater treatment plant.

During August 2019, the Town entered into a long-term lease agreement for the purchase of an Ambulance. Under the terms of the lease, annual payments are due each April 1st for a period of five years, in the amount of \$82,755 including interest at a rate of 3.27%.

NOTE 17—IMPLEMENTATION OF FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, which the Town is required to implement in the fiscal year ending December 31, 2019. Management believes that this pronouncement will have a potentially significant impact on the Town's financial statements, wherein certain balances and activities currently reported within the Governmental Funds will require classification as a Fiduciary Fund.

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Taxes	\$ 6,304,105	\$ 6,304,105	\$ 6,451,328	\$ 147,223
Licenses and permits	1,303,675	1,303,675	1,346,197	42,522
Intergovernmental	1,010,794	990,257	527,809	(462,448)
Investment income	14,000	14,000	27,291	13,291
Miscellaneous	10,350	10,350	25,399	15,049
Total Revenues	<u>8,642,924</u>	<u>8,622,387</u>	<u>8,378,024</u>	<u>(244,363)</u>
Expenditures:				
Current operations:				
General government	1,516,065	1,489,068	1,466,526	22,542
Public safety	3,280,017	3,280,017	3,361,195	(81,178)
Highways and streets	1,249,440	1,249,440	1,346,763	(97,323)
Health and welfare	180,271	180,271	170,278	9,993
Culture and recreation	15,055	15,055	13,845	1,210
Conservation	2,606	2,606	2,595	11
Capital outlay	1,493,236	739,981	149,562	590,419
Debt service:				
Principal retirement	1,033,842	1,033,842	931,197	102,645
Interest and fiscal charges	154,843	154,843	108,631	46,212
Total Expenditures	<u>8,925,375</u>	<u>8,145,123</u>	<u>7,550,592</u>	<u>594,531</u>
Excess of revenues over (under) expenditures	<u>(282,451)</u>	<u>477,264</u>	<u>827,432</u>	<u>350,168</u>
Other financing sources (uses):				
Proceeds from note issuance	340,000			-
Transfers in	15,000	15,000	15,000	-
Transfers out	(666,666)	(666,666)	(692,533)	(25,867)
Total other financing sources (uses)	<u>(311,666)</u>	<u>(651,666)</u>	<u>(677,533)</u>	<u>(25,867)</u>
Net change in fund balance	(594,117)	(174,402)	149,899	324,301
Fund balances - beginning				
- Budgetary Basis	<u>1,135,499</u>	<u>1,135,499</u>	<u>1,135,499</u>	<u>-</u>
Fund balances - ending				
- Budgetary Basis	<u>\$ 541,382</u>	<u>\$ 961,097</u>	<u>\$ 1,285,398</u>	<u>\$ 324,301</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, 2018

<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, 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, 2018

<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, 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, 2018

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 56,784
Interest	26,696
Changes of benefit terms	-
Changes of assumptions or other inputs	-
Differences between expected and actual experience	143
Benefit payments	<u>(23,251)</u>
Net change in total OPEB liability	60,372
Total OPEB liability - beginning	<u>787,681</u>
Total OPEB liability - ending	<u>\$ 848,053</u>
Covered employee payroll	\$ 1,702,384
Total OPEB liability as a percentage of covered employee payroll	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, 2018**

<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, 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, 2018

<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, 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, 2018

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

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

	Revenues and Other Financing <u>Sources</u>	Expenditures and Other Financing <u>Uses</u>
Per Exhibit D	\$ 8,602,171	\$ 8,540,630
Difference in property taxes meeting susceptible to accrual criteria	161,176	
Non-budgetary revenues and expenditures	(180,776)	(886,976)
Note payable proceeds	(189,547)	
Budgetary transfers out		586,271
Encumbrances - December 31, 2018		66,500
Encumbrances - December 31, 2017		(63,300)
Per Schedule 1	<u>\$ 8,393,024</u>	<u>\$ 8,243,125</u>

NOTE 2—BUDGETARY FUND BALANCE

The components of the budgetary fund balance for the General Fund at December 31, 2018 are as follows:

<i>Nonspendable:</i>	
Prepaid expenses	\$ 86,334
Taxdeeded property	89,453
<i>Restricted:</i>	
Unspent bond proceeds	300,000
<i>Committed for:</i>	
Non-lapsing appropriations	419,715
<i>Assigned for:</i>	
Designated for subsequent year expenditures	9,011
<i>Unassigned:</i>	
Unassigned - General Operations	380,885
	<u>\$ 1,285,398</u>

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2018

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

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

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

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

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

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

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

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 I
TOWN OF LITTLETON, NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Granting Agency/Recipient State Agency/Grant Program/State Grant Number	Federal Catalogue Number	Passed Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Received directly from U.S. Treasury Department Part 1774 - Special Evaluation Assistance for Rural Communities and Households Program (SEARCH)	10.759	\$ -	\$ 23,533
<i>Community Facilities Loans and Grants Cluster</i>			
Community Facilities Loans and Grants	10.766		10,010
- Littleton Police UTV			26,272
- DPW Generator and Fire Department Overhead Door			36,282
<i>Total Community Facilities Loans and Grants Cluster</i>		-	36,282
Total Department of Agriculture		-	59,815
DEPARTMENT OF COMMERCE			
Received directly from U.S. Treasury Department <i>Economic Development Cluster</i>			
Investments for Public Works and Economic Development Facilities	11.300		644,731
- PW-EAA-C			644,731
<i>Total Economic Development Cluster</i>		-	644,731
Total Department of Commerce		-	644,731
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass Through Payments from the New Hampshire Community Development Finance Authority Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		483,467
#15-097CDPF			483,467
Total Department of Housing and Urban Development		-	483,467
DEPARTMENT OF TRANSPORTATION			
Pass Through Payments from the New Hampshire Department of Transportation			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction	20.205		50,138
#41362			50,138
<i>Total Highway Planning and Construction Cluster</i>		-	50,138
Pass Through Payments from the New Hampshire Department of Safety - Office of Highway Safety			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600		3,468
#315-18B-088			3,468
National Priority Safety Programs	20.616		5,301
#308-18B-073			2,225
#314-18B-011			7,526
<i>Total Highway Safety Cluster</i>		-	10,994
Total Department of Transportation		-	61,132
DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments from the New Hampshire Department of Safety			
Homeland Security Grant Program	97.067		5,906
#EMW-2016-SS-00053-S01			5,906
Total Department of Homeland Security		-	5,906
Total Expenditures of Federal Awards		\$ -	\$ 1,255,051

See notes to schedule of expenditures of federal awards

TOWN OF LITTLETON, NEW HAMPSHIRE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

NOTE 1—BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Littleton, New Hampshire (the Town) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position or changes in net position of the Town.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the Town's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3—INDIRECT COST RATE

The Town has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The recognition of expenditures of federal awards has been reported in the Town's basic financial statements as intergovernmental revenues in the governmental funds as follows:

Major Governmental Funds:	
General Fund	\$ 47,276
Capital Projects Fund	1,066,941
Nonmajor Governmental Funds	<u>79,577</u>
	<u>\$ 1,193,794</u>

Additionally, the recognition of expenditures of federal awards on the Schedule pertaining to the Investments for Public Works and Economic Development Facilities federal grant program in the amount of \$61,257 represents eligible expenditures which occurred in the prior year.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Board of Selectmen
Town of Littleton, New Hampshire

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Littleton, New Hampshire, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Littleton, New Hampshire's basic financial statements, and have issued our report thereon dated June 19, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Littleton Water and Light, a discretely presented component unit of the Town, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Littleton Water and Light.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Littleton, New Hampshire's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Littleton, New Hampshire's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Littleton, New Hampshire's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Littleton, New Hampshire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-002.

Town of Littleton, New Hampshire's Response to Findings

The Town of Littleton, New Hampshire's response to the findings identified in our audit is described in the accompanying corrective action plan. The Town of Littleton, New Hampshire's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashon Clukay & Company PC

Manchester, New Hampshire
June 19, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Selectmen
Town of Littleton, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited the Town of Littleton, New Hampshire's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Littleton, New Hampshire's major federal programs for the year ended December 31, 2018. The Town of Littleton, New Hampshire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Town of Littleton, New Hampshire's basic financial statements include the operations of the Littleton Water and Light, a discretely presented component unit of the Town. Littleton Water and Light did not expend any federal awards during the year ended December 31, 2018, and as such, no amounts have been included in the Town of Littleton, New Hampshire's schedule of expenditures of federal awards. Our audit, described below, did not include the operations of the Littleton Water and Light which is a separate legal entity and has separately issued audited financial statements.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Littleton, New Hampshire's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Littleton, New Hampshire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Littleton, New Hampshire's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Littleton, New Hampshire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the Town of Littleton, New Hampshire is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Littleton, New Hampshire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Littleton, New Hampshire's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vachon Clukay & Company PC

Manchester, New Hampshire
June 19, 2020

**Town of Littleton, New Hampshire
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018**

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified – all reporting units

Internal control over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified

 yes X none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified

 yes X none reported

Type of auditor's report issued on compliance
for major federal programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)?

 X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.300	Economic Development Cluster

Dollar threshold used to distinguish between Type A and Type B program: \$ 750,000 .

Auditee qualified as low-risk auditee?

 yes X no

Section II—Financial Statement Findings

The following findings relating to the financial statements required to be reported by GAGAS.

Finding #2018-001 General Ledger Maintenance:

Condition: During our audit of the Town's 2018 financial records, we identified in excess of 45 proposed audit adjustments across all funds. These adjustments are required in order for the financial statements to be reported in conformity with accounting principles generally accepted in the United States of America. The most significant concentration of adjustments was within the Town's General Fund, Grants Fund (a Nonmajor Governmental Fund) and Capital Projects Fund. Additionally, a significant portion of required adjustments were associated with the Town's various ongoing infrastructure projects. Financial resources/revenues and their related expenditures were distributed across multiple funds and were not consistently tracked within the same fund.

Criteria: Accurate financial reporting, including the proper allocation of revenues and expenditures between funds, is necessary for management and those charged with governance to make informed decisions while performing their day to day responsibilities.

Effect: The impact of identified audit adjustments resulted in an increase in the net change in fund balance of \$175,425, and \$787,120, within the General Fund and Capital Projects Fund, respectively, and a decrease in the net change in fund balance of (\$175,540) within the Grants Fund (a Nonmajor Governmental Fund). Additionally, failure to account for financial resources and related expenditures in a consistent manner within the same fund results in an excess accumulation of resources within one fund, and a deficit in the other fund. This further increases the risk that management and those charged with governance may make decisions based on incorrect or incomplete information.

Cause: The overarching cause of condition can be broken down into two categories. First, account reconciliations, including cash, various receivables and payables, are not performed on a periodic and ongoing basis, and in a timely manner. When reconciliations are performed, they typically cover several months of activity at a time, are prone to error, and are not performed for all significant balance sheet accounts across all funds. Second, projects are accounted for within several funds. These projects often have multiple funding sources. The funding sources and the project expenditures are not clearly tracked in a manner that allows for the revenues to be matched to the expenditures within the general ledger. While it was noted that the project manager does track the revenues and expenditures, this information is not communicated on a timely basis to the individual responsible for maintaining the general ledger.

Questioned Cost: None. All proposed adjustments were approved and posted to the various general ledger accounts by management.

Recommendation: We recommend that the Town's policies and procedures over account reconciliations be evaluated. We also recommend that all significant balance sheet accounts be reconciled monthly, at a minimum. Furthermore, we recommend that a reconciliation process be developed for all major ongoing infrastructure and construction projects to allow for the tracking of funding sources/revenues and expenditures. This reconciliation should detail the expenditures incurred, funding received, and outstanding receivables for reimbursements not yet received, and should be reconciled to the activity within the general ledger on an ongoing basis.

Section III—Federal Award Findings and Questioned Costs

The following findings and questioned costs required to be reported under 2 CFR 200.516(a).

Finding #2018-002 Allowability of Costs:

Department of Commerce

Economic Development Cluster

CFDA #11.300 Investments for Public Works and Economic Development Facilities

Project Number: PW-EAA-C

Condition: The Town submitted a vendor invoice in the amount of \$137,107 for reimbursement under its Economic Development Agency (EDA) project and received reimbursement in the amount of \$68,552. This same invoice was previously submitted for reimbursement under another federal award program and had been previously reimbursed in the amount of \$137,107. As a result, the Town received a total of \$205,659 in reimbursements for a total of \$137,107 in expenditures. We also noted that in total, the Town did not receive an excess in reimbursements due to a second reimbursement request for three additional vendor invoices totaling \$929,090, which was submitted for reimbursement under the Town's EDA project. The Town was reimbursed \$464,545 from EDA, and \$346,212 from the other federal award program. In total for the two reimbursements, the Town received \$1,016,416 for \$1,066,196 in project expenditures. As a result, while the initial reimbursement requisition did result in the Town being reimbursed for the same costs by two federal award programs, this was remedied through a secondary reimbursement requisition.

Criteria: Factors affecting the allowability of costs, as identified in 2 CFR Part 200.403(f), include that costs not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

Effect: The Town received reimbursements in excess of amounts expended on reimbursement requisition #1 of its EDA project.

Cause: Due to the period of allowability coming to a close on some of the Town's other funding sources, allowable costs were remitted for reimbursement to those other sources for expenditures originally budgeted to be funded through the EDA program. Simultaneously, all expenditures incurred on the project were remitted to EDA for reimbursement at the agreed upon rate of 50% as stipulated in the EDA award. Additionally, the recording of the expenditures and revenues within the General Ledger did not allow for a clear reconciliation of activity by grant award, allowing the duplicate remittances to remain undetected.

Questioned Cost: Questioned costs in the amount of \$68,552 were identified as known questioned costs based total disbursements to vendors in the amount of \$137,107 and total reimbursements received through EDA and CDBG grant awards combined of \$205,659.

Recommendation: We recommend that the Town evaluate its methods for recording and reconciling grant funded activity. This process should include identification of grant funded expenditures at the time payment is processed, and the recording of receivables associated with grant reimbursement requests. Finally, reimbursement requests should be reconciled against allowable expenditures on an ongoing basis to identify any individual dollars charged to multiple grants.

Finding #2018-001 General Ledger Maintenance:

Planned Corrective Actions: We are hiring a professional firm to come in and help the finance department get caught up. During the past year and ½ several staff members left and Karen picked up the pieces trying to keep the HR, Payroll and Benefit department up to date and worked on training. Put her responsibilities on the back burner. Karen has also decided to step down as Part Time Finance Manager and the board and Town Manager agreed this needs to be a full time position.

A new policy will be in place to allow for the Town Manager and/or the Finance Manager contact the outside firm to assist in helping the finance office keep essential work caught up when the office is covering for other duties or unable to keep up with all the demands of the office.

Anticipated Completion Date: 10/31/2020

Contact Person: Karen Noyes and Andrew Dorsett

Finding #2018-002 Allowability of Costs:

Planned Corrective Actions: This was done by our outsourced grants administrator. He is fully aware of the issue and understands this cannot happen again. He has a document where the granting agency allowed him to submit the request for reimbursement. This document does not make it right or the correct way of doing the grant funding.

Anticipated Completion Date: 01/01/2020

Contact Person: Karen Noyes and Andrew Dorsett

SCHEDULE A
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Funds
December 31, 2018

	Special Revenue Funds	Permanent Funds	Combining Totals
ASSETS			
Cash and cash equivalents	\$ 29,583		\$ 29,583
Investments	91,766	\$ 770,861	862,627
Accounts receivable	88,455		88,455
Due from other governments	30,953		30,953
Due from other funds	1,378,706	3,205	1,381,911
Total Assets	<u>1,619,463</u>	<u>774,066</u>	<u>2,393,529</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,619,463</u>	<u>\$ 774,066</u>	<u>\$ 2,393,529</u>
LIABILITIES			
Accounts payable	\$ 318,286		\$ 318,286
Accrued expenses	7,981		7,981
Due to other funds	503		503
Total Liabilities	<u>326,770</u>	<u>\$ -</u>	<u>326,770</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable		716,554	716,554
Restricted	34,239	57,512	91,751
Committed	1,258,454		1,258,454
Total Fund Balances	<u>1,292,693</u>	<u>774,066</u>	<u>2,066,759</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,619,463</u>	<u>\$ 774,066</u>	<u>\$ 2,393,529</u>

SCHEDULE A-1
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Balance Sheet
Governmental Funds - All Nonmajor Special Revenue Funds
December 31, 2018

	Conservation Fund	Drug Forfeiture Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Grants Fund	Sewer Fund	Combining Totals
ASSETS								
Cash and cash equivalents			\$ 18,186	\$ 11,279			\$ 118	\$ 29,583
Investments	\$ 48,348				\$ 108		43,310	91,766
Accounts receivable			16,067		1,106		71,282	88,455
Due from other governments						\$ 30,953		30,953
Due from other funds		\$ 2,103	58,961	22,459		268,280	1,026,903	1,378,706
Total Assets	<u>48,348</u>	<u>2,103</u>	<u>93,214</u>	<u>33,738</u>	<u>1,214</u>	<u>299,233</u>	<u>1,141,613</u>	<u>1,619,463</u>
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 48,348</u>	<u>\$ 2,103</u>	<u>\$ 93,214</u>	<u>\$ 33,738</u>	<u>\$ 1,214</u>	<u>\$ 299,233</u>	<u>\$ 1,141,613</u>	<u>\$ 1,619,463</u>
LIABILITIES								
Accounts payable			\$ 23,456			\$ 267,097	\$ 27,733	\$ 318,286
Accrued expenses			7,981					7,981
Due to other funds					\$ 503			503
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>31,437</u>	<u>\$ -</u>	<u>503</u>	<u>267,097</u>	<u>27,733</u>	<u>326,770</u>
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted		2,103				32,136		34,239
Committed	48,348		61,777	33,738	711		1,113,880	1,258,454
Total Fund Balances	<u>48,348</u>	<u>2,103</u>	<u>61,777</u>	<u>33,738</u>	<u>711</u>	<u>32,136</u>	<u>1,113,880</u>	<u>1,292,693</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,348</u>	<u>\$ 2,103</u>	<u>\$ 93,214</u>	<u>\$ 33,738</u>	<u>\$ 1,214</u>	<u>\$ 299,233</u>	<u>\$ 1,141,613</u>	<u>\$ 1,619,463</u>

SCHEDULE B
TOWN OF LITTLETON, NEW HAMPSHIRE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - All Nonmajor Funds
For the Year Ended December 31, 2018

	Special Revenue Funds	Permanent Funds	Combining Totals
Revenues:			
Licenses and permits	\$ 54,091		\$ 54,091
Intergovernmental	128,474		128,474
Charges for services	1,323,771		1,323,771
Investment income (losses)	4,259	\$ (19,825)	(15,566)
Miscellaneous	34,554		34,554
Total Revenues	<u>1,545,149</u>	<u>(19,825)</u>	<u>1,525,324</u>
Expenditures:			
Current operations:			
General government	147,218	5,745	152,963
Public safety	53,268		53,268
Highways and streets	5,850		5,850
Sanitation	1,276,032		1,276,032
Conservation	219		219
Capital outlay	31,875		31,875
Debt service:			
Principal retirement	51,284		51,284
Interest and fiscal charges	18,093		18,093
Total Expenditures	<u>1,583,839</u>	<u>5,745</u>	<u>1,589,584</u>
Excess of revenues over (under) expenditures	<u>(38,690)</u>	<u>(25,570)</u>	<u>(64,260)</u>
Other financing sources (uses):			
Transfers in	106,262		106,262
Transfers out	(15,000)		(15,000)
Total other financing sources (uses)	<u>91,262</u>	<u>-</u>	<u>91,262</u>
Net change in fund balances	52,572	(25,570)	27,002
Fund balances - beginning	<u>1,240,121</u>	<u>799,636</u>	<u>2,039,757</u>
Fund balances - ending	<u>\$ 1,292,693</u>	<u>\$ 774,066</u>	<u>\$ 2,066,759</u>

SCHEDULE B-1

TOWN OF LITTLETON, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds - All Nonmajor Special Revenue Funds

For the Year Ended December 31, 2018

	Conservation Fund	Drug Forfeiture Fund	Transfer Station Fund	Parking Meter Fund	Police Special Detail Fund	Grants Fund	Sewer Fund	Combining Totals
Revenues:								
Licenses and permits				\$ 54,091				\$ 54,091
Intergovernmental		\$ 3,551				\$ 84,438	\$ 40,485	128,474
Charges for services			\$ 302,074		\$ 21,471		1,000,226	1,323,771
Investment income (losses)	\$ (1,186)		506	120	2		4,817	4,259
Miscellaneous			5,000			29,554		34,554
Total Revenues	<u>(1,186)</u>	<u>3,551</u>	<u>307,580</u>	<u>54,211</u>	<u>21,473</u>	<u>113,992</u>	<u>1,045,528</u>	<u>1,545,149</u>
Expenditures:								
Current operations:								
General government						147,218		147,218
Public safety		1,378		28,941	17,043	5,906		53,268
Highways and streets						5,850		5,850
Sanitation			383,850			23,533	868,649	1,276,032
Conservation	219							219
Capital outlay			27,000				4,875	31,875
Debt service:								
Principal retirement				19,508			31,776	51,284
Interest and fiscal charges				2,502			15,591	18,093
Total Expenditures	<u>219</u>	<u>1,378</u>	<u>410,850</u>	<u>50,951</u>	<u>17,043</u>	<u>182,507</u>	<u>920,891</u>	<u>1,583,839</u>
Excess of revenues over (under) expenditures	<u>(1,405)</u>	<u>2,173</u>	<u>(103,270)</u>	<u>3,260</u>	<u>4,430</u>	<u>(68,515)</u>	<u>124,637</u>	<u>(38,690)</u>
Other financing sources:								
Transfers in			106,262					106,262
Transfers out			(15,000)					(15,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>91,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,262</u>
Net change in fund balances	(1,405)	2,173	(12,008)	3,260	4,430	(68,515)	124,637	52,572
Fund balances (deficit) - beginning	<u>49,753</u>	<u>(70)</u>	<u>73,785</u>	<u>30,478</u>	<u>(3,719)</u>	<u>100,651</u>	<u>989,243</u>	<u>1,240,121</u>
Fund balances - ending	<u>\$ 48,348</u>	<u>\$ 2,103</u>	<u>\$ 61,777</u>	<u>\$ 33,738</u>	<u>\$ 711</u>	<u>\$ 32,136</u>	<u>\$ 1,113,880</u>	<u>\$ 1,292,693</u>