Report On

Town Of Littleton

Littleton, North Carolina

June 30, 2021

Town Board Members

Heidi Hogan, Mayor
Ophelia Gould-Faison, Commissioner
Lynn Moseley, Commissioner
Clyde Johnston, Commissioner and Finance Officer

Administrative and Financial Staff

Ellen Eller, Assistant Town Clerk

Town of Littleton, North Carolina
Table of Contents
June 30, 2021

Town of Littleton, North Carolina
Table of Contents
June 30, 2021

WWCEJ
& Company, PC
CERTIfIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Board of Commissioners
Town of Littleton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Littleton (the "Town"), North Carolina, as of and for the year ended June 30, 2021, 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 *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 of 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Littleton, North Carolina, as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • Fax (919) 693-7614
www.wwcejcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Littleton, North Carolina. The individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules and other schedules 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, based on our audit, the procedures performed as described above, the individual fund statements, budgetary schedules and other schedules 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 May 1, 2026, on our consideration of the Town of Littleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is 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 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's internal control over financial reporting and compliance.

WWCEJ & Company, PC

WWCEJ & Company, PC
Oxford, North Carolina
May 1, 2026

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Littleton, we offer readers of the Town of Littleton's financial statements this narrative overview and analysis of the financial activities of the Town of Littleton for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

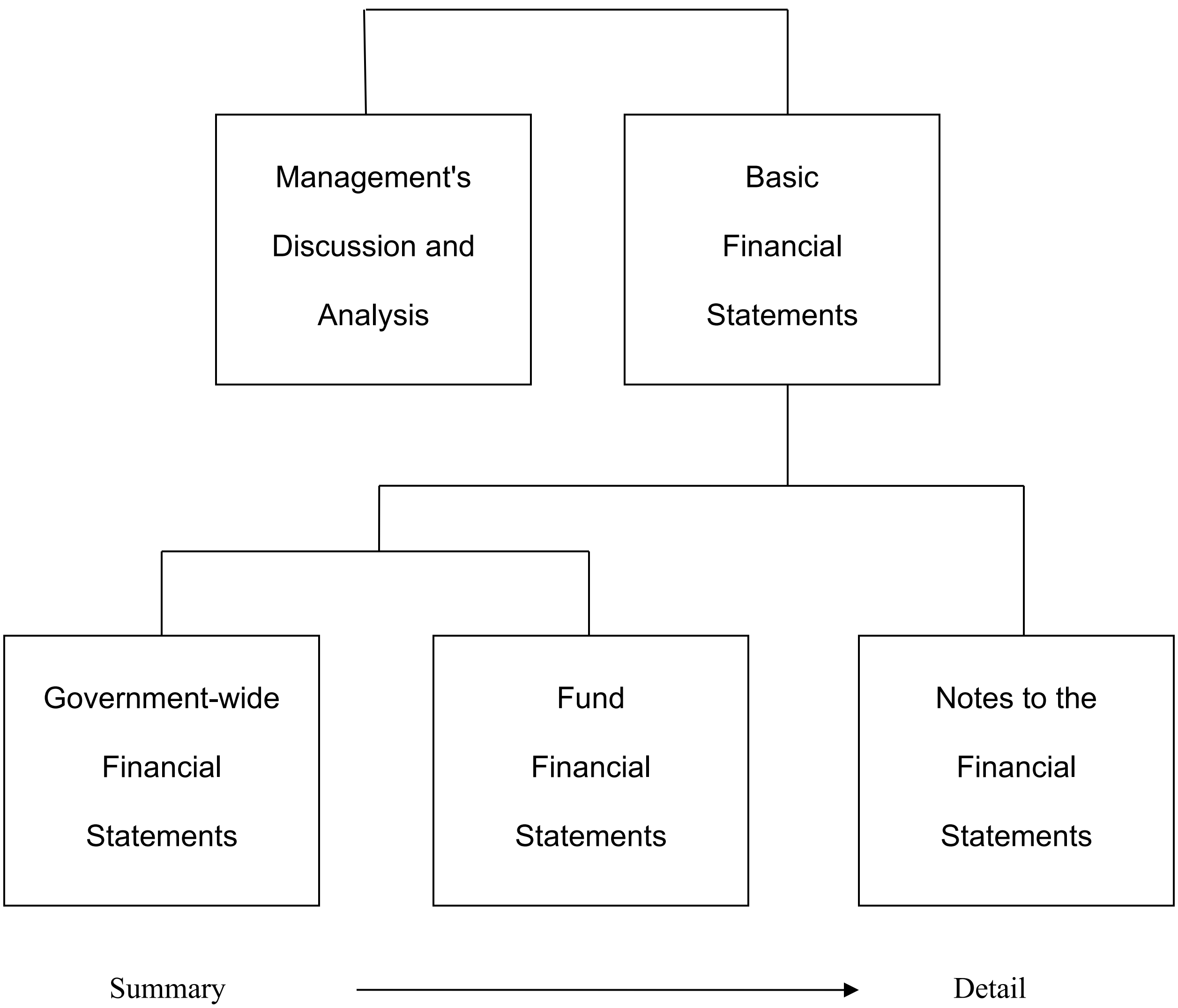
- The assets and deferred outflows of resources of the Town of Littleton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $6,471,603 *(net position)*.
- The government's total net position decreased by $147,353, primarily due to increases in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Littleton's governmental funds reported combined ending fund balances of $504,797 with a net change of $(14,227) in fund balance. Approximately 56.9% of this total amount, or $286,887, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $217,910, or 22.2% of total general fund expenditures for the fiscal year.
- The Town's total debt increased by $9,717 as a result of new borrowings of $44,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Littleton's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Littleton.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position are the difference between the Town total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Littleton.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Littleton, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Littleton can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Littleton adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Littleton has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Littleton uses its enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Littleton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

Town of Littletton's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 563,515	$ 624,849	$ 732,563	$ 761,286	$ 1,296,078	$ 1,386,135
Capital assets	1,393,278	1,195,097	4,419,341	4,694,765	5,812,619	5,889,862
Deferred outflow of resources	106,198	46,114	11,278	36,236	117,476	82,350
Total assets and deferred outflow of resources	2,062,991	1,866,060	5,163,182	5,492,287	7,226,173	7,358,347
Long-term liabilities outstanding	440,428	309,587	212,970	270,251	653,398	579,838
Other liabilities	28,458	29,754	54,416	29,207	82,874	58,961
Deferred inflows of resources	16,560	332	1,738	260	18,298	592
Total liabilities and deferred inflows of resources	485,446	339,673	269,124	299,718	754,570	639,391
Net Position						
Net Investment in capital assets	1,158,256	982,583	4,227,215	4,380,512	5,385,471	5,363,095
Restricted	286,887	235,577	-	-	286,887	235,577
Unrestricted	132,402	308,227	666,843	712,057	799,245	1,020,284
Total net position	$ 1,577,545	$ 1,526,387	$ 4,894,058	$ 5,092,569	$ 6,471,603	$ 6,618,956

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Littleton exceeded liabilities and deferred inflows by $6,471,603 as of June 30, 2021. The Town's net position decreased by $147,353 for the fiscal year ended June 30, 2021. However, the largest portion $5,385,471 reflects the Town's net investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Littleton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's net investment in capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Littleton's net position $286,887 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $799,245 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.09%. The statewide average in fiscal year 2021 was 98.6%.
- Property tax revenues increased by $45,902 compared to the prior year, mainly due to a $14,393,375 increase in the tax base (47.9%).

Town of Littleton's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 12,205	$ 102,026	$ 414,692	$ 345,015	$ 426,897	$ 447,041
Operating grants and contributions	21,630	22,898	-	-	21,630	22,898
Capital grants and contributions	106,910	161,000	-	-	106,910	161,000
General revenues:						
Property taxes	346,085	318,796	-	-	346,085	318,796
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	248,646	169,958	-	-	248,646	169,958
Other	6,975	105,634	35	592,113	7,010	697,747
Total revenue	742,451	880,312	414,727	937,128	1,157,178	1,817,440
Expenses:						
General government	206,913	247,372	-	-	206,913	247,372
Public safety	370,027	379,853	-	-	370,027	379,853
Transportation	83,399	83,380	-	-	83,399	83,380
Environmental protection	6,890	-	-	-	6,890	-
Cultural and recreation	17,826	42,817	-	-	17,826	42,817
Interest on long-term debt	6,238	936	-	-	6,238	936
Water and sewer	-	-	613,238	598,345	613,238	598,345
Total expenses	691,293	754,358	613,238	598,345	1,304,531	1,352,703
Increase in net position before transfers	51,158	125,954	(198,511)	338,783	(147,353)	464,737
Transfers	-	-	-	-	-	-
Net increase in net position	51,158	125,954	(198,511)	338,783	(147,353)	464,737
Net position, July 1	1,526,387	1,400,433	5,092,569	4,753,786	6,618,956	6,154,219
Net position, June 30	$ 1,577,545	$ 1,526,387	$ 4,894,058	$ 5,092,569	$ 6,471,603	$ 6,618,956

Governmental activities. Governmental activities increased the Town net position by $51,158, thereby accounting for 100% of the total increase in the net position of the Town of Littleton.

Business-type activities. Business-type activities decreased the Town's net position by $198,511, accounting for 0% of the total increase in the government's net position. The major cause for the net decrease was depreciation expense, which was $175,425 in the current year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted, the Town of Littleton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Littleton's governmental funds it to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Littleton's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Littleton. At the end of the current fiscal year, the Town of Littleton's fund balance available in the General Fund was $217,910, while total fund balance reached $504,797. The Town has an available fund balance of 32.7% of general fund expenditures, while total fund balance represents 22.2% of the same amount.

At June 30,2021, the governmental funds of the Town of Littleton reported a fund balance of $504,797 with a net decrease in fund balance of $14,229.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than budgeted amounts primarily because the Town did not expect to receive some of the unrestricted intergovernmental funds that became available, and also an unexpected increase in sales and services. The ad valorem tax rate was not increased in the current year. Expenditures were held in check to comply with budgetary requirements.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to $666,843. Other factors concerning the finances of this fund has already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Littleton's investment in capital assets for its governmental and business–type activities as of June 30, 2021 totals $5,812,619 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Town of Littleton's Capital Assets
(net of depreciation)
Firgure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 27,915	$ 27,915	$ 1,500	$ 1,500	$ 29,415	$ 29,415
Building and systems	1,285,919	892,279	4,372,190	4,540,686	5,658,109	5,432,965
Machinery and equipment	48,215	38,706	42,102	48,309	90,317	87,015
Vehicles and motorized equipment	31,229	9,575	3,549.00	4,271.00	34,778	13,846
Construction in progress	-	226,622	-	-	-	226,622
Total	$ 1,393,278	$ 1,195,097	$ 4,419,341	$ 4,594,766	$ 5,812,619	$ 5,789,863

Additional information on the Town's capital assets can be found in note III.A.3 of the basic financial statements.

Long-term Debt. As of June 30, 2021, the Town of Littleton had total debt outstanding of $427,148. Of this, $427,148 is debt backed by the full faith and credit of the Town of Littleton.

Additional information regarding the Town of Littleton's long-term debt can be found in note III.B.5.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Property taxes will remain at the same rate of $.80 per one hundred dollars ($100) valuation of taxable property.

Business-Type Activities: Water and sewer rates will remain constant.

Requests for Information
This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Littleton, 112 E South Main St, Littleton, NC, 27850.

Basic Financial Statements

Exhibit 1

Town of Littleton, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 246,368	$ 670,334	$ 916,701
Taxes receivables (net)	30,260	-	30,260
Accounts receivable (net)	-	55,179	55,179
Due from other governments	75,020	7,050	82,070
Internal balances	-	-	-
Restricted cash and cash equivalents	211,867	-	211,867
Total current assets	563,515	732,563	1,296,078
Non-current assets:			
Capital assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	27,915	1,500.00	29,415
Other capital assets, net of depreciation	1,365,363	4,417,841	5,783,204
Total capital assets	1,393,278	4,419,341	5,812,619
Total assets	1,956,793	5,151,904	7,108,697
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	106,198	11,278	117,476
LIABILITIES			
Current liabilities:			
Accounts payable	28,458	12,361	40,819
Accrued interest payable	-	972	972
Current portion of long-term liabilities	31,695	27,569	59,264
Payable from restricted assets	-	41,083	41,083
Total current liabilites	60,153	81,985	142,138
Long-term liabilities:			
Due in more than one year	408,733	185,401	594,134
Total liabilities	468,886	267,386	736,272
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	16,560	1,738	18,298
OPEB deferrals			-
Total deferred inflows of resources	16,560	1,738	18,298
NET POSITION			
Net investment in capital assets	1,158,256	4,227,215	5,385,471
Restricted for:			
Stabilization by State Statute	75,020	-	75,020
Other functions	211,867	-	211,867
Unrestricted	132,402	666,843	799,245
Total net position	$ 1,577,545	$ 4,894,058	$ 6,471,603

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Town of Littleton

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	$ 206,913	$ 3,621	$ -	$ -	$ (203,292)	$ -	$ (203,292)
Public safety	370,027	6,334	-	106,910	(256,783)	-	(256,783)
Transportation	83,399	-	21,630	-	(61,769)	-	(61,769)
Environmental protection	6,890	2,250	-	-	(4,640)	-	(4,640)
Cultural and recreation	17,826	-	-	-	(17,826)	-	(17,826)
Interest on long-term debt	6,238	-	-	-	(6,238)	-	(6,238)
Total governmental activities (See Note 1)	691,293	12,205	21,630	106,910	(550,548)	-	(550,548)
Business-type activities:							
Water and Sewer	613,238	414,692	-	-	-	(198,546)	(198,546)
Total business-type activities	613,238	414,692	-	-	-	(198,546)	(198,546)
Total primary government	$ 1,304,531	$ 426,897	$ 21,630	$ 106,910	(550,548)	(198,546)	(749,094)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Property taxes, levied for general purpose	346,085	-	346,085
Other taxes	-	-	-
Grants and contributions not restricted to specific programs	246,846	-	248,646
Unrestricted investment earnings	58	35	93
Miscellaneous	6,917	-	6,917
Total general revenues, not including transfers	601,706	35	601,741
Transfers	-	-	-
Total general revenues and transfers	601,706	35	601,741
Change in net assets	51,158	(198,511)	(147,353)
Net postion, beginning as previously reported	1,430,111	5,092,569	6,522,680
Prior period restatement-correction of errors	96,276	-	96,276
Net postion, beginning, restated	1,526,387	5,092,569	6,618,956
Net position, ending	$ 1,577,545	$ 4,894,058	$ 6,471,603

The notes to the financial statements are an integral part of this statement.

Exhibit 3

Town of Littleton
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds General	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 246,368	$ -	$ 246,368
Restricted cash and cash equivalents	211,867	-	211,867
Receivables, net:			
Taxes	30,260	-	30,260
Accounts	75,020	-	75,020
Due from other governments	-	-	-
Due from other funds	-	-	-
Total assets	563,515	-	563,515
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	28,458	-	28,458
Due to other funds	-	-	-
Total liabilities	28,458	-	28,458
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	30,260	-	30,260
Prepaid taxes	-	-	-
Total deferred inflows of resources	30,260	-	30,260
FUND BALANCES			
Non Spendable			
Perpetual maintenance	-	-	-
Restricted			
Stabilization by State Statute	75,020	-	75,020
Streets	118,697	-	118,697
Enivronmental Protection	93,170	-	93,170
Committed			
Cultural and recreation	-	-	-
Assigned			
Culture and recreation	-	-	-
Subsequent year's expenditures	-	-	-
Unassigned	217,910	-	217,910
Total fund balances	504,797	-	504,797
Total liabilities, deferred inflows of resources and fund balances	$ 563,515	$ -	

The notes to the financial statements are an integral part of this statement.

Exhibit 3
(continued)

Town of Littleton
Balance Sheet
Governmental Funds
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds			$	504,797
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				
Gross capital assets at historical cost	$	1,695,663		
Accumulated depreciation		(302,385)		1,393,278
Deferred outflows of resources related to pensions are not reported in the funds				106,198
Earned revenues considered deferred inflows of resources in fund statements				30,260
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds				
Gross long term debt		(252,134)		
Net pension liability (LGERS)		(113,363)		
Total pension liability (LEO)		(74,391)		(440,428)
Deferred inflows of resources related to pensions are not reported in the funds				(16,560)
Net position of governmental activities			$	1,577,545

The notes to the financial statements are an integral part of this statement.

Exhibit 4

Town of Littleton
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2021

	Major Funds General Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 359,589	$ -	$ 359,589
Other taxes and licenses	-	-	-
Unrestricted intergovernmental	248,646	-	248,646
Restricted intergovernmental	93,540	35,000	128,540
Permits and fees	400	-	400
Sales and services	11,805	-	11,805
Investment earnings	58	-	58
Miscellaneous	5,717	-	5,717
Total revenues	719,755	35,000	754,755
EXPENDITURES			
Current:			
General government	167,437	-	167,437
Public safety	385,988	148,599	534,587
Transportation	79,245	-	79,245
Environmental protection	6,890	-	6,890
Culture and recreation	11,350	-	11,350
Debt service:			
Principal	8,435	-	8,435
Interest and other charges	6,238	-	6,238
Capital outlay		-	-
Total expenditures	665,583	148,599	814,182
Excess (deficiency) of revenues over expenditures	54,172	(113,599)	(59,427)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Sales of capital assets	1,200	-	1,200
Insurance recovery	-	-	-
Installment purchase obligations issued	44,000	-	44,000
Total other financing sources (uses)	45,200	-	45,200
Net change in fund balance	99,372	(113,599)	(14,227)
Fund balances, beginning	546,024	-	546,024
Restatement	(140,599)	113,599	(27,000)
Fund balances, beginning - as restated	405,425	113,599	519,024
Fund balances, ending	$ 504,797	$ -	$ 504,797

The notes to the financial statements are an integral part of this statement

Exhibit 4
(cont)

Town of Littleton
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		$ (14,227)
Change in fund balance due to change in reserve for inventory		
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
Capital outlay expenditures which were capitalized	$ 209,181	
Depreciation expense for governmental assets	(59,838)	
Book value of fixed assets sold	-	149,343
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		21,980
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets	-	
Change in unavailable revenue for tax revenues	(13,504)	(13,504)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(44,000)	
Principal payments on long-term debt	8,435	(35,565)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(4,055)	
Pension expense	(52,814)	(56,869)
Total changes in net position of governmental activities		$ 51,158

The notes to the financial statements are an integral part of this statement.

Exhibit 5

Town of Littleton
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	$ 335,300	$ 335,300	$ 359,589	$ 24,289
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	170,340	194,500	248,646	54,146
Restricted intergovernmental	314,674	314,674	93,540	(221,134)
Permits and fees	600	600	400	(200)
Sales and services	17,693	17,693	11,805	(5,888)
Investment earnings	4,030	4,030	58	(3,972)
Miscellaneous	4,200	4,200	5,717	1,517
Total revenues	846,837	870,997	719,754	(151,243)
Expenditures:				
Current:				
General government	147,918	175,681	167,437	8,244
Public safety	485,270	481,707	385,988	95,719
Transportation	183,528	181,167	79,245	101,922
Environmental protection	10,000	6,890	6,890	0
Culture and recreation	16,758	11,029	11,350	(321)
Debt service:				
Principal retirement	3,514	14,673	8,435	6,238
Interest and other charges	-	-	6,238	(6,238)
Total expenditures	846,987	871,147	665,582	205,565
Revenues over (under) expenditures	(150)	(150)	54,172	54,322
Other financing sources (uses):				
Installment purchase obligations issued	-	-	44,000	44,000
Sales of capital assets	150	150	1,200	1,050
Total other financing sources (uses)	150	150	45,200	45,050
Fund balance appropriated	-	-	-	-
Net change in fund balance	$ -	$ -	99,372	$ 99,372
Fund balances, beginning			546,024	
Restatement			(140,599)	
Fund balance, beginning - as restated			405,425	
Fund balances, ending			$ 504,797	

The notes to the financial statements are an integral part of this statement.

Exhibit 6

Town of Littleton
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds	
	Water and Sewer Fund	**Total**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 670,334	$ 670,334
Accounts receivable (net) - billed	55,179	55,179
Due from other governments	7,050	7,050
Due from other funds	-	-
Restricted cash and cash equivalents	-	-
Total current assets	732,563	732,563
Noncurrent assets:		
Capital assets:		
Land and construction in progress	1,500.00	1,500.00
Other capital assets, net of depreciation	4,417,841	4,417,841
Capital assets (net)	4,419,341	4,419,341
Total noncurrent assets	4,419,341	4,419,341
Total assets	5,151,904	5,151,904
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	11,278	11,278
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	12,361	12,361
Compensated absences - current	1,633	1,633
Accrued interest payable	972	972
General obligation bonds payable - current	21,172	21,172
Installment purchases - current	4,764	4,764
Liabilities payable from restricted assets:		-
Customer deposits	41,083	41,083
Total current liabilities	81,985	81,985
Noncurrent liabilities:		
Net pension liability	19,211	19,211
General obligation bonds payable - current	103,828	103,828
Installment purchases - noncurrent	62,362	62,362
Total noncurrent liabilities	185,401	185,401
Total liabilities	267,386	267,386
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	1,738	1,738
NET POSITION		
Net investment in capital assets	4,227,215	4,227,215
Unrestricted	666,843	666,843
Total net position	$ 4,894,058	$ 4,894,058

Exhibit 7

Town of Littleton

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Funds	
	Water and Sewer Fund	**Total**
OPERATING REVENUES		
Charges for services	$ 405,506	$ 405,506
Water and sewer taps	8,087	8,087
Other operating revenues	1,100	1,100
Total operating revenues	414,693	414,693
OPERATING EXPENSES		
Water treatment and distribution	168,750	168,750
Waste collection and treatment	259,582	259,582
Depreciation	175,425	175,425
Total operating expenses	603,757	603,757
Operating income (loss)	(189,066)	(189,066)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	35	35
Interest and other charges	(9,480)	(9,480)
Gain on sale of assets		
Total nonoperating revenue (expenses)	(9,445)	(9,445)
Income (loss) before contributions and transfers	(198,511)	(198,511)
Capital contributions - federal grants		
Transfers to other funds	-	-
Change in net position	(198,511)	(198,511)
Total net position, previously reported	5,092,569	5,092,569
Total net position - ending	$ 4,894,058	$ 4,894,058

The notes to the financial statements are an integral part of this statement.

Exhibit 8

Town of Littleton
Statement of Cash Flows
Proprietary Funds
June 30, 2021

	Business-Type Activities Enterprise Funds	
	Water and Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 409,256	$ 409,256
Cash paid for goods and services	(395,080)	(395,080)
Cash paid to or on behalf of employees for services	(57,269)	(57,269)
Customer deposits received/returned, net	16,186	16,186
Other operating revenues	1,100	1,100
Net cash provided (used) by operating activities	(25,807)	(25,807)
CASH FLOWS FROM FINANCING		
Transfers from other funds	-	-
Transfers to other funds	-	-
Total cash flows from noncapital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	-
Proceeds from sale of assets	-	-
Principal paid on bond and equipment contracts	(25,848)	(25,848)
Proceeds of long-term debt	-	-
Interest paid on bond and equipment contracts	(8,508)	(8,508)
Capital contributions-State grant	-	-
Capital contributions-federal grants	-	-
Net cash provided (used) by capital and related financing activities	(34,356)	(34,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	35	35
Net increase (decrease) in cash and cash equivalents	(60,128)	(60,128)
Balances-beginning of the year	730,462	730,462
Balances-end of the year	$ 670,334	$ 670,334

The notes to the financial statements are an integral part of this statement.

Exhibit 8
(Continued)

Town of Littleton
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds	
	Water and Sewer Fund	**Totals**
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	$ (189,066)	$ (189,066)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	(175,425)	(175,425)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(4,337)	(4,337)
Increase in allowance for doubtful accounts	985	985
(Decrease) in accounts payable and accrued liabilities other than accrued interest	9,293	9,293
Increase in customer deposits	16,186	16,186
(Increase) decrease in deferred outflows of resources - pensions	24,958	24,958
Increase (decrease) in net pension liability	(36,787)	(36,787)
Increase (decrease) in deferred inflows of resources - pensions	1,478	1,478
Increase (decrease) in compensated absences payable	390	390
Total adjustments	(163,259)	(163,259)
Net cash provided by operating activities	$ (25,807)	$ (25,807)

The notes to the financial statements are an integral part of this statement.

Town of Littleton, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Littleton (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Littleton is a municipal corporation, which is governed by an elected mayor and a five-member board. These financial statements include only the Town, as there were no component units required to be included.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses.
The primary expenditures are for administration, public safety, street maintenance and construction, and sanitation services.

The Town reports the following non-major governmental fund:

Grant Project Special Revenue Fund. This fund is used to account for grant funds that are restricted for use for a particular purpose.

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and *Proprietary Fund Financial Statements*. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connection new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Littleton because the tax is levied by Nash County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances (when they exist) are adopted for the Enterprise Fund Capital Projects Fund, which is consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds, if any, of Water and Sewer Fund serial bonds issued by the Town are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Littleton Restricted Cash

Governmental Activities	
General Fund	
Streets	$ 118,697
Environmental Protection	93,170
Total governmental activities	211,867
Business-type Activities	
Water and Sewer Fund	
Customer deposits	41,083
Total Business-type Activities	41,083
Total Restricted Cash	$ 252,950

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. Discounts are not provided for payments made prior to the due date.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory Items

The Town does not maintain any inventories.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, $10,000; buildings, improvements, substations, lines, and other plant and distribution systems, $10,000; infrastructure, $50,000; furniture and equipment, $2,500; and vehicles, $2,500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Improvements	10-25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals in the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expended in the reporting period in which they are incurred.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

Beginning July 1, 2018 the Town amended its personnel policy to allow the accumulation of unused leave for vacation, sick pay, and compensatory time. The policy allows for the accumulation of up to five days of earned vacation leave as well as an unlimited amount of compensatory time, with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensate absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – this classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of the fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Perpetual maintenance – cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Littleton cemetery.

Restricted Fund Balance – this classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion for fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Littleton's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action of the governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that Town of Littleton intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Littleton has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

12. Defined Benefit Cost-Sharing Plans

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 Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Littleton's employer contributions are recognized when due and the Town of Littleton has a legal requirement to provide the contributions. Benefit and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Non-compliance with North Carolina General Statutes

None during the year ended June 30, 2021.

2. Contractual Violations

None during the year ended June 30, 2021.

B. Excess of Expenditures over Appropriations

During the year ended June 30, 2021, no Town departments exceeded their legally adopted budgets.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, nor does it have a formal investment policy, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of $1,126,005 and a bank balance of $1,132,065 Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town’s petty cash fund totaled $197.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of no allowances for doubtful accounts.

3. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 27,915	$ -	$ -	$ 27,915
Construction in progress	226,622	148,599	375,221	-
Total capital assets not being depreciated	254,537	148,599	375,221	27,915
Capital assets being depreciated:				
Building and improvements	1,111,819	375,221	-	1,487,040
Streets and sidewalks	-	-	-	-
Equipment	44,681	15,000	-	59,681
Vehicles and motoroized equipment	86,757	94,420	60,150	121,027
Total capital assets being depreciated	1,243,257	484,641	60,150	1,667,748
Less accumulated depreciation for:				
Building and improvements	219,540	41,731	60,150	201,121
Streets and sidewalks	-	-	-	-
Equipment	5,975	5,491	-	11,466
Vehicles and motoroized equipment	77,182	12,616	-	89,798
Total accumulated appreciation	302,697	59,838	60,150	302,385
Total capital assets being depreciated, net	940,560			1,365,363
Governmental activity capital assets, net	$ 1,195,097			$ 1,393,278

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	$ 33,909
Public safety	17,285
Transportation	2,168
Environmental protection	-
Cultural and recreational	6,476
Total depreciation expense	$ 59,838

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	$ 1,500	$ -	$ -	1,500
Construction in progress	-	-	-	-
Total capital assets not being depreciated	1,500	-	-	1,500
Capital assets being depreciated:				
Plant and distribution systems	7,883,117	-	-	7,883,117
Vehicles	7,218	-	-	7,218
Buildings and improvements	48,825	-	-	48,825
Furniture and maintenance equipment	156,126	-	-	156,126
Total capital assets being depreciated	8,095,286	-	-	8,095,286
Less accumulated depreciation for:				
Plant and distribution systems	3,378,429	166,869	-	3,545,298
Vehicles	2,947	722	-	3,669
Buildings and improvements	12,827	1,627	-	14,454
Furniture and maintenance equipment	107,817	6,207	-	114,024
Total accumulated depreciation	3,502,020	175,425	-	3,677,445
Total capital assets being depreciated, net	4,593,266	175,425	-	4,417,841
Business-type activities capital assets, net	$4,594,766	$ 175,425	$ -	$4,419,341

Construction Commitments

The Town has no active construction projects as of June 30, 2021.

B. Liabilities

1. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Littleton is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions
to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Littleton employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Littleton's contractually required contribution rate for the year ended June 30, 2021, was 13.10% of compensation for law enforcement officers and 12.10% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Littleton were $25,705 for the year ended June 30, 2021.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, the Town reported a liability of $132,574 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, (measurement date) the Town's proportion was 0.00371%, which was an decrease of 0.00095% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of $46,804. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,742	$ -
Changes of assumptions	9,866	-
Net difference between projected and actual earnings on pension plan investments	18,657	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,856	11,994
Town contributions subsequent to the measurement date	25,705	-
Total	$ 77,826	$ 11,994

$25,705 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	12,171
2023	14,626
2024	7,808
2025	5,522
2026	-
Thereafter	-
	$ 40,127

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	**Target Allocation**	**Long Term Expected Real Rate of Return**
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the 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 total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	**Discount Rate (7.00%)**	**1% Increase (8.00%)**
Town's proportionate share of the net pension liability (asset)	$ 268,978	$ 132,574	$ 19,213

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The Town of Littleton administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	3
Total	4

2. Summary of Significant Accounting Policies.

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73:

3. *Actuarial Assumptions.*

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. *Contributions.*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid $0 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of $74,931. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021 the Town recognized pension expense of $12,792.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,048	$ 6,085
Changes of assumptions	10,602	219
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	$ 39,650	$ 6,304

$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ 7,582
2023	7,582
2024	8,999
2025	8,069
2026	1,114
Thereafter	-

$0 paid as benefits came due and $0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93% percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93%) or 1-percentage-point higher (2.93% percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	$ 78,840	$ 74,931	$ 71,250

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2021
Beginning balance as of December 31, 2019	$ 65,862
Service cost	3,196
Interest on the total pension liability	2,014
Changes of benefit terms	-
Differences between expected and actual experience in the	-
measurement of the total pension liability	1,167
Changes of assumptions or other inputs	10,882
Benefit payments	(8,190)
Other changes	-
Ending balance of the total pension liability	$ 74,931

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense (Benefit)	$ 46,804	$ 12,792	$ 59,596
Pension Liability	132,574	74,931	207,505
Proportionate share of the net pension liability	0.00371%	N/A	N/A
Deferred of Outflows of Resources			
Differences between expected and actual experience	16,742	29,048	45,790
Changes of assumptions	9,866	10,602	20,468
Net difference between projected and actual earnings on plan investments	18,657	-	18,657
Changes in proportion and differences between contributions and proportionate share of contributions	6,856	-	6,856
Benefit payments and administrative costs paid subsequent to the measurement date	25,705	-	25,705
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	6,085	6,085
Changes of assumptions	-	219	219
Net difference between projected and acutal earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,994	-	11,994

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were $15,405 which consisted of $14,855 from the Town and $550 from the law enforcement officers.

d. Supplemental Retirement Income Plan for General Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 3.5 percent of each general employee's salary, and current year contributions were $7,490 from the Town and $0 from the general employees.

2. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	**Amount**
Contributions to the pension plan in current fiscal year	$ 25,705
Differences between expected and actual experience	45,790
Changes of assumption	20,468
Net difference between projected and actual earnings on pension plan investments	18,657
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,856
Total	$ 117,476

Deferred inflows of resources at year-end is composed of the following elements:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	$ -	$ -
Taxes receivable	-	45,260
Changes in assumptions	219	-
Differences between expected and actual experience	6,085	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,994	-
Total	$ 18,298	$ 45,260

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of $300,000 per occurrence, property coverage up to $500,000 per building per occurrence, workers' compensation coverage up to the statutory limits, and employee health coverage up to a $100,000 lifetime limit. The pools are reinsured for annual employee health claims in excess of $150,000. The property liability pool has an aggregate limit of $1,000,000 for the aggregate losses in a single year. After the property pool has paid out $1,000,000, then the pool will be liable for a $10,000 per claim maintenance deductible on future property losses for that year. The remainder of each claim will be borne by the reinsurer.

The Town has chosen to not carry flood insurance, as flood damage during past hurricanes has not been a significant problem.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for $75,000 each. These two positions are filled by one individual, and the Town has received permission from the State treasurer to do this.

The Town carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past three fiscal years.

3. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town was not a defendant to any lawsuits.

4. Long-Term Obligations

In September 1988 the Town entered into a $450,000 long-term obligation with USDA to finance the construction of facilities utilized in the operations of the water and sewer system and is reported as long-term debt in the Water and Sewer Fund. The financing contract requires principal payments beginning in the fiscal year 1989 with a fixed rate of 5.00 percent.

a. Installment Purchases

In February 2012 the Town entered into a $97,650 installment purchase contract with USDA Rural Development to finance improvements to the Town Hall. The loan is divided evenly between the Governmental and Business-Type Activities. The financing contract requires annual payments of $7,028 and principal payments beginning in the fiscal year 2013 with a fixed rate of 3.750 percent.

In July 2009, the Town entered into a $72,290 installment purchase contract with the Department of Environment and Natural Resources for water improvements. The financing contract requires annual payments of $3,592 and principal payments beginning fiscal year 2011 with a fixed rate of 0 percent.

In July 2019, the Town entered into a $166,000 installment purchase contract with the USDA, Rural Development to finance renovations on the police department building. The financing contract requires annual payments of $11,159 and principal payments beginning fiscal year 2021 with a fixed rate of 3.875 percent.

In September 2020, the Town entered into a $44,000 installment purchase contract with the USDA, Rural Development to purchase two police vehicles The financing contract requires annual payments of $6,865 and principal payments beginning fiscal year 2022 with a fixed rate of 2.250 percent.

Annual debt service payments of the installment purchase as of June 30, 2021, including $104,220 of interest, are as follows:

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2022	$ 14,583	$ 6,955	$ 25,936	$ 7,420
2023	14,994	6,544	26,024	6,332
2024	15,420	6,118	26,118	5,238
2025	15,849	5,689	26,208	4,149
2026	16,301	5,237	26,308	3,048
After	157,874	43,480	61,530	4,011
Totals	$235,022	$ 74,022	$192,126	$ 30,198

At June 30, 2021, the Town of Littleton had no bonds authorized but unissued and a legal debt margin of $3,224,982.

b. Changes in Long-Term Liabilities

	Balance June 30, 2020 (as restated)	Increase	Decrease	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
General obligation bonds	$ -	$ -	$ -	$ -	$ -
Installment purchases	199,457	44,000	8,435	235,022	14,583
Compensated absences	13,057	4,055	-	17,112	17,112
Net pension liability (LGERS)	71,263	42,100	-	113,363	-
Total pension liability (LEO)	25,810	49,121	-	74,931	-
Governmental activity Long-term liabilities	$ 309,587	$ 139,276	$ 8,435	$ 440,428	$ 31,695
Business-type activities:					
General obligation bonds	$ 145,000	$ -	$ 21,128	$ 125,000	$ 21,172
Installment purchases	72,974	-	4,720	67,126	4,764
Compensated absences	1,242	391	-	1,633	-
Net pension liability (LGERS)	55,998	-	36,787	19,211	-
Business-type activity Long-term liabilities	$ 275,214	$ 391	$ 62,635	$ 212,970	$ 25,936

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021, consisted of the following:

None.

Transfers to/from other funds at June 30, 2021, consist of the following: None this year.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund		$ 504,797
Less:		
Stabilization by State Statute	45,562	
Streets - Powell Bill	118,697	
Cemetery	93,170	
Appropriated Fund Balance in 2022 budget	-	(257,429)
Remaining Fund Balance		$ 247,368

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

V. Subsequent Events

Subsequent events were evaluated through May 1, 2026, which is the date the financial statements were available to be issued.

The following events occurred after June 30, 2021, that are of a significant nature:

- During the 2020-2021 fiscal year, the Town was awarded a CDBG Neighborhood Revitalization Program for $750,000
- November 2021, Grant from the NC Department of Public Safety to address downtown flooding for $250,000
- January 2022, Legislatively Directed Program Award (Unspecified) for $250,000. This grant has been completed by the Town and closed by the State on January 30, 2025
- March 2022, Wastewater Treatment Plant Improvements Project SRP-W-ARP-0056 for $2,000,000 from the NCDEQ
- August 2022, Wastewater Treatment Plant Improvements Project SRP-W-ARP-0141 for $2,000,000 from NCDEQ
- August 2022, Pre-Construction Planning Grant for Pump Station Rehabilitation Planning project SRP-W-ARP-0254 for $276,500
- In November of 2023, the NCDEQ combined the grants ending in 0056 & 0141 for $4,000,000 using the project number SRP-W-ARP-0056
- May 2023, Wastewater Collection System Improvements Project SRP-W-ARP-0277 for $4,750,000
- November 2023, Stormwater Planning Grant for Stormwater Asset Inventory and Assessment project SRP-SW-ARP-0066 for $261,000
- July 2024, Sewer System Improvement Grant project SRP-W-134-0101 from the NCDEQ for $7,387,500
- July 2024, Water System Improvement Grant project SRP-D-134-0124 from the NCDEQ for $7,387,500

- December 2024, the Town was awarded a CBDG Neighborhood Revitalization Program for citizens housing improvements for $1,157,303.50
- July 2025, the Town approved a grant project ordinance to purchase water meters for $495,000.
- July 2025, the Town awarded a contract for completion of the Wastewater Treatment Plant Improvement Project for $9.692,473.

V. Restatement

During the 2020-2021 audit, various items were found that required adjustment to the financial statements. These items involved the creation of a Grant Project Special Revenue Fund, reclassification of project expenditures to construction in progress, recognize franchise tax revenue and receivable, correctly recognize sales tax receivables, correct the payroll liabilities including compensated absences, and correctly record accounts payable as of June 30, 2020.

The beginning balance would have changed as follows:

	Governmental Activites Net Position	General Fund Fund Balance	Grant Project Fund – Public Safety
Balance, July 1, 2020	$ 1,430,111	$ 546,024	$ -
Change due to:			
Creation of Grant Project Fund and correction of project fund expenditures	105,092	(181,573)	113,599
Franchise Tax Receivable	10,217	10,217	-
Sales Tax Receivable	6,407	6,407	-
Accounts Payable	(4,909)	(4,909)	-
Payroll Liabilities	(20,531)	29,259	-
Total	96,276	(140.599)	113,599
Balance, July 1, 2020, as restated	$ 1,526,387	$ 405,425	$ 113,599

Required
Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System

- Schedule of Contributions to Local Government Employees' Retirement System

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System

- Schedule of Changes in Total Pension Liability

- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Littleton, North Carolina
Town of Littleton's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years *
Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Littleton's proportion of the net pension liability (asset) (%)	0.00371%	0.00466%	0.00362%	0.00392%	0.00295%	0.00166%	0.00201%	0.00191%
Littleton's proportion of the net pension liability (asset) ($)	$ 132,574	$ 127,261	$ 85,875	$ 59,887	$ 62,609	$ 11,094	$ 11,854	$ 22,902
Littleton's covered-employee payroll	241,043	273,743	259,533	251,546	208,447	162,974	137,231	204,036
Littleton's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.00%	46.49%	33.09%	23.81%	30.04%	6.81%	8.64%	11.22%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This amount will be the same percentage for all participant employers in the LGERS plan.

Town of Littleton, North Carolina
Town of Littleton Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 25,705	$ 24,589	$ 22,241	$ 20,284	$ 18,811	$ 13,676	$ 15,478	$ 12,351
Contributions in relation to the contractually required contribution	25,705	24,589	22,241	20,284	18,811	13,676	15,478	12,351
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Littleton's covered-employee payroll	241,043	263,537	273,743	259,533	251,546	208,447	162,974	137,231
Contributions as a percentage of covered-employee payroll	10.66%	9.33%	8.12%	7.82%	7.48%	6.56%	9.50%	9.00%

Town of Littleton, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	2021	2020	2019	2018	2017
Beginning balance	$ 65,862	$ 41,452	$ 34,752	$ 27,486	$ 21,989
Service Cost	3,196	1,597	2,566	2,880	2,304
Interest on the total pension liability	2,014	1,245	1,341	1,493	1,194
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	1,167	26,164	-	-	-
Changes of assumptions or other inputs	10,882	(501)	2,793	2,893	1,999
Benefit payments	(8,190.00)	(4,095)	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	$ 74,931	$ 65,862	$ 41,452	$ 34,752	$ 27,486

Town of Littleton, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	2021	2020	2019	2018	2017
Total pension liability	$ 74,931	$ 25,810	$ 41,452	$ 34,752	$ 27,486
Covered payroll	153,163	95,542	134,029	114,786	91,786
Total pension liability as a percentage of covered payroll	48.92%	27.01%	30.93%	30.28%	29.95%

Notes to the schedules:

The Town of Littleton has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

Individual Fund Statements and Schedules

Town of Littleton
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	$	$ 357,815	$
Interest		1,774	
Total	335,300	359,589	24,289
Unrestricted intergovernmental:			
Local option sales taxes		148,158	
Telecommunications sales tax		5,132	
Utilities sales tax		37,115	
Video franchise fee		2,631	
Beer and wine tax		9,148	
Contributions		9,962	
Covid Relief		21,800	
ABC profit distribution		14,700	
Total	194,500	248,646	54,146
Restricted intergovernmental:			
Powell Bill allocation		21,630	
USDA Police Grant		50,000	
Police GEMS Grant		21,910	
USDA Police Renovation Grant		-	
Total	314,674	93,540	(221,134)
Permits and fees:			
Board of Adjustments Fees		400	
Total	600	400	(200)

Town of Littleton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Rentals		3,221	
Cemetery sales		2,250	
Swimming pool fees		-	
Officer fees		6,334	
Total	17,693	11,805	(5,888)
Investment earnings	4,030	58	(3,972)
Miscellaneous:			
Sale of materials		-	
All Other		5,717	
Total	4,200	5,717	1,517
Total revenues	870,997	719,754	(151,243)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		-	
Professional services		6,333	
Membership and dues		3,130	
Other operating expenditures		46,814	
Capital outlay		-	
Total		56,277	
Administration:			
Salaries and employee benefits		52,454	
Insurance and bonds		-	
Other operating expenditures		10,571	
Capital outlay		-	
Total		63,025	
Tax collection:			
Collection fee		7,983	
Other operating expenditures		-	
Total		7,983	

Town of Littleton, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Legal:			
Professional services		18,864	
Zoning, planning and development:			
Salaries and employee benefits		-	
Other operating expenditures		-	
Capital outlay		-	
Total		-	
Public buildings:			
Salaries and employee benefits		1,872	
Maintenance and repair		-	
Utilities		-	
Other operating expenditures		19,416	
Capital outlay		-	
Total		21,288	
Total general government	175,681	167,437	8,244
Public safety:			
Police:			
Salaries and employee benefits		212,281	
Vehicle maintenance		14,531	
Departmental supplies		-	
Contracted services		-	
Other operating expenditures		38,756	
Capital outlay		109,420	
		374,988	
Fire:			
Assistance to local fire departments		11,000	
Total public safety	481,707	385,988	95,719
Transportation:			
Streets and highways:			
Salaries and employee benefits		37,795	
Vehicle maintenance		-	
Street Lights		3,162	
Contracted services		4,045	
Other operating expenditures		34,243	
Capital outlay		-	
Total transportation	181,167	79,245	101,922

Town of Littleton, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Solid waste:			
Salaries and employee benefits		-	
Vehicle maintenance		-	
Other operating expenditures		-	
Contracted services		-	
Capital outlay		-	
Total		-	
Cemetery:			
Other operating expenditures		6,890	
Capital outlay		-	
Total		6,890	
Total environmental protection	6,890	6,890	-
Culture and recreation:			
Library:			
Salaries and employee benefits		248	
Other operating expenditures		5,256	
Capital outlay		-	
Total		5,504	
Parks and recreation:			
Other operating expenditures		5,846	
Capital outlay		-	
Total		5,846	
Total culture and recreation	11,029	11,350	(321)
Debt Service:			
Principal retirement	14,673	8,435	6,238
Interest	-	6,238	(6,238)
Total debt service	14,673	14,673	-
Total expenditures	871,147	665,583	205,564

Town of Littleton, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues over (under) expenditures	(150)	54,172	54,322
OTHER FINANCING SOURCES (USES)			
Installment purchase obligation issued	-	44,000	44,000
Sale of capital assets	150	1,200	1,050
Fund balance appropriated	-	-	-
Net change in fund balance	$ -	99,372	$ 26,353
Fund balance, beginning		546,024	
Prior period restatement-correction of errors		(140,599)	
Fund balance, ending		$ 504,797	

Town of Littleton, North Carolina
Capital Projects Fund -Public Safety
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Actual Prior Year	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues					
Public Safety Project:					
Restricted intergovernmental:					
State grant	$ 135,000	$ 100,000	$ 35,000	$ 135,000	$ -
Investment earnings					
Total revenues	135,000	100,000	35,000	135,000	-
Expenditures					
Public Safety Building Project:					
Capital outlay	351,000	226,622	148,599	375,221	(24,221)
Total expenditures	351,000	226,622	148,599	375,221	(24,221)
Revenues under expenditures	(216,000)	(126,622)	(113,599)	(240,221)	24,221
Other Financing Sources					
Public Safety Project :					
Transfers from other funds:					
General Fund	50,000	74,221	-	74,221	24,221
Installment purchase obligations issued	166,000	166,000	-	166,000	-
Total other financing sources	216,000	240,221	-	240,221	24,221
Net change in fund balance	$ -	$ 113,599	(113,599)	$ -	$ -
Fund balance, beginning			-		
Fund balance. ending			$ -		

Town of Littleton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales:			
Residential and commercial		$ 204,564	
Municipal usage		-	
Total	203,000	204,564	1,564
Sewer charges:			
Residential and commercial		200,942	
Municipal usage		-	
Total	188,600	200,942	12,342
Water and sewer taps	3,000	8,087	5,087
Other operating revenues	3,000	1,100	
Total operating revenues	397,600	414,693	17,092
Nonoperating revenues:			
Gain on sale of assets	-	-	-
Interest earnings	2,640	35	(2,605)
Total		35	
Total revenues	400,240	414,727	14,487
Water and sewer administration:			
Supplies		2,212	
Insurance		3,216	
Other operating expenditures		13,052	
Total water treatment and administration	24,126	18,479	5,647
Water treatment and distribution:			
Salaries and employee benefits		15,628	
Maintenance		23,245	
Supplies		1,004	
Contracted services		-	
Other operating expenditures		125,602	
Total water treatment and distribution	181,762	165,480	16,282
Waste collection and treatment:			
Salaries and employee benefits		41,641	
Supplies		14,618	
Electric power		19,405	
Contracted services		106,646	
Maintenance and repairs		60,663	
Other operating expenditures		11,361	
Total waste collection	259,893	254,334	5,559

Town of Littleton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Bond issuance costs	-	-	-
Interest and other charges	7,232	8,508	(1,276)
Principal retirement	27,107	25,848	1,259
Total debt service	34,339	34,356	(17)
Capital outlay:			
Water extensions	-	-	-
Miscellaneous water	-	-	-
Sewer extensions	-	-	-
Miscellaneous sewer	-	-	-
Total capital outlay	-	-	-
Total expenditures	500,120	472,649	27,471
Revenues over (under) expenditures			
Other financing sources (uses):			
Federal grants	-	-	-
Proceeds from Litigation	60,000	-	-
Installment obligation issued	-	-	-
Net position appropriated	39,880	-	-
Total other financing sources (uses)	60,000	-	-
Revenues and other sources over expenditures and other uses	$ -	(57,923)	$ (57,923)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		25,848	
Capital outlay		-	
(Increase) in bond interest accrued		(972)	
Decrease in accrued vacation pay		(390)	
(Increase) in net pension liability		36,787	
(Increase) in deferred outflows of resources - pensions		(24,958)	
Decrease in deferred inflows of resources - pensions		(1,478)	
Depreciation		(175,425)	
Federal grant to capital project		-	
Installment obligation issued		-	
Total reconciling items		(140,588)	
Change in net position		$ (198,511)	

Other Schedules

This section contains additional information required on property taxes

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Littleton, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	$ -	$ 365,213	$ 350,940	$ 14,273
2019-2020	13,861	-	8,492	5,369
2018-2019	3,915	-	493	3,422
2017-2018	3,315	-	297	3,018
2016-2017	3,520	-	522	2,998
2015-2016	3,554	-	514	3,040
2014-2015	4,003	-	79	3,924
2013-2014	3,465	-	60	3,405
2012-2013	3,052	-	8	3,044
2011-2012	2,798	-	31	2,767
2010-2011	2,281	-	2,281	-
	$ 43,764	$ 366,980	$ 363,717	45,260

Less: allowance for uncollectible accounts:	
General Fund	(15,000)
Ad valorem taxes receivable - net	$ 30,260
Reconcilement with revenues:	
Ad valorem taxes - General Fund	$ 359,589
Reconciling items:	
Interest collected	(1,774)
Discounts allowed	2,778.00
Taxes written off and released	3,124
Subtotal	4,128
Total collections and credits	$ 363,717

Town of Littleton, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 45,714,500	0.80	$ 365,716	$ 325,995	$ 39,721
Penalties	-		-	-	-
Total	45,714,500		365,716	318,577	39,721
Discoveries:					
Current year taxes	-	-	-	-	-
Prior year taxes	-	-	-	-	-
Penalties	-	-	-	-	-
Abatements	(62,875)	-	(503)	(503)	-
Total property valuation	$ 45,651,625				
Net levy			365,213	325,492	39,721
Uncollected taxes at June 30, 2021			(14,273)	(14,273)	-
Current year's taxes collected			$ 350,940	$ 311,219	$ 39,721
Current levy collection percentage			96.09%	95.61%	100.00%

Compliance Section

WWCEJ
& Company, PC
CERTIFIED PUBLIC ACCOUNTANTS

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 Honorable Mayor and Board of Commissioners
Town of Littleton, North Carolina

We have audited, in accordance with the 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Littleton, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Littleton's basic financial statements and have issued our report thereon dated May 1, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Littleton's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 2021-002, 2021-003, 2021-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Littleton's financial statements are free

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • Fax (919) 693-7614
www.wwcejcpa.com

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 2021-004.

Town of Littleton's Response to Finding

The Town of Littleton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Littleton'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 Town'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WWCEJ & Company, PC

WWCEJ & Company, PC
Oxford, North Carolina
May 1, 2026

Town of Littleton, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	X Yes	____No
• Significant Deficiency(s) identified?	X Yes	____No
Noncompliance material to financial statements noted	X Yes	____No

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency: 2021-001 Noncompliance with North Carolina General State Statute – Excess of Expenditures over Appropriations

Criteria: North Carolina G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year sums obligated by the transaction for the current fiscal year.

Condition: For the fiscal year ended June 30, 2021, expenditures exceeded authorized appropriations as follows:

Function	Budget	Expenditures	Excess
General Fund:			
Culture and Recreation	$ 11,029	$ 11,350	$ 321
Public Safety Building Project:			
Capital Outlay	$351,000	$375,221	$ 24,221

Effect: Moneys were spent that were not properly obligated and appropriated.

Cause: Monthly monitoring of budget to actual reports on a modified accrual basis and proper pre-audit of expenditures was not effective.

Recommendation: The Town should implement a higher level of detailed monthly review and make budget adjustments when necessary.

Views of responsible officials: The Town agrees with this finding and will review the budgets more timely to ensure compliance in future years. The Town has also hired a third-party bookkeeper to assist with recording activity in the general ledger and monitoring reports.

Material Weakness: 2021-002 Segregation of Duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Town personnel. There is a limited number of personnel responsible for and performing substantially all of the bookkeeping and accounting functions. This is especially a concern in the cash management, purchasing, and payroll functions. The same individuals have the ability to record journal entries and reconcile accounts.

Effect: Transactions could be mishandled, due to errors or fraud that could lead to loss of assets, or the reporting of misleading financial information.

Cause: There are a limited number of personnel for certain functions and lack of board oversight with appropriate skills, knowledge and expertise. The Town does not have the resources to employ sufficient numbers of individuals to provide adequate segregation of these functions.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls. An outside firm or a consultant with appropriate skills, knowledge and expertise could be contracted to provide some of the necessary oversight.

Views of responsible officials: The Town agrees with this finding and has hired an outside firm to assist with these functions starting with the financial statement close process for fiscal year 2021 and for assistance in fiscal year 2023 and forward.

Material Weakness: 2021-003 Late Audit Submission

Criteria: N.C. General Statute 159-34(a) states the Town should have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant. The deadline to submit June 30 year end audits to the Local Government Commission is October 31. The October 31 deadline includes a grace period from November 1 to December 1, in which there are no additional documents or notifications needed.

Condition: The June 30, 2021 audit which was due October 31, 2021, was submitted late in May 2026.

Effect: By submitting the audit late, the board or other agencies such as the Local Government Commission and grantor agencies do not have the opportunity to receive important, timely feedback from the independent auditor such as internal control deficiencies or financial statement trends. It could also delay the issuance of funding from lenders or grantor agencies.

Cause: The Town was notified late that their previous auditor would no longer be performing audits of State and Local Governments. Due to a shortage of available audit firms, there were difficulties encountered with identifying a firm that would perform the audit. The Town was also notified that due to the lack of skills, knowledge and expertise of its staff in financial reporting, there would need to be additional assistance in preparing the records for audit. The Town began the process of identifying a firm that could assist. The time needed for that firm to get up to speed and complete the records for audit caused a delay as well.

Recommendation: The Town should make necessary adjustments to meet the October 31 audit deadline and to get caught up on additional late filings.

Views of responsible officials: The Town agrees with this finding and has hired an outside firm to assist with the preparation of the financial statements and information needed for audit in fiscal year 2023. With the assistance of hiring the outside firm, the Town will work to catch up late filings and file on time going forward.

Material Weakness: 2021-004 Material Noncompliance Restatement of Net Position / Fund Balance

Criteria: A special revenue fund for grant project funding for the renovation of its police department was consolidated with the General Fund in the prior year. The capital outlay expenditures from this project that were capitalized were also understated in the prior year. The capital outlay expenditures that were capitalized were placed in service and depreciated even though the project was still under construction and not in use at the end of fiscal year 2020. The Town's receivables for franchise and sales taxes were understated in the prior year. Payroll liabilities were overstated in the prior year and accounts payable were understated.

Condition: The Town has never set a formal project ordinance for the renovation of the police department, but the funding covered multiple years. The funds were consolidated with the General Fund. The beginning net position of the Governmental Activities and the fund balance of the General Fund has been restated to separate these funds. There were additional capital outlay expenditures that should be capitalized offset by improper depreciation expense on those expenditures of $105,092. Prior year receivables for franchise taxes were understated by $10,217 and for sales tax were understated by $6,407. Payroll liabilities were overstated by $29,259. Accounts payable for the prior year were understated by $4,909.

Effect: A prior period adjustment was done to the financial statements that affected the fund balances in the the General Fund, the Grant Project Fund – Public Safety, and net position for Governmental Activities.

Cause: The Town was unaware that there was supposed to be project budget ordinances passed and new funds created. The only budget set was that in the grant documentation. During the fiscal year close of the books, the receivables for franchise and sales taxes along with the accounts payable and payroll liabilities were not adjusted to the accrual basis required by the respective fund.

Recommendation: The Town should ensure it has appropriate policies and procedures for grant accounting. This will ensure that required fund accounting and budget ordinances are set up and passed timely. A capital asset policy should be created/updated to ensure proper capitalization of expenditures for new assets and major repairs that extend the life of an asset. This policy should also address what is required to place an asset in service and begin depreciation. A financial statement close process should be formally defined to ensure that appropriate year-end adjustments are made for the accrual of receivable and payables that affect the Town's funds.

Views of Responsible officials and corrective action plans: The Town agrees with this finding. Management will strive to ensure that this type error does not occur in the future. The Town has hired a third-party accountant to assist with accounting transactions and review of financial reports to provide additional assistance in this area.

Town of Littleton, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency: 2021-001 Noncompliance with North Carolina General State Statute – Excess of Expenditures over Appropriations

Name of contact person: Clyde Johnston, Finance Officer

Corrective action: The Town is reviewing their procedures and policies to ensure a detailed monthly review of budgetary data is performed.

Proposed completion date: The Town will implement the above procedures immediately.

Material Weakness: 2021-002 Segregation of Duties

Name of contact person: Clyde Johnston, Finance Officer

Corrective action: The Town has hired an outside firm to assist with compensating controls starting with the financial statement close process for fiscal year 2021 and 2022 and for assistance in fiscal year 2023 and forward.

Proposed completion date: The Town has hired an outside firm to assist with compensating controls starting with the financial statement close process for fiscal year 2021 and 2022 and for assistance in fiscal year 2023 and forward.

.

Material Weakness: 2021-003 Late Audit Submission

Name of contact person: Clyde Johnston, Finance Officer

Corrective action: The Town has hired an outside firm to assist with the preparation of the financial statements and information needed for audit in fiscal year 2023. With the assistance of hiring the outside firm, more formal processes will be in place to ensure appropriate adjustments are made to the financials as part of the close process. They will also advise the Town on necessary budget and fund accounting requirements.

Proposed completion date: The Town has implemented the hiring of a firm to provide oversight and assistance. The Town is implementing the changes recommended by the outside firm for budgetary requirements and financial statement preparation.

Material Weakness: 2021-004 Material Noncompliance Restatement of Net Position / Fund Balance

Name of contact person: Clyde Johnston, Finance Officer

Corrective action: The Town has hired an outside firm to assist with the preparation of the financial statements and information needed for audit in fiscal year 2023. With the assistance of hiring the outside firm and a new audit firm, the Town will work to catch up late filings and file on time going forward.

Proposed completion date: The Town will implement the above procedures immediately.

Town of Littleton, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021

As of June 30, 2021, the Town of Littleton had no unresolved findings from prior years.