TOWN OF LITTLETON, MASSACHUSETTS MUNICIPAL ELECTRIC LIGHT DEPARTMENT

Financial Statements

December 31, 2019

(With Accountants' Report Thereon)

Giusti, Hingston and Company
Certified Public Accountants
36 Jackman St., Unit 1 * Georgetown, MA 01833 * (Tel) 978-352-7470

Town of Littleton, Massachusetts

Municipal Electric Light Department

FINANCIAL STATEMENTS AND AUDITORS' REPORT

For the Year Ended December 31, 2019

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS – TOWN OF THE LITTLETON, MASSACHUSETTS, ELECTRIC LIGHT DEPARTMENT

Board of Commissioners and Board of Selectmen
Town of Littleton, Massachusetts
39 Ayer Road
P.O. Box 2406
Littleton, MA 01460

We have audited the accompanying financial statements of the business type activities and the aggregate remaining fund information of the Town of Littleton, Massachusetts, Electric Light Department ("the Department"), and the related notes to the financial statements, as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business activities and the aggregate remaining fund information of the Town of Littleton, Massachusetts, Electric Light Department, as of December 31, 2019, and the results of the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the financial statements present only the Littleton Electric Light Department and do not purport to, and do not, present fairly the financial position of the Town of Littleton, Massachusetts, as of December 31, 2019, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the retirement system schedules and the other post employment benefit schedules listed in the table of contents 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.

Sincerely,

Giusti, Hingston and Company

Giusti, Hingston and Company
Certified Public Accountants
Georgetown, Massachusetts
October 16, 2020

As management of the Littleton Municipal Electric Light Department, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Littleton Municipal Electric Light Department for the fiscal year ended December 31, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the Littleton Municipal Electric Light Department exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $34,507,165 (*net position*).

- The Department's total net position increased by $1,508,069 or 4.57%.

- At the end of the current fiscal year, the balance in the unrestricted net position account was $5,471,903 or 17.4% of total expenses.

- During fiscal year 2019, the Department continued funding its Other Post Employment Benefits (OPEB) liability. The balance in the OPEB Trust Fund as of December 31, 2019 was $2,633,706. The plan is 60.36% funded.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction of the Littleton Municipal Electric Light Department's basic financial statements.

The financial statements include (1) the statement of net position (2) the statements of revenue, expenses and changes in net position (3) the statement of cash flows (4) the statement of fiduciary net position (5) the statement of changes in fiduciary net position and (6) the notes to the financial statements.

***Proprietary funds* -** The Littleton Municipal Electric Light Department maintains one proprietary fund type. The Littleton Municipal Electric Light Department uses an enterprise fund to account for its electric operations.

***Fiduciary funds* -** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the proprietary fund financial statements because the resources of those funds are *not* available to support the Department's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Department maintains fiduciary funds to account for activities related to its Other Post-Employment Benefits (OPEB) trust fund. The OPEB Trust Fund is used to accumulate resources to provide funding for future OPEB liabilities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the Department's basic financial statements.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents *required supplementary information* concerning the Littleton Electric Light Department's progress in funding its obligation to provide pension and other post employment benefits to its employees.

Financial Analysis

Net Position

The statement of net position presents information on all of the Department's assets/deferred outflows and liabilities/deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The following table reflects the condensed net position for the past two years. The Depreciation fund was reclassified as restricted net position in fiscal year 2019. As a result the prior year's amounts were adjusted to reflect the change.

	Business-Type Activities 2019	Business-Type Activities 2018
Current Assets	$ 10,664,465	$ 10,072,847
Noncurrent Assets	9,363,733	10,251,773
Capital Assets	26,290,981	24,203,829
Total Assets	46,319,179	44,528,449
Deferred Outflows of Resources	2,142,276	2,304,649
Current Liabilities	2,922,508	3,077,137
Noncurrent Liabilities	10,309,957	10,087,841
Total Liabilities	13,232,465	13,164,978
Deferred Inflows of Resources	721,825	669,024
Net Position:		
Net Investment in Capital Assets	26,290,981	24,203,829
Resticted for Depreciation	2,744,281	2,636,697
Unrestricted Net Position	5,471,903	6,158,570
Total Net Position	$ 34,507,165	$ 32,999,096

The net position of the Department increased by $1,508,069 during fiscal year 2019.

Changes in Net Position

The following condensed financial information was derived from the Department's Statement of Revenues, Expenses and Changes in Net Position. It reflects how the Departments net position has changed during the past two fiscal years.

	2019	2018
Revenues:		
Operating Revenues	$ 31,428,901	$ 31,696,396
Nonoperating Revenues	1,470,878	450,708
Total Revenues	32,899,779	32,147,104
Expenses:		
Purchase Power	22,585,582	25,261,879
Operating	1,103,063	1,102,753
Maintenance	1,200,176	945,146
General and Administrative	4,075,698	3,685,957
Depreciation	1,199,122	1,176,037
Hurricane Disaster Areas	91,770	128,158
In Lieu of Tax Payments	760,000	760,000
Contribution of Services to Water Department	309,624	300,555
Contribution to Schools and Towns	66,675	43,115
Interest on Long Term Debt	-	11,281
Total Expenses	31,391,710	33,414,881
Increase (Decrease) in Net Position	$ 1,508,069	$ (1,267,777)

Light rates are structured to cover substantially all operating costs related to the activity.

Financial Analysis of the Department's Funds

Proprietary Fund

Electric Enterprise Fund – The following table reflects the trend in all the components of net position for the past ten fiscal years.

Fiscal Year	Invested in Capital Assets Net of Related Debt	Restricted for Depreciation	Unrestricted	Total Net Positions
2010	$ 16,530,904	$ 3,786,421	$ 14,386,683	$ 34,704,008
2011	16,777,309	3,863,299	15,352,337	35,992,945
2012	18,552,786	2,892,021	14,101,610	35,546,417
2013	18,704,430	2,879,952	13,139,669	34,724,051
2014	19,123,640	2,954,506	9,054,092	31,132,238
2015	19,372,822	3,529,898	9,281,818	32,184,538
2016	21,862,657	2,460,208	10,701,594	35,024,459
2017	24,175,334	2,537,775	7,553,764	34,266,873
2018	24,203,829	2,516,165	6,279,102	32,999,096
2019	26,290,981	2,744,281	5,471,903	34,507,165

Capital Asset and Debt Administration

Capital Assets

The Littleton Municipal Electric Light Department's investment in capital assets as of December 31, 2019, amounts to $26,290,981 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, equipment and vehicles.

Major capital asset acquisitions during the current fiscal year include the following:

➢ Work in Process – Permanent Generators	$1,679,202
➢ Transportation Equipment	$ 445,013
➢ Meters	$ 268,031
➢ Structures and Improvements	$ 265,589
➢ Overhead Conductors and Equipment	$ 239,487

A comparison of the past two years is as follows:

	2019	2018
Land	$ 1,312,676	$ 1,312,676
Work In Process	1,679,202	-
Distribution Plant	11,675,494	11,553,710
General Plant	11,623,609	11,337,443
Total	$ 26,290,981	$ 24,203,829

Debt

The Department did not have any outstanding general obligation bonds for the past two years.

Fiscal Year 2020 Budget

The Department's fiscal year 2020 budget will be funded primarily by electric rates. Fluctuations in power costs are anticipated. However, the Department has the ability to increase rates in order to offset any additional power costs.

Request for Information

This financial report is designed to provide a general overview of the Littleton Municipal Electric Light Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Accounting/Business Manager
Littleton Electric Light Department
39 Ayer Road
Littleton, Massachusetts 01460-3406

Littleton Electric Light Department
Statement of Net Position
December 31, 2019

Assets	
Current:	
Unrestricted Cash and Investments	$ 5,865,748
Accounts Receivable:	
Customer (Net of Allowance for Uncollectible Accounts)	3,627,958
Governmental	4,654
Other	61,216
Grant	2,250
Prepaid Expenses	195,439
Plant Inventory	907,200
Total Current Assets	10,664,465
Noncurrent:	
Restricted Cash	512,025
Restricted Investments	8,851,708
Fixed Assets:	
Non-Depreciable	2,991,878
Depreciable, Net of Accumulated Depreciation	23,299,103
Total Noncurrent Assets	35,654,714
Total Assets	46,319,179
Deferred Outflows of Resources	
Other Post Employment Benefits	422,347
Pensions	1,719,929
Total Deferred Outflows of Resources	2,142,276
Liabilities	
Current:	
Accrued Payroll Payable	25,293
Customer Deposits	193,075
Jobbing Deposits	15,907
Accounts Payable & Other Accrued Liabilities	2,586,507
Accrued Compensated Absences Payable	101,726
Total Current Liabilities	2,922,508
Noncurrent:	
Accrued Compensated Absences Payable	67,817
Net Pension Liability	8,512,174
Other Post Employment Benefits Payable	1,729,966
Total Noncurrent Liabilities	10,309,957
Total Liabilities	13,232,465
Deferred Inflows of Resources	
Other Post Employment Benefits	180,619
Pensions	541,206
Total Deferred Inflows of Resources	721,825
Net Position	
Net Investment in Capital Assets	26,290,981
Restricted for:	
Depreciation	2,744,281
Unrestricted	5,471,903
Total Net Position	$ 34,507,165

The Notes to the Financial Statements
are an Integral Part of this Exhibit.

Littleton Electric Light Department

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2019

Operating Revenues:	
Operating Revenue	$ 31,428,901
Total Operating Revenues	31,428,901
Operating Expenses:	
Purchase Power	22,585,582
Operating	1,103,063
Maintenance	1,200,176
General and Administrative	4,075,698
Depreciation	1,199,122
Total Operating Expenses	30,163,641
Operating Income (Loss)	1,265,260
Nonoperating Revenues (Expenses):	
Merchandising and Jobbing Revenue	236,660
Intergovernmental	75,715
Earnings on Investments	925,445
Miscellaneous	233,058
Hurricane Disaster Areas	(91,770)
In Lieu of Tax Payments and Indirect Cost Reimbursement	(760,000)
Contribution of Services to Water Department	(309,624)
Contribution to Schools and Towns	(66,675)
Total Nonoperating Revenues (Expenses):	242,809
Net Increase (Decrease) in Net Position	1,508,069
Net Position, January 1, 2019	32,999,096
Net Position, December 31, 2019	$ 34,507,165

The Notes to the Financial Statements
are an Integral Part of this Exhibit.

Littleton Electric Light Department

Statement of Cash Flows

For the Year Ended December 31, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	$ 31,233,586
Payments to Employees and Vendors	(28,875,472)
Net Cash Flows Provided (Used) by Operating Activities	2,358,114
Cash Flows from Non Capital Related Financing Activities:	
Merchandising and Jobbing	197,858
Other Income	212,457
Payment In Lieu of Taxes	(760,000)
Hurricane Disaster Expenses	(91,770)
Contribution of Services to Water Department	(309,624)
Contribution to Schools and Towns	(66,675)
Net Cash Flows Provided (Used) by Non Capital Related Financing Activities	(817,754)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(3,286,274)
Other Income	233,058
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(3,053,216)
Cash Flows from Investing Activities:	
Earnings on Investments	925,445
Net Cash Flows Provided (Used) by Investing Activities	925,445
Net Increase (Decrease) in Cash and Cash Equivalents	(587,411)
Cash and Cash Equivalents, January 1, 2019	15,816,892
Cash and Cash Equivalents, December 31, 2019	$ 15,229,481
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	$ 1,265,260
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	1,199,122
(Increase) Decrease in Accounts Receivable	(195,315)
Increase (Decrease) in Other Assets	(2,285,613)
(Increase) Decrease in Prepayments	(15,252)
Increase (Decrease) in Payables	2,389,912
Net Cash Provided by Operating Activities	$ 2,358,114

The Notes to the Financial Statements
are an Integral Part of this Exhibit.

Littleton Electric Light Department
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Other Post Employment Benefits Trust
Assets	
Cash and Investments:	
Domestic Equity	$ 955,772
Domestic Bond	482,758
International Equity	635,513
International Bond	120,624
Cash and Equivalents	12,905
Alternatives	426,134
Total Assets	$ 2,633,706
Liabilities	$ -
Total Liabilities	-
Net Position Restricted for Post Employment Benefits Other than Pensions	$ 2,633,706

The Notes to the Financial Statements
are an Integral Part of this Exhibit.

Littleton Electric Light Department
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Other Post Employment Benefits Trust
Additions:	
Contributions:	
Employer	$ 379,482
Total Contributions	379,482
Investment Earnings:	
Interest, Dividends and Other	402,179
Net Investment Earnings	402,179
Total Additions	781,661
Deductions:	
Medical and Life Insurance for Retirees	329,482
Total Deductions	329,482
Net Increase (Decrease) in Fiduciary Net Position	452,179
Net Position:	
Beginning of the Year	2,181,527
Ending of the Year	$2,633,706

The Notes to the Financial Statements
are an Integral Part of this Exhibit.

I. Summary of Significant Accounting Policies

The significant accounting policies of the Electric Light Department are as follows:

(a) Reporting Entity

The financial statements present only the Littleton Electric Light Department (the Department), an Enterprise Fund of the Town of Littleton, Massachusetts. These statements are not intended to present fairly the financial position of the Town of Littleton, Massachusetts and the results of operations and cash flow in conformity with accounting principles generally accepted in the United States of America.

The Light Department purchases power from various sources and sells it to customers in the Towns of Littleton and Boxborough at rates submitted to the Massachusetts Department of Telecommunications and Energy. The Board of Commissioners is an elected Board that has full charge of operations and management of the Plant. There are no entities which are component units of the Littleton Electric Light Department.

(b) Measurement Focus and Basis of Accounting

The Light Department maintains its books in accordance with the accounting practices prescribed by the Massachusetts Department of Telecommunications and Energy (DTE). The Department's policy is to prepare its financial statements in accordance with generally accepted accounting principles (GAAP) except that depreciation is charged at a fixed percentage rate (in accordance with practices approved by the DTE). Under the GAAP basis of accounting depreciation is charged over the useful life of the asset.

In accordance with Massachusetts law, the electric rates of the Light Department are set by the Municipal Light Board. Rate schedules are filed with the Massachusetts Department of Telecommunications and Energy. While the DTE exercises general supervisory authority over the Light Department, the Light Department's rates are not subject to DTE approval.

The Department utilizes a proprietary fund to account for its Electric Light operations. Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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 the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Department utilizes a fiduciary fund to report the activity related to its Other Postemployment Benefits (OPEB) trust fund. The OPEB trust fund is used to accumulate resources for future other postemployment benefits liabilities.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs.

(c) Depreciation

The general laws of Massachusetts allow utility plants in service to be depreciated at an annual percentage rate. In order to change this rate, approval must be obtained from the Department of Telecommunications and Energy. Changes in annual depreciation rates may be made for financial factors relating to cash flow rather than for engineering factors relating to estimates of useful lives. The Light Department used a depreciation rate of 3.0% for fiscal year 2019.

(d) Revenues

Revenues from the sale of electricity are recorded on the accrual basis. Bills are prepared monthly (on a cycle basis) based on meter readings.

(e) Unbilled Revenue

Customers are billed monthly based on usage. As a result, some current fiscal year usage is not billed until the subsequent fiscal year. An accounting estimate is made to recognize revenues related to the unbilled usage.

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Pensions

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

(h) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the statement of net 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Department's Statement of Net Position reflects deferred outflows and deferred inflows of resources related to pensions. It, also, reflects deferred outflows and deferred inflows of resources related to other post employment benefits.

(i) Net Position

The net position of the Department is reported in the following accounts.

Proprietary Fund

Net Investments in Capital Assets
Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Restricted for Depreciation
Pursuant to Massachusetts General Laws, the Department transfers an amount equivalent to the annual depreciation from unrestricted fund to the depreciation fund. The Depreciation fund may be utilized in the current year or in future years for expenditures that are capital related.

Unrestricted
The balance in this account represents the net portion of net position that is not restricted or otherwise separately stated.

Fiduciary Fund

Restricted for Other Post-Employment Benefits
The Department established a formal other post-employment benefits (OPEB) trust to accumulate resources for future OPEB expenses. The fund accounts for the contributions to and earnings of the trust.

II. Prepaid Expenses

The balance in this account represents various purchased power prepayments as of December 31, 2019. It also, includes prepayments related to insurance.

III. Deposits and Investments

a. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. A majority of the Department's deposits are pooled with the deposits of the Town of Littleton, Massachusetts. As a result, the custodial credit risk of the Department is intermingled with the custodial credit risk of the Town. The Light Department does have two bank accounts maintained by the Treasurer. The bank balance of those two accounts on December 31, 2019 was $973,097. The insured amount of the bank balance was $762,025 and the uninsured/uncollateralized amount was $211,072.

The Town has a formal investment policy that addresses custodial credit risk. Key sections of the policy are detailed below:

- Bank accounts or Certificate of Deposit accounts (CD's) with no limit to the length of maturity from the date of purchase may be made for unlimited amounts if the depository institution is a member of the Depository Insurance Fund (DIF) or the Share Insurance Fund (SIF). These funds insure all deposits held at a member Massachusetts state charted savings bank or co-operative bank respectively.

- Bank accounts, Certificate of Deposit accounts (CD's) and/or brokered CD's with no limit to the length of maturity from the date of purchase up to the FDIC coverage limits. All account balances in a single depository institution are considered in the aggregate to determine FDIC coverage limits.

- Bank accounts or Certificate of Deposit accounts (CD's) with no limit to the length of maturity from the date of purchase may be made for unlimited amounts if the deposit is fully collateralized by a third party agreement or securities owned by a depository institution that have been segregated from the day-to-day assets of the institution in order to provide collateralization.

- Uninsured or unsecured bank accounts or Certificate of Deposit accounts (CD's) with a final maturity no greater than one year from the date of purchase are allowed to be held by the Town subject to the following limitations:

    - The aggregate uninsured portion of deposits held at any one institution cannot exceed 5% of the institutions total deposits reflected on the bank's last filed FDIC Call Report.

    - No more than 10% of the Town's funds, applicable to this section, may be held in uninsured accounts.

    - The credit worthiness of the depository will be tracked by Treasurer utilizing the Veribanc rating report.

b. Investments

As of December 31, 2019, the Department had the following investments:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less Than 1	1-5	6-10
Debt Related Securities:				
U. S. Government Obligations	$ 3,271,429	$ 394,705	$ 2,225,044	$ 651,680
Corporation Notes and Bonds	1,792,099	468,740	980,183	343,176
Total	$ 5,063,528	$ 863,445	$ 3,205,227	$ 994,856
Other Investments:				
Money Market Funds	$ 114,111			
Certificates of Deposit	321,820			
Mutual Funds	3,205,242			
Equities	2,780,713			
Total Other Investments	6,421,886			
Total Investments	$ 11,485,414			

i) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates is as follows:

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- Short-term investments for funds covered in Section I are by statute limited to one year or less in maturity with all securities held to maturity.
- Longer term investments, other than trust funds under the direction of the Commissioners of Trust Funds, will be made for periods not longer than five years, maintaining an average maturity no greater than three years for the portfolio.

ii) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy relating to credit risk is as follows.

- Longer term investments in fixed income securities, other than trust funds under the direction of the Commissioners of Trust Funds, will be made principally for capital preservation and income potential. Corporate debt must be rated "A" or better by either S&P or Moody's rating services. If a security falls below the "A" rating, the security will be monitored by the Treasurer and advisor, if applicable. The security will be noted as an exception to policy if held in the portfolio. The Treasurer and/or advisor may sell the security if a further decline in value is expected.

iii.) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy relating to concentration of credit risk is as follows:

- The Town will minimize any concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Specific investment amounts and/or issuer limitations are addressed in the policy.

iv) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. The Town's policy states that it will not invest in any instrument exposed to foreign currency risk.

v.) Fair Value Measurement

Statement #72 of the Government Accounting Standards Board ("GASB") Fair Value Measurements and Application, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Departments' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Department's own data.

The Department holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Department's mission, the Department determines that the disclosures related to these investments only need to be disaggregated by major type. The Department chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Department has the following recurring fair value measurements as of December 31, 2019:

		Fair Value Measurements Using		
	Total	Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Investment by Fair Value Level:				
Debt:				
U. S. Treasuries & Agencies	$ 3,271,429	$ 3,271,429	$ -	$ -
Corporate Bonds	1,792,099	-	1,792,099	-
Money Market Mutual Funds	114,111	114,111	-	-
Mutual Funds	3,205,242	3,205,242	-	-
Certificates of Deposit	321,820	321,820	-	-
Equities:				
Common Stock	2,780,713	2,780,713	-	-
Total Assets in the Fair Value Hierarchy	$ 11,485,414	$ 9,693,315	$ 1,792,099	$ -

The investments classified in Level 1 of the fair value hierarchy were valued using prices quoted in active markets for those securities.

Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

IV. Restricted Cash and Investments

Restricted cash and investments as of December 31, 2019 consist of the following:

Account	Cash	Investments
Depreciation Fund	$ -	$ 2,744,281
Rate Stabilization	512,025	4,902,013
Pension	-	1,205,414
Subtotal Enterprise Fund	512,025	8,851,708
Other Post Employment Benefits	-	2,633,706
Total	$ 512,025	$ 11,485,414

V. Debt

i Short Term Debt

The Department did not have any bond anticipation notes payable or other short term debt outstanding as of December 31, 2019.

ii Long Term Debt

The Department did not have any bonds payable outstanding as of December 31, 2019.

(c) Bond Authorizations

The Department did not have any Loans Authorized but Unissued as of December 31, 2019.

iii Changes in the long-term liabilities for the year ended December 31, 2019 are as follows:

	01/01/19	Additions	Deductions	12/31/19	Current
Compensated Absences	$ 199,717	$ 89,656	$ (119,830)	$ 169,543	$ 101,726
Other Post Employment Benefits	1,863,266	318,879	(452,179)	1,729,966	-
Net Pension Liability	8,058,188	453,986	-	8,512,174	-
Total	$ 10,121,171	$ 862,521	$ (572,009)	$ 10,411,683	$ 101,726

VI. Capital Assets

Capital assets, which include buildings/improvements, machinery and equipment, vehicles, and infrastructure assets, are reported in the financial statements. Capital assets are defined by the Department as assets an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets lives is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Major capital asset acquisitions during the current fiscal year include the following:

- Work in Process – Permanent Generators $1,679,202
- Transportation Equipment $ 445,013
- Meters $ 268,031
- Structures and Improvements $ 265,589
- Overhead Conductors and Equipment $ 239,487

Capital asset activity for the year ended December 31, 2019 is as follows:

Assets	Cost January 1, 2019	Additions	Dispositions	Cost December 31, 2019	Accumulated Depreciation January 1, 2019	Depreciation	Deductions	Accumulated Depreciation December 31, 2019	Net Book Value
Nondepreciable Assets									
Land and Land Rights	$ 1,312,676	$ -	$ -	$ 1,312,676	$ -	$ -	$ -	$ -	$ 1,312,676
Work in Process	-	1,679,202	-	1,679,202	-	-	-	-	1,679,202
Total Nondepreciable Assets	1,312,676	1,679,202	-	2,991,878	-	-	-	-	2,991,878
Distribution Plant:									
Structures and Improvements	411,839	17,680	-	429,519	318,652	11,638	-	330,290	99,229
Station Equipment	4,864,120	1,771	-	4,865,891	2,627,856	137,450	-	2,765,306	2,100,585
Storage Battery Equipment	33,860	-	-	33,860	2,836	957	-	3,793	30,067
Poles, Towers and Fixtures	2,257,841	49,005	(55,029)	2,251,817	747,600	63,802	(55,029)	756,373	1,495,444
Overhead Conductors and Equipment	3,372,651	239,487	(228,499)	3,383,639	2,153,446	95,304	(228,499)	2,020,251	1,363,388
Underground Conduits	1,702,822	15,097	(13,458)	1,704,461	569,170	48,118	(13,458)	603,830	1,100,631
Underground Conductors and Devices	2,565,799	6,293	(117,825)	2,454,267	1,140,722	72,504	(117,825)	1,095,401	1,358,866
Line Transformers	4,175,171	104,166	(88,403)	4,190,934	1,593,249	117,981	(88,403)	1,622,827	2,568,107
Services	972,981	12,708	(31,177)	954,512	683,033	27,494	(31,177)	679,350	275,162
Meters	739,342	268,031	(6,932)	1,000,441	117,011	20,892	(6,932)	130,971	869,470
Installations on Customers' Premises	215,483	217	(3,674)	212,026	155,926	6,089	(3,674)	158,341	53,685
Street Lighting and Signal Systems	505,590	23,844	(1,481)	527,953	154,288	14,286	(1,481)	167,093	360,860
Total Distribution Plant	21,817,499	738,299	(546,478)	22,009,320	10,263,789	616,515	(546,478)	10,333,826	11,675,494
General Plant:									
Structures and Improvements	12,378,581	265,589	-	12,644,170	3,752,286	349,792	-	4,102,078	8,542,092
Office Equipment	1,464,382	51,289	(62,781)	1,452,890	609,707	41,380	(62,781)	588,306	864,584
Transportation Equipment	2,697,120	445,013	(201,071)	2,941,062	1,818,635	146,187	(201,071)	1,763,751	1,177,311
Stores Equipment	238,660	45,497	-	284,157	10,318	6,744	-	17,062	267,095
Tools, Shop and Garage Equipment	531,248	61,385	(17,092)	575,541	281,108	15,012	(17,092)	279,028	296,513
Laboratory & Testing Equipment	320,258	-	-	320,258	116,548	9,050	-	125,598	194,660
Power Operated Equipment	205,652	-	(68,500)	137,152	205,652	-	(68,500)	137,152	-
Communications Equipment	411,066	-	(10,299)	400,767	173,287	11,616	(10,299)	174,604	226,163
Miscellaneous Equipment	100,011	-	-	100,011	41,994	2,826	-	44,820	55,191
Total General Plant	18,346,978	868,773	(359,743)	18,856,008	7,009,535	582,607	(359,743)	7,232,399	11,623,609
Total Depreciable Assets	40,164,477	1,607,072	(906,221)	40,865,328	17,273,324	1,199,122	(906,221)	17,566,225	23,299,103
Total Capital Assets	$ 41,477,153	$ 3,286,274	$ (906,221)	$ 43,857,206	$ 17,273,324	$ 1,199,122	$ (906,221)	$ 17,566,225	$ 26,290,981

VII. Accounts Receivable Customer - Reserve for Uncollectible Accounts

The accounts receivable on the statement of net position are as follows:

Customer Accounts Receivable	$2,646,362
Unbilled Accounts Receivable	1,021,331
Allowance for Uncollectable	(39,735)
Total Customer Accounts Receivable - Net	$3,627,958
Other:	
Jobbings Receivable	$ 61,216
Governmental:	
Mutual Aid	$ 4,654
Grant	2,250
Total Intergovernmental Accounts Receivable	$ 6,904

VIII. Retirement System

a. General Information about the Pension Plan

Plan Description

The Department provides pension benefits to eligible employees by contributing to the Middlesex County Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement System. The System is administered by a five member board on behalf of all eligible current employees and retirees. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The system is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (M.G.L.). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex County Retirement System issues a stand-alone financial report that is available to the public https://middlesexretirement.org/wp-content/uploads/2020/08/FINAL-Audit-Report-Middlesex-Retirement-12-31-2019.pdf or by writing to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

Benefits Provided

The Middlesex County Retirement System provides retirement, disability and death benefits as detailed below:

Retirement Benefits

Employees covered by the Contributory Retirement Law are classified into one of four groups depending on job classification. Group 1 comprises most positions in state and local government. It is the general category of public employees. Group 4 comprises mainly police and firefighters. Group 2 is for other specified hazardous occupations. Officers and inspectors of the State Police are classified as Group 3.

For employees hired prior to April 2, 2012, the annual amount of the retirement allowance is based on the member's final three-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage according to the table below based on the age of the member at retirement.

Benefit %	Group 1	Group 2	Group 4
		Hired on or before April 1 2012	
2.50%	65+	60+	55+
2.40%	64	59	54
2.30%	63	58	53
2.20%	62	57	52
2.10%	61	56	51
2.00%	60	55	50
1.90%	59	N/A	49
1.80%	58	N/A	48
1.70%	57	N/A	47
1.60%	56	N/A	46
1.50%	55	N/A	45

For employees hired on April 2, 2012 or later, the annual amount of the retirement allowance is based on the member's final five-year average salary multiplied by the number of years and full months of creditable service at the time of retirement and multiplied by a percentage according to the tables below based on the age and years of creditable service of the member at retirement:

Benefit %	Group 1	Group 2	Group 4
		Hired after April 1 2012	
2.50%	67+	62+	57+
2.35%	66	61	56
2.20%	65	60	55
2.05%	64	59	54
1.90%	63	58	53
1.75%	62	57	52
1.60%	61	56	51
1.45%	60	55	50

For all employees, the maximum annual amount of the retirement allowance is 80 percent of the member's final average salary. Any member who is a veteran also receives an additional yearly retirement allowance of $15 per year of creditable service, not exceeding $300. The veteran allowance is paid in addition to the 80 percent maximum.

Retirement Benefits - Superannuation
Members of Group 1, 2 or 4 hired prior to April 2, 2012 may retire upon the attainment of age 55. For retirement at ages below 55, twenty years of creditable service is required.

Members hired prior to April 2, 2012 who terminate before age 55 with ten or more years of creditable service are eligible for a retirement allowance upon the attainment of age 55 (provided they have not withdrawn their accumulated deductions from the Annuity Savings Fund of the System).

Members of Group 1 hired April 2, 2012 or later may retire upon the attainment of age 60. Members of Group 2 or 4 hired April 2, 2012 or later may retire upon the attainment of age 55. Members of Group 4 may retire upon attainment of age 50 with ten years of creditable service.

Members hired April 2, 2012 or later who terminate before age 55 (60 for members of Group 1) with ten or more years of creditable service are eligible for a retirement allowance upon the attainment of age 55 (60 for members of Group 1) provided they have not withdrawn their accumulated deductions from the Annuity Savings Fund of the System.

Ordinary Disability Benefits
A member who is unable to perform his or her job due to a non-occupational disability will receive a retirement allowance if he or she has ten or more years of creditable service and has not reached age 55. The annual amount of such allowance shall be determined as if the member retired for superannuation at age 55 (age 60 for Group 1 members hired on or after April 2, 2012), based on the amount of creditable service at the date of disability. For veterans, there is a minimum benefit of 50 percent of the member's most recent year's pay plus an annuity based on his or her own contributions.

Accidental Disability Benefit
For a job-connected disability, the benefit is 72 percent of the member's most recent annual pay plus an annuity based on his or her own contributions, plus additional amounts for surviving children. Benefits are capped at 75 percent of annual rate of regular compensation for employees who become members after January 1, 1988.

Death Benefits
In general, the beneficiary of an employee who dies in active service will receive a refund of the employee's own contributions. Alternatively, if the employee were eligible to retire on the date of death, a spouse's benefit will be paid equal to the amount the employee would have received under Option C. The surviving spouse of a member who dies with two or more years of credited service has the option of a refund of the employee's contributions or a monthly benefit regardless of eligibility to retire, if they were married for at least one year. There is also a minimum widow's pension of $500 per month, and there are additional amounts for surviving children.

If an employee's death is job-connected, the spouse will receive 72 percent of the member's most recent annual pay, in addition to a refund of the member's accumulated deductions, plus additional amounts for surviving children. However, in accordance with Section 100 of Chapter 32, the surviving spouse of a police officer, firefighter or corrections officer who is killed in the line of duty will be eligible to receive an annual benefit equal to the maximum salary held by the member at the time of death. Upon the death of a job-connected disability retiree who retired prior to November 7, 1996 and could not elect an Option C benefit, a surviving spouse will receive an allowance of $9,000 per year if the member dies for a reason unrelated to cause of disability.

Contributions
Active members of the Middlesex County Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of $30,000. The Department is required to pay an actuarially determined rate. The contribution requirement of plan members is determined by M.G.L. Chapter 32. The contribution requirements are established by and may be amended by the Middlesex County Retirement System with the approval of the Public Employee Retirement Administration Commission.

The Department's contractually required contribution rate for the year ended December 31, 2019 was 16.82% of covered payroll, 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, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Department were $657,630 for the year ending December 31, 2019.

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

At December 31, 2019, the Department reported a liability of $8,512,174 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Accordingly, update procedures were utilized to roll back the liability to the measurement date. The Department's proportion of the net pension liability was based on an allocation of the Town of Littleton's net pension liability to the Town's enterprise funds. The Town's net pension liability was based on a projection of the Town long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportion was 1.628481%. The Department's allocation was 32.668% of the Town. The Department's proportion of the Middlesex Retirement system after the allocation was 0.531992%.

For the year ended December 31, 2019, the Department recognized pension expense of $1,383,592. At December 31, 2019, the Department 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	$ 207,119	$ (19,278)
Net differences between projected and actual earnings on pension plan investments	-	(220,890)
Change in assumptions	586,200	-
Changes in proportion and differences between contributions and proportionate share of contributions	926,610	(301,038)
Contributions subsequent to the measurement date	-	-
	$ 1,719,929	$ (541,206)

Contributions made subsequent to the measurement date (deferred outflows of resources) are recognized as a reduction of the net pension liability in the next fiscal year. The Department did not have any deferred outflows of resources for contributions made subsequent to the measurement date. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Amount
2020	$ 488,153
2021	287,865
2022	329,943
2023	72,762
Total	$ 1,178,723

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2019:

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry age normal cost method
Amortization Method	Prior year's total contribution increased by 6.5% for fiscal year 2020 through fiscal year 2027, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI Liability amortized in level payments.
Remaining Amortization Period	17 years from July 1, 2018 for non-ERI liability, 1 year from July 1, 2018 for 2002 ERI, 2 years from July 1, 2018 for 2003 ERI, and 4 years from July 1, 2018 for 2010 ERI.
Asset Valuation Method	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period. Asset value is adjusted, as necessary, to be within 20% of market value.
Investment Rate of Return/Discount Rate	7.3% net of pension plan investment expense, including inflation (7.5% in previous valuation)
Inflation Rate	3.25% (3.25% in previous valuation)
Projected Salary Increases	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% for Group 4
Cost of Living Adjustments	3.00% of first $16,000 of retirement income as of July 1, 2019

Mortality Rates were based on the tables noted below:

Healthy:	
Pre-Retirement	The RP-2014 Blue Collar Mortality Table projected generationally with Scale MP-2017
Healthy Retiree	The RP-2014 Blue Collar Health Annuitant Mortality Table projected generationally with Scale MP-2017
Disabled	The RP-2014 Blue Collar Health Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017

In performing the actuarial valuation, various assumptions are made regarding mortality, retirement, disability and withdrawal rates as well as salary increases and investment returns. A comparison of the results of the current valuation and the prior valuation is made to determine how closely actual experience relates to expected. The mortality tables listed in the assumption table were determined to contain provisions appropriate to reasonably reflect future mortality improvement, based on a review of the mortality experience of the plan.

Changes in Assumptions and Plan Provisions

The following changes in assumption and plan provision were reflected in the January 1, 2020 actuarial valuation:

Changes in Assumptions

- The net investment rate of return assumption was reduced from 7.50% to 7.30%.

Changes in Plan Provisions

- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from $14,000 to $16,000 as of July 1, 2019.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
Domestic Equity	21.00%	6.15%
International Developed Markets Equity	13.00%	6.78%
International Emerging Markets Equity	5.00%	8.65%
Core Fixed Income	15.00%	1.11%
High-Yield Fixed Income	8.00%	3.51%
Real Estate	10.00%	4.33%
Commodities	4.00%	4.13%
Hedge Funds, GTAA, risk parity	11.00%	3.19%
Private Equity	13.00%	9.99%
	100.00%	

Rate of Return
The annual money-weighted rate of return on pension plan investments for December 31, 2019 (net of investment expenses) was 16.21% (negative 2.52% for December 31, 2018). The money–weighted rate of return expresses investment performance, net of pension plan investment expense, is adjusted for the changing amounts actually invested, measured monthly.

Discount Rate
The discount rate used to measure the total pension liability was 7.3% (7. 5 % in the previous valuation). The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the

Middlesex County Retirement System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Middlesex County Retirement System, calculated using the discount rate of 7.30%, as well as what the Middlesex County Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	1% Decrease 6.30%	Discount Rate 7.30%	1% Increase 8.30%
Entire Town of Littleton's proportionate share of the Net Pension Liability	$32,021,511	$26,056,611	$21,037,301
Electric Light Department's share based on the Net Pension Liability allocation percentage	$10,461,428	$8,512,174	$6,872,886

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Middlesex County Retirement System financial report. The System issues a stand-alone financial report is available that can be obtained through the System's website at https://middlesexretirement.org/wp-content/uploads/2020/08/FINAL-Audit-Report-Middlesex-Retirement-12-31-2019.pdf or by writing to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

IX. Other Post-Employment Benefits (OPEB) Disclosures

Summary of Significant Accounting Policies (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Department's Plan and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

General Information About the Plan

Plan Description

Plan Administration: The Department administers all activity related to the other post-employment benefits plan - a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the Department. Management of the plan is vested in the Board of Selectmen and the Department's Treasurer. The Department's Board of Commissioners has the authority to establish and amend benefit terms.

Plan Membership: At December 31, 2019, the plans membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Inactive plan members entitled to but not yet receiving benefit payments	0
Active Plan Members	28
Total	58

Benefits Provided: The Department provides retired employees and their spouses and dependents with payments for a portion of their health care and life insurance benefits. Benefits are provided through a third-party insurer. Dental care coverage is not included in the plan.

Contributions: The Department pays 70% of the total premiums for health insurance and 70% of the premiums for a $5,000 life insurance policy for employees hired prior to July 1, 2010 (50% for employees hired on or after July 1, 2010). The contribution requirements of plan members and the Department are established by union agreements and may be amended from time to time. For the year ended December 31, 2019, the Department's average contribution rate was 14.22% of covered payroll

Net OPEB Liability

The District's net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Total OPEB Liability	$ 4,363,672
Plan Fiduciary Net Position	(2,633,706)
Net OPEB Liability	$1,729,966
Plan fiduciary net position as a percentage of the total OPEB liability	60.36%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6% per year
Salary Increases	3.5% per year
Investment Rate of Return	6.85%, net of investment expense, including inflation
Discount Rate	6.85% per year
Health Cost Trend Rates	8.0% decreasing by 0.5% per year to 5.5 percent per year, then graduating down to an ultimate trend rate of 3.8%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075

Mortality Rates were based on the tables noted below:

Pre-Retirement Mortality - General and Public Safety Employees:	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality using Scale BB2D.
Post-Retirement Mortality - General and Public Safety Employees:	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality using Scale BB2D.

Investments

Investment Policy: The plan's policy in regard to the allocation of invested assets is approved and may be amended by the Treasurer with the approval of the Commissioners. The policy pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges 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 allocations and best estimates of arithmetic real rates of return for each major asset class summarized in the target asset allocation as of December 31, 2019, are summarized in the table below:

	Target Allocation	Long-Term Expected Real Rates of Return
Domestic Equity	35.00%	5.92%
Domestic Bond	20.00%	3.69%
International Equity	20.00%	2.73%
International Bond	5.00%	3.80%
Cash and Equivalents	0.00%	0.00%
Other	20.00%	3.50%
Total	100.00%	

Concentrations

The OPEB plan did not hold investments in any one organization that represent 5% or more of the OPEB plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 18.40% (negative 5.38% in the prior year). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate:

The discount rate used to measure the total OPEB liability was 6.85% (7.50% the prior fiscal year). The projection of cash flows used to determine the discount rate assumed that contributions from the Department will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances 12/31/18	$ 4,044,793	$ 2,181,527	$ 1,863,266
Service cost	73,224	-	73,224
Interest	296,496	-	296,496
Changes of benefit terms	(35,012)	-	(35,012)
Difference between expected and actual experience	-	-	-
Changes in assumptions	313,653	-	313,653
Contributions - employer	-	379,482	(379,482)
Net investment income	-	402,179	(402,179)
Benefit payments	(329,482)	(329,482)	-
Net changes	318,879	452,179	(133,300)
Balances 12/31/19	$ 4,363,672	$ 2,633,706	$ 1,729,966

Changes in assumption

The discount rate changed from 7.5% as of December 31, 2018 to 6.85% as of December 31, 2019. Additionally, the long-term expected rate of return was updated from 7.5% to 6.85% to reflect current market expectations and the Light Department's current portfolio targets. All other assumptions were the same as the previous measurement.

Benefit changes:

The Patient Protection and Affordable Care Act (PPACA) applied a 40% excise tax, commonly referred to as the "Cadillac Tax", to the cost of plan benefits in excess of statutory thresholds beginning in 2022. This tax was repealed in December, 2019. All other benefit terms are the same as those used in the previous measurement.

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the Department, as well as what the Department’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 5.85%	Discount Rate 6.85%	1% Increase 7.85%
Net OPEB Liability (Asset)	$2,300,709	$1,729,966	$1,263,149

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 7.0% decreasing to 2.8%	Healthcare Cost Trend 8.0% decreasing to 3.8%	1% Increase 9.0% decreasing to 4.8%
Net OPEB Liability (Asset)	$1,163,341	$1,729,966	$2,435,469

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

For the year ended December 31, 2019, the Department recognized OPEB expense of $227,659. At December 31, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (164,849)
Change in assumptions	422,347	-
Net differences between projected and actual earnings on OPEB plan investments	-	(15,770)
	$ 422,347	$ (180,619)

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

Year ended December 31:	Amount
2020	$ 56,868
2021	56,868
2022	56,867
2023	(1,413)
2024	47,083
Thereafter	25,455
Total	$ 241,728

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the accompanying financial statements.

X. Compensated Absences

Vacation Leave - All permanent full time employees are granted vacation leave based on years of employment. Vacation leave may only be carried forward to the subsequent fiscal year with the approval of the supervisor and if appropriate within the terms of the employee's contract. The accumulated vacation leave liability is reflected in the compensated absences liability in the accompanying financial statements.

Sick Leave - Employees of the Department are allowed 120 hours of sick leave per year. Sick leave may be accumulated and bought back upon retirement or after 20 years of service. The buyback is limited to 50% of up to 1,160 hours of accumulated sick leave at the employee's current rate of pay. The accumulated sick leave liability is reflected in the compensated absences liability in the accompanying financial statements.

XI. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year.

XII. Litigation

A claim was filed against the Littleton Electric Light Department seeking approximately $444,000. The litigation is in its very early stages. The Littleton Electric Light Department intends to vigorously oppose the claim.

XII. Contingent

Town of Littleton acting through its Light Department is a Participant in certain Projects of the Massachusetts Municipal Wholesale Electric Company (MMWEC).

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects). MMWEC has acquired ownership interests in electric facilities operated by other entities and also owns and operates its own electric facilities. MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. MMWEC has the Nuclear Mix No 1 Project, Nuclear Project Three, Nuclear Project Four, Nuclear Project Five and Project Six, which comprise an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. The operating license for Seabrook Station extends to March 15, 2050. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

On July 19, 2019, MMWEC sold its 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is operated and owned by its majority owner, FPL Energy Wyman IV, LLC.

MMWEC sells all of the capability (Project Capability) of each of its Projects to its Members and other utilities (Project Participants) under Power Sales Agreements (PSAs). The Light Department has entered into PSAs with MMWEC. Under the PSAs the Department is required to make certain payments to MMWEC payable solely from Municipal Light Department revenues. Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC's costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant's share of that Project's Project

Capability. Project Participants have covenanted to fix, revise and collect rates at least sufficient to meet their obligations under the PSAs. Each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

Pursuant to the PSAs, the MMWEC Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Millstone and Seabrook Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act (Act). Originally enacted in 1957, the Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Act until the end of 2025.

As of July 1, 2019, MMWEC has no debt service obligations outstanding relating to the Projects. MMWEC is involved in various legal actions. In the opinion of management, the outcome of such litigation or claims will not have a material adverse effect on the financial position of the company.

The total capital expenditures and annual capacity, fuel and transmission costs (which include debt service and decommissioning expenses as discussed above) associated with the Department's Project Capability of the Projects in which it participates for the years ended December 31, 2019 and 2018, respectively are listed in the table below.

LITTLETON ELECTRIC LIGHT DEPARTMENT

YEARS ENDED

PROJECTS	PERCENTAGE SHARE	TOTAL CAPITAL EXPENDITURES 2019	CAPACITY, FUEL & TRANSMISSION BILLED 2019	CAPACITY, FUEL & TRANSMISSION BILLED 2018
Stony Brook Peaking Project	3.0607%	$ 1,827,964	$ 111,678	$ 142,134
Stony Brook Intermediate Project	1.6654%	2,981,594	216,036	332,772
Nuclear Mix No. 1 - Seabrook	1.7544%	177,302	9,579	9,083
Nuclear Mix No. 1 - Millstone	1.7544%	1,062,164	102,873	118,908
Nuclear Project No.3 - Millstone	0.7927%	1,180,199	93,957	108,932
Nuclear Project No. 4 - Seabrook	2.2220%	6,650,687	324,822	317,215
Nuclear Project No. 5 - Seabrook	0.9262%	750,981	34,737	34,014
Project No. 6 - Seabrook	0.0000%	-	-	-
TOTAL		$ 14,630,891	$ 893,682	$ 1,063,058

XIII. Implementation of New GASB Pronouncements

During fiscal year 2019, the following GASB pronouncements were implemented:

- The GASB issued Statement No. 83, *Certain Asset Retirement Obligations* which is required to be implemented for reporting periods beginning after June 15, 2018. The implementation of this statement did not impact the financial statements.
- The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* which is required to be implemented in reporting periods beginning after June 15, 2018. The implementation of this statement did not impact the financial statements.

The following GASB pronouncements will be implemented in future fiscal years:

- Statement No. 84, *Fiduciary Activities* which is effective for fiscal years beginning after December 15, 2019, and all reporting periods thereafter.
- Statement No. 87, *Leases* which is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* which is effective for reporting periods beginning after December 15, 2020.
- Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* which is effective for reporting periods beginning after December 15, 2019.
- Statement No. 91, *Conduit Debt Obligations* which is effective for reporting periods beginning after December 15, 2021.
- Statement No. 92 *Omnibus 2020* paragraphs 6 and 7 - fiscal years beginning after June 15, 2021; paragraphs 8, 9, and 12 - reporting periods beginning after June 15, 2021 and paragraph 10 - government acquisitions occurring in reporting periods beginning after June 15, 2021.
- Statement No. 93 *Replacement of Interbank Offered Rates* the requirements, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter.
- Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- Statement No. 96 *Subscription-Based Information Technology Arrangements* which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Management is currently assessing the impact that the implementation of these pronouncements will have on the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Schedule of the Littleton Electric Light Departments' Proportionate Share of the Net Pension Liability

Middlesex County Retirement System

Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
Department's proportionate share of net pension liability (asset) (%)	0.531992%	0.516727%	0.446568%	0.493093%	0.487053%
Department's proportionate share of net pension liability (asset) ($)	8,512,174	8,058,188	6,817,691	7,122,564	5,851,043
Department's covered payroll	3,908,855	3,625,907	3,474,055	3,294,436	3,189,161
Department's proportionate share of net pension liability (asset) as a percentage of its covered payroll	217.77%	222.24%	196.25%	216.20%	183.47%
Plan fiduciary net position as a percentage of the pension liability	49.45%	46.40%	49.27%	45.49%	47.65%

The amounts reported above were based on an allocation of the Middlesex Count Retirement System's actuarial report (Town total) to the Town's enterprise funds

** The amounts presented for each fiscal year were determined as of December 31.

This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

See Notes to the Required Supplementary Information

Required Supplementary Information

Schedule of the Littleton Electric Light Departments' Contributions

Middlesex County Retirement System

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Contractually required contribution	$ 657,630	$ 650,114	$ 576,984	$ 557,481	$ 541,928
Contributions in relation to the contractually required contribution	(657,630)	(650,114)	(576,984)	(557,481)	(541,928)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Department's covered payroll	$ 3,908,855	$ 3,625,907	$ 3,474,055	$ 3,294,436	$ 3,189,161
Contributions as a percentage of covered payroll	16.82%	17.93%	16.61%	16.92%	16.99%

The amounts reported above were based on an allocation of the Middlesex Count Retirement System's actuarial report (Town total) to the Town's enterprise funds

This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

See Notes to the Required Supplementary Information

Littleton Electric Light Department

Required Supplementary Information

Schedule of Changes in the Net OPEB Liability and Related Ratios (GASB 74 and GASB 75)

December 31, 2019

Last 10 Fiscal Years

	2019	2018	2017
Total OPEB liability			
Service cost	$ 73,224	$ 72,190	$ 69,247
Interest	296,496	294,181	289,872
Changes of benefit terms	(35,012)	-	-
Difference between expected and actual experience	-	(237,629)	-
Changes in assumptions	313,653	225,921	-
Benefit payments	(329,482)	(320,182)	(289,069)
Net change in total OPEB liability	318,879	34,481	70,050
Total OPEB liability - beginning	4,044,793	4,010,312	3,940,262
Total OPEB liability - ending (a)	$ 4,363,672	$ 4,044,793	$ 4,010,312
Plan Fiduciary net position			
Contributions - employer	$ 379,482	$ 370,182	$ 539,069
Net investment income	402,179	(121,795)	235,555
Benefit payments	(329,482)	(320,182)	(289,069)
Administrative expense	-	-	-
Net change in plan fiduciary net position	452,179	(71,795)	485,555
Plan fiduciary net position - beginning	2,181,527	2,253,322	1,767,767
Plan fiduciary net position - ending (b)	$ 2,633,706	$ 2,181,527	$ 2,253,322
Department's net OPEB liability - ending (a) - (b)	$ 1,729,966	$ 1,863,266	$ 1,756,990
Plan fiduciary net position as a percentage of the total OPEB liability	60.36%	53.93%	56.19%
Covered payroll	$ 2,668,751	$ 2,298,919	$ 2,238,651
Department's net OPEB liability as a percentage of covered payroll	64.82%	81.05%	78.48%

Changes in Assumptions:

The discount rate changed from 7.5% as of December 31, 2018 to 6.85% as of December 31, 2019. Additionally, the long-term expected rate of return was updated from 7.5% to 6.85% to reflect current market expectations and the Light Department's current portfolio targets. All other assumptions were the same as those used in the previous measurement.

Changes in Benefit Terms:

The Patient Protection and Affordable Care Act (PPACA) applied a 40% excise tax, commonly referred to as the "Cadillac Tax", to the cost of plan benefits in excess of statutory thresholds beginning in 2022. This tax was repealed in December, 2019. All other benefit terms are the same as those used in the previous measurement.

This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

See Notes to the Required Supplementary Information

Littleton Electric Light Department
Required Supplementary Information
Schedule of Contributions (GASB 74 and GASB 75)
December 31, 2019
Last 10 Fiscal Years

	2019	2018	2017
Actuarial determined contribution	$251,092	$237,533	$279,074
Contributions in relating to the actuarially determined contribution	379,482	370,182	539,069
Contribution deficiency (excess)	$ (128,390)	$ (132,649)	$ (259,995)
Covered payroll	$ 2,668,751	$ 2,298,919	$ 2,238,651
Contributions as a percentage of covered payroll	14.22%	16.10%	24.08%

Notes to Schedule

Valuation date:	Actuarially determined contributions are determined as of January 1, one year prior to the end of the fiscal year in which contributions are reported
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Dollar Amount over 23 years on a closed amortization period
Amortization period	23 years
Asset valuation method	Market Value
Discount Rate	6.85% (7.5% in prior measurement)
Inflation	2.6%
Healthcare cost trend rates	8 percent for 2018, decreasing 0.5% per year to 5.5%, then grading down to an ultimate trend rate of 3.8%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Investment rate of return	6.85% (7.5% in prior measurement), net of OPEB plan investment expense, including inflation
Mortality	
Pre-Retirement Mortality - General and Public Safety Employees:	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality using Scale BB2D.
Post-Retirement Mortality - General and Public Safety Employees:	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality using Scale BB2D.

This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

See Notes to the Required Supplementary Information

Littleton Electric Light Department
Required Supplementary Information
Schedule of Investment Returns (GASB 74)
December 31, 2019
Last 10 Fiscal Years

	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	18.40%	-5.38%	12.89%

This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

See Notes to the Required Supplementary Information

I Pension Plans

i. Plan Description

The Department provides pension benefits to eligible employees by contributing to the Middlesex County Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement System. The System is administered by a five member board on behalf of all eligible current employees and retirees. The system provides retirement benefits, cost of living adjustments, disability benefits and death benefits.

The Department is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The authority to establish and amend benefit provisions requires a statutory change to Chapter 32. The Middlesex County Retirement System issues a stand-alone financial report that is available to the public at: https://middlesexretirement.org/wp-content/uploads/2020/08/FINAL-Audit-Report-Middlesex-Retirement-12-31-2019.pdf or by writing to the Middlesex County Retirement System, 25 Linnell Circle, P.O. Box 160, Billerica, Massachusetts 01865.

ii. Funding Plan

Active members of the Middlesex County Retirement System contribute either 5%, 7%, 8% or 9% of their gross regular compensation depending on the date upon which their membership began. An additional 2% is required from employees for earnings in excess of $30,000. The Department is required to pay an actuarially determined rate. The contribution requirements of plan members are determined by M.G.L. Chapter 32. The Department's contribution requirement is established and may be amended by the Middlesex County Retirement System with the approval of the Public Employee Retirement Administration Commission.

iii. Change in Assumptions and Plan Provisions

The following changes in assumption and plan provision were reflected in the January 1, 2020 actuarial valuation:

Changes in Assumptions

- The net investment rate of return assumption was reduced from 7.50% to 7.30%.

Changes in Plan Provisions

- As permitted by Section 19 of Chapter 188 of the Acts of 2010, the Cost of Living Adjustment base was increased from $14,000 to $16,000 as of July 1, 2019.

iv. Schedule of Department's Proportionate Share of the Net Pension Liability - Middlesex County Retirement System

The schedule details the Department's percentage of the collective net pension liability, the proportionate amount of the collective net pension liability, the Department's covered payroll, the Department's proportionate share of the collective net pension liability as a percentage of the Department's covered payroll and the fiduciary net position of the plan as a percentage of the total pension liability. As more information becomes available, this will be a ten-year schedule.

v. Schedule of the Department's Contributions - Middlesex County Retirement System

The schedule details the Department's contractually required contributions, the contributions made by the Department, the deficiency/(excess) of contributions made by the Department, the Department's covered payroll and the Department's contributions as a percentage of covered payroll. As more information becomes available, this will be a ten-year schedule.

II. Other Postemployment Benefits (OPEB) Disclosures

i. Plan Description

Plan Administration: The Department administers all activity related to the other post-employment benefits plan - a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible employees of the Department. Management of the plan is vested in the Commissioners and the Treasurer of the Town of Littleton.

Benefits Provided: The Department provides retired employees and their spouses and dependents with payments for a portion of their health care and life insurance benefits. Benefits are provided through a third-party insurer. Dental care coverage is not included in the plan.

Contributions: The Department pays 70% of the total premiums for health insurance and 70% of the premiums for a $5,000 life insurance policy for employees hired prior to July 1, 2010 (50% for employees hired on or after July 1, 2010). The contribution requirements of plan members and the Department are established by union agreements and may be amended from time to time.

ii. Change in Assumptions and Plan Provisions

Changes in Assumptions: The discount rate changed from 7.5% as of December 31,2018 to 6.85% as of December 31, 2019. Additionally, the long term expected rate of return was updated from 7.5% to 6.85% to reflect the current market expectations and the Light Department's current portfolio targets. All other assumptions remained the same.

Benefit Changes: The Patient Protection and Affordable Care Act (PPACA) applied a 40% excise tax, commonly referred to as the "Cadillac Tax", to the cost of plan benefits in excess of statutory thresholds beginning in 2022. This tax was repealed in December, 2019. All other benefit terms are the same as those used in the previous measurement.

iii. Schedule of Changes in the Net OPEB Liability and Related Ratios – GASB 74 and GASB 75

The schedule provides information about the changes in the OPEB liability and the changes in the fiduciary net position of the plan. The schedule, also, provides the plan fiduciary net position as a percentage of the total OPEB liability, the covered payroll and the Department's net OPEB liability as a percentage of covered payroll.

iv. The Schedule of Contributions - Other Post Employment Benefits – GASB 74 and GASB 75

The schedule details the Department's actuarially required contributions, the contributions made by the Department, the deficiency/(excess) of contributions made by the Department, the Department's covered payroll and the Department's contributions as a percentage of covered payroll.

v. The Schedule of Investment Returns - Other Post Employment Benefits – GASB 74

The schedule details the Department's annual money weighted rate of return, net of investment expense.