

MANAGEMENT REPRESENTATION LETTER

December 8, 2020

Hoyt, Filippetti & Malaghan, LLC
Certified Public Accountants
1041 Poquonnock Road
Groton, Connecticut 06340

This representation letter is provided in connection with your audit of the financial statements of the Town of Franklin, Connecticut (the Town), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 8, 2020, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 26, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if applicable, required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of state or federal findings and questioned costs.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Town's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments, if any, have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Town Meetings, Board of Selectmen, Board Finance, Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the Town and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

Government—specific

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have a process to track the status of audit findings and recommendations.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. We have provided our views on reported findings, conclusions, and recommendations, as well as out planned corrective actions, for the report.
21. The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with preparation of the financial statements and related notes, and the schedule expenditures of state financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept

responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, and the schedule of state financial assistance.

28. The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral which has not already been disclosed to you.
29. The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
32. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
33. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
34. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
35. The methods and significant assumptions used to determine fair values are appropriate for financial statement measurement and disclosure purposes.
36. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
37. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
38. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
41. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
42. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

44. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
45. We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
46. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
47. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
48. With respect to the combining and individual fund statements and schedules:
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
49. With respect to State of Connecticut financial assistance programs:
 - a) We are responsible for understanding and complying with and have complied with the requirements of the State Single Audit Act and the compliance requirements described in the State of Connecticut Office of Policy and Management *Compliance Supplement to the State Single Audit Act*, including requirements relating to preparation of the schedule of expenditures of state financial assistance.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of state financial assistance (SESFA) in accordance with the requirements of the State Single Audit Act, and we believe the SESFA, including its form and content, is fairly presented in accordance with the State Single Audit Act. The methods of measurement or presentation of the SESFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SESFA.
 - c) If the SESFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SESFA no later than the date we issue the SESFA and the auditor's report thereon.

- d) We have identified and disclosed to you all of our government programs and related activities subject to the State Single Audit Act and included in the SESFA made during the audit period for all awards provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our state programs and have identified and disclosed to you the requirements of laws, regulations, and the provision of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to state programs that provides reasonable assurance that we are managing our state financial assistance in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our state programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relevant to state programs and related activities.
- h) We have received no requests from a state agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the State of Connecticut Office of Policy and Management, *Compliance Supplement to the State Single Audit Act*, relating to state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of state awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the State of Connecticut Office of Policy and Management, *Cost Standards*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.

- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - p) There are no such known instances of noncompliance with direct or material compliance requirements that occurred subsequent to the period covered by the auditors' report.
 - q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
 - r) State program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - s) The copies of state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
 - t) We have charged costs to state awards in accordance with applicable cost principles.
 - u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required by the State Single Audit Act and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.
 - v) We are responsible for preparing and implementing a corrective action plan for each audit finding.
50. We have expended less than \$750,000 in federal awards and are therefore not subject to a Federal Single Audit.
51. Although the Town pays the length of service award pension payments on behalf of the Franklin Volunteer Fire Department, the Town is not the Plan Sponsor nor does it retain ultimate responsibility for funding the plan. This plan is not part of the Town of Franklin's reporting entity or audited financial statements.

We confirm, to the best of our knowledge and belief, as of December 8, 2020, the above representations made to you during your audit.

Signed: _____

Title: First Selectman

Signed: _____

Title: Chairman, Board of Finance