

**TOWN OF FRANKLIN, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2022**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORTS,  
REQUIRED SUPPLEMENTARY  
INFORMATION,  
OTHER SUPPLEMENTARY  
INFORMATION  
AND  
STATE SINGLE AUDIT REPORTS**



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## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

The Board of Finance  
Town of Franklin, Connecticut

### REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Connecticut (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2022, and 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in *Note 1* to the financial statements, during the year ended June 30, 2022, the Town of Franklin, Connecticut adopted GASB Statement No. 87, *Leases*. As a result of the implementation of this standard, the Town reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information, other postemployment benefit, and Connecticut Teachers' Retirement System schedules, on pages 4-10, 49-53 and 54-56, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining, nonmajor special revenue funds, financial statements, supplementary schedules and Schedule of Expenditures of State Financial Assistance as required by the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor special revenue fund financial statements, supplementary schedules, and Schedule of Expenditures of State Financial Assistance, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut  
February 14, 2023



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **TOWN OF FRANKLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022**

Our discussion and analysis of Town of Franklin, Connecticut's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town's financial statements, which begin with the Government Wide Statement of Net Position.

## **FINANCIAL HIGHLIGHTS**

The following are the Town's significant financial highlights for the year ended June 30, 2022:

- Total net position *decreased* by \$777,055 from operations.
- Total fund balance *decreased* by \$229,837. This includes a \$93,299 *decrease* in the General Fund, a \$138,419 *decrease* in the Capital Reserve Fund and a \$1,881 *increase* in Other Governmental Funds.
- General Fund unassigned fund balance is approximately 96% of that fund's total fund balance.
- The Town had a final fiscal-year 2022 expenditure budget totaling \$7,327,542 (including additional appropriations of \$420,000). Total revenues came in \$484,155 *ahead* of budget. Total expenditures came in \$13,919 *under* budget.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with the Governmental Funds Balance Sheet. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

# TOWN OF FRANKLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

## Reporting the Town as a Whole

Our analysis of the Town as a whole begins with the Statement of Net Position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town. In the Statement of Net Position and the Statement of Activities, the Town shows the following activity:

- Governmental activities—The Town's basic services are reported here, including education, public works, public safety, health, welfare and sanitation, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

## Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's uses governmental funds to report on all its funds:

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

**TOWN OF FRANKLIN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**The Town as a Whole – Governmental Activities – Statement of Net Position**

Because the Town of Franklin, Connecticut implemented a change in accounting principle when it adopted GASB Statement No 87, *Leases*, involving the restatement of assets and deferred inflows of resources and the recharacterization of certain revenues, the *combined* statement of financial position and change in net position of governmental activities for the 2021-2022 fiscal year are not presented in comparative format with the prior fiscal year. Future Town statements will include comparative schedules in the Management's Discussion and Analysis.

**Table 1 - Net Position**

	Governmental Activities
Current and other assets	\$ 5,293,464
Capital assets, net	17,573,629
Deferred outflows of resources	114,021
Total assets and deferred outflows of resources	\$ 22,981,114
Other liabilities	\$ 753,788
Long-term debt outstanding	5,536,782
Total liabilities	6,290,570
Deferred inflows of resources	1,330,638
Net position	
Net investment in capital assets	12,600,895
Restricted	121,754
Unrestricted	2,637,257
Total net position	15,359,906
Total liabilities, deferred inflows of resources, and net position	\$ 22,981,114

The net position of the Town's Governmental Activities *decreased* \$777,055 from operations from a year ago. Current and other assets in Governmental Activities *increased* \$771,249 from the prior year, primarily due to increase in receivables related to leases. Capital assets *decreased* by \$506,301 due to yearly depreciation. Long-term debt outstanding in Governmental Activities *decreased* \$323,813 from the repayment of bonds outstanding.

**TOWN OF FRANKLIN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**The Town as a Whole – Combined Statement of Activities**

**Table 2 - Change in Net Position**

	Governmental Activities
<b>Revenues</b>	
Program revenues	
Charges for services	\$ 312,192
Operating grants and contributions	1,651,284
Capital grants and contributions	81,802
General revenues:	
Property taxes, interest, and liens	5,275,829
Unrestricted grants and contributions	9,738
Unrestricted interest and investment earnings	66,555
Total revenues	7,397,400
 <b>Program expenses</b>	
General government	1,194,265
Public works	617,249
Public safety	201,997
Health, welfare and sanitation	218,158
Water and Sewer	488,860
Education	5,354,696
Interest on long-term debt	99,230
Total expenses	8,174,455
Change in net position	(777,055)
Net position, beginning of year	16,136,961
Net position, end of year	\$ 15,359,906

As mentioned earlier, the Town's net position *decreased* by \$777,055, largely as a result of the \$779,069 *decrease* in grant funding during the year ended June 30, 2022.

**Governmental Activities – Total and Net Cost of Activities**

The schedule below presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions:

**TOWN OF FRANKLIN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Governmental Activities – Total and Net Cost of Activities (Continued)**

**Table 3 - Total and Net Cost of Services**

<b>Governmental Activities</b>	<u>Total Cost of Services</u>	<u>Net Cost (Revenue) of Services</u>
General Government	\$ 1,194,265	\$ 705,547
Public works	617,249	447,443
Public safety	201,997	201,997
Health, welfare and sanitation	218,158	214,980
Education	5,354,696	4,064,672
Water and Sewer	488,860	395,308
Interest on long-term debt	99,230	99,230
<b>Totals</b>	<b><u><u>\$ 8,174,455</u></u></b>	<b><u><u>\$ 6,129,177</u></u></b>

**THE TOWN'S FUNDS**

As the year showed a \$777,055 *decrease* in net position from operations, it also showed a \$229,837 *decrease* in fund balance in the governmental funds as presented in governmental funds financial statements. The difference in the amounts is primarily from the treatment of long-term debt and capital assets, as well as deferred inflows. In the fund financial statements, debt issuances are an increase in fund balance and principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net position on the government-wide statements. Likewise, purchases of capital assets are reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net position on the government-wide statements.

The significant *decrease* in fund balance is due to the capital outlay of \$439,430 during the fiscal year, the majority of which was related to road improvements.

**TOWN OF FRANKLIN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Finance can revise the Town's budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

**Table 4 - General Fund - Budget Summary**

<b>Revenues</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Tax Collector	\$ 5,386,305	\$ 5,521,694	\$ 135,389
Local Revenues	240,947	206,008	(34,939)
Town Clerk Fees	41,725	89,959	48,234
State Education Support	803,549	881,292	77,743
State Municipal Support	221,557	479,285	257,728
<b>Total Revenues</b>	<b>6,694,083</b>	<b>7,178,238</b>	<b>484,155</b>
<b>Expenditures</b>			
General Government	2,577,401	2,563,482	13,919
Education	4,750,141	4,750,141	-
<b>Total Expenditures</b>	<b>7,327,542</b>	<b>7,313,623</b>	<b>13,919</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ (633,459)</b>	<b>\$ (135,385)</b>	<b>\$ 498,074</b>

Better than expected revenues limited a budgeted decrease in fund balance, (budgetary basis), of \$633,459 to an actual decrease of \$135,385.

**TOWN OF FRANKLIN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Town had \$27,143,879 invested in government activity capital assets as shown in Table 5:

**Table 5 - Capital Assets**

	<u><b>Governmental Activities</b></u>
Land	\$ 324,671
Buildings and improvements	11,805,463
Vehicles	1,756,380
Machinery and equipment	239,003
Infrastructure	<u>13,018,362</u>
Totals	<u><u>\$ 27,143,879</u></u>

This amount represents a net *increase* (including additions and deductions) of \$409,985 from last year. The significant capital additions for the year included major road improvements, a new Town Hall roof, and heat pumps. More detailed information about the Town's capital assets is presented in the notes to the financial statements.

**Debt**

At year end, the Town had \$5,536,782 in long-term liabilities outstanding. This is a *decrease* from the prior year. More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At a special meeting held in May 2022, the Town approved a total budget for 2022-2023 of \$6,860,788 using a mil rate of 22.97 and \$69,900 of the General Fund's fund balance. The general government portion of the budget totals \$2,525,135 while the education budget is \$4,335,653.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at the Town of Franklin, Connecticut, 7 Meetinghouse Hill Road, Franklin CT 06254.



## **BASIC FINANCIAL STATEMENTS**

**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	GOVERNMENTAL ACTIVITIES	TOTAL
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,570,878	\$ 3,570,878
Restricted cash	112,020	112,020
Receivables, net	1,610,566	1,610,566
Capital assets		
Non-depreciable	324,671	324,671
Depreciable, net	17,248,958	17,248,958
Total assets	22,867,093	22,867,093
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
OPEB - changes of assumptions	114,021	114,021
Total deferred outflows of resources	114,021	114,021
Total assets and deferred outflows of resources	\$ 22,981,114	\$ 22,981,114

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

<b>LIABILITIES</b>		
Accounts payable	\$ 180,657	\$ 180,657
Accrued expenses	212,351	212,351
Unearned revenue	310,146	310,146
Due to others	50,634	50,634
Noncurrent liabilities		
Due within one year	304,014	304,014
Due in more than one year	5,232,768	5,232,768
Total liabilities	6,290,570	6,290,570
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB - differences between expected and actual experience	31,758	31,758
OPEB - changes of assumptions	134,060	134,060
Leases	1,164,820	1,164,820
Total deferred inflows of resources	1,330,638	1,330,638
Total liabilities and deferred inflows of resources	7,621,208	7,621,208
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	12,600,895	12,600,895
Restricted - nonexpendable	8,177	8,177
Restricted - expendable	113,577	113,577
Unrestricted	2,637,257	2,637,257
Total net position	15,359,906	15,359,906
Total liabilities, deferred inflows of resources, and net position	\$ 22,981,114	\$ 22,981,114

*The accompanying notes are an integral part of these financial statements*

**TOWN OF FRANKLIN, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ (1,194,265)	\$ 270,779	\$ 217,939	\$ -	\$ (705,547)	\$ (705,547)
Public works	(617,249)	-	169,806	-	(447,443)	(447,443)
Public safety	(201,997)	-	-	-	(201,997)	(201,997)
Health, welfare and sanitation	(218,158)	3,178	-	-	(214,980)	(214,980)
Education	(5,354,696)	26,485	1,263,539	-	(4,064,672)	(4,064,672)
Water and sewer	(488,860)	11,750	-	81,802	(395,308)	(395,308)
Interest on long-term debt	(99,230)	-	-	-	(99,230)	(99,230)
Total governmental activities	<u>\$ (8,174,455)</u>	<u>\$ 312,192</u>	<u>\$ 1,651,284</u>	<u>\$ 81,802</u>	(6,129,177)	(6,129,177)
<b>GENERAL REVENUES</b>						
Property taxes, interest, and liens					5,275,829	5,275,829
Unrestricted grants and contributions					9,738	9,738
Unrestricted interest and investment earnings					66,555	66,555
Total general revenues					<u>5,352,122</u>	<u>5,352,122</u>
Change in net position					(777,055)	(777,055)
NET POSITION, beginning of year					<u>16,136,961</u>	<u>16,136,961</u>
NET POSITION, end of year					<u>\$ 15,359,906</u>	<u>\$ 15,359,906</u>

*The accompanying notes are an integral part of these financial statements*

**TOWN OF FRANKLIN, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

<b>ASSETS</b>				
	GENERAL FUND	CAPITAL RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,207,367	\$ 1,210,929	\$ 152,582	\$ 3,570,878
Restricted cash	-	-	112,020	112,020
Receivables, net	1,391,952	-	218,614	1,610,566
Due from other funds	7,270	-	-	7,270
Total current assets	\$ 3,606,589	\$ 1,210,929	\$ 483,216	\$ 5,300,734
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 166,939	\$ 13,531	\$ 187	\$ 180,657
Accrued expenses	160,883	-	-	160,883
Due to others	50,634	-	-	50,634
Due to other funds	-	-	7,270	7,270
Unearned revenue	310,146	-	-	310,146
Total current liabilities	688,602	13,531	7,457	709,590
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Revenue - unavailable property taxes	152,215	-	-	152,215
Leases	1,164,820	-	-	1,164,820
Total deferred inflows of resources	1,317,035	-	-	1,317,035
Total liabilities and deferred inflows of resources	2,005,637	13,531	7,457	2,026,625
<b>FUND BALANCES</b>				
Nonspendable	-	-	226,791	226,791
Restricted	-	-	113,577	113,577
Committed	-	1,195,741	-	1,195,741
Assigned	69,900	1,657	135,391	206,948
Unassigned	1,531,052	-	-	1,531,052
Total fund balances	1,600,952	1,197,398	475,759	3,274,109
Total liabilities, deferred inflows of resources and fund balances	\$ 3,606,589	\$ 1,210,929	\$ 483,216	\$ 5,300,734

*The accompanying notes are an integral part of these financial statements*

**TOWN OF FRANKLIN, CONNECTICUT  
RECONCILIATION OF THE BALANCE SHEET  
OF THE GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total fund balances for governmental funds		\$ 3,274,109
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		17,573,629
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Deferred inflows - unavailable revenues	152,215	
Deferred inflows - changes of assumptions	(134,060)	
Deferred inflows - differences between expected and actual experience	(31,758)	
Deferred outflows - changes of assumptions	<u>114,021</u>	
		100,418
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position:		
General obligation bonds and notes payable	(4,972,734)	
Compensated absences	(17,328)	
Accrued interest	(51,468)	
Other post employment benefits	(486,120)	
Special termination benefits	<u>(60,600)</u>	
		(5,588,250)
Net position of governmental activities		<u><u>\$ 15,359,906</u></u>

*The accompanying notes are an integral part of these financial statements*

**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL FUND	CAPITAL RESERVE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>				
Property taxes, interest, lien fees	\$ 5,521,694	\$ -	\$ -	\$ 5,521,694
Intergovernmental revenues	1,736,544	-	6,280	1,742,824
Local revenue	338,053	1,011	39,681	378,745
Total revenues	<u>7,596,291</u>	<u>1,011</u>	<u>45,961</u>	<u>7,643,263</u>
<b>EXPENDITURES</b>				
Current				
General government	968,103	-	1,152	969,255
Public works	562,631	-	-	562,631
Public safety	163,177	-	-	163,177
Health, welfare and sanitation	218,158	-	-	218,158
Water and sewer	2,852	-	2,151	5,003
Education	5,126,108	-	40,777	5,166,885
Debt service				
Principal	259,638	-	-	259,638
Interest	88,923	-	-	88,923
Capital outlay	-	439,430	-	439,430
Total expenditures	<u>7,389,590</u>	<u>439,430</u>	<u>44,080</u>	<u>7,873,100</u>
Excess (deficiency) of revenues over expenditures	<u>206,701</u>	<u>(438,419)</u>	<u>1,881</u>	<u>(229,837)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	300,000	-	300,000
Transfers out	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(93,299)</u>	<u>(138,419)</u>	<u>1,881</u>	<u>(229,837)</u>
FUND BALANCE, beginning of year	<u>1,694,251</u>	<u>1,335,817</u>	<u>473,878</u>	<u>3,503,946</u>
FUND BALANCES, end of year	<u>\$ 1,600,952</u>	<u>\$ 1,197,398</u>	<u>\$ 475,759</u>	<u>\$ 3,274,109</u>

*The accompanying notes are an integral part of these financial statements*

**TOWN OF FRANKLIN, CONNECTICUT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net changes in fund balances - total governmental funds \$ (229,837)

Total change in net position reported for governmental activities in the statement of activities is different because:

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount by which depreciation expense exceeded capital additions in the current period is as follows:

Expenditures for capital assets	409,985	
Depreciation expense	<u>(916,286)</u>	
		(506,301)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in revenues - unavailable property taxes		(245,865)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt obligations is as follows:

Principal repayments:		
General obligation bonds and notes payable	<u>259,638</u>	
		259,638

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This amount represents the effect of such items:

Deferred outflows - changes of assumptions	(8,968)	
Deferred inflows - changes of assumptions	(101,032)	
Deferred inflows - differences between expected and actual experience	1,442	
Special termination benefits	(30,600)	
Accrued interest	(10,307)	
Compensated absences	(3,430)	
Other post employment benefits	<u>98,205</u>	
		<u>(54,690)</u>

Changes in net position of governmental activities		<u>\$ (777,055)</u>
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**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**PURPOSE OF ORGANIZATION**

The Town of Franklin, Connecticut (the Town) is a municipal corporation governed by a selectmen-town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the Town's financial matters.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

**REPORTING ENTITY**

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB.

In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.



**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, revenues and expenses/expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

There are currently no funds in the Town which meet the criteria for being reported as a proprietary fund or a fiduciary fund.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles, as follows:

**Fund Categories**

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:
  - General Fund - This fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.
  - Capital Reserve Fund – This fund is a capital projects fund and is used to account for revenues and expenditures associated with the construction of Town facilities and infrastructure.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (*Continued*)**

a. Governmental Funds (*Continued*)

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Cafeteria Fund – The Cafeteria fund is used to account for the cafeteria at the elementary school.

Dog Fund – The Dog Fund is used to account for activity for animal control.

Library Fund – The Library Fund is used to account for donations given to the Library for specific purposes.

Pautipaug Schoolhouse Project Fund – The Pautipaug Schoolhouse Project Fund is used to account for activity to preserve the historic schoolhouse.

Veteran’s Park Memorial Fund – The Veteran’s Park Memorial Fund is used to account for installation of a monument in the park.

Recreation Commission Fund – The Recreation Commission Fund is used to account for the transactions of the Parks & Recreation Commission.

Unsung Hero Scholarship Fund – The Unsung Hero Scholarship Fund is used to account for awarding scholarships for 8<sup>th</sup> grade graduation.

Scholarship Fund – The Scholarship Fund is used to account for donations and scholarship distributions for 8<sup>th</sup> grade graduation.

Sports Activity Fund – The Sports Activity Fund is used to account for pay-to-play activities.

Housing Rehabilitation Program Income Fund – The Housing Rehabilitation Program Income Fund is used to account for income (loan repayments) received from housing rehabilitation grant monies loaned to various property owners. These funds are restricted for additional housing rehabilitation projects within the Town.

Student Activity Fund – The Student Activity Fund is used to account for school related activities for students.

Water and Sewer Fund – The Water and Sewer Fund is used to account for administrative oversight for the water and sewer needs of the town.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (*Continued*)**

a. Governmental Funds (*Continued*)

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

The Town also reports the following permanent funds:

Cemetery Fund – The Cemetery Fund is used to account for and report the proceeds of donations and investment earnings that are restricted to expenditures for cemetery upkeep.

Edgerton Education Trust Fund – This fund is used to account for awarding scholarships for 8<sup>th</sup> grade graduation.

Anthony Carboni Fund - This fund is used to account for awarding scholarships for 8<sup>th</sup> grade graduation.

**MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Funds have no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION (*Continued*)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES**

**DEPOSITS, INVESTMENTS AND RISK DISCLOSURES**

Cash and equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months. Restricted cash includes cash and equivalents which are restricted for providing housing rehabilitation loans to qualifying homeowners.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

The Short-Term Investment Fund (STIF) is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**DEPOSITS, INVESTMENTS AND RISK DISCLOSURES (*Continued*)**

The Town follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments are stated at fair value.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

**TAXES RECEIVABLE**

Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent, at which time the applicable property is subject to lien, and penalties and interest are assessed.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**TAXES RECEIVABLE (*Continued*)**

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

An allowance for uncollectible taxes of \$17,371 has been recorded net with respect to taxes and interest receivable as of June 30, 2022.

**OTHER RECEIVABLES**

Other receivables include amounts due from other governments and individuals for services provided or qualifying reimbursable cost incurred by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate. Receivables include lease receivables for non-cancellable leases for which the Town is the lessor. Receivables also include loans made to qualifying property owners for the purpose of housing rehabilitation. Such loans are secured with by liens filed in the Town's land records and are due upon transfer of title.

**DUE FROM/TO OTHER FUNDS**

During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**INVENTORIES**

Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**CAPITAL ASSETS (*Continued*)**

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land is considered inexhaustible and, therefore, not depreciated. Construction in Progress has not yet been placed into services and, therefore, not depreciated. Property, plant and equipment of the Town is depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 5,000
Buildings and improvements	10-50	5,000
Vehicles	10	5,000
Machinery and equipment	5	5,000
Infrastructure:		
Bridges	40	5,000
Water and sewer	20	5,000
Roads, sidewalks and drainage	5-20	5,000

**UNEARNED REVENUES**

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (*Continued*)**

Deferred inflows of resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

**LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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

**NET POSITION**

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**FUND BALANCE**

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).



**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**FUND BALANCE (*Continued*)**

- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. A motion at a Town meeting is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

**ENCUMBRANCES**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**LEASES**

The Town is the lessor in various agreements with terms in excess of 12 months that qualify as leases. The receivables and deferred inflows of resources associated with these arrangements are reported in both the fund and government-wide financial statements. Lease receivables and deferred inflows of resources are recognized at the commencement date based upon the present value of the expected lease payments over the contract term. The discount rate applied to each lease is equal to the Town's incremental borrowing rate. Interest income is recognized in addition to lease income over the lease term. Any revenues from lease arrangements of 12 months or less are excluded from receivables and deferred inflows of resources and recognized on an as received basis.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain reclassifications have been made to prior year amounts in the Management's Discussion and Analysis and beginning balances in certain footnotes to conform to the 2022 presentation.

**SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 14, 2023, the date that the financial statements were available to be issued.

**NOTE 2- STEWARDSHP, COMPLIANCE, AND ACCOUNTABILITY**

**BUDGET BASIS**

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** – The Town does not recognize as income or expenditures payments made for the teachers' retirement or other postemployment benefits by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement Number 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Bad Debt Expense** – Changes in the allowance for doubtful accounts related to the Town's receivables are not included in the annual General Fund budget.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (*Continued*)**

**BUDGET BASIS (*Continued*)**

- **Long-term Debt and Lease Financing** – Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.
- **Rental Income** – The Town budgets for rental income based on the contractual payments.

**BUDGET CALENDAR**

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

**BUDGET CONTROL**

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

**ADDITIONAL APPROPRIATIONS**

For the year ended June 30, 2022, the Town made several line item budget transfers and an additional appropriation of \$420,000 to the education budget.

**EXPENDITURES IN EXCESS OF BUDGET**

Total expenditures were not in excess of total appropriations for the 2021-2022 fiscal year and no individual line items were over-budget.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 - STEWARDSHP, COMPLIANCE, AND ACCOUNTABILITY (*Continued*)**

**APPLICATION OF ACCOUNTING STANDARDS**

For the year ended June 30, 2022, the following accounting pronouncements became effective. The Town implemented such pronouncements, where applicable:

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

**NOTE 3 - CASH, CERTIFICATES OF DEPOSIT, CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents and restricted cash of the Town consist of the following at June 30, 2022:

Government-wide statement of net position	
Cash and cash equivalents	\$ 3,570,878
Restricted cash	112,020
	\$ 3,682,898

Cash and Cash Equivalents, and Restricted Cash - As of June 30, 2022, the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents and Restricted Cash	
Deposits with financial institutions	\$ 2,143,053
Plus external investment pools	1,539,845
	\$ 3,682,898

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The bank balance of the deposits was \$2,194,114 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 274,986
Collateralized	191,913
Uninsured and uncollateralized	1,727,215
	\$ 2,194,114

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4 - RECEIVABLES, DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE**

At June 30, 2022, receivables consisted of the following:

	Fund Financials		Government-Wide Financials
	General Fund	Other Governmental Funds	Governmental Activities
Receivables			
Property taxes	\$ 152,676	\$ -	\$ 152,676
Interest, liens and fees	49,741	-	49,741
Rehabilitation notes	-	218,614	218,614
Leases	1,206,906	-	1,206,906
Receivables, gross	1,409,323	218,614	1,627,937
Allowance for doubtful accounts	(17,371)	-	(17,371)
Receivables, net	<u>\$ 1,391,952</u>	<u>\$ 218,614</u>	<u>\$ 1,610,566</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2022. The Town had \$310,146 of unearned revenue at year end, the majority of which (\$284,113) consisted of unspent American Rescue Plan Act of 2021 (“ARPA”) funds management intends to utilize in the 2022-2023 fiscal year. Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The Town reports property taxes not received within 60 days of the year end as *deferred inflows of resources*.

At June 30, 2022, the Town’s deferred inflows of resources relating to receivables consisted of the following:

	Fund Financials		Government-Wide Financials
	General Fund	Other Governmental Funds	Governmental Activities
Deferred inflows of resources			
Property taxes and related	\$ 152,215	-	-
Leases	1,164,820	-	1,164,820
Revenue - unavailable	<u>\$ 1,317,035</u>	<u>\$ -</u>	<u>\$ 1,164,820</u>

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 - INTERFUND TRANSACTIONS**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

At June 30, 2022, these were summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Cafeteria Fund	\$ 5,748
General Fund	Dog Fund	1,522
		\$ 7,270

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2022 were as follows:

	Transfers into
	Capital
	Reserve
	Fund
Transfers out of:	
General Fund	\$ 300,000

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 - CAPITAL ASSETS**

Changes in the Town's capital assets used in the governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 324,671	\$ -	\$ -	\$ 324,671
Total capital assets, not being depreciated	<u>324,671</u>	<u>-</u>	<u>-</u>	<u>324,671</u>
Capital assets, being depreciated				
Buildings and improvements	11,725,303	80,160	-	11,805,463
Vehicles	1,756,380	-	-	1,756,380
Machinery and equipment	239,003	-	-	239,003
Infrastructure	12,688,537	329,825	-	13,018,362
Total capital assets, being depreciated	<u>26,409,223</u>	<u>409,985</u>	<u>-</u>	<u>26,819,208</u>
Less: accumulated depreciation				
Buildings and improvements	(5,418,706)	(248,887)	-	(5,667,593)
Vehicles	(1,407,398)	(46,486)	-	(1,453,884)
Machinery and equipment	(223,732)	(5,761)	-	(229,493)
Infrastructure	(1,604,128)	(615,152)	-	(2,219,280)
Total accumulated depreciation	<u>(8,653,964)</u>	<u>(916,286)</u>	<u>-</u>	<u>(9,570,250)</u>
Total capital assets, being depreciated, net	<u>17,755,259</u>	<u>(506,301)</u>	<u>-</u>	<u>17,248,958</u>
Governmental activities capital assets, net	<u>\$ 18,079,930</u>	<u>\$ (506,301)</u>	<u>\$ -</u>	<u>\$ 17,573,629</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General Government	\$ 194,134
Water and sewer	486,799
Public works	53,105
Public safety	38,820
Education	143,428
	<u>\$ 916,286</u>

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 - LONG-TERM LIABILITIES**

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other liabilities:					
General obligation bonds	\$ 5,232,372	\$ -	\$ 259,638	\$ 4,972,734	\$ 248,566
Special termination benefits	30,000	80,600	50,000	60,600	50,600
Other post employment benefits - BOE	584,325	-	98,205	486,120	-
Compensated absences	13,898	4,580	1,150	17,328	4,848
	<u>\$ 5,860,595</u>	<u>\$ 85,180</u>	<u>\$ 408,993</u>	<u>\$ 5,536,782</u>	<u>\$ 304,014</u>

Each governmental funds' liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

**NOTE 8 - GENERAL OBLIGATION BONDS**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2022 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Fire department	2005	\$ 1,115,000	5/11/2025	4.25%	\$ 167,250
Town hall	2005	900,000	5/11/2025	4.25%	135,000
School roof	2010	349,272	12/2/2029	3.75%	157,168
Plow truck	2017	169,500	12/1/2027	2.75%	101,700
Water and Sewer project	2020	4,536,090	10/20/2060	1.75%	4,411,616
					<u>\$ 4,972,734</u>

Payments to maturity on the general obligation bonds are as follows:

Year End	General Obligation Bonds	
	Principal	Interest
2023	\$ 248,566	\$ 98,740
2024	248,566	91,353
2025	248,566	83,965
2026	147,816	76,577
2027	147,816	73,471
2028 and thereafter	<u>3,931,404</u>	<u>1,181,227</u>
	<u>\$ 4,972,734</u>	<u>\$ 1,605,333</u>

For the year ended June 30, 2022, interest incurred on general obligation bonds totaled \$99,230.



**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 9 - OTHER LONG-TERM DEBT**

**Special Termination Benefits**

Periodically, the Board of Education offers temporary retirement incentive packages to teachers that meet special requirements. A teacher must meet the criterion and apply to the Superintendent for consideration. During the fiscal year ended June 30, 2022, certain teachers were entitled to receive such benefits. The total future payments to these teachers amounts to \$60,600 at June 30, 2022.

**Compensated Absences**

Long-term liabilities for compensated absences are reported for certain employees of the Board of Education and consist of unpaid, but earned sick pay balances. Liabilities for compensated absences are reported in the government-wide financial statements. Expenditures and liabilities related to these obligations are recognized in the governmental fund financial statements when they mature such as upon the termination of employment. Compensated absences are reported as noncurrent liabilities in the statement of net position and amounted to \$17,328 for the year ended June 30, 2022.

**NOTE 10 - LEGAL DEBT LIMIT**

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Franklin, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 5,522,876
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	-
Debt limitation base	\$ 5,522,876

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 12,426,471	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	24,852,942	-	-	-
3 3/4 times base	-	-	20,710,785	-	-
3 1/4 times base	-	-	-	17,949,347	-
3 times base	-	-	-	-	16,568,628
Total debt limitation	12,426,471	24,852,942	20,710,785	17,949,347	16,568,628
Indebtedness					
Bonds and notes payable	403,950	157,168	4,411,616	-	-
Debt limitation in excess of debt outstanding and authorized	\$ 12,022,521	\$ 24,695,774	\$ 16,299,169	\$ 17,949,347	\$ 16,568,628

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$ 38,660,132

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 - NET POSITION**

The components of net position are as detailed below:

*Net Investment in Capital Assets* – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position* –the component of net position that reflects funds set aside in accordance with laws, regulations, grants and other agreements. This is made up of \$9,734 in permanent fund principal and earnings, and \$112,020 of the Housing Rehabilitation Program Income Fund, as shown below:

		Edgerton Education Trust Fund	Anthony Carboni Fund	Total Permanent Funds	Special Revenue Housing Rehabilitation Program Income Fund	Total
	<u>Cemetery Fund</u>					
Restricted Net Position	\$ 3,717	\$ 2,525	\$ 3,492	\$ 9,734	\$ 112,020	\$ 121,754

*Unrestricted* – all other amounts that do not meet the definition of “restricted” or “net investment in capital assets”.

**NOTE 12 - FUND BALANCES**

As discussed in *Note 1*, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Not in spendable form				
Long-term receivables	\$ -	\$ -	\$ 218,614	\$ 218,614
Required to be maintained				
Trust principal	-	-	8,177	8,177
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,791</u>	<u>\$ 226,791</u>
Restricted				
General Government	\$ -	\$ -	\$ 112,020	\$ 112,020
Education	-	-	1,557	1,557
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,577</u>	<u>\$ 113,577</u>
Committed				
Capital Projects	\$ -	\$ 1,195,741	\$ -	\$ 1,195,741
Assigned				
General Government	\$ 69,900	\$ -	\$ 82,690	\$ 152,590
Education	-	-	51,435	51,435
Culture and Recreation	-	-	1,266	1,266
Capital Projects	-	1,657	-	1,657
	<u>\$ 69,900</u>	<u>\$ 1,657</u>	<u>\$ 135,391</u>	<u>\$ 206,948</u>
Unassigned	<u>\$ 1,531,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,531,052</u>

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13 - LEASES**

The Town, as lessor, leases real property under the following long-term noncancelable arrangements:

**Tyler Drive – Commercial Space** – The Town leases 20,000 square feet of commercial space to a tenant under a lease ending August 31, 2023. The Town recognized approximately \$33,000 of lease income and \$2,700 of interest income for the year ended June 30, 2022.

**Tyler Drive – Ground Lease** – The Town leases land to host a cell tower under a lease ending, after all extensions, on June 30, 2049. The Town recognized approximately \$15,500 of lease income and \$22,000 of interest for the year ended June 30, 2022.

**Franklin Elementary School** – The Town leases 7,775 square feet of classroom space to another school under a lease ending, after all extensions, on June 30, 2033. The Town recognized approximately \$64,000 of lease income and \$37,000 of interest income for the year ended June 30, 2022.

Future minimum principal and interest payments to be received under all leases at June 30, 2022 are as follows:

Fiscal Year End	Governmental Activities	
	Principal	Interest
2023	\$ 83,109	\$ 57,848
2024	52,490	55,065
2025	50,529	53,279
2026	55,726	50,389
2027	61,610	46,857
2028-2032	399,566	180,114
2033-2037	149,765	99,131
2038-2042	101,537	77,129
2043-2047	177,933	44,564
2048-2052	74,641	1,797
	\$1,206,906	\$666,173

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS**

**TEACHERS’ RETIREMENT SYSTEM**

**Plan Description** - Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System (“TRS”), a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board (“TRB”). The TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Plan Membership** — All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)**

**TEACHERS' RETIREMENT SYSTEM (*Continued*)**

**Plan Benefits** — Plan provisions are set by statute of the State of Connecticut. The Teachers' Retirement System provides retirement benefits, as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary. A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and has accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

**Funding Policy** - In accordance with the Connecticut General Statutes, Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an *amount* that, when combined with employee contributions and investment earning, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

The Town is not required to make contributions to the plan. The statutes require the State of Connecticut to make contributions on-behalf of the Town in an actuarially determined amount.

Members are required to contribute six percent of their annual salary for the pension benefit. Effective January 1, 2018, the required contribution increased to seven percent of annual pensionable salary.

The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM (Continued)**

**Actuarial Methods and Significant Assumptions** - The following assumptions were used in the pension valuations, prepared as of June 30, 2021 (the Valuation Date) measured as of June 30, 2021 (the Measurement Date) for use in the June 30, 2022 financial statements (Reporting Date):

<b>Experience study dates</b>	July 1, 2015 – June 30, 2019
<b>Inflation</b>	2.50%
<b>Salary increases</b>	3.00-6.50%, including inflation
<b>Investment rate of return</b>	6.90%, net of investment related expense, including inflation
<b>Administrative Expenses</b>	\$0 assumption as expenses are paid for by the General Assembly.

Mortality rates were based on the PubT-2010 Healthy Retiree table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Target Asset Allocation and Rates of Return** — The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.00%	5.60%
Developed Market Int. Stock Fund	11.00%	6.00%
Emerging Market Intl. Stock Fund	9.00%	7.90%
Core Fixed Income Fund	16.00%	2.10%
Inflation Linked Bond Fund	5.00%	1.10%
Emerging Market Debt Fund	5.00%	2.70%
High Yield Bond Fund	6.00%	4.00%
Real Estate Fund	10.00%	4.50%
Private Equity Fund	10.00%	7.30%
Alternative Investments	7.00%	2.90%
Liquidity Fund	1.00%	0.40%
	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**Town's Proportionate Share of the Collective Net Pension Liability** — Connecticut school teachers participate in the TRS pursuant to Section 10-183b et seq. of the Connecticut General Statutes (the "Teachers' Retirement Act"). The Teachers' Retirement Act governs the pension benefits and eligibility of the active and retired teachers of the Franklin Public Schools. The Teachers' Retirement Act requires the Connecticut General Assembly, not any town, city or local school district, to appropriate the funds necessary to pay the pension benefits due to retirees under the System. The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State of Connecticut pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

**THE TOWN OF FRANKLIN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**TEACHERS' RETIREMENT SYSTEM (Continued)**

**Town's Proportionate Share of the Collective Net Pension Liability (Continued)**

Town of Franklin's Net Pension Liability	\$	-
State of Connecticut's Net Pension Liability for the Town of Franklin		4,716,699
Net Pension Liability		4,716,699
Portion of the State of Connecticut's Net Pension Liability		
which is related to the Town of Franklin employees		0.031600%
On-behalf payments revenue and pension expense	\$	304,474
Proportion Basis		Employee contributions
Change in proportion since prior measurement date		None

**Sensitivity Analysis** – The following presents the net pension liability (asset) of the Town of Franklin, Connecticut's proportionate share of the plan, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
State's Net Pension Liability	\$ 6,241,374	\$ 4,716,699	\$ 3,450,760

**Support Provided by Nonemployer Contributing Entity (State)** — The Town has a special funding situation whereby the State is obligated to pay the pension costs of the Teachers' Retirement System and the Town is not required to pay any of the costs. However, the Town must record the costs paid by the State on behalf of the Town's employees as revenue and expense in its GAAP financial statements which amounted to \$304,474.

**SIMPLE IRA**

The Town has established a non-elective employer contribution plan wherein the Town contributes 3.5% of each participating employee's basic pay into individual SIMPLE IRA accounts established in the employee's name. For the year ended June 30, 2022, there were three (3) participants and the Town made \$8,918 in contributions.

**OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)***

**OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM**  
*(Continued)*

**Benefit Provisions**

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age sixty with twenty years of credited service in Connecticut, or thirty-five years of credited service including at least twenty-five years of service in Connecticut.

**Contributions**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of the plan costs through an annual appropriation in the General Fund.

*Employer*

School district employers are not required to make contributions to the Plan.



**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM**  
*(Continued)*

**Contributions (Continued)**

*Employees/Retirees*

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**Administrative Expenses**

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

<b>Inflation</b>	2.50%
<b>Real Wage Growth</b>	0.50%
<b>Wage Inflation</b>	3.00%
<b>Salary increases</b>	3.00-6.50%, including inflation
<b>Investment rate of return</b>	3.00%, net of OPEB plan investment expense, including inflation
<b>Year fund net position will be depleted</b>	2023
<b>Municipal bond index rate (measurement date)</b>	2.16%
<b>Municipal bond index rate (prior)</b>	2.21%
<b>Single equivalent interest rate (measurement date)</b>	2.17% (net of investment exp, incl. inflation)
<b>Single equivalent interest rate (prior)</b>	2.21% (net of investment exp, incl. inflation)
<b>Healthcare cost trend rates (Medicare)</b>	5.125% for 2020 decreasing to 4.50% by 2023

Mortality rates were based on the PubT-2010 Healthy Retiree table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

**Long-Term Rate of Return**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)***

**OTHER POST-EMPLOYMENT BENEFITS – TEACHERS' RETIREMENT SYSTEM**  
*(Continued)*

**Long-Term Rate of Return *(Continued)***

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is a negative (0.42)%. Price inflation is expected to be 2.50% while the expected rate of return is 2.00%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

The State of Connecticut's proportionate share of the net OPEB liability associated with the Town is 0.031600% or \$513,876. The Town recognized on-behalf revenues and expenditures of (\$18,976) in connection with this plan.

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION**

From an accrual accounting perspective, the cost of post-employment health care benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)**

**OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION (*Continued*)**

**Plan Description**

The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Franklin, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

At July 1, 2021, plan membership consisted of 20 participants, of which 18 were active employees and 2 were retirees.

**Funding Policy**

Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements. Since the Town's liability is solely from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines.

**Actuarial Methods and Significant Assumptions**

The Town's annual post employment benefit expense is calculated based using the Entry Age Normal Cost Method. Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. Other actuarial methods and significant assumptions are summarized as follows:

**THE TOWN OF FRANKLIN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION (Continued)**

**Actuarial Methods and Significant Assumptions (Continued)**

<b>Latest Actuarial Date</b>	July 1, 2020
<b>Measurement Date</b>	July 1, 2022
<b>Actuarial Cost Method</b>	Entry Age Normal Actuarial Cost Method
<b>Investment Rate of Return</b>	3.54%
<b>Payroll Growth Rate</b>	2.40%
<b>Inflation</b>	2.40%
<b>Healthcare Cost Trend Rates</b>	6.50% for 2020, decreasing 0.2% per year, to an ultimate rate of 4.40% for 2031 and later
<b>Asset Valuation Method</b>	N/A
<b>Mortality</b>	Pub-2010 Public Retirement Plans Mortality Tables (for Teachers) with separate tables for non-annuitants and annuitants, projected to the valuation date with Scale MP-2020.
<b>Retirement</b>	As used in the Connecticut State Teachers' Retirement System 2016 Pension Valuation
<b>Utilization</b>	50% of current active members will elect medical coverage at retirement.
<b>Spousal Coverage</b>	50% of males and 50% of females assumed married and elect spousal benefits at retirement with wives assumed to be three years younger than their husbands

The discount rate used to measure the total OPEB liability was 3.54% and was based on the published Bond Buyer General Obligation 20-Bond Municipal Index effective as of June 30, 2022.

Total OPEB expense recognized for this Plan for the year ended June 30, 2022 was \$10,353.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION (Continued)**

**Changes in the OPEB Liability**

Changes in the OPEB liability for the year ended June 30, 2022 are as follows:

Balance as of June 30, 2021	\$ 584,325
Changes for the year:	
Service cost	10,446
Interest	12,745
Differences between expected and actual	(978)
Changes of assumptions	(110,927)
Benefit payments	<u>(9,491)</u>
Net changes	<u>(98,205)</u>
Balance as of June 30, 2022	<u>\$486,120</u>

**Sensitivity Analysis**

The following presents the total OPEB liability of the Town, calculated using the current discount rate of 3.54% as well as what the Town’s net OPEB liability if it were calculated using a discount rate that is 1 percentage lower (2.54%) or 1 percentage higher (4.54%)

	1% Decrease <u>2.54 %</u>	Current Discount Rate <u>3.54%</u>	1% Increase <u>4.54%</u>
Total OPEB liability as of June 30, 2022	<u>\$563,162</u>	<u>\$486,120</u>	<u>\$423,436</u>

The following presents the total OPEB liability of the Town, calculated using the current health care cost trend rate of 6.50% decreasing to 4.40% as well as what the Town’s net OPEB liability if it were calculated using a health care cost trend rate that is 1 percentage lower (5.50% decreasing to 3.40%) or 1 percentage higher (7.50% decreasing to 5.40%).

	5.50% decreasing to 3.40%	6.50% decreasing to 4.40%	7.50% decreasing to 5.40%
Total OPEB liability as of June 30, 2022	<u>\$415,042</u>	<u>\$486,120</u>	<u>\$573,786</u>

**THE TOWN OF FRANKLIN, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 14 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – BOARD OF EDUCATION (Continued)**

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

As of June 30, 2022, the Town reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (31,758)
Changes of assumptions	114,021	(134,060)
Total	\$ 114,021	\$ (165,818)

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

Year ended June 30,		
2023	\$	(3,347)
2024		(3,347)
2025		(3,347)
2026		(3,347)
2027		(3,347)
2028 and thereafter		(35,062)
	\$	(51,797)

**NOTE 15 – CONTINGENT LIABILITIES AND RISK MANAGEMENT**

**LITIGATION**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**CONTINGENCIES**

**Grants** – The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial. One such grant is the Janet C. Calvert Library Trust grant. Under the terms of the charitable trust agreement, the Town received a gift of \$100,000 for the purpose of creating and equipping a suitable public library for the Town and to honor the memory of Janet C. Calvert. Should the library cease to be a memorial because of a name change, the \$100,000 gift will revert to another named beneficiary.

**THE TOWN OF FRANKLIN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 15 – CONTINGENT LIABILITIES AND RISK MANAGEMENT (*Continued*)**

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years. The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-749a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

**NOTE 16 – GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the Town's year ending June 30, 2023).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the Town's year ending June 30, 2023).

GASB Statement 99, Omnibus 2022. This statement address both select practice issues that have been identified during implementation and accounting and financial reporting for financial guarantees. Portions of the statement are effective upon issuance (April 2022), while other are effective for years beginning after June 15, 2022 or June 15, 2023 (the Town's fiscal years ending June 30, 2023 and 2024, respectively).

GASB Statement 100, Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (the Town's fiscal year ending June 30, 2024).

GASB Statement 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement is effective for fiscal years beginning after December 15, 2023 (the Town's fiscal year ending June 30, 2025).

**REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>					
<b>Tax Collector</b>					
Current Year's Taxes	\$ 5,304,305	\$ -	\$ 5,304,305	5,249,855	\$ (54,450)
Prior Year's Taxes	30,000	-	30,000	131,555	101,555
Interest and lien fees	7,000	-	7,000	63,971	56,971
Motor Vehicle Supplement	45,000	-	45,000	76,313	31,313
	<u>5,386,305</u>	<u>-</u>	<u>5,386,305</u>	<u>5,521,694</u>	<u>135,389</u>
<b>Local Revenues</b>					
Building Permits	30,000	-	30,000	47,626	17,626
Town Hall Rental	50	-	50	-	(50)
Bulky Waste Fees	3,000	-	3,000	3,178	178
Sale of Cemetery Lots	1,200	-	1,200	600	(600)
Interest Income	40,000	-	40,000	4,827	(35,173)
Insurance Co-payments	8,027	-	8,027	-	(8,027)
Miscellaneous	4,000	-	4,000	16,189	12,189
Rent from Tyler Drive Tenants	32,000	-	32,000	33,000	1,000
Tuition	3,000	-	3,000	400	(2,600)
Income from other schools	19,450	-	19,450	360	(19,090)
Rental of School Gym	82,509	-	82,509	79,100	(3,409)
Cell Tower Income	17,711	-	17,711	20,728	3,017
	<u>240,947</u>	<u>-</u>	<u>240,947</u>	<u>206,008</u>	<u>(34,939)</u>
<b>Town Clerk Fees</b>					
Town Clerk Recording Fees	9,000	-	9,000	16,169	7,169
Use of Copier	3,000	-	3,000	3,569	569
PZC Applications	6,000	-	6,000	7,795	1,795
ZBA Applications	1,000	-	1,000	970	(30)
IWWC Applications	1,000	-	1,000	14,975	13,975
Conveyance Taxes	14,000	-	14,000	43,593	29,593
Sale of Regulations	25	-	25	-	(25)
Licenses and Permits	100	-	100	168	68
Miscellaneous Permits	1,000	-	1,000	890	(110)
Dog Fees	900	-	900	-	(900)
Vital Statistics Fee	1,200	-	1,200	1,830	630
Historic Preservation Grant	4,500	-	4,500	-	(4,500)
	<u>41,725</u>	<u>-</u>	<u>41,725</u>	<u>89,959</u>	<u>48,234</u>
<b>State Education Support</b>					
Education Cost Sharing	736,256	-	736,256	734,711	(1,545)
School Grants	65,318	-	65,318	138,703	73,385
Adult Education	1,975	-	1,975	2,083	108
Excess Cost	-	-	-	5,795	5,795
	<u>803,549</u>	<u>-</u>	<u>803,549</u>	<u>881,292</u>	<u>77,743</u>
<b>State Municipal Support</b>					
Pequot Fund	9,738	-	9,738	9,738	-
PILOT Program	9,390	-	9,390	12,959	3,569
Telecommunication Tax	6,698	-	6,698	5,909	(789)
Disability Exemption	200	-	200	205	5
Veterans Tax Relief	800	-	800	1,012	212
Town Aid Road Fund	129,022	-	129,022	128,952	(70)
LOCIP Grant	16,963	-	16,963	17,774	811
Grants for Municipal Projects	23,080	-	23,080	23,080	-
Miscellaneous Grants	25,666	-	25,666	279,656	253,990
	<u>221,557</u>	<u>-</u>	<u>221,557</u>	<u>479,285</u>	<u>257,728</u>
<b>Total revenues</b>	<u>6,694,083</u>	<u>-</u>	<u>6,694,083</u>	<u>7,178,238</u>	<u>484,155</u>

*Continued*

**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>EXPENDITURES</b>					
<b>General Government</b>					
<b>Board of Selectman</b>					
First Selectman Salary	53,961	415	54,376	54,376	-
Selectmen Salaries	6,471	48	6,519	6,519	-
Mileage, Payroll, Etc.	4,500	(365)	4,135	4,135	-
Payroll Services Town	2,700	954	3,654	3,654	-
WPCA	5,000	(2,148)	2,852	2,852	-
Administrative Assistant	34,147	304	34,451	34,451	-
Pistol Permits Administration	1,000	126	1,126	1,126	-
Postage	3,000	876	3,876	3,876	-
Copier	3,000	31	3,031	3,031	-
Grant Expenditures	1	(1)	-	-	-
	<u>113,780</u>	<u>240</u>	<u>114,020</u>	<u>114,020</u>	<u>-</u>
<b>Board of Finance</b>					
Annual Town Report	50	(50)	-	-	-
Advertising/Auditor	33,000	2,082	35,082	35,082	-
Contingency	50	(50)	-	-	-
Inventory Management	50	(50)	-	-	-
	<u>33,150</u>	<u>1,932</u>	<u>35,082</u>	<u>35,082</u>	<u>-</u>
<b>Office of the Assessor</b>					
Assessor Salary	37,573	79	37,652	37,652	-
Clerk	100	(100)	-	-	-
Supplies/Miscellaneous Costs	1,950	(18)	1,932	1,932	-
Computer License and Support	12,920	(1,760)	11,160	11,160	-
	<u>52,543</u>	<u>(1,799)</u>	<u>50,744</u>	<u>50,744</u>	<u>-</u>
<b>Board of Assessment Appeals</b>					
Clerk	480	(280)	200	200	-
Advertising/Miscellaneous Costs	100	(100)	-	0	-
	<u>580</u>	<u>(380)</u>	<u>200</u>	<u>200</u>	<u>-</u>
<b>Office of the Tax Collector</b>					
Tax Collector Salary	25,035	192	25,227	25,227	-
Assistant Tax Collector	738	(738)	-	-	-
Advertising/Tax Services/Etc.	10,500	(2,899)	7,601	7,601	-
Tax Refund Request	500	(139)	361	361	-
	<u>36,773</u>	<u>(3,584)</u>	<u>33,189</u>	<u>33,189</u>	<u>-</u>
<b>Office of the Treasurer</b>					
Treasurer Salary	10,072	77	10,149	10,149	-
Assistant Treasurer	357	(357)	-	-	-
Mileage	500	(175)	325	325	-
Bookkeeper	20,497	165	20,662	20,662	-
	<u>31,426</u>	<u>(290)</u>	<u>31,136</u>	<u>31,136</u>	<u>-</u>
<b>Probate Court</b>					
Probate Court Fees	1,370	(16)	1,354	1,354	-
	<u>1,370</u>	<u>(16)</u>	<u>1,354</u>	<u>1,354</u>	<u>-</u>
<b>Consulting/Legal Fees</b>					
Consulting Fees	10,000	(8,226)	1,774	1,774	-
Legal Fees	13,000	(7,325)	5,675	5,675	-
Land Use Fees	10,000	8,652	18,652	18,652	-
	<u>33,000</u>	<u>(6,899)</u>	<u>26,101</u>	<u>26,101</u>	<u>-</u>
<b>Office of the Town Clerk</b>					
Town Clerk Salary	36,726	421	37,147	37,147	-
Town Clerk Election Wages	1,700	(1,700)	-	-	-
Assistant Town Clerk	2,778	(2,778)	-	-	-
Land Records/Mileage/Meetings	3,310	2,746	6,056	6,056	-
Computer Support	11,119	2,035	13,154	13,154	-
Historic Preservation	4,500	(4,500)	-	-	-
	<u>60,133</u>	<u>(3,776)</u>	<u>56,357</u>	<u>56,357</u>	<u>-</u>
<b>Office of the Registrar of Voters</b>					
Registrars Expenses	4,670	(3,440)	1,230	1,230	-
Registrar Wages	14,033	(6,430)	7,603	7,603	-
Deputy Registrar Wages	570	(392)	178	178	-
Election Expenses	7,416	(1,525)	5,891	5,891	-
Election Wages	3,090	(1,930)	1,160	1,160	-
	<u>29,779</u>	<u>(13,717)</u>	<u>16,062</u>	<u>16,062</u>	<u>-</u>

*Continued*

**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Town Hall					
Maintenance and Supplies	25,000	11,551	36,551	36,551	-
Custodian	14,134	(4,383)	9,751	9,751	-
Telephone	6,000	420	6,420	6,420	-
Electricity	10,000	2,173	12,173	12,173	-
Heat/Propane	6,000	2,299	8,299	8,299	-
Land Use Administrative Assistant/Clerk Salary	37,562	289	37,851	37,851	-
Land Use Computer Software	1	(1)	-	-	-
Website Coordinator	1,538	358	1,896	1,896	-
	<u>100,235</u>	<u>12,706</u>	<u>112,941</u>	<u>112,941</u>	<u>-</u>
Planning and Zoning Commission					
Advertising/Miscellaneous	2,000	1,379	3,379	3,379	-
Town Planner	10,000	9,066	19,066	19,066	-
	<u>12,000</u>	<u>10,445</u>	<u>22,445</u>	<u>22,445</u>	<u>-</u>
Zoning Board of Appeals					
Advertising/Supplies	900	(429)	471	471	-
	<u>900</u>	<u>(429)</u>	<u>471</u>	<u>471</u>	<u>-</u>
Inland Wetlands Commission					
Advertising/Miscellaneous	750	760	1,510	1,510	-
Town Planner	4,000	1,880	5,880	5,880	-
	<u>4,750</u>	<u>2,640</u>	<u>7,390</u>	<u>7,390</u>	<u>-</u>
Agriculture and Conservation Commission					
Advertising/Miscellaneous	150	(150)	-	-	-
Open Space Fund	250	(250)	-	-	-
	<u>400</u>	<u>(400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Department of Public Works					
Telephone	2,600	1,375	3,975	3,975	-
Electricity	2,200	(8)	2,192	2,192	-
Heating Fuel	5,000	(946)	4,054	4,054	-
Garage Maintenance	13,000	8,915	21,915	21,915	-
Miscellaneous	2,000	(733)	1,267	1,267	-
Union Contract Benefits	7,735	(384)	7,351	7,351	-
Foreman	59,517	369	59,886	59,886	-
Laborer	102,660	(5,480)	97,180	97,180	-
Retirement/IRA	8,000	918	8,918	8,918	-
Summer Help	25	(25)	-	-	-
Overtime	15,000	(711)	14,289	14,289	-
Temporary Help Snow Removal	3,000	(2,550)	450	450	-
Highway Materials	180,000	(51,579)	128,421	128,421	-
Sand/Salt	30,000	(7,984)	22,016	22,016	-
Equipment/Materials/Supplies	16,000	(14)	15,986	15,986	-
Equipment Repairs	35,000	(2,054)	32,946	32,946	-
Gasoline and Diesel	12,000	6,337	18,337	18,337	-
School Bus Fuel	20,000	6,685	26,685	26,685	-
Tree Removal	25,000	(810)	24,190	24,190	-
Tree Warden	2,500	(484)	2,016	2,016	-
Purchase of Cemetary Plots	1,200	(1,200)	-	-	-
Street Lights and Signals	5,000	(119)	4,881	4,881	-
	<u>547,437</u>	<u>(50,482)</u>	<u>496,955</u>	<u>496,955</u>	<u>-</u>
Social Security/Medicare					
Social Security/Medicare	46,623	(147)	46,476	46,476	-
	<u>46,623</u>	<u>(147)</u>	<u>46,476</u>	<u>46,476</u>	<u>-</u>
Regional Membership					
Membership	7,500	(721)	6,779	6,779	-
Various Donations	4,500	(750)	3,750	3,750	-
	<u>12,000</u>	<u>(1,471)</u>	<u>10,529</u>	<u>10,529</u>	<u>-</u>
Insurance					
Town Workers Compensation	29,592	(3,023)	26,569	26,569	-
School Workers Compensation	20,564	(1,325)	19,239	19,239	-
Town Liability and Umbrella	34,327	(1,566)	32,761	32,761	-
School Liability and Umbrella	23,520	(1,632)	21,888	21,888	-
Cyber Security	11,000	(5,480)	5,520	5,520	-
Life Insurance	600	147	747	747	-
Bonds	1,000	400	1,400	1,400	-
Foreman	35,501	1,008	36,509	36,509	-
Laborer	27,120	2,047	29,167	29,167	-
First Selectman	15,510	(3,741)	11,769	11,769	-
	<u>198,734</u>	<u>(13,165)</u>	<u>185,569</u>	<u>185,569</u>	<u>-</u>
Department of Public Safety					
Emergency Preparedness	2,000	(1,599)	401	401	-
Director of Emergency Preparedness	5,127	193	5,320	5,320	-
Firefighters Pension	4,000	(4,000)	-	-	-
911 Service	14,225	886	15,111	15,111	-
Burning Officials Salary	1,183	8	1,191	1,191	-
Telephone	4,000	4,182	8,182	8,182	-
Dues and Supplies	3,000	(2,489)	511	511	-
Equipment	30,000	(11,047)	18,953	18,953	-
Repairs and Maintenance	25,000	1,968	26,968	26,968	-
Insurance	26,500	4,258	30,758	30,758	-
Physicals	7,500	(476)	7,024	7,024	-
Accessory Equipment Repair	2,500	(1,843)	657	657	-
Training	15,000	(6,237)	8,763	8,763	-
Medical Supplies	6,000	(614)	5,386	5,386	-
Turnout Gear	15,000	(3,974)	11,026	11,026	-
Retention	4,000	3,548	7,548	7,548	-
	<u>165,035</u>	<u>(17,236)</u>	<u>147,799</u>	<u>147,799</u>	<u>-</u>

*Continued*

**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Tyler Drive					
Maintenance	20,000	673	20,673	20,673	-
Electricity	18,000	819	18,819	18,819	-
Heat	22,000	1,164	23,164	23,164	-
Tower Maintenance	1,000	(1,000)	-	-	-
Custodian	5,484	(1,634)	3,850	3,850	-
	<u>66,484</u>	<u>22</u>	<u>66,506</u>	<u>66,506</u>	<u>-</u>
Office of the Fire Marshal					
Fire Marshal Salary	5,584	43	5,627	5,627	-
Deputy Fire Marshal Salary	2,270	16	2,286	2,286	-
Supplies/Training	2,500	(1,083)	1,417	1,417	-
	<u>10,354</u>	<u>(1,024)</u>	<u>9,330</u>	<u>9,330</u>	<u>-</u>
Department of Code Enforcement					
State Percentage of Building Fees	500	626	1,126	1,126	-
Building Official Salary	14,834	114	14,948	14,948	-
Assistant Building Official	175	(175)	-	-	-
Office Supplies	200	(200)	-	-	-
Seminars	300	(150)	150	150	-
Zoning Enforcement Officer	6,619	52	6,671	6,671	-
Wetlands Enforcement Salary	4,740	1,761	6,501	6,501	-
	<u>27,368</u>	<u>2,028</u>	<u>29,396</u>	<u>29,396</u>	<u>-</u>
Waste Disposal/Recycling					
Waste Disposal/Recycling	175,000	20,423	195,423	195,423	-
Public Works Overtime-Transfer Station	2,730	(1,006)	1,724	1,724	-
	<u>177,730</u>	<u>19,417</u>	<u>197,147</u>	<u>197,147</u>	<u>-</u>
Department of Public Health					
District Costs	13,164	5,920	19,084	19,084	-
	<u>13,164</u>	<u>5,920</u>	<u>19,084</u>	<u>19,084</u>	<u>-</u>
Welfare					
General Assistance	1,000	(942)	58	58	-
Director of Social Services Salary	1,855	14	1,869	1,869	-
	<u>2,855</u>	<u>(928)</u>	<u>1,927</u>	<u>1,927</u>	<u>-</u>
Commission on Aging					
Transit System	30,000	(10,650)	19,350	19,350	-
Program/Trips	2,400	(186)	2,214	2,214	-
Municipal Agent Salary	6,115	46	6,161	6,161	-
Meal Site Manager Salary	3,773	(116)	3,657	3,657	-
Program Coordinator Salary	12,260	(377)	11,883	11,883	-
Clerk	610	(167)	443	443	-
Senior Center Telephone	2,000	799	2,799	2,799	-
Supplies & Service Senior Center	1,500	(780)	720	720	-
	<u>58,658</u>	<u>(11,431)</u>	<u>47,227</u>	<u>47,227</u>	<u>-</u>
Animal Control					
Pound/Service	6,048	-	6,048	6,048	-
	<u>6,048</u>	<u>-</u>	<u>6,048</u>	<u>6,048</u>	<u>-</u>
Department of Recreation					
Recreation Commission	15,750	4,090	19,840	19,840	-
Miscellaneous/Memorial Day	2,000	1,763	3,763	3,763	-
	<u>17,750</u>	<u>5,853</u>	<u>23,603</u>	<u>23,603</u>	<u>-</u>
Computer Services/Support					
Computer Cost	12,000	6,732	18,732	18,732	-
	<u>12,000</u>	<u>6,732</u>	<u>18,732</u>	<u>18,732</u>	<u>-</u>
Woodward House					
Maintenance and Repair	5,000	(1,958)	3,042	3,042	-
Operational Expenses	1,000	94	1,094	1,094	-
Electricity	3,000	(884)	2,116	2,116	-
Heat	3,500	3,755	7,255	7,255	-
Telephone	2,000	309	2,309	2,309	-
	<u>14,500</u>	<u>1,316</u>	<u>15,816</u>	<u>15,816</u>	<u>-</u>
Contingency	34,000	(20,081)	13,919	-	13,919
Library					
Library Costs	12,750	4,383	17,133	17,133	-
Librarian	35,693	274	35,967	35,967	-
Librarian Assistant	2,060	969	3,029	3,029	-
Library Aide	8,404	(1,079)	7,325	7,325	-
Library Aide	8,404	(5,173)	3,231	3,231	-
Library Aide	8,404	(1,752)	6,652	6,652	-
Telephone	3,476	(2,148)	1,328	1,328	-
Computer Services	5,400	511	5,911	5,911	-
State Grant Expense	-	3,295	3,295	3,295	-
Supplies & Services Library	1,500	(86)	1,414	1,414	-
	<u>86,091</u>	<u>(806)</u>	<u>85,285</u>	<u>85,285</u>	<u>-</u>
Subtotal General Government	<u>2,007,650</u>	<u>(78,810)</u>	<u>1,928,840</u>	<u>1,914,921</u>	<u>13,919</u>

*Continued*

**TOWN OF FRANKLIN, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Financial Obligations					
School Roof Bond Principal	17,464	-	17,464	17,464	-
School Roof Bond Interest	6,549	-	6,549	6,549	-
2005 Bond Town Hall Principal	45,000	-	45,000	45,000	-
2005 Bond Town Hall Interest	7,650	-	7,650	7,650	-
2005 Bond Firehouse Principal	55,750	-	55,750	55,750	-
2005 Bond Firehouse Interest	9,478	-	9,478	9,478	-
PW Plow Truck Bond Principal	16,950	-	16,950	16,950	-
PW Plow Truck Bond Interest	3,263	-	3,263	3,263	-
Water/Sewer Principal	124,474	-	124,474	124,474	-
Water/Sewer Interest	61,740	243	61,983	61,983	-
	<u>348,318</u>	<u>243</u>	<u>348,561</u>	<u>348,561</u>	<u>-</u>
Transfers for Capital Improvement					
Power Dump Truck	10,000	-	10,000	10,000	-
Major Road Improvement	80,000	-	80,000	80,000	-
Woodward Barn Repair	5,000	-	5,000	5,000	-
Repairs to Senior League Field	5,000	-	5,000	5,000	-
Replacement Salt/Sand Shed	10,000	-	10,000	10,000	-
School Generator	25,000	-	25,000	25,000	-
WPCA	10,000	-	10,000	10,000	-
Improvements to Tyler Dr	10,000	-	10,000	10,000	-
Repair ET 225	20,000	-	20,000	20,000	-
Town Hall Improvements	5,000	-	5,000	5,000	-
Woodward House and Barn Paint	5,000	-	5,000	5,000	-
Town Hall Roof	5,000	-	5,000	5,000	-
Emergency Generator at School	20,000	-	20,000	20,000	-
Heat Pumps 8 Classrooms	90,000	-	90,000	90,000	-
	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total General Government	<u>2,655,968</u>	<u>(78,567)</u>	<u>2,577,401</u>	<u>2,563,482</u>	<u>13,919</u>
Board of Education					
Board of Education Operations	2,184,427	385,967	2,570,394	2,570,394	-
Board of Education Payroll	1,975,829	30,904	2,006,733	2,006,733	-
	<u>4,160,256</u>	<u>416,871</u>	<u>4,577,127</u>	<u>4,577,127</u>	<u>-</u>
School Grants					
School Grants	65,318	73,385	138,703	138,703	-
	<u>65,318</u>	<u>73,385</u>	<u>138,703</u>	<u>138,703</u>	<u>-</u>
School Maintenance					
School Maintenance	25,000	9,311	34,311	34,311	-
School Gym Maintenance	1,000	(1,000)	-	-	-
	<u>26,000</u>	<u>8,311</u>	<u>34,311</u>	<u>34,311</u>	<u>-</u>
Total Education	<u>4,251,574</u>	<u>498,567</u>	<u>4,750,141</u>	<u>4,750,141</u>	<u>-</u>
Total Expenditures	<u>6,907,542</u>	<u>420,000</u>	<u>7,327,542</u>	<u>7,313,623</u>	<u>13,919</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis	<u>\$ (213,459)</u>	<u>\$ (420,000)</u>	<u>\$ (633,459)</u>	<u>\$ (135,385)</u>	<u>\$ 498,074</u>
Adjustments to Generally Accepted Accounting Principals (GAAP):					
On behalf revenues from teacher's retirement pension and OPEB netted in budget				375,967	
On behalf expenditures from teacher's retirement pension and OPEB netted in budget				(375,967)	
Revenue from leases - budgetary basis				(132,828)	
Revenue from leases - GAAP basis				<u>174,914</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis				<u>\$ (93,299)</u>	

*See independent auditors' report*

**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
CONNECTICUT TEACHERS' RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability	\$ 4,716,699	\$ 5,955,364	\$ 5,400,946	\$ 4,164,443	\$ 4,487,339	\$ 4,734,177	\$ 3,504,766	\$ 3,239,454
Town's covered payroll *	\$ 1,255,083	\$ 1,225,667	\$ 1,376,884	\$ 1,341,993	\$ 1,307,985	\$ 1,440,956	\$ 1,418,855	\$ 1,397,491
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

NOTES TO THE SCHEDULE:

\* Covered payroll is an estimated figure.

The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2022 is based on a June 30, 2021 actuarial valuation and a June 30, 2021 measurement date).

*Benefit changes:* There were no changes in benefit terms that affected the measurement of the total pension liability.

*Changes in assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50% (No change)
Salary increase	3.00-6.50%, including inflation (No change)
Investment rate of return	6.90%, (No change) net of pension plan investment expenses, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF THE CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
OTHER POST EMPLOYMENT BENEFITS PLAN  
BOARD OF EDUCATION  
LAST FIVE FISCAL YEARS\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 584,325	\$ 618,165	\$ 482,846	\$ 437,290	\$ 440,441
Changes for the year:					
Service cost	10,446	13,147	9,055	7,912	8,132
Interest	12,745	13,877	17,144	17,115	15,950
Differences between expected and actual experience	(978)	(35,555)	-	-	-
Changes of assumptions	(110,927)	(18,488)	116,122	26,468	(21,064)
Benefit payments	(9,491)	(6,821)	(7,002)	(5,939)	(6,169)
Net changes	<u>(98,205)</u>	<u>(33,840)</u>	<u>135,319</u>	<u>45,556</u>	<u>(3,151)</u>
Ending Balance	<u>\$ 486,120</u>	<u>\$ 584,325</u>	<u>\$ 618,165</u>	<u>\$ 482,846</u>	<u>\$ 437,290</u>
Town's covered payroll	\$ 1,255,083	\$ 1,225,667	\$ 1,376,884	\$ 1,341,993	\$ 1,307,985
Total OPEB liability as a percentage of its covered payroll	38.73%	47.67%	44.90%	35.98%	33.43%

**NOTES TO SCHEDULE**

There are no assets being accumulated in a trust to pay benefits that meet the criteria of GASB 75.

**Changes in Actuarial Assumptions**

Investment Rate of Return 3.54% as of June 30, 2022 (Prior was 2.16%).

Rate of Compensation Increase 2.40% (Prior was 2.60%).

Inflation 2.40% (Prior was 2.60%).

Mortality Pub-2010 Public Retirement Plans Mortality Tables (for Teachers) with separate tables for non-annuitants and annuitants, projected to the valuation date with Scale MP-2020.

Mortality Improvement Projected to date of decrement using Scale MP-2020.

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
TEACHERS' RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>\$ 513,876</u>	<u>\$ 888,243</u>	<u>\$ 842,307</u>	<u>\$ 832,513</u>	<u>\$ 1,154,996</u>
Total proportionate share of the collective net pension liability	<u>\$ 513,876</u>	<u>\$ 888,243</u>	<u>\$ 842,307</u>	<u>\$ 832,513</u>	<u>\$ 1,154,996</u>
Town's covered payroll	\$ 1,255,083	\$ 1,225,667	\$ 1,376,884	\$ 1,341,993	\$ 1,307,985
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.50%	2.08%	1.49%	1.79%

**NOTES TO THE SCHEDULE:**

*Changes in assumptions:* The discount rate was decreased from 2.21% to 2.16% to reflect the change in the Municipal Bond Index rate. Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that become effective on January 1, 2019. Further, the expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

Valuation Date: June 30, 2020  
Inflation: 2.50% (No change)  
Real wage growth: 0.50% (No change)  
Wage inflation: 3.00% (No change)  
Salary increases: 3.00-6.50%, including inflation (No change)  
Long-term investment rate of return: 3.00%, net of OPEB plan investment expense, including inflation (No change)

Mortality rates were based on the PubT-2010 Healthy Retiree table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

\*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF FRANKLIN, CONNECTICUT  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2022**

**ASSETS**

	<u>SPECIAL REVENUE FUNDS</u>	<u>PERMANENT FUNDS</u>	<u>TOTAL OTHER GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 142,848	\$ 9,734	\$ 152,582
Restricted cash	112,020	-	112,020
Receivables, net	218,614	-	218,614
Inventories	-	-	-
Total current assets	<u>\$ 473,482</u>	<u>\$ 9,734</u>	<u>\$ 483,216</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

LIABILITIES			
Accounts payable	\$ 187	\$ -	\$ 187
Due to other funds	7,270	-	7,270
Total current liabilities	<u>7,457</u>	<u>-</u>	<u>7,457</u>
DEFERRED INFLOWS OF RESOURCES			
Revenue - unavailable	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>7,457</u>	<u>-</u>	<u>7,457</u>
FUND BALANCE			
Nonspendable	218,614	8,177	226,791
Restricted	112,020	1,557	113,577
Assigned	135,391	-	135,391
Total fund balance	<u>466,025</u>	<u>9,734</u>	<u>475,759</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 473,482</u>	<u>\$ 9,734</u>	<u>\$ 483,216</u>

**TOWN OF FRANKLIN, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 OTHER GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	SPECIAL REVENUE FUNDS	PERMANENT FUNDS	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES			
Intergovernmental revenues	\$ 6,280	\$ -	\$ 6,280
Local revenue	39,673	8	39,681
Total revenues	<u>45,953</u>	<u>8</u>	<u>45,961</u>
EXPENDITURES			
Current			
General government	1,152	-	1,152
Water and sewer	2,151	-	2,151
Education	40,777	-	40,777
Total expenditures	<u>44,080</u>	<u>-</u>	<u>44,080</u>
Excess (deficiency) of revenues over expenditures	1,873	8	1,881
FUND BALANCE, beginning of year	<u>464,152</u>	<u>9,726</u>	<u>473,878</u>
FUND BALANCE, end of year	<u>\$ 466,025</u>	<u>\$ 9,734</u>	<u>\$ 475,759</u>

*See independent auditors' report*

**TOWN OF FRANKLIN, CONNECTICUT  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2022**

**ASSETS**

	CAFETERIA FUND	DOG FUND	LIBRARY FUND	PAUTIPAUG SCHOOL HOUSE PROJECT FUND	VETERAN'S PARK MEMORIAL FUND	RECREATION COMMISSION FUND	UNSUNG HERO SCHOLARSHIP FUND
ASSETS							
Cash and cash equivalents	\$ 38,858	\$ 8,463	\$ 8,450	\$ 1,718	\$ 644	\$ 622	\$ 278
Restricted cash	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total current assets	<u>\$ 38,858</u>	<u>\$ 8,463</u>	<u>\$ 8,450</u>	<u>\$ 1,718</u>	<u>\$ 644</u>	<u>\$ 622</u>	<u>\$ 278</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

LIABILITIES							
Due to other funds	\$ 5,748	\$ 1,522	\$ -	\$ -	\$ -	\$ -	\$ -
Total current liabilities	<u>5,748</u>	<u>1,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Revenue - unavailable	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>5,748</u>	<u>1,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Assigned	33,110	6,941	8,450	1,718	644	622	278
Total fund balance	<u>33,110</u>	<u>6,941</u>	<u>8,450</u>	<u>1,718</u>	<u>644</u>	<u>622</u>	<u>278</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 38,858</u>	<u>\$ 8,463</u>	<u>\$ 8,450</u>	<u>\$ 1,718</u>	<u>\$ 644</u>	<u>\$ 622</u>	<u>\$ 278</u>

*Continued*

**TOWN OF FRANKLIN, CONNECTICUT  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2022**

**ASSETS**

	SCHOLARSHIP FUND	SPORTS ACTIVITY FUND	HOUSING REHABILITATION PROGRAM INCOME FUND	STUDENT ACTIVITY FUND	WATER AND SEWER FUND	TOTAL SPECIAL REVENUE FUNDS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,051	\$ 348	\$ -	\$ 5,930	\$ 67,486	\$ 142,848
Restricted cash	-	-	112,020	-	-	112,020
Receivables, net	-	-	218,614	-	-	218,614
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 10,051</u>	<u>\$ 348</u>	<u>\$ 330,634</u>	<u>\$ 5,930</u>	<u>\$ 67,486</u>	<u>\$ 473,482</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 187	\$ 187
Due to other funds	-	-	-	-	-	7,270
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>7,457</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Revenue - unavailable	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>7,457</u>
<b>FUND BALANCE</b>						
Nonspendable	-	-	218,614	-	-	218,614
Restricted	-	-	112,020	-	-	112,020
Assigned	10,051	348	-	5,930	67,299	135,391
Total fund balance	<u>10,051</u>	<u>348</u>	<u>330,634</u>	<u>5,930</u>	<u>67,299</u>	<u>466,025</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,051</u>	<u>\$ 348</u>	<u>\$ 330,634</u>	<u>\$ 5,930</u>	<u>\$ 67,486</u>	<u>\$ 473,482</u>

*See independent auditors' report*

**TOWN OF FRANKLIN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	CAFETERIA FUND	DOG FUND	LIBRARY FUND	PAUTIPAUG SCHOOL HOUSE PROJECT FUND	VETERAN'S PARK MEMORIAL FUND	RECREATION COMMISSION FUND	UNSONG HERO SCHOLARSHIP FUND
<b>REVENUES</b>							
Intergovernmental revenues	\$ 6,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local revenue	-	1,438	-	-	-	-	-
Total revenues	<u>6,280</u>	<u>1,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current							
General Government	-	902	50	-	-	200	-
Water and sewer	-	-	-	-	-	-	-
Education	9,078	-	-	-	-	-	50
Total expenditures	<u>9,078</u>	<u>902</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>50</u>
Excess (deficiency) of revenues over expenditures	(2,798)	536	(50)	-	-	(200)	(50)
FUND BALANCE, beginning of year	<u>35,908</u>	<u>6,405</u>	<u>8,500</u>	<u>1,718</u>	<u>644</u>	<u>822</u>	<u>328</u>
FUND BALANCE, end of year	<u>\$ 33,110</u>	<u>\$ 6,941</u>	<u>\$ 8,450</u>	<u>\$ 1,718</u>	<u>\$ 644</u>	<u>\$ 622</u>	<u>\$ 278</u>

*Continued*

**TOWN OF FRANKLIN, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	SCHOLARSHIP FUND	SPORTS ACTIVITY FUND	HOUSING REHABILITATION PROGRAM INCOME FUND	STUDENT ACTIVITY FUND	WATER AND SEWER FUND	TOTAL SPECIAL REVENUE FUNDS
<b>REVENUES</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,280
Local revenue	52	-	-	26,433	11,750	39,673
Total revenues	<u>52</u>	<u>-</u>	<u>-</u>	<u>26,433</u>	<u>11,750</u>	<u>45,953</u>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	1,152
Water and sewer	-	-	-	-	2,151	2,151
Education	227	-	-	31,422	-	40,777
Total expenditures	<u>227</u>	<u>-</u>	<u>-</u>	<u>31,422</u>	<u>2,151</u>	<u>44,080</u>
Excess (deficiency) of revenues over expenditures	(175)	-	-	(4,989)	9,599	1,873
FUND BALANCE, beginning of year	<u>10,226</u>	<u>348</u>	<u>330,634</u>	<u>10,919</u>	<u>57,700</u>	<u>464,152</u>
FUND BALANCE, end of year	<u>\$ 10,051</u>	<u>\$ 348</u>	<u>\$ 330,634</u>	<u>\$ 5,930</u>	<u>\$ 67,299</u>	<u>\$ 466,025</u>

*See independent auditors' report*

**TOWN OF FRANKLIN, CONNECTICUT  
COMBINING BALANCE SHEET  
PERMANENT FUNDS  
JUNE 30, 2022**

**ASSETS**

	CEMETERY FUND	EDGERTON EDUCATION TRUST FUND	ANTHONY CARBONI FUND	TOTAL PERMANENT FUNDS
ASSETS				
Cash and cash equivalents	\$ 3,717	\$ 2,525	\$ 3,492	\$ 9,734
Total current assets	\$ 3,717	\$ 2,525	\$ 3,492	\$ 9,734

**LIABILITIES AND FUND BALANCE**

LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total current liabilities	-	-	-	-
FUND BALANCE				
Nonspendable	3,268	2,161	2,748	8,177
Restricted	449	364	744	1,557
Unassigned	-	-	-	-
Total fund balance	3,717	2,525	3,492	9,734
Total liabilities and fund balance	\$ 3,717	\$ 2,525	\$ 3,492	\$ 9,734

*See independent auditors' report*



**TOWN OF FRANKLIN, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022**

	CEMETERY FUND	EDGERTON EDUCATION TRUST FUND	ANTHONY CARBONI FUND	TOTAL PERMANENT FUNDS
<b>REVENUES</b>				
Local revenue	\$ 1	\$ 5	\$ 2	\$ 8
Total revenues	1	5	2	8
<b>EXPENDITURES</b>				
Current				
Education	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1	5	2	8
FUND BALANCE, beginning of year	3,716	2,520	3,490	9,726
FUND BALANCE, end of year	\$ 3,717	\$ 2,525	\$ 3,492	\$ 9,734

*See independent auditors' report*

**TOWN OF FRANKLIN, CONNECTICUT  
REPORT OF THE PROPERTY TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2022**

Grand List	Taxes	Current	Lawful Corrections		Net	Collections During the Year			Taxes
	Receivable July 1, 2021	Year Levy	Additions	Deductions	Taxes Collectible	Taxes	Interest & Liens	Total	Receivable June 30, 2022
2020	\$ -	\$ 5,426,237	\$ 11,532	\$ 11,862	\$ 5,425,907	\$ 5,335,096	\$ 21,750	\$ 5,356,846	\$ 90,811
2019	105,422	-	139	711	104,850	82,051	17,860	99,911	22,799
2018	46,404	-	71	238	46,237	25,145	11,932	37,077	21,092
2017	21,970	-	-	228	21,742	12,405	4,656	17,061	9,337
2016	5,507	-	-	549	4,958	2,913	2,728	5,641	2,045
2015	5,424	-	-	520	4,904	1,919	1,717	3,636	2,985
2014	2,626	-	-	121	2,505	1,679	1,033	2,712	826
2013	2,061	-	-	373	1,688	-	-	-	1,688
2012	214	-	-	84	130	-	-	-	130
2011	190	-	-	-	190	(8)	-	(8)	198
2010	199	-	-	-	199	-	-	-	199
Prior	566	-	-	-	566	-	-	-	566
	<u>\$ 190,583</u>	<u>\$ 5,426,237</u>	<u>\$ 11,742</u>	<u>\$ 14,686</u>	<u>\$ 5,613,876</u>	<u>\$ 5,461,200</u>	<u>\$ 61,676</u>	<u>\$ 5,522,876</u>	<u>\$ 152,676</u>

*See independent auditors' report*

**TOWN OF FRANKLIN, CONNECTICUT**  
**SCHEDULE OF CHANGES IN FUND BALANCE - BY PROJECT**  
**CAPITAL RESERVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	BEGINNING BALANCE	TRANSFERS IN BUDGET ADDITIONS (REDUCTIONS)	ADDITIONS (REVENUES POSTED)	REDUCTIONS (EXPENDITURES POSTED)	ENDING BALANCE
Committed fund balance					
Revaluation	\$ 40,277	\$ -	\$ -	\$ -	\$ 40,277
Upgrade to Woodward House	23,000	5,000	-	(13,531)	14,469
Power Dump Truck	-	10,000	-	-	10,000
Open Space	950	-	-	-	950
School Emergency Generator	105,000	45,000	-	-	150,000
Computer/Software Upgrade	7,372	-	-	-	7,372
Replace Fuel Tank-School	-	-	-	-	-
Replacement Salt/Sand Shed	-	10,000	-	-	10,000
Emergency Shelter Supplies	3,029	-	-	-	3,029
Major Road Improvements	380,682	80,183	-	(331,338)	129,527
Emergency Repair Fund	150,000	-	-	-	150,000
School Emergency Lights and Locks	10,400	-	-	-	10,400
Heat Pumps	65,000	90,000	-	(44,360)	110,640
Science Lab Renovation	20,000	-	-	-	20,000
Tennis Court Refinish	15,000	-	-	-	15,000
Reseal Pavillion	8,000	1,100	-	(9,100)	-
Basketball Court Refinish	7,000	-	-	-	7,000
FD Holmatro Rescue Tools	183	(183)	-	-	-
Town Hall Parking Lot Repair	38,326	-	-	-	38,326
Senior League Field Repairs	20,558	5,000	-	-	25,558
Woodward Museum Barn	2,152	-	-	-	2,152
Resurface Walking Trail	45,000	-	-	-	45,000
Park Playscape Replacement	24,544	-	-	-	24,544
School Parking Lot Repairs	5,389	-	-	-	5,389
Improvement to Tyler Drive	15,643	10,000	-	(3,261)	22,382
Tyler Drive Parking Lot Resurfacing	167,471	-	-	-	167,471
Giddings Park Upgrades	17,400	-	-	-	17,400
WPCA	40,000	10,000	-	-	50,000
Replace ET225	80,000	20,000	-	-	100,000
Painting Woodward Museum/Barn	(3,305)	5,000	-	-	1,695
Town Hall Improvements	5,000	5,000	-	(1,140)	8,860
Town Hall Roof	40,000	5,000	-	(36,700)	8,300
Total committed fund balance	<u>1,334,071</u>	<u>301,100</u>	<u>-</u>	<u>(439,430)</u>	<u>1,195,741</u>
Assigned fund balance					
General government	<u>1,746</u>	<u>(1,100)</u>	<u>1,011</u>	<u>-</u>	<u>1,657</u>
Total assigned fund balance	<u>1,746</u>	<u>(1,100)</u>	<u>1,011</u>	<u>-</u>	<u>1,657</u>
Total fund balance	<u>\$ 1,335,817</u>	<u>\$ 300,000</u>	<u>\$ 1,011</u>	<u>\$ (439,430)</u>	<u>\$ 1,197,398</u>

*See independent auditors' report*

**STATE SINGLE AUDIT REPORTS**

**STATE INTERNAL CONTROL AND  
COMPLIANCE REPORTS**

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

To the Board of Finance  
Town of Franklin, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Connecticut (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 10, 2023.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of state findings and questioned costs as MW-2021-001, MW-2020-001 and MW-2019-002 and that we consider to be material weaknesses.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

## **TOWN'S RESPONSE TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of state findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **PURPOSE OF THIS REPORT**

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

*Hoyt, Filippetti & Malachuk, LLC*

Groton, Connecticut

February 14, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance  
Town of Franklin, Connecticut

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM**

**Opinion on Each Major State Program**

We have audited Town of Franklin, Connecticut's (the Town) compliance with the types of compliance requirements identified as a subject to audit in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2022. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable the Town's state programs.



## **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

February 14, 2023

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE**

**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
<b>NONEXEMPT PROGRAMS</b>		
<b>CONNECTICUT STATE LIBRARY</b>		
Connecticard Payments	11000-CSL66051-17010	\$ 466
<b>DEPARTMENT OF HOUSING</b>		
Affordable Housing Plan Technical Assistance	12039-DOH46920-40233	9,928
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road Grants Transportation Program	12052-DOT57131-43455	64,476
Town Aid Road Grants Transportation Program	13033-DOT57131-43459	64,476
Total Department of Transportation		<u>128,952</u>
<b>DEPARTMENT OF JUSTICE</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	545
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	205
Property Tax Relief for Veterans	11000-OPM20600-17024	1,012
Tiered PILOT	11000-OPM206000-17111	9,561
Local Capital Improvement Program (LOCIP)	12052-OPM20600-40254	17,774
Municipal Purposes and Projects	12052-OPM20600-43587	23,080
MRSA Tiered PILOT	12060-OPM20600-35691	3,398
Total Office of Policy and Management		<u>55,030</u>
<b>DEPARTMENT OF EDUCATION</b>		
Talent Development	11000-SDE64370-12552	558
Adult Education	11000-SDE64370-17030	2,083
Total Department of Education		<u>2,641</u>
<b>Total State Financial Assistance before Exempt Programs</b>		<u>197,562</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Education Cost Sharing	11000-SDE64370-17041	734,711
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	5,795
Total Department of Education		<u>740,506</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	9,738
Municipal Stabilization Grant	11000-OPM20600-17104	25,666
Total Office of Policy and Management		<u>35,404</u>
<b>Total Exempt Programs</b>		<u>775,910</u>
<b>Total State Financial Assistance</b>		<u>\$ 973,472</u>

*The accompanying notes are an integral part of this schedule*

**TOWN OF FRANKLIN, CONNECTICUT  
NOTE TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A - ACCOUNTING BASIS**

**GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Franklin, Connecticut (the Town) under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the schedule of expenditures of state financial assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

**BASIS OF ACCOUNTING**

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for business-type activities are prepared on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).
- For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.
- For performance-based awards, revenues are recognized to the extent of performance achieved during the period.

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**SCHEDULE OF STATE FINDINGS  
AND QUESTIONED COSTS**

**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? √ Yes            No           

Significant deficiency(ies) identified?            Yes            √ None reported

Noncompliance material to financial statements noted?            Yes            √ No

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:

Material weakness(es) identified?            Yes            √ No           

Significant deficiency(ies) identified?            Yes            √ None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?            Yes            √ No

The following schedule reflects the major programs included in the audit:

<i>State Grantor/Program</i>	<b>State Grant Program Identification Number</b>	<b>Expenditures</b>
<b>Department of Transportation:</b>		
Town Aid Roads Grants	12052-DOT57131-43455	\$64,476
Town Aid Roads Grants	13033-DOT57131-43459	<u>64,476</u>
		\$128,952
Dollar threshold used to distinguish between Type A and Type B program:		<u><u>\$100,000</u></u>

**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

- We issued a report dated February 14, 2023 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated the no reportable instance of noncompliance.
- Our report on internal control over financial reporting disclosed the following material weaknesses:

**MW-2021-001 – GENERAL LEDGER SYSTEMS FOR ALL FUNDS**

For the year ended June 30, 2022, the following funds of the Town of Franklin were not being maintained in a general ledger system. As such, there were no readily available integrated reports to report the financial activities of the funds during the fiscal year or the ending balances at fiscal year-end:

- 1) Cafeteria Fund (Special Revenue Fund)
- 2) Student Activity Fund (Special Revenue Fund)

*Recommendation:* All funds within the Town of Franklin should be managed in a general ledger system for ease of timely reporting and account reconciliation.

*Management response:* Management agrees with the finding and refers the reader to its Corrective Action Plan.

**MW-2020-001 – BANK RECONCILIATIONS**

During our audit, we noted that bank statements were not reconciled for the Cafeteria and Student Activity funds. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis.

*Recommendation:* We recommend that all bank accounts of the Town be reconciled on a monthly basis.

*Management's Response:* We agree with the material weakness as described. While we do regularly review the bank statements against activity as recorded in the general ledger, we recognize that it would be best if we formally reconcile the bank statements against the general ledger on a monthly basis.



**TOWN OF FRANKLIN, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS*  
(Continued)**

**MW-2019-002 – FINANCIAL STATEMENT ADJUSTMENTS**

During our audit testing, the following material adjustments were required to be made to the Town's financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America:

- 1) General Fund - Property taxes receivable/Deferred inflows of resources to adjust the accounts to actual.
- 2) Capital Improvement Fund - to gross up budget transfers and project expenditures for GAAP presentation.

*Management response:* Management will review its final trial balance for each fund to ensure all material accounts have been properly adjusted.

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATING TO STATE FINANCIAL ASSISTANCE**

None

**TOWN OF FRANKLIN, CONNECTICUT  
SUMMARY SCHEDULE OF THE STATUS OF  
PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

**The following prior year audit findings have been repeated this year:**

MW-2021-001 – GENERAL LEDGER SYSTEM FOR ALL FUNDS

MW-2020-001 – REVIEW BANK RECONCILIATIONS

MW-2019-002 – FINANCIAL STATEMENT ADJUSTMENTS