

TOWN OF FRANKLIN, CONNECTICUT

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2021**

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



**TOWN OF FRANKLIN, CONNECTICUT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
JUNE 30, 2021**

| | |
|--|--------------------------------|
| INDEPENDENT AUDITORS' REPORT | <u>Page</u> 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 11 |
| Statement of Activities | 12 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 13 |
| Reconciliation of the Balance Sheet of the Governmental Funds to the Government-Wide Statement of Net Position | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 15 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 16 |
| Notes to Financial Statements | 17 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) - General Fund | 51 |
| Schedule of the Town's Proportionate Share of the Net Pension Liability Connecticut Teachers' Retirement System | 56 |
| Schedule of the Changes in Total OPEB Liability and Related Ratios – Other Post Employment Benefits Plan – Board of Education | 57 |

**TOWN OF FRANKLIN, CONNECTICUT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
JUNE 30, 2021**

| | <u>Page</u> |
|---|--------------------|
| REQUIRED SUPPLEMENTARY INFORMATION <i>(Continued)</i> | |
| Schedule of the Town's Proportionate Share of the Net OPEB Liability – Teachers' Retirement System | 58 |
| OTHER SUPPLEMENTARY INFORMATION | |
| Combining Balance Sheet – Other Governmental Funds | 59 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds | 60 |
| Combining Balance Sheet – Special Revenue Funds | 61 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds | 63 |
| Combining Balance Sheet – Permanent Funds | 65 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Permanent Funds | 66 |
| Report of the Property Tax Collector | 67 |
| Schedule of Changes in Fund Balance – By Project – Capital Reserve Fund | 68 |
| 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 <i>Government Auditing Standards</i> | 69 |

**TOWN OF FRANKLIN, CONNECTICUT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
JUNE 30, 2021**

| | <u>Page</u> |
|---|--------------------|
| STATE SINGLE AUDIT REPORTS <i>(Continued)</i> | |
| State Internal Control and Compliance Reports <i>(Continued)</i> | |
| Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the State Single Audit Act | 71 |
| Schedule of Expenditures of State Financial Assistance | |
| Schedule of Expenditures of State Financial Assistance | 73 |
| Note to Schedule of Expenditures of State Financial Assistance | 74 |
| Schedule of State Findings and Questioned Costs | 75 |
| Summary Schedule of the Status of Prior Year Audit Findings | 78 |

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

The Board of Finance
Town of Franklin, Connecticut

REPORT ON THE FINANCIAL STATEMENTS

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF A MATTER

As described in *Note 15* to the financial statements, during the year ended June 30, 2021, the Town of Franklin, Connecticut adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Franklin reported a restatement for the change in accounting principle. Our auditors opinion was not modified with respect to the restatement.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 10, and the budgetary comparison information, other postemployment benefit, and Connecticut Teachers' Retirement System schedules on pages 51 – 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining financial statements, supplementary schedules and the Schedule of Expenditures of State Awards as required by the Connecticut Single Audit Act are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining other governmental fund, special revenue fund and permanent fund financial statements and supplementary schedules, and the schedule of expenditures of state financial assistance as required by the State of Connecticut Single Audit Act, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining other governmental fund, special revenue fund and permanent fund financial statements and supplementary schedules, and the schedule of expenditures of state financial assistance as required by the State of Connecticut Single Audit Act, 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 8, 2022, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF FRANKLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021:

- Total net position *increased* by \$118,617 from operations.
- Total fund balance *decreased* by \$3,343,453. This includes a \$4,036,762 *decrease* in the General Fund, a \$628,397 *increase* in the Capital Reserve Fund and a \$64,912 *increase* in Other Governmental Funds.
- General Fund unassigned fund balance is approximately 87% of that fund's total fund balance.
- The Town had a final fiscal-year 2021 expenditure budget totaling \$7,958,873 (including additional appropriations of \$1,194,523). Total revenues came in \$301,441 *ahead* of budget. Total expenditures came in \$298,146 *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, 2021

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.

**TOWN OF FRANKLIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Reporting the Town's Most Significant Funds (Continued)

Governmental funds (Continued) - 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.

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

Table 1 - Net Position

| | Governmental Activities | | Increase (Decrease) |
|---|----------------------------|----------------------|------------------------|
| | 2021* | 2020* | |
| Current and other assets | \$ 4,522,215 | \$ 9,539,019 | \$ (5,016,804) |
| Capital assets, net | 18,079,930 | 17,219,885 | 860,045 |
| Deferred outflows of resources | 122,989 | 131,957 | (8,968) |
| Total assets and deferred outflows of resources | <u>\$ 22,725,134</u> | <u>\$ 26,890,861</u> | <u>\$ (4,165,727)</u> |
| Other liabilities | \$ 661,350 | \$ 2,370,512 | \$ (1,709,162) |
| Long-term debt outstanding | 5,860,595 | 8,511,581 | (2,650,986) |
| Total liabilities | <u>6,521,945</u> | <u>10,882,093</u> | <u>(4,360,148)</u> |
| Deferred inflows of resources | <u>66,228</u> | <u>17,089</u> | <u>49,139</u> |
| Net position | | | |
| Net investment in capital assets | 12,847,558 | 9,388,439 | 3,459,119 |
| Restricted | 96,146 | 60,298 | 35,848 |
| Unrestricted | 3,193,257 | 6,542,942 | (3,349,685) |
| Total net position | <u>16,136,961</u> | <u>15,991,679</u> | <u>145,282</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 22,725,134</u> | <u>\$ 26,890,861</u> | <u>\$ (4,165,727)</u> |

*Restated for Adjustment (See Note 15).

The net position of the Town's Governmental Activities *increased* \$145,282, including \$26,665 of restatement, from operations from a year ago. Current and other assets in Governmental Activities *decreased* \$5,016,804 from the prior year, primarily due to payment of long-term debt. Capital assets *increased* by \$860,045 mainly from the *increase* in the water and sewer project. Other liabilities and long-term debt outstanding in Governmental Activities *decreased* \$1,709,162 and \$2,650,986, respectively from the prior year from the *decrease* in bonds outstanding used to finance the water and sewer project previously mentioned.

TOWN OF FRANKLIN, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

The Town as a Whole – Combined Statement of Activities

Table 2 - Change in Net Position

| | Governmental Activities | | Increase (Decrease) |
|---|----------------------------|----------------------|------------------------|
| Revenues | 2021* | 2020* | |
| Program revenues | | | |
| Charges for services | \$ 340,840 | \$ 292,057 | \$ 48,783 |
| Operating grants and contributions | 2,430,353 | 1,909,715 | 520,638 |
| Capital grants and contributions | 268,701 | 4,731,299 | (4,462,598) |
| General revenues: | | | |
| Property taxes, interest, and liens | 5,520,291 | 5,560,159 | (39,868) |
| Unrestricted grants and contributions | 9,738 | 9,738 | - |
| Unrestricted interest and investment earnings | 2,026 | 109,407 | (107,381) |
| Gain on sale of capital asset | - | 6,000 | (6,000) |
| Total revenues | <u>8,571,949</u> | <u>12,618,375</u> | <u>(4,046,426)</u> |
| Program expenses | | | |
| General government | 1,176,025 | 1,162,187 | 13,838 |
| Public works | 509,291 | 608,155 | (98,864) |
| Public safety | 183,239 | 222,089 | (38,850) |
| Health, welfare and sanitation | 213,120 | 198,288 | 14,832 |
| Water and Sewer | 243,452 | - | 243,452 |
| Education | 5,922,822 | 5,117,918 | 804,904 |
| Interest on long-term debt | 205,383 | 187,902 | 17,481 |
| Total expenses | <u>8,453,332</u> | <u>7,496,539</u> | <u>956,793</u> |
| Change in net position | 118,617 | 5,121,836 | (5,003,219) |
| Net position, beginning of year, as originally reported | 15,991,679 | 10,869,843 | 5,121,836 |
| Adjustment | 26,665 | - | 26,665 |
| Net position, beginning of year* | <u>16,018,344</u> | <u>10,869,843</u> | <u>5,148,501</u> |
| Net position, end of year | <u>\$ 16,136,961</u> | <u>\$ 15,991,679</u> | <u>\$ 145,282</u> |

*Restated for Adjustment (See Note 15).

As mentioned earlier, the Town's net position *increased* by \$145,282, including \$118,617 from operations, largely as a result of the \$268,701 in DEEP grant funding during the year ended June 30, 2021.

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, 2021

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

Table 3 - Total and Net Cost of Services

| | Total Cost of Services | | Increase (Decrease) | Net Cost (Revenue) of Services | | Increase (Decrease) |
|--------------------------------|---------------------------|---------------------|------------------------|-----------------------------------|-------------------|------------------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| Governmental Activities | | | | | | |
| General Government | \$ 1,176,025 | \$ 1,162,187 | 1.19% | \$ 452,968 | \$ (3,905,841) | -111.60% |
| Public works | 509,291 | 608,155 | -16.26% | 357,189 | 436,220 | -18.12% |
| Public safety | 183,239 | 222,089 | -17.49% | 183,239 | 222,089 | -17.49% |
| Health, welfare and sanitation | 213,120 | 198,288 | 7.48% | 209,036 | 195,025 | 7.18% |
| Education | 5,922,822 | 5,117,918 | 15.73% | 4,088,622 | 3,428,073 | 19.27% |
| Water and Sewer | 243,452 | - | 243,452% | (82,999) | - | 82,999% |
| Interest on long-term debt | 205,383 | 187,902 | 9.30% | 205,383 | 187,902 | 9.30% |
| Totals | \$ 8,453,332 | \$ 7,496,539 | 12.76% | \$ 5,413,438 | \$ 563,468 | 860.74% |

Because the DEEP grant covered costs that were capitalized as construction in process and not expensed, the \$268,701 of grant funding actually created a net revenue for the water and sewer portion of the Town's governmental activities.

THE TOWN'S FUNDS

As the year showed a \$118,617 *increase* in net position from operations, it also showed a \$3,334,453 *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 debt service principal repayment of \$10,135,164 during the fiscal year, the majority of which was related to the water and sewer project.

**TOWN OF FRANKLIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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. This requirement has been temporarily suspended by the Connecticut Governor's Executive Order issued in response to the 2020 Coronavirus outbreak. 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

| | Final | | |
|--|-----------------------|---------------------|-------------------|
| Revenues | Budget | Actual | Variance |
| Tax Collector | \$ 5,509,369 | \$ 5,536,311 | \$ 26,942 |
| Local Revenues | 216,213 | 190,633 | (25,580) |
| Town Clerk Fees | 41,725 | 73,474 | 31,749 |
| State Education Support | 806,914 | 831,912 | 24,998 |
| State Municipal Support | 222,401 | 465,733 | 243,332 |
| Total Revenues | <u>6,796,622</u> | <u>7,098,063</u> | <u>301,441</u> |
| Expenditures | | | |
| General Government | 3,172,757 | 2,878,740 | 294,017 |
| Education | 4,786,116 | 4,781,987 | 4,129 |
| Total Expenditures | <u>7,958,873</u> | <u>7,660,727</u> | <u>298,146</u> |
| Increase (Decrease) in Fund Balance | <u>\$ (1,162,251)</u> | <u>\$ (562,664)</u> | <u>\$ 599,587</u> |

The Town overall spent conservatively during the year due to uncertainties regarding the previously mentioned Coronavirus pandemic and also potential State budget cuts. To counter any possible reductions in state education and municipal support, the general government *under* spent their general government expenditure budget by \$294,017. The town's education budget, which was directly impacted by COVID-19, was *underspent* by a much lesser amount of \$4,129.

**TOWN OF FRANKLIN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$26,733,894 invested in government activity capital assets as shown in Table 5:

Table 5 - Capital Assets

| | Governmental Activities | |
|----------------------------|--------------------------------|----------------------|
| | 2021 | 2020 |
| Land | \$ 324,671 | \$ 324,671 |
| Construction in progress | - | 8,216,661 |
| Buildings and improvements | 11,725,303 | 11,725,303 |
| Vehicles | 1,756,380 | 1,756,380 |
| Machinery and equipment | 239,003 | 239,003 |
| Infrastructure | 12,688,537 | 2,952,560 |
| Totals | <u>\$ 26,733,894</u> | <u>\$ 25,214,578</u> |

This amount represents a net *increase* (including additions and deductions) of \$1,519,316 from last year. The significant capital addition for the year was the completion of the water and sewer project. 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 \$5,860,595 in long-term liabilities outstanding. This is a *decrease* from the prior year. This net decrease includes the reduction of \$10,000,000 of bond anticipation notes due. 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 2021, the Town approved a total budget for 2021-2022 of \$6,907,542 using a mil rate of 22.97. The general government portion of the budget totals \$2,747,286 while the education budget is \$4,160,256.

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, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | GOVERNMENTAL ACTIVITIES | TOTAL |
|---|----------------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 3,739,944 | \$ 3,739,944 |
| Restricted cash | 86,420 | 86,420 |
| Receivables, net | 692,882 | 692,882 |
| Inventories | 2,969 | 2,969 |
| Capital assets | | |
| Non-depreciable | 324,671 | 324,671 |
| Depreciable, net | 17,755,259 | 17,755,259 |
| Total assets | <u>22,602,145</u> | <u>22,602,145</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| OPEB - changes of assumptions | 122,989 | 122,989 |
| Total deferred outflows of resources | <u>122,989</u> | <u>122,989</u> |
| Total assets and deferred outflows of resources | <u>\$ 22,725,134</u> | <u>\$ 22,725,134</u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

| | | |
|--|----------------------|----------------------|
| LIABILITIES | | |
| Accounts payable | \$ 175,951 | \$ 175,951 |
| Accrued expenses | 130,180 | 130,180 |
| Unearned revenue | 307,587 | 307,587 |
| Due to others | 47,632 | 47,632 |
| Noncurrent liabilities | | |
| Due within one year | 281,852 | 281,852 |
| Due in more than one year | 5,578,743 | 5,578,743 |
| Total liabilities | <u>6,521,945</u> | <u>6,521,945</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| OPEB - differences between expected and actual experience | 33,200 | 33,200 |
| OPEB - changes of assumptions | 33,028 | 33,028 |
| Total deferred inflows of resources | <u>66,228</u> | <u>66,228</u> |
| Total liabilities and deferred inflows of resources | <u>6,588,173</u> | <u>6,588,173</u> |
| NET POSITION | | |
| Invested in capital assets, net of related debt | 12,847,558 | 12,847,558 |
| Restricted - nonexpendable | 8,177 | 8,177 |
| Restricted - expendable | 87,969 | 87,969 |
| Unrestricted | 3,193,257 | 3,193,257 |
| Total net position | <u>16,136,961</u> | <u>16,136,961</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 22,725,134</u> | <u>\$ 22,725,134</u> |

The accompanying notes are an integral part of these financial statements

TOWN OF FRANKLIN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| Functions / Programs | Expenses | Program Revenue | | Capital Grants and Contributions | Net (Expense) Revenue and Change in Net Position | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|--|----------------------|
| | | Charges for Services | Operating Grants and Contributions | | Governmental Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| General government | \$ (1,176,025) | \$ 260,531 | \$ 462,526 | \$ - | \$ (452,968) | \$ (452,968) |
| Public works | (509,291) | - | 152,102 | - | (357,189) | (357,189) |
| Public safety | (183,239) | - | - | - | (183,239) | (183,239) |
| Health, welfare and sanitation | (213,120) | 4,084 | - | - | (209,036) | (209,036) |
| Education | (5,922,822) | 18,475 | 1,815,725 | - | (4,088,622) | (4,088,622) |
| Water and sewer | (243,452) | 57,750 | - | 268,701 | 82,999 | 82,999 |
| Interest on long-term debt | (205,383) | - | - | - | (205,383) | (205,383) |
| Total governmental activities | <u>\$ (8,453,332)</u> | <u>\$ 340,840</u> | <u>\$ 2,430,353</u> | <u>\$ 268,701</u> | <u>(5,413,438)</u> | <u>(5,413,438)</u> |
| GENERAL REVENUES | | | | | | |
| Property taxes, interest, and liens | | | | | 5,520,291 | 5,520,291 |
| Unrestricted grants and contributions | | | | | 9,738 | 9,738 |
| Unrestricted interest and investment earnings | | | | | 2,026 | 2,026 |
| Total general revenues | | | | | <u>5,532,055</u> | <u>5,532,055</u> |
| Change in net position | | | | | 118,617 | 118,617 |
| NET POSITION, beginning of year | | | | | <u>15,991,679</u> | <u>15,991,679</u> |
| ADJUSTMENT (Note 15) | | | | | <u>26,665</u> | <u>26,665</u> |
| NET POSITION, beginning of year, as restated | | | | | 16,018,344 | 16,018,344 |
| NET POSITION, end of year | | | | | <u>\$ 16,136,961</u> | <u>\$ 16,136,961</u> |

The accompanying notes are an integral part of these financial statements

**TOWN OF FRANKLIN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | ASSETS | | | |
|---------------------------|---------------------|----------------------------|--------------------------------|---------------------|
| | GENERAL FUND | CAPITAL RESERVE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,270,016 | \$ 1,336,175 | \$ 133,753 | \$ 3,739,944 |
| Restricted cash | - | - | 86,420 | 86,420 |
| Receivables, net | 435,757 | - | 257,125 | 692,882 |
| Due from other funds | 6,389 | - | - | 6,389 |
| Inventories | - | - | 2,969 | 2,969 |
| Total current assets | <u>\$ 2,712,162</u> | <u>\$ 1,336,175</u> | <u>\$ 480,267</u> | <u>\$ 4,528,604</u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

| | | | | |
|---------------------------|----------------|------------|--------------|----------------|
| LIABILITIES | | | | |
| Accounts payable | \$ 175,593 | \$ 358 | \$ - | \$ 175,951 |
| Accrued expenses | 89,019 | - | - | 89,019 |
| Due to others | 47,632 | - | - | 47,632 |
| Due to other funds | - | - | 6,389 | 6,389 |
| Unearned revenue | 307,587 | - | - | 307,587 |
| Total current liabilities | <u>619,831</u> | <u>358</u> | <u>6,389</u> | <u>626,578</u> |

| | | | | |
|---|------------------|------------|--------------|------------------|
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Revenue - unavailable | <u>398,080</u> | <u>-</u> | <u>-</u> | <u>398,080</u> |
| Total deferred inflows of resources | <u>398,080</u> | <u>-</u> | <u>-</u> | <u>398,080</u> |
| Total liabilities and deferred inflows of resources | <u>1,017,911</u> | <u>358</u> | <u>6,389</u> | <u>1,024,658</u> |

| | | | | |
|---|---------------------|---------------------|-------------------|---------------------|
| FUND BALANCES | | | | |
| Nonspendable | - | - | 255,360 | 255,360 |
| Restricted | - | - | 87,969 | 87,969 |
| Committed | - | 1,334,071 | - | 1,334,071 |
| Assigned | 213,459 | 1,746 | 130,549 | 345,754 |
| Unassigned | <u>1,480,792</u> | <u>-</u> | <u>-</u> | <u>1,480,792</u> |
| Total fund balances | <u>1,694,251</u> | <u>1,335,817</u> | <u>473,878</u> | <u>3,503,946</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,712,162</u> | <u>\$ 1,336,175</u> | <u>\$ 480,267</u> | <u>\$ 4,528,604</u> |

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, 2021**

| | | |
|--|-----------------|-----------------------------|
| Total fund balances for governmental funds | | \$ 3,503,946 |
| 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. | | 18,079,930 |
| Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds. | | |
| Deferred inflows - unavailable revenues | 398,080 | |
| Deferred inflows - changes of assumptions | (33,028) | |
| Deferred inflows - differences between expected and actual experience | (33,200) | |
| Deferred outflows - changes of assumptions | <u>122,989</u> | |
| | | 454,841 |
| 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 | (5,232,372) | |
| Compensated absence | (13,898) | |
| Accrued interest | (41,161) | |
| Other post employment benefits | (584,325) | |
| Special termination benefits | <u>(30,000)</u> | |
| | | (5,901,756) |
| Net position of governmental activities | | <u><u>\$ 16,136,961</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, 2021

| | GENERAL FUND | CAPITAL RESERVE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL |
|---|---------------------|----------------------------|--------------------------------|---------------------|
| REVENUES | | | | |
| Property taxes, interest, lien fees | \$ 5,536,311 | \$ - | \$ - | \$ 5,536,311 |
| Intergovernmental revenues | 2,552,760 | - | 89,705 | 2,642,465 |
| Local revenue | 264,107 | 887 | 77,918 | 342,912 |
| Total revenues | <u>8,353,178</u> | <u>887</u> | <u>167,623</u> | <u>8,521,688</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 923,908 | - | 4,214 | 928,122 |
| Public works | 430,165 | - | - | 430,165 |
| Public safety | 144,271 | - | - | 144,271 |
| Health, welfare and sanitation | 213,120 | - | - | 213,120 |
| Water and sewer | 3,369 | - | 50 | 3,419 |
| Education | 5,676,095 | - | 98,447 | 5,774,542 |
| Debt service | | | | |
| Principal | 10,135,164 | - | - | 10,135,164 |
| Interest | 164,222 | - | - | 164,222 |
| Capital outlay | 1,519,316 | 88,890 | - | 1,608,206 |
| Total expenditures | <u>19,209,630</u> | <u>88,890</u> | <u>102,711</u> | <u>19,401,231</u> |
| Excess (deficiency) of revenues over expenditures | <u>(10,856,452)</u> | <u>(88,003)</u> | <u>64,912</u> | <u>(10,879,543)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital asset | - | - | - | - |
| Proceeds from issuance of long-term bonds and notes | 7,536,090 | - | - | 7,536,090 |
| Transfers in | - | 716,400 | - | 716,400 |
| Transfers out | (716,400) | - | - | (716,400) |
| Total other financing sources (uses) | <u>6,819,690</u> | <u>716,400</u> | <u>-</u> | <u>7,536,090</u> |
| Net changes in fund balances | <u>(4,036,762)</u> | <u>628,397</u> | <u>64,912</u> | <u>(3,343,453)</u> |
| FUND BALANCE, beginning of year, as originally reported | <u>5,731,013</u> | <u>707,420</u> | <u>382,301</u> | <u>6,820,734</u> |
| ADJUSTMENT (Note 15) | <u>-</u> | <u>-</u> | <u>26,665</u> | <u>26,665</u> |
| FUND BALANCE, beginning of year, as restated | <u>5,731,013</u> | <u>707,420</u> | <u>408,966</u> | <u>6,847,399</u> |
| FUND BALANCES, end of year | <u>\$ 1,694,251</u> | <u>\$ 1,335,817</u> | <u>\$ 473,878</u> | <u>\$ 3,503,946</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, 2021

Net changes in fund balances - total governmental funds \$ (3,343,453)

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 | 1,519,316 | |
| Depreciation expense | <u>(659,271)</u> | |
| | | 860,045 |

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 | | 50,307 |
|----------------------------------|--|--------|

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:

| | | |
|--|-------------------|-----------|
| Debt issued or incurred: | | |
| General obligation bonds and notes payable | (7,536,090) | |
| Principal repayments: | | |
| General obligation bonds and notes payable | <u>10,135,164</u> | |
| | | 2,599,074 |

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 | (15,939) | |
| Deferred inflows - differences between expected and actual experience | (33,200) | |
| Special termination benefits | 20,000 | |
| Accrued interest | (41,161) | |
| Compensated absences | (1,928) | |
| Other post employment benefits | <u>33,840</u> | |
| | | <u>(47,356)</u> |

| | | |
|--|--|--------------------------|
| Changes in net position of governmental activities | | <u><u>\$ 118,617</u></u> |
|--|--|--------------------------|

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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, 2021

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 8th grade graduation.

Scholarship Fund – The Scholarship Fund is used to account for donations and scholarship distributions for 8th 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 also reports the following non-major capital projects fund:

Museum Building Fund – This fund is used to account for contributions and expenditures for improvements to the Ashbel Woodward Museum.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 8th grade graduation.

Anthony Carboni Fund - This fund is used to account for awarding scholarships for 8th 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, 2021

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, 2021

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 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th 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 1st and February 1st), 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, 2021

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, 2021.

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 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, 2021, 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 inventorable 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, 2021

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, 2021

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

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, 2021

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, 2021

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

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

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 2021 presentation.

SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 8, 2022, the date that the financial statements were available to be issued.

NOTE 2- STEWARDSHIP, 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.
- **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.
- **Water/Sewer Project Revenue and Expenditures** - Revenues and Expenditures for the new water/sewer project are not included in the annual General Fund budget.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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, 2021, the Town made several line item budget transfers as well as an additional \$500,400 appropriation to the capital projects budget and an additional appropriation to the board of education and grants budgets totaling \$694,123.

EXPENDITURES IN EXCESS OF BUDGET

Total expenditures were not in excess of total appropriations for the 2020-2021 fiscal year and no individual line items were over-budget.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2021, the following accounting pronouncements became effective. The Town implemented such pronouncements, where applicable:

GASB Statement 84, Fiduciary Activities. The purpose of the statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes. The Town made an adjustment of \$26,665 to opening net position and governmental fund balance upon addition of this standard (see Note 15).

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, 2021:

| | |
|---|---------------------|
| Government-wide statement of net position | |
| Cash and cash equivalents | \$ 3,739,944 |
| Restricted cash | 86,420 |
| | <u>\$ 3,826,364</u> |

Cash and Cash Equivalents and Restricted Cash - As of June 30, 2021, the carrying amount of the Town's deposits with financial institutions was:

| | |
|---|---------------------|
| Cash and Cash Equivalents and Restricted Cash | |
| Deposits with financial institutions | \$ 3,091,308 |
| Plus external investment pools | 735,056 |
| | <u>\$ 3,826,364</u> |

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 \$3,088,682 and was exposed to custodial credit risk as follows:

| | |
|---|---------------------|
| Covered by Federal Depository Insurance | \$ 273,612 |
| Collateralized | 281,507 |
| Uninsured and uncollateralized | 2,533,563 |
| | <u>\$ 3,088,682</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

At June 30, 2021, receivables consisted of the following:

| | Fund Financials | | Government-Wide Financials |
|---------------------------------|-------------------|--------------------------|----------------------------|
| | General Fund | Other Governmental Funds | Governmental Activities |
| Receivables | | | |
| Property taxes | \$ 190,583 | \$ - | \$ 190,583 |
| Interest, liens and fees | 22,110 | - | 22,110 |
| Rehabilitation notes | - | 244,214 | 244,214 |
| Intergovernmental | 240,435 | 12,911 | 253,346 |
| Receivables, gross | 453,128 | 257,125 | 710,253 |
| Allowance for doubtful accounts | (17,371) | - | (17,371) |
| Receivables, net | <u>\$ 435,757</u> | <u>\$ 257,125</u> | <u>\$ 692,882</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, 2021. The Town had \$307,587 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 2021-2022 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, 2021, 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 | \$ 143,287 | - | - |
| Interest, liens and fees | 14,358 | - | - |
| Intergovernmental | 240,435 | - | - |
| Revenue - unavailable | <u>\$ 398,080</u> | <u>\$ -</u> | <u>\$ -</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, these were summarized as follows:

Interfund Transactions

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-----------------|
| General Fund | Cafeteria Fund | \$ 5,748 |
| General Fund | Dog Fund | 641 |
| | | <u>\$ 6,389</u> |

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2021 were as follows:

| | |
|-------------------|-----------------------|
| | <u>Transfers into</u> |
| | Capital |
| | Reserve |
| | <u>Fund</u> |
| Transfers out of: | |
| General Fund | <u>\$ 716,400</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 |
| Construction in progress | 8,216,661 | - | (8,216,661) | - |
| Total capital assets, not being depreciated | <u>8,541,332</u> | <u>-</u> | <u>(8,216,661)</u> | <u>324,671</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 11,725,303 | - | - | 11,725,303 |
| Vehicles | 1,756,380 | - | - | 1,756,380 |
| Machinery and equipment | 239,003 | - | - | 239,003 |
| Infrastructure | 2,952,560 | 9,735,977 | - | 12,688,537 |
| Total capital assets, being depreciated | <u>16,673,246</u> | <u>9,735,977</u> | <u>-</u> | <u>26,409,223</u> |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (5,171,214) | (247,492) | - | (5,418,706) |
| Vehicles | (1,360,911) | (46,487) | - | (1,407,398) |
| Machinery and equipment | (217,824) | (5,908) | - | (223,732) |
| Infrastructure | (1,244,744) | (359,384) | - | (1,604,128) |
| Total accumulated depreciation | <u>(7,994,693)</u> | <u>(659,271)</u> | <u>-</u> | <u>(8,653,964)</u> |
| Total capital assets, being depreciated, net | <u>8,678,553</u> | <u>9,076,706</u> | <u>-</u> | <u>17,755,259</u> |
| Governmental activities capital assets, net | <u>\$ 17,219,885</u> | <u>\$ 9,076,706</u> | <u>\$ (8,216,661)</u> | <u>\$ 18,079,930</u> |

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

| | |
|--------------------|-------------------|
| General Government | \$ 181,665 |
| Water and sewer | 243,399 |
| Public works | 53,105 |
| Public safety | 38,968 |
| Education | 142,134 |
| | <u>\$ 659,271</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM LIABILITIES

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2021:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|----------------------|---------------------|------------------------|
| Direct borrowings and direct placements: | | | | | |
| Bond anticipation notes | \$ 7,000,000 | \$ 3,000,000 | \$ 10,000,000 | \$ - | \$ - |
| Other liabilities: | | | | | |
| General obligation bonds | 831,446 | 4,536,090 | 135,164 | 5,232,372 | 259,638 |
| Special termination benefits | 50,000 | 10,000 | 30,000 | 30,000 | 20,000 |
| Other post employment benefits - BOE | 618,165 | - | 33,840 | 584,325 | - |
| Compensated absences | 11,970 | 1,928 | - | 13,898 | 2,214 |
| | <u>\$ 8,511,581</u> | <u>\$ 7,548,018</u> | <u>\$ 10,199,004</u> | <u>\$ 5,860,595</u> | <u>\$ 281,852</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/BOND ANTICIPATION NOTES

The Town issues general obligation bonds and bond anticipation notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and bond anticipation notes 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. Bond anticipation notes represent short-term funding in anticipation of permanent funding for construction projects. General obligation bonds and bond anticipation note outstanding as of June 30, 2021 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% | \$ 223,000 |
| Town hall | 2005 | 900,000 | 5/11/2025 | 4.25% | 180,000 |
| School roof | 2010 | 349,272 | 12/2/2029 | 3.75% | 174,632 |
| Plow truck | 2017 | 169,500 | 12/1/2027 | 2.75% | 118,650 |
| Water and Sewer project | 2020 | 4,536,090 | 10/20/2060 | 1.75% | 4,536,090 |
| | | | | | <u>\$ 5,232,372</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - GENERAL OBLIGATION BONDS/BOND ANTICIPATION NOTES *(Continued)*

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

| Year End | General Obligation Bonds | |
|---------------------|--------------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 259,638 | \$ 89,148 |
| 2023 | 248,566 | 99,206 |
| 2024 | 248,566 | 91,819 |
| 2025 | 248,566 | 84,431 |
| 2026 | 147,816 | 77,044 |
| 2027 and thereafter | 4,079,220 | 1,256,096 |
| | <u>\$ 5,232,372</u> | <u>\$ 1,697,744</u> |

For the year ended June 30, 2021, interest incurred on general obligation bonds and bond anticipation notes totaled \$205,383, including accrued interest of \$41,161.

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, 2021, certain teachers were entitled to receive such benefits. The total future payments to these teachers amounts to \$30,000.

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 \$13,898 for the year ended June 30, 2021.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 | \$ 5,542,600 |
| Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d) | - |
| Debt limitation base | <u>\$ 5,542,600</u> |

| | General Purpose | Schools | Sewers | Urban Renewal | Pension Deficit |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limitation | | | | | |
| 2 1/4 times base | \$ 12,470,850 | \$ - | \$ - | \$ - | \$ - |
| 4 1/2 times base | - | 24,941,700 | - | - | - |
| 3 3/4 times base | - | - | 20,784,750 | - | - |
| 3 1/4 times base | - | - | - | 18,013,450 | - |
| 3 times base | - | - | - | - | 16,627,800 |
| Total debt limitation | <u>12,470,850</u> | <u>24,941,700</u> | <u>20,784,750</u> | <u>18,013,450</u> | <u>16,627,800</u> |
| Indebtedness | | | | | |
| Bonds and notes payable | <u>521,650</u> | <u>174,632</u> | <u>4,536,090</u> | <u>-</u> | <u>-</u> |
| Debt limitation in excess of debt outstanding and authorized | <u>\$ 11,949,200</u> | <u>\$ 24,767,068</u> | <u>\$ 16,248,660</u> | <u>\$ 18,013,450</u> | <u>\$ 16,627,800</u> |

In no case shall total indebtedness exceed seven times the annual receipts from taxation \$ 38,798,200

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 \$9,726 in permanent fund principal and earnings, and \$86,420 of the Housing Rehabilitation Program Income Fund, as shown below:

| | Cemetery Fund | Edgerton Education Trust Fund | Anthony Carboni Fund | Total Permanent Funds | Special Revenue Housing Rehabilitation Program Income Fund | Total |
|-------------------------|-----------------|-------------------------------------|-------------------------|-----------------------------|--|------------------|
| Restricted Net Position | <u>\$ 3,716</u> | <u>\$ 2,520</u> | <u>\$ 3,490</u> | <u>\$ 9,726</u> | <u>\$ 86,420</u> | <u>\$ 96,146</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - NET POSITION *(Continued)*

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:

| | <u>General Fund</u> | <u>Capital Reserve Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------|---------------------|-------------------------------------|---|---|
| Nonspendable | | | | |
| Not in spendable form | | | | |
| Long-term receivables | \$ - | \$ - | \$ 244,214 | \$ 244,214 |
| Inventories | - | - | 2,969 | 2,969 |
| Required to be maintained | | | | |
| Trust principal | - | - | 8,177 | 8,177 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 255,360</u> | <u>\$ 255,360</u> |
| Restricted | | | | |
| General Government | \$ - | \$ - | \$ 86,420 | \$ 86,420 |
| Education | - | - | 1,549 | 1,549 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 87,969</u> | <u>\$ 87,969</u> |
| Committed | | | | |
| Capital Projects | <u>\$ -</u> | <u>\$ 1,334,071</u> | <u>\$ -</u> | <u>\$ 1,334,071</u> |
| Assigned | | | | |
| General Government | \$ 213,459 | \$ - | \$ 72,605 | \$ 286,064 |
| Education | - | - | 56,478 | 56,478 |
| Culture and Recreation | - | - | 1,466 | 1,466 |
| Capital Projects | - | 1,746 | - | 1,746 |
| | <u>\$ 213,459</u> | <u>\$ 1,746</u> | <u>\$ 130,549</u> | <u>\$ 345,754</u> |
| Unassigned | <u>\$ 1,480,792</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,480,792</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – 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.

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

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.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

TEACHERS' RETIREMENT SYSTEM *(Continued)*

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.

Actuarial Methods and Significant Assumptions - The following assumptions were used in the pension valuations, prepared as of June 30, 2020 (the Valuation Date) measured as of June 30, 2020 (the Measurement Date) for use in the June 30, 2021 financial statements (Reporting Date):

| | |
|----------------------------------|--|
| Experience study dates | July 1, 2015 – June 30, 2019 |
| Inflation | 2.50% |
| Salary increases | 3.00-6.50%, including inflation |
| Investment rate of return | 6.90%, net of investment related expense, including inflation |
| Administrative Expenses | \$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%.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

TEACHERS' RETIREMENT SYSTEM *(Continued)*

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:

| 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, 2021

NOTE 13 – 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 | 5,955,364 |
| Net Pension Liability | <u><u>\$ 5,955,364</u></u> |
| 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 | \$ 853,078 |
| 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 | <u><u>\$ 7,448,441</u></u> | <u><u>\$ 5,955,364</u></u> | <u><u>\$ 4,715,803</u></u> |

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 \$853,078.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (*Continued*)

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, 2021, there were three (3) participants and the Town made \$6,368 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.

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).

**THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

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

Benefit Provisions *(Continued)*

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.

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:

| | |
|--|---|
| Inflation | 2.50% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.00% |
| Salary increases | 3.00-6.50%, including inflation |
| Investment rate of return | 3.00%, net of OPEB plan investment expense, including inflation |
| Year fund net position will be depleted | 2021 |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

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

Actuarial Assumptions *(Continued)*

| | |
|---|--|
| Municipal bond index rate (measurement date) | 2.21% |
| Municipal bond index rate (prior) | 3.50% |
| Single equivalent interest rate (measurement date) | 2.21% (net of investment exp, incl. inflation) |
| Single equivalent interest rate (prior) | 3.50% (net of investment exp, incl. inflation) |
| Healthcare cost trend rates (Medicare) | 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 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 2.21%. 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 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

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

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 \$888,243. The Town recognized on-behalf revenues and expenditures of \$41,030 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.

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.

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, 2020, plan membership consisted of 20 participants, of which 18 were active employees and 2 were retirees.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

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

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:

| | |
|------------------------------------|---|
| Latest Actuarial Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal Actuarial Cost Method |
| Investment Rate of Return | 2.16% |
| Payroll Growth Rate | 2.40% |
| Inflation | 2.40% |
| Healthcare Cost Trend Rates | 6.50% for 2020, decreasing 0.2% per year, to an ultimate rate of 4.40% for 2031 and later |
| Asset Valuation Method | N/A |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

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

Actuarial Methods and Significant Assumptions *(Continued)*

| | |
|-------------------------|--|
| 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. |
| Retirement | As used in the Connecticut State Teachers' Retirement System 2016 Pension Valuation |
| Utilization | 50% of current active members will elect medical coverage at retirement. |
| Spousal Coverage | 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 2.16% and was based on the published Bond Buyer General Obligation 20-Bond Municipal Index effective as of June 30, 2021.

Total OPEB expense recognized for this Plan for the year ended June 30, 2021 was \$24,267.

Changes in the OPEB Liability

Changes in the OPEB liability for the year ended June 30, 2021 are as follows:

| | |
|---|--------------------------|
| Balance as of June 30, 2020 | \$ 618,165 |
| Changes for the year: | |
| Service cost | 13,147 |
| Interest | 13,877 |
| Differences between expected and actual | (35,555) |
| Changes of assumptions | (18,488) |
| Benefit payments | (6,821) |
| Net changes | (33,840) |
| Balance as of June 30, 2021 | <u><u>\$ 584,325</u></u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)*

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

Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the current discount rate of 2.16% as well as what the Town's net OPEB liability if it were calculated using a discount rate that is 1 percentage lower (1.16%) or 1 percentage higher (3.16%)

| | 1% Decrease 1.16 % | Current Discount Rate 2.16% | 1% Increase 3.16% |
|--|--------------------------|--------------------------------------|-------------------------|
| Total OPEB liability as of June 30, 2021 | <u>\$689,972</u> | <u>\$584,325</u> | <u>\$499,984</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, 2021 | <u>\$494,311</u> | <u>\$584,325</u> | <u>\$696,521</u> |

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

As of June 30, 2021, 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 | \$ - | \$ (33,200) |
| Changes of assumptions | 122,989 | (33,028) |
| Total | <u>\$ 122,989</u> | <u>\$ (66,228)</u> |

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – 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 *(Continued)*

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, | |
|---------------------|------------------|
| 2022 | \$ 4,064 |
| 2023 | 4,064 |
| 2024 | 4,064 |
| 2025 | 4,064 |
| 2026 | 4,064 |
| 2027 and thereafter | 36,441 |
| | <u>\$ 56,761</u> |

NOTE 14 – 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.

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.

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 – ADJUSTMENT

Management has restated its July 1, 2020 opening governmental activities net position and combined governmental fund balance by \$26,665 to properly include the student activity fund as a non major special revenue fund in accordance with GASB 84.

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 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. The provisions of this statement are effective for reporting periods beginning after June 15, 2021 (the Town's year ending June 30, 2022).

GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for periods beginning after December 15, 2020 (the Town's year ending June 30, 2022).

GASB Statement 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 (the Town's year ending June 30, 2023).

GASB Statement 92, Omnibus. This statement enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing various practice issues identified in the implementation of certain pronouncements. Certain requirements of this statement are effective upon issuance while other requirements are effective for reporting periods beginning after June 15, 2021 (the Town's year ending June 30, 2022).

GASB Statement 93, Replacement of Interbank Offered Rates. This statement addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate), the most prevalent being the LIBOR (London Interbank Offered Rate). Provisions of the statement are effective for reporting periods beginning after June 15, 2020 and reporting periods ending after December 31, 2021 (the Town's years ending June 30, 2021 and 2022).

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).

THE TOWN OF FRANKLIN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14 and 84, and a supersession of GASB Statement 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for certain paragraphs of this statement are effective immediately, while the remainder of the pronouncement is effective for years beginning after June 15, 2021 (the Town's year ending June 30, 2022).

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, 2021

| | ORIGINAL BUDGET | ADDITIONAL APPROPRIATIONS AND TRANSFERS | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--------------------------------|--------------------|---|------------------|------------------|-------------------------------|
| REVENUES | | | | | |
| Tax Collector | | | | | |
| Current Year's Taxes | \$ 5,427,369 | \$ - | \$ 5,427,369 | 5,289,696 | \$ (137,673) |
| Prior Year's Taxes | 30,000 | - | 30,000 | 140,134 | 110,134 |
| Interest and lien fees | 7,000 | - | 7,000 | 48,967 | 41,967 |
| Motor Vehicle Supplement | 45,000 | - | 45,000 | 57,514 | 12,514 |
| | <u>5,509,369</u> | <u>-</u> | <u>5,509,369</u> | <u>5,536,311</u> | <u>26,942</u> |
| Local Revenues | | | | | |
| Building Permits | 30,000 | - | 30,000 | 53,584 | 23,584 |
| Town Hall Rental | 50 | - | 50 | - | (50) |
| Bulky Waste Fees | 3,000 | - | 3,000 | 3,988 | 988 |
| Sale of Cemetery Lots | 1,200 | - | 1,200 | - | (1,200) |
| Interest Income | 40,000 | - | 40,000 | 2,017 | (37,983) |
| Insurance Co-payments | 8,027 | - | 8,027 | - | (8,027) |
| Miscellaneous | 4,000 | - | 4,000 | 4,308 | 308 |
| Tuition | 3,000 | - | 3,000 | 400 | (2,600) |
| Income from other schools | 19,450 | - | 19,450 | 1,495 | (17,955) |
| Rental of School Gym | 77,750 | - | 77,750 | 77,750 | - |
| Calvert Library Fines | 25 | - | 25 | - | (25) |
| Cell Tower Income | 17,711 | - | 17,711 | 22,091 | 4,380 |
| WPCA | 2,000 | - | 2,000 | - | (2,000) |
| Rent from Tyler Drive Tenants | 10,000 | - | 10,000 | 25,000 | 15,000 |
| | <u>216,213</u> | <u>-</u> | <u>216,213</u> | <u>190,633</u> | <u>(25,580)</u> |
| Town Clerk Fees | | | | | |
| Town Clerk Recording Fees | 9,000 | - | 9,000 | 18,440 | 9,440 |
| Use of Copier | 3,000 | - | 3,000 | 5,412 | 2,412 |
| PZC Applications | 6,000 | - | 6,000 | 8,470 | 2,470 |
| ZBA Applications | 1,000 | - | 1,000 | 530 | (470) |
| IWWC Applications | 1,000 | - | 1,000 | 1,470 | 470 |
| Conveyance Taxes | 14,000 | - | 14,000 | 35,830 | 21,830 |
| Sale of Regulations | 25 | - | 25 | - | (25) |
| Licenses and Permits | 100 | - | 100 | 411 | 311 |
| Miscellaneous Permits | 1,000 | - | 1,000 | 1,112 | 112 |
| Dog Fees | 900 | - | 900 | 449 | (451) |
| Vital Statistics Fee | 1,200 | - | 1,200 | 1,350 | 150 |
| Historic Preservation Grant | 4,500 | - | 4,500 | - | (4,500) |
| | <u>41,725</u> | <u>-</u> | <u>41,725</u> | <u>73,474</u> | <u>31,749</u> |
| State Education Support | | | | | |
| Education Cost Sharing | 739,094 | - | 739,094 | 735,972 | (3,122) |
| School Grants | 65,318 | - | 65,318 | 89,657 | 24,339 |
| Adult Education | 2,502 | - | 2,502 | 2,564 | 62 |
| Excess Cost | - | - | - | 3,719 | 3,719 |
| | <u>806,914</u> | <u>-</u> | <u>806,914</u> | <u>831,912</u> | <u>24,998</u> |
| State Municipal Support | | | | | |
| Pequot Fund | 9,738 | - | 9,738 | 9,738 | - |
| PILOT Program | 9,390 | - | 9,390 | 9,390 | - |
| Telecommunication Tax | 6,698 | - | 6,698 | 6,962 | 264 |
| Disability Exemption | 200 | - | 200 | 180 | (20) |
| Veterans Tax Relief | 800 | - | 800 | 1,022 | 222 |
| Town Aid Road Fund | 129,178 | - | 129,178 | 129,022 | (156) |
| LOCIP Grant | 17,651 | - | 17,651 | 16,963 | (688) |
| Grants for Municipal Projects | 23,080 | - | 23,080 | 23,080 | - |
| Miscellaneous Grants | 25,666 | - | 25,666 | 269,376 | 243,710 |
| | <u>222,401</u> | <u>-</u> | <u>222,401</u> | <u>465,733</u> | <u>243,332</u> |
| Total revenues | <u>6,796,622</u> | <u>-</u> | <u>6,796,622</u> | <u>7,098,063</u> | <u>301,441</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, 2021

| | ORIGINAL BUDGET | ADDITIONAL APPROPRIATIONS AND TRANSFERS | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|-----------------------------------|--------------------|---|-----------------|----------------|-------------------------------|
| EXPENDITURES | | | | | |
| General Government | | | | | |
| Board of Selectman | | | | | |
| First Selectman Salary | 52,645 | 203 | 52,848 | 52,848 | - |
| Selectmen Salaries | 6,313 | 24 | 6,337 | 6,337 | - |
| Mileage, Payroll, Etc. | 4,500 | 325 | 4,825 | 4,825 | - |
| Payroll services Town | 2,400 | 560 | 2,960 | 2,960 | - |
| WPCA | 5,000 | (1,631) | 3,369 | 3,369 | - |
| Administrative Assistant | 33,314 | 691 | 34,005 | 34,005 | - |
| Conferences | 500 | (500) | - | - | - |
| Postage | 2,500 | 1,109 | 3,609 | 3,609 | - |
| Copier | 3,000 | (781) | 2,219 | 1,941 | 278 |
| Grant Expenditures | 1 | - | 1 | - | 1 |
| Human Resource Manager | 1 | - | 1 | - | 1 |
| | <u>110,174</u> | <u>-</u> | <u>110,174</u> | <u>109,894</u> | <u>280</u> |
| Board of Finance | | | | | |
| Annual Town Report | 50 | (50) | - | - | - |
| Advertising/Auditor | 33,000 | 283 | 33,283 | 33,283 | - |
| Contingency | 50 | (50) | - | - | - |
| Inventory Management | 50 | (50) | - | - | - |
| | <u>33,150</u> | <u>133</u> | <u>33,283</u> | <u>33,283</u> | <u>-</u> |
| Office of the Assessor | | | | | |
| Assessor Salary | 36,657 | 423 | 37,080 | 37,080 | - |
| Clerk | 100 | - | 100 | - | 100 |
| Supplies/Miscellaneous Costs | 1,950 | - | 1,950 | 1,645 | 305 |
| Computer License and Support | 12,680 | (423) | 12,257 | 11,760 | 497 |
| | <u>51,387</u> | <u>-</u> | <u>51,387</u> | <u>50,485</u> | <u>902</u> |
| Board of Assessment Appeals | | | | | |
| Clerk | 468 | - | 468 | 192 | 276 |
| Advertising/Miscellaneous Costs | 100 | - | 100 | 50 | 50 |
| | <u>568</u> | <u>-</u> | <u>568</u> | <u>242</u> | <u>326</u> |
| Office of the Tax Collector | | | | | |
| Tax Collector Salary | 24,424 | 94 | 24,518 | 24,518 | - |
| Assistant Tax Collector | 720 | (94) | 626 | - | 626 |
| Advertising/Tax Services/Etc. | 10,000 | - | 10,000 | 8,868 | 1,132 |
| Tax Refund Request | 500 | - | 500 | - | 500 |
| | <u>35,644</u> | <u>-</u> | <u>35,644</u> | <u>33,386</u> | <u>2,258</u> |
| Office of the Treasurer | | | | | |
| Treasurer Salary | 9,826 | 38 | 9,864 | 9,864 | - |
| Assistant Treasurer | 348 | (97) | 251 | - | 251 |
| Mileage | 500 | - | 500 | 386 | 114 |
| Bookkeeper | 19,998 | 59 | 20,057 | 20,057 | - |
| | <u>30,672</u> | <u>-</u> | <u>30,672</u> | <u>30,307</u> | <u>365</u> |
| Probate Court | | | | | |
| Probate Court Fees | 1,370 | - | 1,370 | 1,286 | 84 |
| | <u>1,370</u> | <u>-</u> | <u>1,370</u> | <u>1,286</u> | <u>84</u> |
| Consulting/Legal Fees | | | | | |
| Consulting Fees | 10,000 | - | 10,000 | 5,102 | 4,898 |
| Legal Fees | 13,000 | - | 13,000 | 6,318 | 6,682 |
| Land Use Fees | 10,000 | - | 10,000 | 4,631 | 5,369 |
| | <u>33,000</u> | <u>-</u> | <u>33,000</u> | <u>16,051</u> | <u>16,949</u> |
| Office of the Town Clerk | | | | | |
| Town Clerk Salary | 35,830 | 138 | 35,968 | 35,968 | - |
| Assistant Town Clerk | 2,710 | (138) | 2,572 | 188 | 2,384 |
| Land Records/Mileage/Meetings | 3,200 | - | 3,200 | 1,480 | 1,720 |
| Computer Support | 8,119 | - | 8,119 | 6,805 | 1,314 |
| Historic Preservation | 4,500 | - | 4,500 | - | 4,500 |
| | <u>54,359</u> | <u>-</u> | <u>54,359</u> | <u>44,441</u> | <u>9,918</u> |
| Office of the Registrar of Voters | | | | | |
| Registrars Expenses | 3,070 | 2,141 | 5,211 | 5,211 | - |
| Registrar Wages | 14,620 | - | 14,620 | 12,505 | 2,115 |
| Deputy Registrar Wages | 556 | - | 556 | 130 | 426 |
| Election Expenses | 8,579 | (2,141) | 6,438 | 4,635 | 1,803 |
| Election Wages | 3,647 | - | 3,647 | 3,065 | 582 |
| | <u>30,472</u> | <u>-</u> | <u>30,472</u> | <u>25,546</u> | <u>4,926</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, 2021

| | ORIGINAL BUDGET | ADDITIONAL APPROPRIATIONS AND TRANSFERS | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--|--------------------|---|-----------------|----------------|-------------------------------|
| Town Hall | | | | | |
| Maintenance and Supplies | 25,000 | 4,308 | 29,308 | 29,308 | - |
| Custodian | 13,789 | (4,017) | 9,772 | 9,772 | - |
| Telephone | 5,500 | 3,460 | 8,960 | 8,960 | - |
| Electricity | 10,000 | 4,846 | 14,846 | 14,846 | - |
| Heat/Propane | 6,000 | (1,319) | 4,681 | 4,681 | - |
| Land Use Administrative Assistant/Clerk Salary | 36,646 | 141 | 36,787 | 36,787 | - |
| Land Use Computer Software | 1,500 | (1,500) | - | - | - |
| Website Coordinator | 1,500 | 314 | 1,814 | 1,814 | - |
| | <u>99,935</u> | <u>6,233</u> | <u>106,168</u> | <u>106,168</u> | <u>-</u> |
| Planning and Zoning Commission | | | | | |
| Advertising/Miscellaneous | 2,000 | (1,373) | 627 | 627 | - |
| Town Planner | 14,000 | 11,647 | 25,647 | 25,647 | - |
| | <u>16,000</u> | <u>10,274</u> | <u>26,274</u> | <u>26,274</u> | <u>-</u> |
| Zoning Board of Appeals | | | | | |
| Advertising/Supplies | 900 | - | 900 | 274 | 626 |
| | <u>900</u> | <u>-</u> | <u>900</u> | <u>274</u> | <u>626</u> |
| Inland Wetlands Commission | | | | | |
| Advertising/Miscellaneous | 750 | - | 750 | - | 750 |
| Town Planner | 5,000 | - | 5,000 | 3,000 | 2,000 |
| | <u>5,750</u> | <u>-</u> | <u>5,750</u> | <u>3,000</u> | <u>2,750</u> |
| Agriculture and Conservation Commission | | | | | |
| Advertising/Miscellaneous | 150 | - | 150 | - | 150 |
| Open Space Fund | 250 | - | 250 | - | 250 |
| | <u>400</u> | <u>-</u> | <u>400</u> | <u>-</u> | <u>400</u> |
| Department of Public Works | | | | | |
| Telephone | 1,100 | 1,410 | 2,510 | 2,510 | - |
| Electricity | 2,200 | - | 2,200 | 1,932 | 268 |
| Heating Fuel | 5,000 | - | 5,000 | 1,911 | 3,089 |
| Garage Maintenance | 13,000 | - | 13,000 | 5,352 | 7,648 |
| Miscellaneous | 2,000 | 362 | 2,362 | 2,362 | - |
| Union Contract Benefits | 7,735 | - | 7,735 | 7,356 | 379 |
| Foreman | 58,065 | 381 | 58,446 | 58,446 | - |
| Laborer | 99,142 | 414 | 99,556 | 99,556 | - |
| Retirement/IRA | 7,800 | - | 7,800 | 6,368 | 1,432 |
| Summer Help | 25 | - | 25 | - | 25 |
| Overtime | 15,000 | - | 15,000 | 14,159 | 841 |
| Temporary Help Snow Removal | 3,000 | - | 3,000 | 2,180 | 820 |
| Highway Materials | 180,000 | (8,397) | 171,603 | 68,558 | 103,045 |
| Sand/Salt | 30,000 | - | 30,000 | 14,261 | 15,739 |
| Equipment/Materials/Supplies | 12,000 | 434 | 12,434 | 12,434 | - |
| Equipment Repairs | 55,000 | - | 55,000 | 19,547 | 35,453 |
| Gasoline and Diesel | 12,000 | 1,622 | 13,622 | 13,622 | - |
| School Bus Fuel | 20,000 | - | 20,000 | 9,326 | 10,674 |
| Tree Removal | 25,000 | 3,619 | 28,619 | 28,619 | - |
| Tree Warden | - | 64 | 64 | 64 | - |
| Purchase of Cemetery Plots | 1,200 | 91 | 1,291 | 1,291 | - |
| Street Lights and Signals | 5,000 | - | 5,000 | 1,395 | 3,605 |
| | <u>554,267</u> | <u>-</u> | <u>554,267</u> | <u>371,249</u> | <u>183,018</u> |
| Social Security/Medicare | | | | | |
| Social Security/Medicare | 44,830 | (420) | 44,410 | 42,666 | 1,744 |
| Unemployment | - | 420 | 420 | 420 | - |
| | <u>44,830</u> | <u>-</u> | <u>44,830</u> | <u>43,086</u> | <u>1,744</u> |
| Regional Membership | | | | | |
| Membership | 7,500 | 114 | 7,614 | 7,614 | - |
| Various Donations | 4,500 | (114) | 4,386 | 3,750 | 636 |
| | <u>12,000</u> | <u>-</u> | <u>12,000</u> | <u>11,364</u> | <u>636</u> |
| Insurance | | | | | |
| Town Workers Compensation | 28,730 | (1,089) | 27,641 | 27,392 | 249 |
| School Workers Compensation | 19,965 | 165 | 20,130 | 20,130 | - |
| Town Liability and Umbrella | 33,327 | 924 | 34,251 | 34,251 | - |
| School Liability and Umbrella | 23,520 | - | 23,520 | 22,862 | 658 |
| Life Insurance | 600 | - | 600 | 535 | 65 |
| Bonds | 1,000 | - | 1,000 | 614 | 386 |
| Foreman | 34,555 | - | 34,555 | 34,088 | 467 |
| Laborer | 25,863 | - | 25,863 | 24,828 | 1,035 |
| First Selectman | 15,510 | - | 15,510 | 12,992 | 2,518 |
| | <u>183,070</u> | <u>-</u> | <u>183,070</u> | <u>177,692</u> | <u>5,378</u> |
| Department of Public Safety | | | | | |
| Emergency Preparedness | 2,000 | - | 2,000 | 718 | 1,282 |
| Director of Emergency Preparedness | 5,002 | - | 5,002 | 4,998 | 4 |
| Firefighters Pension | 3,000 | - | 3,000 | 3,000 | - |
| 911 Service | 14,225 | - | 14,225 | 13,019 | 1,206 |
| Burning Officials Salary | 1,154 | - | 1,154 | 1,025 | 129 |
| Telephone | 4,000 | 3,026 | 7,026 | 7,026 | - |
| Dues and Supplies | 3,000 | 6,253 | 9,253 | 9,253 | - |
| Equipment | 30,000 | - | 30,000 | 21,957 | 8,043 |
| Repairs and Maintenance | 25,000 | - | 25,000 | 19,588 | 5,412 |
| Insurance | 26,500 | - | 26,500 | 23,739 | 2,761 |
| Physicals | 7,500 | - | 7,500 | 1,790 | 5,710 |
| Accessory Equipment Repair | 2,500 | - | 2,500 | 614 | 1,886 |
| Training | 15,000 | - | 15,000 | 6,909 | 8,091 |
| Medical Supplies | 6,000 | - | 6,000 | 5,977 | 23 |
| Turnout Gear | 15,000 | (9,279) | 5,721 | 4,771 | 950 |
| Retention | 4,000 | - | 4,000 | 3,273 | 727 |
| Supplies & Services FD. Building | 1,300 | - | 1,300 | 850 | 450 |
| | <u>165,181</u> | <u>-</u> | <u>165,181</u> | <u>128,507</u> | <u>36,674</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, 2021

| | ORIGINAL BUDGET | ADDITIONAL APPROPRIATIONS AND TRANSFERS | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--|--------------------|---|------------------|------------------|-------------------------------|
| Tyler Drive | | | | | |
| Maintenance | 20,000 | 2,894 | 22,894 | 22,894 | - |
| Electricity | 18,000 | 232 | 18,232 | 18,232 | - |
| Heat | 22,000 | (1,550) | 20,450 | 20,450 | - |
| Tower Maintenance | 1,000 | (1,000) | - | - | - |
| Custodian | 5,350 | (576) | 4,774 | 4,291 | 483 |
| | <u>66,350</u> | <u>-</u> | <u>66,350</u> | <u>65,867</u> | <u>483</u> |
| Office of the Fire Marshal | | | | | |
| Fire Marshal Salary | 5,448 | 21 | 5,469 | 5,469 | - |
| Deputy Fire Marshal Salary | 2,214 | 8 | 2,222 | 2,222 | - |
| Supplies/Training | 2,500 | (29) | 2,471 | 1,984 | 487 |
| | <u>10,162</u> | <u>-</u> | <u>10,162</u> | <u>9,675</u> | <u>487</u> |
| Department of Code Enforcement | | | | | |
| State Percentage of Building Fees | 500 | 819 | 1,319 | 1,319 | - |
| Building Official Salary | 14,472 | 145 | 14,617 | 14,617 | - |
| Assistant Building Official | 175 | (175) | - | - | - |
| Office Supplies | 200 | (200) | - | - | - |
| Seminars | 300 | (5) | 295 | 295 | - |
| Zoning Enforcement Officer | 6,458 | 25 | 6,483 | 6,483 | - |
| Wetlands Enforcement Salary | 4,624 | 997 | 5,621 | 5,621 | - |
| | <u>26,729</u> | <u>1,606</u> | <u>28,335</u> | <u>28,335</u> | <u>-</u> |
| Waste Disposal/Recycling | | | | | |
| Waste Disposal/Recycling | 200,222 | - | 200,222 | 194,752 | 5,470 |
| Public Works Overtime-Transfer Station | 2,613 | - | 2,613 | 2,146 | 467 |
| | <u>202,835</u> | <u>-</u> | <u>202,835</u> | <u>196,898</u> | <u>5,937</u> |
| Department of Public Health | | | | | |
| District Costs | 13,164 | 1,216 | 14,380 | 14,380 | - |
| | <u>13,164</u> | <u>1,216</u> | <u>14,380</u> | <u>14,380</u> | <u>-</u> |
| Welfare | | | | | |
| General Assistance | 1,000 | (7) | 993 | 25 | 968 |
| Director of Social Services Salary | 1,810 | 7 | 1,817 | 1,817 | - |
| | <u>2,810</u> | <u>-</u> | <u>2,810</u> | <u>1,842</u> | <u>968</u> |
| Commission on Aging | | | | | |
| Transit System | 30,000 | (9,689) | 20,311 | 11,962 | 8,349 |
| Program/Trips | 2,400 | - | 2,400 | 446 | 1,954 |
| Municipal Agent Salary | 5,966 | 22 | 5,988 | 5,988 | - |
| Meal Site Manager Salary | 3,681 | 14 | 3,695 | 3,695 | - |
| Program Coordinator Salary | 11,961 | 46 | 12,007 | 12,007 | - |
| Clerk | 595 | (5) | 590 | 405 | 185 |
| Senior Center Telephone | 1,500 | 159 | 1,659 | 1,659 | - |
| Supplies & Service Senior Center | 1,500 | - | 1,500 | 1,500 | - |
| | <u>57,603</u> | <u>(9,453)</u> | <u>48,150</u> | <u>37,662</u> | <u>10,488</u> |
| Animal Control | | | | | |
| Pound/Service | 6,089 | - | 6,089 | 6,089 | - |
| | <u>6,089</u> | <u>-</u> | <u>6,089</u> | <u>6,089</u> | <u>-</u> |
| Department of Recreation | | | | | |
| Recreation Commission | 15,750 | - | 15,750 | 14,550 | 1,200 |
| Miscellaneous/Memorial Day | 2,000 | - | 2,000 | 610 | 1,390 |
| | <u>17,750</u> | <u>-</u> | <u>17,750</u> | <u>15,160</u> | <u>2,590</u> |
| Computer Services/Support | | | | | |
| Computer Cost | 12,000 | 7,320 | 19,320 | 19,320 | - |
| | <u>12,000</u> | <u>7,320</u> | <u>19,320</u> | <u>19,320</u> | <u>-</u> |
| Woodward House | | | | | |
| Maintenance and Repair | 5,000 | (1,599) | 3,401 | 3,401 | - |
| Operational Expenses | 1,000 | 506 | 1,506 | 1,506 | - |
| Electricity | 3,000 | (373) | 2,627 | 2,627 | - |
| Heat | 3,000 | 1,246 | 4,246 | 4,246 | - |
| Telephone | 700 | 1,611 | 2,311 | 2,311 | - |
| | <u>12,700</u> | <u>1,391</u> | <u>14,091</u> | <u>14,091</u> | <u>-</u> |
| Contingency | 34,000 | (28,170) | 5,830 | - | 5,830 |
| Library | | | | | |
| Library Costs | 12,500 | 1,745 | 14,245 | 14,245 | - |
| Librarian | 34,822 | 134 | 34,956 | 34,956 | - |
| Librarian Assistant | 1,030 | 522 | 1,552 | 1,552 | - |
| Library Aide | 8,159 | (7,168) | 991 | 991 | - |
| Library Aide | 8,159 | (2,560) | 5,599 | 5,599 | - |
| Library Aide | 8,159 | 1,400 | 9,559 | 9,559 | - |
| Telephone | 2,000 | (462) | 1,538 | 1,538 | - |
| Computer Services | 7,200 | (2,562) | 4,638 | 4,638 | - |
| State Grant Expense | - | 19,630 | 19,630 | 19,630 | - |
| Supplies & Services Library | 1,500 | (1,229) | 271 | 271 | - |
| | <u>83,529</u> | <u>9,450</u> | <u>92,979</u> | <u>92,979</u> | <u>-</u> |
| Subtotal General Government | <u>2,008,850</u> | <u>-</u> | <u>2,008,850</u> | <u>1,714,833</u> | <u>294,017</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, 2021

| | 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 | 7,204 | - | 7,204 | 7,204 | - |
| 2005 Bond Town Hall Principal | 45,000 | - | 45,000 | 45,000 | - |
| 2005 Bond Town Hall Interest | 9,563 | - | 9,563 | 9,563 | - |
| 2005 Bond Firehouse Principal | 55,750 | - | 55,750 | 55,750 | - |
| 2005 Bond Firehouse Interest | 11,847 | - | 11,847 | 11,847 | - |
| PW Plow Truck Bond Principal | 16,950 | - | 16,950 | 16,950 | - |
| PW Plow Truck Bond Interest | 3,729 | - | 3,729 | 3,729 | - |
| Water/Sewer Principal | 280,000 | - | 280,000 | 280,000 | - |
| | <u>447,507</u> | <u>-</u> | <u>447,507</u> | <u>447,507</u> | <u>-</u> |
| Transfers for Capital Improvement | | | | | |
| Senior League Field Repair | - | 5,000 | 5,000 | 5,000 | - |
| Major Road Improvement | 80,000 | 50,000 | 130,000 | 130,000 | - |
| Town Hall Improvements | 5,000 | - | 5,000 | 5,000 | - |
| Computers and Software | 5,000 | - | 5,000 | 5,000 | - |
| Tennis Court Refinish | 15,000 | - | 15,000 | 15,000 | - |
| Reseal Pavillion | 8,000 | - | 8,000 | 8,000 | - |
| Basketball Court Refinish | 5,000 | 2,000 | 7,000 | 7,000 | - |
| FD Holmatro Rescue Tools | 38,000 | - | 38,000 | 38,000 | - |
| Science Lab Renovation | 10,000 | 10,000 | 20,000 | 20,000 | - |
| Town Hall Parking Lot Repair | - | 10,000 | 10,000 | 10,000 | - |
| Museum Painting | 5,000 | - | 5,000 | 5,000 | - |
| School Emergency Lights and Locks | - | 10,400 | 10,400 | 10,400 | - |
| Facility Emergency Repair Fund | - | 150,000 | 150,000 | 150,000 | - |
| Emergency Generator at School | - | 50,000 | 50,000 | 50,000 | - |
| Revaluation | 5,000 | 25,000 | 30,000 | 30,000 | - |
| Repair ET 225 | 5,000 | 50,000 | 55,000 | 55,000 | - |
| WPCA | 10,000 | 15,000 | 25,000 | 25,000 | - |
| Woodward Museum Barn Repair | - | 3,000 | 3,000 | 3,000 | - |
| Resurface Walking Trail | - | 10,000 | 10,000 | 10,000 | - |
| Tyler Drive Parking Lot Resurface | - | 50,000 | 50,000 | 50,000 | - |
| Improvements to Tyler Dr | 20,000 | - | 20,000 | 20,000 | - |
| Heat Pumps | 5,000 | 60,000 | 65,000 | 65,000 | - |
| | <u>216,000</u> | <u>500,400</u> | <u>716,400</u> | <u>716,400</u> | <u>-</u> |
| Total General Government | <u>2,672,357</u> | <u>500,400</u> | <u>3,172,757</u> | <u>2,878,740</u> | <u>294,017</u> |
| Board of Education | | | | | |
| Board of Education Operations | 2,024,846 | 451,708 | 2,476,554 | 2,476,554 | - |
| Board of Education Payroll | 1,975,829 | 218,076 | 2,193,905 | 2,193,905 | - |
| | <u>4,000,675</u> | <u>669,784</u> | <u>4,670,459</u> | <u>4,670,459</u> | <u>-</u> |
| School Grants | | | | | |
| School Grants | 65,318 | 24,339 | 89,657 | 89,657 | - |
| | <u>65,318</u> | <u>24,339</u> | <u>89,657</u> | <u>89,657</u> | <u>-</u> |
| School Maintenance | | | | | |
| School Maintenance | 25,000 | - | 25,000 | 21,871 | 3,129 |
| School Gym Maintenance | 1,000 | - | 1,000 | - | 1,000 |
| | <u>26,000</u> | <u>-</u> | <u>26,000</u> | <u>21,871</u> | <u>4,129</u> |
| Total Education | <u>4,091,993</u> | <u>694,123</u> | <u>4,786,116</u> | <u>4,781,987</u> | <u>4,129</u> |
| Total Expenditures | <u>6,764,350</u> | <u>1,194,523</u> | <u>7,958,873</u> | <u>7,660,727</u> | <u>298,146</u> |
| Excess (deficiency) of revenues over expenditures - Budgetary Basis | <u>\$ 32,272</u> | <u>\$ (1,194,523)</u> | <u>\$ (1,162,251)</u> | <u>\$ (562,664)</u> | <u>\$ 599,587</u> |
| Adjustments to Generally Accepted Accounting Principals (GAAP): | | | | | |
| On behalf revenues from teacher's retirement pension and OPEB netted in budget | | | | 894,108 | |
| On behalf expenditures from teacher's retirement pension and OPEB netted in budget | | | | (894,108) | |
| Proceeds from issuance of long-term debt | | | | 7,536,090 | |
| Retirement of Water/Sewer bond payable - principal and interest | | | | (9,851,879) | |
| DEEP grant income - sewer project | | | | 361,007 | |
| Water/Sewer project expenditures | | | | (1,519,316) | |
| Excess (deficiency) of revenues over expenditures - GAAP Basis | | | | <u>\$ (4,036,762)</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 SEVEN FISCAL YEARS**

| | <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% |
| Town's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the collective net pension liability | \$ 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 * | \$ 1,225,667 | \$ 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% |
| Plan fiduciary net position as a percentage of the total pension liability | 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 2021 is based on a June 30, 2020 actuarial valuation and a June 30, 2020 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, 2020 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 (Decreased from 3.25-6.50%) |
| 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 FOUR FISCAL YEARS*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Beginning Balance | \$ 618,165 | \$ 482,846 | \$ 437,290 | \$ 440,441 |
| Changes for the year: | | | | |
| Service cost | 13,147 | 9,055 | 7,912 | 8,132 |
| Interest | 13,877 | 17,144 | 17,115 | 15,950 |
| Differences between expected and actual experience | (35,555) | - | - | - |
| Changes of assumptions | (18,488) | 116,122 | 26,468 | (21,064) |
| Benefit payments | (6,821) | (7,002) | (5,939) | (6,169) |
| Net changes | <u>(33,840)</u> | <u>135,319</u> | <u>45,556</u> | <u>(3,151)</u> |
| Ending Balance | <u>\$ 584,325</u> | <u>\$ 618,165</u> | <u>\$ 482,846</u> | <u>\$ 437,290</u> |
| Town's covered payroll | \$ 1,225,667 | \$ 1,376,884 | \$ 1,341,993 | \$ 1,307,985 |
| Total OPEB liability as a percentage of its covered payroll | 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 2.16% as of June 30, 2021 (Prior was 2.21%).

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 FOUR FISCAL YEARS***

| | <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% |
| Town's proportionate share of the net OPEB liability | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <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>\$ 888,243</u> | <u>\$ 842,307</u> | <u>\$ 832,513</u> | <u>\$ 1,154,996</u> |
| Town's covered payroll | \$ 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% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.50% | 2.08% | 1.49% | 1.79% |

NOTES TO THE SCHEDULE:

Changes in assumptions: The discount rate was decreased from 3.50% to 2.21% 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% (Decreased from 0.75%)
Wage inflation: 3.00% (Decreased from 3.25%)
Salary increases: 3.00-6.50%, including inflation (Decreased from 3.25-6.50%)
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, 2021

ASSETS

| | SPECIAL REVENUE FUNDS | CAPITAL PROJECT MUSEUM BUILDING FUND | PERMANENT FUNDS | TOTAL OTHER GOVERNMENTAL FUNDS |
|---------------------------|-----------------------------|--|--------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 124,027 | \$ - | \$ 9,726 | \$ 133,753 |
| Restricted cash | 86,420 | - | - | 86,420 |
| Receivables | 257,125 | - | - | 257,125 |
| Inventories | 2,969 | - | - | 2,969 |
| Total current assets | <u>\$ 470,541</u> | <u>\$ -</u> | <u>\$ 9,726</u> | <u>\$ 480,267</u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

| | | | | |
|--|-------------------|-------------|-----------------|-------------------|
| LIABILITIES | | | | |
| Due to other funds | \$ 6,389 | \$ - | \$ - | \$ 6,389 |
| Total current liabilities | <u>6,389</u> | <u>-</u> | <u>-</u> | <u>6,389</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Revenue - unavailable | \$ - | \$ - | \$ - | \$ - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and deferred inflows of resources | <u>6,389</u> | <u>-</u> | <u>-</u> | <u>6,389</u> |
| FUND BALANCE | | | | |
| Nonspendable | \$ 247,183 | \$ - | \$ 8,177 | \$ 255,360 |
| Restricted | 86,420 | - | 1,549 | 87,969 |
| Assigned | 130,549 | - | - | 130,549 |
| Total fund balance | <u>464,152</u> | <u>-</u> | <u>9,726</u> | <u>473,878</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 470,541</u> | <u>\$ -</u> | <u>\$ 9,726</u> | <u>\$ 480,267</u> |

TOWN OF FRANKLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | SPECIAL REVENUE FUNDS | CAPITAL PROJECT MUSEUM BUILDING FUND | PERMANENT FUNDS | TOTAL OTHER GOVERNMENTAL FUNDS |
|---|-----------------------------|--|--------------------|---|
| REVENUES | | | | |
| Intergovernmental revenues | \$ 89,705 | \$ - | \$ - | \$ 89,705 |
| Local revenue | 77,825 | - | 93 | 77,918 |
| Total revenues | <u>167,530</u> | <u>-</u> | <u>93</u> | <u>167,623</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 4,198 | 16 | - | 4,214 |
| Water and sewer | 50 | - | - | 50 |
| Education | 98,447 | - | - | 98,447 |
| Total expenditures | <u>102,695</u> | <u>16</u> | <u>-</u> | <u>102,711</u> |
| Excess (deficiency) of revenues over expenditures | 64,835 | (16) | 93 | 64,912 |
| FUND BALANCE, beginning of year, as originally reported | <u>372,652</u> | <u>16</u> | <u>9,633</u> | <u>382,301</u> |
| ADJUSTMENT (<i>Note 15</i>) | <u>26,665</u> | <u>-</u> | <u>-</u> | <u>26,665</u> |
| FUND BALANCE, beginning of year, as restated | <u>399,317</u> | <u>16</u> | <u>9,633</u> | <u>408,966</u> |
| FUND BALANCE, end of year | <u>\$ 464,152</u> | <u>\$ -</u> | <u>\$ 9,726</u> | <u>\$ 473,878</u> |

See independent auditors' report

**TOWN OF FRANKLIN, CONNECTICUT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2021**

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 | \$ 25,776 | \$ 7,046 | \$ 8,500 | \$ 1,718 | \$ 644 | \$ 822 | \$ 328 |
| Restricted cash | - | - | - | - | - | - | - |
| Receivables | 12,911 | - | - | - | - | - | - |
| Inventories | 2,969 | - | - | - | - | - | - |
| Total current assets | <u>\$ 41,656</u> | <u>\$ 7,046</u> | <u>\$ 8,500</u> | <u>\$ 1,718</u> | <u>\$ 644</u> | <u>\$ 822</u> | <u>\$ 328</u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

| | | | | | | | |
|--|------------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| LIABILITIES | | | | | | | |
| Due to other funds | \$ 5,748 | \$ 641 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total current liabilities | <u>5,748</u> | <u>641</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>641</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | | | | |
| Nonspendable | 2,969 | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - |
| Assigned | 32,939 | 6,405 | 8,500 | 1,718 | 644 | 822 | 328 |
| Total fund balance | <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> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 41,656</u> | <u>\$ 7,046</u> | <u>\$ 8,500</u> | <u>\$ 1,718</u> | <u>\$ 644</u> | <u>\$ 822</u> | <u>\$ 328</u> |

Continued

**TOWN OF FRANKLIN, CONNECTICUT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2021**

ASSETS

| | SCHOLARSHIP FUND | SPORTS ACTIVITY FUND | HOUSING REHABILITATION PROGRAM INCOME FUND | STUDENT ACTIVITY FUND | WATER AND SEWER FUND | TOTAL SPECIAL REVENUE FUNDS |
|---------------------------|---------------------|----------------------------|--|-----------------------------|----------------------------|--------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 10,226 | \$ 348 | \$ - | \$ 10,919 | \$ 57,700 | \$ 124,027 |
| Restricted cash | - | - | 86,420 | - | - | 86,420 |
| Receivables | - | - | 244,214 | - | - | 257,125 |
| Inventories | - | - | - | - | - | 2,969 |
| Total assets | <u>\$ 10,226</u> | <u>\$ 348</u> | <u>\$ 330,634</u> | <u>\$ 10,919</u> | <u>\$ 57,700</u> | <u>\$ 470,541</u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

| | | | | | | |
|--|------------------|---------------|-------------------|------------------|------------------|-------------------|
| LIABILITIES | | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,389 |
| Total current liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,389</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| 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>-</u> | <u>6,389</u> |
| FUND BALANCE | | | | | | |
| Nonspendable | - | - | 244,214 | - | - | 247,183 |
| Restricted | - | - | 86,420 | - | - | 86,420 |
| Assigned | 10,226 | 348 | - | 10,919 | 57,700 | 130,549 |
| Total fund balance | <u>10,226</u> | <u>348</u> | <u>330,634</u> | <u>10,919</u> | <u>57,700</u> | <u>464,152</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 10,226</u> | <u>\$ 348</u> | <u>\$ 330,634</u> | <u>\$ 10,919</u> | <u>\$ 57,700</u> | <u>\$ 470,541</u> |

**TOWN OF FRANKLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

| | CAFETERIA FUND | DOG FUND | LIBRARY FUND | PAUTIPAUG SCHOOL HOUSE PROJECT FUND | VETERAN'S PARK MEMORIAL FUND | RECREATION COMMISSION FUND | UN Sung HERO SCHOLARSHIP FUND |
|---|-------------------|-----------------|-----------------|--|---------------------------------------|----------------------------------|--|
| REVENUES | | | | | | | |
| Intergovernmental revenues | \$ 89,705 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Local revenue | 976 | 1,454 | - | - | - | - | - |
| Total revenues | <u>90,681</u> | <u>1,454</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| General Government | - | 1,094 | - | - | - | 200 | - |
| Water and sewer | - | - | - | - | - | - | - |
| Education | 63,941 | - | - | - | - | - | 49 |
| Total expenditures | <u>63,941</u> | <u>1,094</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>200</u> | <u>49</u> |
| Excess (deficiency) of revenues over expenditures | 26,740 | 360 | - | - | - | (200) | (49) |
| FUND BALANCE, beginning of year, as originally reported | <u>9,168</u> | <u>6,045</u> | <u>8,500</u> | <u>1,718</u> | <u>644</u> | <u>1,022</u> | <u>377</u> |
| ADJUSTMENT (<i>Note 15</i>) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, beginning of year, as restated | <u>9,168</u> | <u>6,045</u> | <u>8,500</u> | <u>1,718</u> | <u>644</u> | <u>1,022</u> | <u>377</u> |
| FUND BALANCE, end 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> |

Continued

**TOWN OF FRANKLIN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

| | SCHOLARSHIP FUND | SPORTS ACTIVITY FUND | HOUSING REHABILITATION PROGRAM INCOME FUND | STUDENT ACTIVITY FUND | WATER AND SEWER FUND | TOTAL SPECIAL REVENUE FUNDS |
|---|---------------------|----------------------------|--|-----------------------------|----------------------------|--------------------------------------|
| REVENUES | | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 89,705 |
| Local revenue | 13 | 96 | - | 17,536 | 57,750 | 77,825 |
| Total revenues | 13 | 96 | - | 17,536 | 57,750 | 167,530 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | - | - | 2,904 | - | - | 4,198 |
| Water and sewer | - | - | - | - | 50 | 50 |
| Education | 1,175 | - | - | 33,282 | - | 98,447 |
| Total expenditures | 1,175 | - | 2,904 | 33,282 | 50 | 102,695 |
| Excess (deficiency) of revenues over expenditures | (1,162) | 96 | (2,904) | (15,746) | 57,700 | 64,835 |
| FUND BALANCE, beginning of year, as originally reported | 11,388 | 252 | 333,538 | - | - | 372,652 |
| ADJUSTMENT (<i>Note 15</i>) | - | - | - | 26,665 | - | 26,665 |
| FUND BALANCE, beginning of year, as restated | 11,388 | 252 | 333,538 | 26,665 | - | 399,317 |
| FUND BALANCE, end of year | \$ 10,226 | \$ 348 | \$ 330,634 | \$ 10,919 | \$ 57,700 | \$ 464,152 |

See independent auditors' report

**TOWN OF FRANKLIN, CONNECTICUT
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2021**

ASSETS

| | CEMETERY FUND | EDGERTON EDUCATION TRUST FUND | ANTHONY CARBONI FUND | TOTAL PERMANENT FUNDS |
|---------------------------|------------------|-------------------------------------|----------------------------|-----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,716 | \$ 2,520 | \$ 3,490 | \$ 9,726 |
| Total current assets | <u>\$ 3,716</u> | <u>\$ 2,520</u> | <u>\$ 3,490</u> | <u>\$ 9,726</u> |

LIABILITIES AND FUND BALANCE

| | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Total current liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | |
| Nonspendable | 3,268 | 2,161 | 2,748 | 8,177 |
| Restricted | 448 | 359 | 742 | 1,549 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balance | <u>3,716</u> | <u>2,520</u> | <u>3,490</u> | <u>9,726</u> |
| Total liabilities and fund balance | <u>\$ 3,716</u> | <u>\$ 2,520</u> | <u>\$ 3,490</u> | <u>\$ 9,726</u> |

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, 2021**

| | <u>CEMETERY FUND</u> | <u>EDGERTON EDUCATION TRUST FUND</u> | <u>ANTHONY CARBONI FUND</u> | <u>TOTAL PERMANENT FUNDS</u> |
|--|--------------------------|--|-------------------------------------|--------------------------------------|
| REVENUES | | | | |
| Local revenue | \$ 4 | \$ 5 | \$ 84 | \$ 93 |
| Total revenues | <u>4</u> | <u>5</u> | <u>84</u> | <u>93</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Education | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | 4 | 5 | 84 | 93 |
| FUND BALANCE, beginning of year | 3,712 | 2,515 | 3,406 | 9,633 |
| FUND BALANCE, end of year | <u>\$ 3,716</u> | <u>\$ 2,520</u> | <u>\$ 3,490</u> | <u>\$ 9,726</u> |

See independent auditors' report

**TOWN OF FRANKLIN, CONNECTICUT
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

| Grand List | Taxes Receivable July 1, 2020 | Current Year Levy | Lawful Corrections | | Net Taxes Collectible | Collections During the Year | | Total | Taxes Receivable June 30, 2021 |
|---------------|-------------------------------------|-------------------------|--------------------|------------------|-----------------------------|-----------------------------|---------------------|---------------------|--------------------------------------|
| | | | Additions | Deductions | | Taxes | Interest & Liens | | |
| 2019 | \$ - | \$ 5,467,688 | \$ 6,137 | \$ 13,679 | \$ 5,460,146 | \$ 5,354,724 | \$ 20,823 | \$ 5,375,547 | \$ 105,422 |
| 2018 | 172,395 | - | 6,656 | 2,653 | 176,398 | 129,994 | 24,460 | 154,454 | 46,404 |
| 2017 | 29,368 | - | 975 | 163 | 30,180 | 8,210 | 1,972 | 10,182 | 21,970 |
| 2016 | 6,107 | - | - | 204 | 5,903 | 396 | 246 | 642 | 5,507 |
| 2015 | 5,552 | - | - | 128 | 5,424 | - | 252 | 252 | 5,424 |
| 2014 | 2,813 | - | - | 125 | 2,688 | 62 | 1,233 | 1,295 | 2,626 |
| 2013 | 2,284 | - | - | - | 2,284 | 223 | 5 | 228 | 2,061 |
| 2012 | 214 | - | - | - | 214 | - | - | - | 214 |
| 2011 | 190 | - | - | - | 190 | - | - | - | 190 |
| 2010 | 201 | - | - | 2 | 199 | - | - | - | 199 |
| 2009 | 201 | - | - | - | 201 | - | - | - | 201 |
| Prior | 450 | - | - | 85 | 365 | - | - | - | 365 |
| | <u>\$ 219,775</u> | <u>\$ 5,467,688</u> | <u>\$ 13,768</u> | <u>\$ 17,039</u> | <u>\$ 5,684,192</u> | <u>\$ 5,493,609</u> | <u>\$ 48,991</u> | <u>\$ 5,542,600</u> | <u>\$ 190,583</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, 2021

| | BEGINNING BALANCE | TRANSFERS IN BUDGET ADDITIONS (REDUCTIONS) | ADDITIONS (REVENUES POSTED) | REDUCTIONS (EXPENDITURES POSTED) | ENDING BALANCE |
|-------------------------------------|----------------------|--|-----------------------------------|--|-------------------|
| Committed fund balance | | | | | |
| Revaluation | \$ 10,277 | \$ 30,000 | \$ - | \$ - | \$ 40,277 |
| Upgrade to Woodward House | 23,000 | - | - | - | 23,000 |
| Power Dump Truck | - | - | - | - | - |
| Open Space | 950 | - | - | - | 950 |
| School Emergency Generator | 55,000 | 50,000 | - | - | 105,000 |
| Computer/Software Upgrade | 4,064 | 5,000 | - | (1,692) | 7,372 |
| Replace Fuel Tank-School | - | - | - | - | - |
| Replacement Salt/Sand Shed | - | - | - | - | - |
| Emergency Shelter Supplies | 3,029 | - | - | - | 3,029 |
| Major Road Improvements | 276,703 | 130,000 | - | (26,021) | 380,682 |
| Emergency Repair Fund | - | 150,000 | - | - | 150,000 |
| School Emergency Lights and Locks | - | 10,400 | - | - | 10,400 |
| Heat Pumps | - | 65,000 | - | - | 65,000 |
| Science Lab Renovation | - | 20,000 | - | - | 20,000 |
| Tennis Court Refinish | - | 15,000 | - | - | 15,000 |
| Reseal Pavillion | - | 8,000 | - | - | 8,000 |
| Basketball Court Refinish | - | 7,000 | - | - | 7,000 |
| FD Holmatro Rescue Tools | - | 38,000 | - | (37,817) | 183 |
| Mason Dump | - | - | - | - | - |
| Town Hall Parking Lot Repair | 28,326 | 10,000 | - | - | 38,326 |
| Senior League Field Repairs | 15,558 | 5,000 | - | - | 20,558 |
| Woodward Museum Barn | 1,850 | 3,000 | - | (2,698) | 2,152 |
| Resurface Walking Trail | 35,000 | 10,000 | - | - | 45,000 |
| Park Playscape Replacement | 24,544 | - | - | - | 24,544 |
| School Parking Lot Repairs | 5,389 | - | - | - | 5,389 |
| Improvement to Tyler Drive | - | 20,000 | - | (4,357) | 15,643 |
| Tyler Drive Parking Lot Resurfacing | 117,471 | 50,000 | - | - | 167,471 |
| Giddings Park Upgrades | 17,400 | - | - | - | 17,400 |
| WPCA | 15,000 | 25,000 | - | - | 40,000 |
| Replace ET225 | 25,000 | 55,000 | - | - | 80,000 |
| Painting Woodward Museum/Barn | 8,000 | 5,000 | - | (16,305) | (3,305) |
| Town Hall Improvements | - | 5,000 | - | - | 5,000 |
| Town Hall Roof | 40,000 | - | - | - | 40,000 |
| Total committed fund balance | 706,561 | 716,400 | - | (88,890) | 1,334,071 |
| Assigned fund balance | | | | | |
| General government | 859 | - | 887 | - | 1,746 |
| Total assigned fund balance | 859 | - | 887 | - | 1,746 |
| Total fund balance | \$ 707,420 | \$ 716,400 | \$ 887 | \$ (88,890) | \$ 1,335,817 |

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 8, 2022.

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-2020-001, MW-2019-002 and MW-2021-001 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 an instance of noncompliance, or other matter, that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of state findings and questioned costs as NC-2021-01.

TOWN'S RESPONSE TO FINDINGS

The Town's response to the findings identified in our audit is 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 it.

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

February 8, 2022

**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 COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Town of Franklin, Connecticut's (the Town) compliance with the types of compliance requirements described 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, 2021. 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.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON EACH MAJOR STATE PROGRAM

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, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

February 8, 2022

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE**

TOWN OF FRANKLIN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

| State Grantor; Pass-through Grantor; Program Title | State Grant Program Core-CT Number | Expenditures |
|---|---------------------------------------|--------------|
| NONEXEMPT PROGRAMS | | |
| CONNECTICUT STATE LIBRARY | | |
| Connecticard Payments | 11000-CSL66051-17010 | \$ 294 |
| DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION | | |
| School Security Infrastructure | 12052-DPS32161-43546 | 6,098 |
| DEPARTMENT OF TRANSPORTATION | | |
| Town Aid Road Grants Transportation Program | 12052-DOT57131-43455 | 64,511 |
| Town Aid Road Grants Transportation Program | 13033-DOT57131-43459 | 64,511 |
| Total Department of Transportation | | 129,022 |
| DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION | | |
| Community Conservation and Development | 13019-DEP43720-41239 | 268,701 |
| DEPARTMENT OF JUSTICE | | |
| Non-Budgeted Operating Appropriation | 34001-JUD95162-40001 | 320 |
| OFFICE OF POLICY AND MANAGEMENT | | |
| Reimbursement to Towns - Tax Loss on State Owned Property | 11000-OPM20600-17004 | 9,390 |
| Reimbursement of Property Tax - Disability Exemption | 11000-OPM20600-17011 | 180 |
| Property Tax Relief for Veterans | 11000-OPM20600-17024 | 1,022 |
| Local Capital Improvement Program (LOCIP) | 12052-OPM20600-40254 | 16,963 |
| Municipal Purposes and Projects | 12052-OPM20600-43587 | 23,080 |
| Total Office of Policy and Management | | 50,635 |
| DEPARTMENT OF EDUCATION | | |
| Talent Development | 11000-SDE64370-12552 | 860 |
| Child Nutrition State Match | 11000-SDE64370-16211 | 684 |
| Health Foods Initiative | 11000-SDE64370-16212 | 1,091 |
| Adult Education | 11000-SDE64370-17030 | 2,564 |
| School Breakfast Program | 11000-SDE64370-17046 | 2,715 |
| Total Department of Education | | 7,914 |
| Total State Financial Assistance before Exempt Programs | | 462,984 |
| EXEMPT PROGRAMS | | |
| DEPARTMENT OF EDUCATION | | |
| Education Cost Sharing | 11000-SDE64370-17041 | 735,972 |
| Special Education - Excess Cost - Student Based | 11000-SDE64370-17047 | 3,719 |
| Total Department of Education | | 739,691 |
| OFFICE OF POLICY AND MANAGEMENT | | |
| 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 | | 35,404 |
| Total Exempt Programs | | 775,095 |
| Total State Financial Assistance | | \$ 1,238,079 |

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, 2021**

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, 2021. 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, 2021**

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 |
| <u>√</u> | <u> </u> |

☐ Significant deficiency(ies) identified?

| | |
|-----------------|---------------|
| Yes | None reported |
| <u> </u> | <u>√</u> |

Noncompliance material to financial statements noted?

| | |
|----------|-----------------|
| Yes | No |
| <u>√</u> | <u> </u> |

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

☐ Material weakness(es) identified?

| | |
|-----------------|----------|
| Yes | No |
| <u> </u> | <u>√</u> |

☐ Significant deficiency(ies) identified?

| | |
|-----------------|---------------|
| Yes | None reported |
| <u> </u> | <u>√</u> |

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 |
| <u> </u> | <u>√</u> |

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

| <i>State Grantor/Program</i> | State Grant Program Identification Number | Expenditures |
|---|--|---------------------|
| Department of Energy and Environmental Protection: | | |
| Community Conservation and Development | 13019-DEP43720-41239 | \$268,701 |
| Department of Transportation: | | |
| Town Aid Roads Grants | 12052-DOT57131-43455 | \$64,511 |
| Town Aid Roads Grants | 13033-DOT-57131-43459 | 64,511 |
| | | <u>\$129,022</u> |
| Dollar threshold used to distinguish between Type A and Type B program: | | <u>\$100,000</u> |

**TOWN OF FRANKLIN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

- We issued a report dated February 8, 2022 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 following reportable instance of noncompliance.

NC-2021-001 – 1099-NEC REPORTING

During our audit testing we noted fifteen payments to school students totaling \$15,249 for which IRS form 1099-NEC were not filed to report their compensation. Failure to file IRS forms 1099 can result in a fine of \$250 for each 1099 not provided to a recipient and \$250 for each 1099 not filed with the IRS.

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

- Our report on internal control over financial reporting disclosed the following material weaknesses:

MW-2020-001 – REVIEW BANK RECONCILIATIONS

Management of the Town of Franklin has recently completed official written job descriptions and related procedures. These documents assign the responsibility of preparing bank reconciliations to an individual, but not the equally important role of reviewing bank reconciliations. We recommend the written job descriptions and procedures be amended to require an individual who has no other cash receipts or disbursements duties to review and approve all bank reconciliations maintained or controlled by the Town of Franklin (including the Board of Education). The timely review of bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. We also recommend the reviews be documented by having the reconciliations signed and dated by the reviewer.

Management response: Management will update its written procedures to include the bank reconciliation review function.

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) General Fund – to record year-end sewer project and DEEP grant
- 3) Capital Improvement Fund - to gross up budget transfers and project expenditures for GAAP presentation.

**TOWN OF FRANKLIN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

MW-2019-002 – FINANCIAL STATEMENT ADJUSTMENTS (Continued)

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

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

For the year ended June 30, 2021, 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.

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, 2021**

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

MW-2019-002 – FINANCIAL STATEMENT ADJUSTMENTS

MW-2020-001 – REVIEW BANK RECONCILIATIONS