

TOWN OF CHARLESTOWN, RHODE ISLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

Prepared by: Irina M. Gorman
Treasurer

TOWN OF CHARLESTOWN, RHODE ISLAND

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TOWN OF CHARLESTOWN, RHODE ISLAND

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TOWN OF CHARLESTOWN

INTRODUCTORY SECTION

This section presents the Transmittal Letter, Organizational Chart, and List of Town Officials of the Town of Charlestown, Rhode Island.

Irina M. Gorman, Treasurer
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CHARLESTOWN
RHODE ISLAND 02813
Tel. (401) 364-1235
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TOWN OF CHARLESTOWN

January 30, 2023

To the Honorable Town Council:

The Annual Comprehensive Financial Report of the Town of Charlestown is hereby submitted for the fiscal year ended June 30, 2022, in accordance with the Town Charter, Section C-72. Responsibility for the accuracy of data, and completeness of the presentation, including disclosures, rests with management. To the best of our knowledge, the information contained herein is accurate and representative of the financial position of the Town of Charlestown. It clearly reflects the operation of the Town as measured by the financial activity of its various funds.

This document provides a summary of related costs for providing services to its citizens, as well as changes in fund balance and financial resources for the year ended June 30, 2022.

The Annual Comprehensive Financial Report is presented in three sections. The introductory section is not audited and includes this letter of transmittal; an organizational chart and a listing of the Town of Charlestown's principal elected and appointed officials. The financial section includes the Government-wide Financial Statements, the Statement of Net Position, Statement of Activities, Business Activities statements and all required supplementary information including the Management Discussion and Analysis as required by Governmental Accounting Standards Board Statement No. 34.

A single audit section relating to federal financial assistance is not required for the 2022 fiscal year. The US Office of Management and Budget issued Uniform Guidance for Federal Awards - 2 CFR Part 200 as it related to Audits of State and Local Governments. The Single Audit applies in years that the Town of Charlestown expends \$750,000 or more in federal funds.

Copies of this report are on file in the Town Clerk's Office and the Cross Mills Public Library for public inspection. Individuals wishing to obtain a copy may do so by submitting a written request to the Treasurer's Office at 4540 South County Trail, Charlestown, Rhode Island 02813. This report is forwarded to the Rhode Island Auditor General's Office, as prescribed by state law, and to state, local and other miscellaneous agencies such as the Town's financial advisors.

Community Description

The Town of Charlestown, incorporated on August 22, 1738, is a seaside community located in the southwest portion of Rhode Island. It encompasses thirty-six square miles of land, six miles of inland water and approximately six miles of coastline along Block Island Sound. The Town is a physically diverse community with flourishing beach colonies, unique village centers, and large tracts of open space. The Town is a perennial vacation and tourist location offering exceptional swimming, camping, and fishing opportunities. Consequently, between the months of May to September the Town's population swells to more than twenty thousand, including seasonal inhabitants.

Charlestown's year-round population, according to the year 2021 census was 8,072, an increase of 55 from the year 2020. In 1970, year-round residents totaled 3,200, 1980 totaled 4,800, an increase of 1,600 residents. In 1990, the population of year-round residents had grown to 6,478, increasing another 1,678, or 35%. The 2000 census showed an increase of 21% to a total year-round resident count of 7,851. In 2019, the population dropped to 7,826 or a decrease of 0.3%.

The Town of Charlestown has operated under a Council-Administrator government since November 1980. Pursuant to the Charter and subject only to the limitations imposed by the State Constitution, all powers of the Town, except those vested in the Financial Town Meeting, are vested in the Town Council, the governing body. The Town Council determines policies, enacts laws, and appoints the Town Administrator. The Town Administrator executes the laws and controls the government under the authority of the Town Council. The Town Council consists of five members, elected at large. They serve a term of two years and thereafter until their successors are elected and qualified.

Major Initiatives

The government's staff and committees, following specific direction of the Governing Council and Administrator, were involved in a variety of projects throughout the year.

COVID-19 Pandemic – The start of fiscal year 2022, Charlestown continued to operate under, and was heavily involved with the response to the COVID-19 pandemic. In January, Governor Daniel McKee ordered the wearing of masks in all public buildings and extended the use of virtual meetings and remote participation in public meetings. Overall, the Town's operations continued with minimal interruption due to the assistance of our public safety services for staff and resident testing, vaccinations, and general quarantine protocols.

American Rescue Plan Act (ARPA) – Preparations began to administer the Town's \$2.3 million appropriation under ARPA. Broad categories for use include Public Health, Assistance to Businesses/NPOs, Assistance to Households, Premium Pay, Infrastructure, and General Government Services. Given Charlestown's size and allotment, the funds were accepted with the understanding that audits will be done directly by the US Treasury. As of December, the Council has approved \$1.9 million for thirteen local projects.

Climate Resiliency Commission – In January the Town's Coastal Climate Resiliency Commission met with representatives of the US Fish & Wildlife Service (USFWS) on modeling, visualizing, and communication nor'easter and hurricane threats complicated by sea-level rise. In April, the RI Infrastructure Bank (RIIB) announced grants to participate in the Municipal Resilience Program (MRP). The MRP provides support to cities and towns to identify and fund priority resilience projects that brings together climate change information and local knowledge to identify top hazards, current challenges, and community strengths. Six communities have been approved this year including the Town of Charlestown. Upon successful completion, Charlestown will be designated as a "Resilient Rhody Municipality", that will enable the Town to apply for funding to implement any identified projects. In July, the Resiliency Commission met with representative from various ecological communities with the meeting's focus on potential improvements to Charlestown Beach Road. The Committee is considering a cost/benefit analysis for such a project and will be making a report/recommendation to the Town Council by the end fiscal year 2023.

Town-Wide Survey – In March, the Town Council received a presentation of the community survey by Polco/National Research Center (NRC). Polco/NRC provided a PowerPoint overview including Survey Development, Survey Methods, Quality of Life in Charlestown, Town Services & Facilities, Government Performance, Cost of Living, Pace of Growth, Transportation, Parks Recreation & Natural Places, Water-Based Recreation Areas, Environmental Challenges, Prioritization of Town Resources, Ninigret Park Development, New Amenities & Funding. It was noted 2,270 responses were received (a 24% response rate) with a +2% margin of error. Overall, the Town was viewed very positively by our residents with a good/excellent quality of life, good/excellent services including the Police (CPD), Charlestown Ambulance Rescue Service (CARS), Cross Mills Public Library, Town Hall, and Charlestown Residential Collection Center (CRCC). Outdoor recreational opportunities scored very high as did the prioritization of the needs of residents over visitors/tourists, limited development of Ninigret Park, and keeping taxes low and affordable. Conversely, the residents did express challenges with regional transportation, pace of growth, and environmental issues.

Cyber Incident Response Planning – In October, representatives of the Charlestown Police, Fire, Ambulance, Information Technology, and Administration met with the Cybersecurity Advisor (CSA) for Region 1 of the Department of Homeland Security (DHS). The meeting was a general overview of the Town's participation in the DHS program for cyber resilience including evaluation of critical infrastructure, cyber risk, use of best practices and risk mitigation strategies, education awareness and performing risk assessments for potential improvements.

Financial Review – In November, representatives from the consulting firm Clifton Larson Allen LLP (CLA) arrived at Town Hall to begin our financial review. This item was part of the 2023 budget to review the Town's key financial processes, systems, and structure in contrast to the auditor's financial perspective. All staff in the Treasurer's Office, Tax Collector's Office, Assessor's Office, and Administration had scheduled interviews over two days to review the procedures as well as the technologies and processes that manage the flow of financial and operational information within and between the departments. A final report is expected in February 2023.

Ninigret Pond Breachway Dredging – In December, Geographic Information Services Specialist (GIS) Steve McCandless has reported that the breachway dredging project is proceeding nicely. The overall \$2+ million project includes removing materials from the existing sediment basin and relief channels and placing those materials along the beachfront to enhance/stabilize the shoreline. Our contractor, J.F. Brennan Company has had mostly favorable weather conditions with only minor delays due to equipment breakdown.

Charlestown Layered Soil Treatment Area (LSTA) – Charlestown On-Site Wastewater Program Manager / Environmental Scientist Matthew Dowling has announced the start of the Town's Nitrogen Reducing LSTA septic system pilot project. In 2020, the Town partnered with the University of Rhode Island Laboratory of Soil Ecology and Microbiology (LSEM) and prepared and submitted an application for Experimental On-Site Wastewater Treatment System (OWTS) technology approval to the Rhode Island Department of Environmental Management (RIDEM). The LSTA is expected to offer a passive and cost-effective concept that effectively reduces nitrogen from onsite wastewater. This unique layering of sand and sawdust promotes the necessary environments for wastewater treatment and nitrogen reduction without complicated components. In April 2022, the Town successfully received a formal RIDEM Certification from the Alternative Experimental OWTS Technology Program certifying the technology as approved for experimental use here in Charlestown. Over the next two years, the Town and LSEM will conduct a series of piloting assessments of the technology as to their efficiency and performance.

Beach Cameras – The Charlestown Information Technology Department has completed installation of public access cameras for Charlestown Beach and the Sam Ferretti Blue Shutters Beach. The cameras provide a wide

view of the beach areas including the parking lot at Blue Shutters. The installation also includes a weather station located at Blue Shutters that provides current temperature, humidity, and other meteorological information.

Beach Hazard Detection – Over the summer there have been two media articles on the Town’s new beach hazard detection using unmanned aerial vehicles (UAE) otherwise known as drones. The first article appeared on WPRI Channel 12 as part of their news segments on sharks and how our UAE program aids in their detection to keep beachgoers safe. The other was a lengthy article in the Westerly Sun that featured our Federal Aviation Administration (FAA) certified staff and how the program can be used for other public services such as finding lost individuals and parking control.


Maddie Potts Memorial Field House – In August, there was a dedication ceremony held for the Maddie Potts Memorial Field House at the Chariho Regional School District facility in Richmond. The completed facility encompasses 3,000 square feet and will be accessible for all sports activities, an athletic training room, home and visiting team areas as well as an atrium to host smaller school and community events. Total cost of construction was approximately \$1.2 million with the majority through private fundraising efforts and \$250,000 from the Chariho member communities American Rescue Plan Act (ARPA) funding.

Residential Lock-Box Program – In January Charlestown’s new residential lock box program was featured on Providence’s WPRI/Channel 12 television station. The program is eligible for Charlestown residents aged 65 or older or individuals with special needs/medical disability. The residents can contact the Charlestown Police Department and request a secure metal storage device to be installed at the property to allow first responders and public safety personnel to quickly gain access to a home in the event of an emergency without the delays and damage caused by a forced entry should the person be unable to answer the door.

Loss Prevention Grants – In March, The RI Interlocal Risk Management Trust (The Trust) held its 18th Annual Loss Prevention Awards. At this year’s awards, Charlestown received a \$1,000 grant to enhance pedestrian and vehicular safety within the parking lot of the police station through improving curbing and parking blocks. The Chariho Regional School District was also awarded a \$998.05 grant to purchase three broadcast salt spreaders to improve safety conditions during inclement weather, and to purchase two traffic barriers and several safety cones to enhance the safety of pedestrians and improve traffic flow during student arrival and dismissal times. Charlestown was also recognized for the establishment of our Safety Committee which strives to prevent unsafe practices and conditions, reduce the risk of on-the-job injury and illness, and motivate employees and supervisors to become actively involved in risk management.

Independent Audit

State law requires an annual audit of Town finances by an independent certified public accountant. The accounting firm of Marcum, LLP was awarded the bid to conduct the Town's audit for the fiscal year ending June 30, 2022, in response to the Town’s request for proposal issued in 2022.

Sincerely,
DocuSigned by:

Irina M. Gorman
270D632F606943C
Treasurer

TOWN OF CHARLESTOWN, RHODE ISLAND

MUNICIPAL OFFICERS

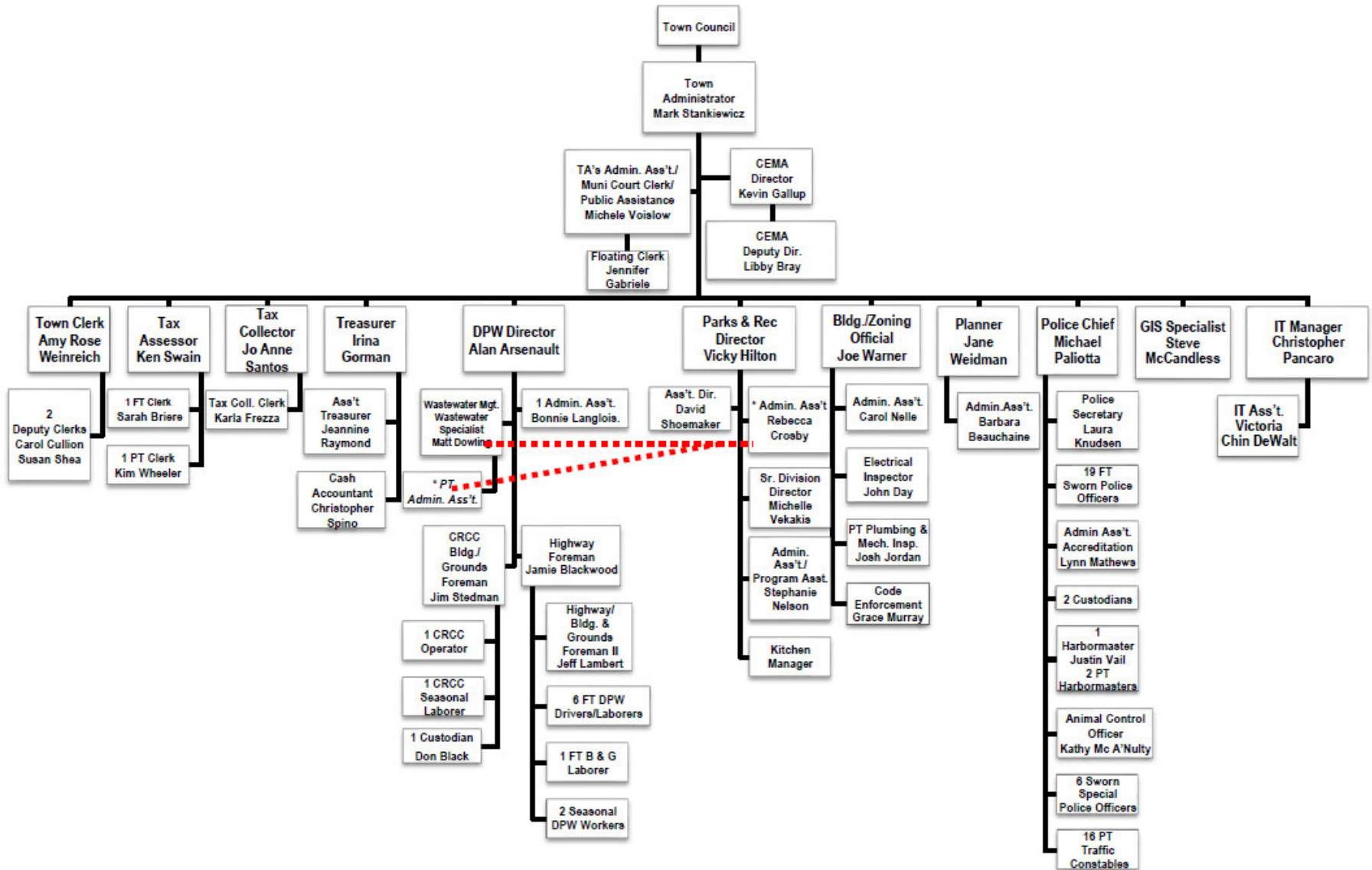
Town Council

Deborah A. Carney, President
Cody Clarkin, Vice President
Bonnie Van Slyke
Susan Cooper
Grace Klinger

Town Officials

<i>Town Administrator</i>	<i>Mark S. Stankiewicz</i>
<i>Chief of Police</i>	<i>Michael Paliotta</i>
<i>Town Clerk</i>	<i>Amy Rose Weinreich</i>
<i>Treasurer</i>	<i>Irina M. Gorman</i>
<i>Tax Assessor</i>	<i>Kenneth J. Swain</i>
<i>Tax Collector</i>	<i>Jo-Anne Santos</i>
<i>Building & Zoning Official</i>	<i>Joseph Warner</i>
<i>Public Works Director</i>	<i>Alan A. Arsenault</i>
<i>Parks & Recreation Director</i>	<i>Vicky Hilton</i>
<i>Town Planner</i>	<i>Jane Weidman</i>
<i>Animal Control Officer</i>	<i>Kathy M. McA'Nulty</i>
<i>Harbormaster</i>	<i>Thomas Toscano</i>
<i>Town Solicitor</i>	<i>Peter Ruggiero</i>
<i>Probate Solicitor</i>	<i>Robert Craven</i>
<i>Solicitor Indian Affairs</i>	<i>Joseph Larisa, Jr.</i>
<i>Emergency Management</i>	<i>Kevin Gallup</i>
<i>Town Moderator</i>	<i>Charles Beck</i>
<i>Sealer of Weights & Measures</i>	<i>Anthony Goes</i>
<i>Custodian of Cemeteries</i>	<i>Francis Fenner</i>
<i>Public Assistance</i>	<i>Michele Voislow</i>
<i>GIS</i>	<i>Steven McCandless</i>
<i>Information Technology</i>	<i>Christopher Pancaro</i>
<i>Wastewater Management Director</i>	<i>Matthew Dowling</i>
<i>Senior Center Director</i>	<i>Michelle Vekakis</i>

Charlestown, RI Government Organizational Chart



TOWN OF CHARLESTOWN

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council
Charlestown, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Charlestown, Rhode Island's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 19, the financial statements had a number of restatements to correct opening balances. These restatements related to revenue recognition, improper accruals, capital asset corrections and fund balance reclassifications in accordance with GASB 54. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Charlestown, Rhode Island's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Charlestown, Rhode Island's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of budgetary comparison information, Schedule of Changes in Town's Net Pension Liability and Related Ratios, Schedule of Town's Contributions and Investment Returns, Schedule of Changes in Town's OPEB Liability and Related Ratios, Schedule of Town's Contributions and accompanying notes on Pages 4 through 14, and Pages 87 through 104 respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Charlestown, Rhode Island's basic financial statements. The combining and individual non-major fund statements, annual supplemental transparency report and accompanying notes, and the tax collectors annual report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund statements, annual supplemental transparency report and accompanying notes, and the tax collectors annual report 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 January 30, 2023 on our consideration of the Town of Charlestown, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Charlestown, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Charlestown, Rhode Island's internal control over financial reporting and compliance.

Marcum LLP

Providence, Rhode Island
January 30, 2023

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The Town of Charlestown's Management Discussion and Analysis is designed to assist the reader in focusing on significant issues. It provides an overview of the Town's financial activity and changes in financial position for the current year only. Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Transmittal Letter and the Financial Statements (beginning on page 15).

Financial Highlights:

- The Town's net position increased by \$2,136,151 (or 6.7%). Governmental net position increased by \$2,115,421, (or 6.7%), while the business-type activities net position increased by \$20,730, (or 3.9%). In 2021, governmental net position increased by \$707,676 (or 2.3%), while the business-type activities net position increased by \$25,162, (or 9.2%).
- Governmental activities revenues for the year ending June 30, 2022, totaled \$28,238,564 including charges for services at \$1,863,281, operating grants and contributions at \$2,219,133, capital grants and contributions at \$460,850 with the balance of revenue from property taxes, revenue sharing, investment interest, and contributions not restricted to specific programs of \$23,695,300.
- Business-type activities revenues for the year ending June 30, 2022, totaled \$318,753 including charges for services of \$298,653, investment income of \$654, and transfers from the general fund of \$19,446.
- Governmental fund expenditures for the fiscal year totaled \$26,123,143. Business-type activities expenses for the fiscal year totaled \$298,023.
- On the GAAP basis, expenditures and other financing uses were \$33,916,867 for the general fund; \$157,551 for the non-major governmental funds; and \$298,023 for business-type funds.

Use of the Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 through 17) 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 on page 18. 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 government.

The financial statement focus is on both the Town as a whole and its government-wide funds, as well as its business type activities. All these perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance accountability.

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Reporting the Town as a whole:

One of the most important questions asked about Town finances is “Is the Town as a whole better or worse financially as a result of this year’s activities”? The Statement of Net Position and Statement of Activities reports information in a way that gives the reader the answer to the above question. Statements include all assets and liabilities and deferred outflows and inflows using the accrual method of accounting, similar to that of private business. All current 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 therein. The Town’s net position is the difference between actual assets and liabilities and deferred outflows and inflows. This measures the Town’s financial health or financial position. Over time, increases or decrease in net position are an indicator of whether the financial health of the Town is improving or declining. Other non-financial factors to consider are changes in the Town’s property tax base and the condition of town roads and buildings when assessing the overall financial picture. In the Statement of Net Position and Statement of Activities the Town is divided into two sections: Governmental and Business-type (Enterprise) activities.

Significant Funds

The analysis of the Town’s most significant fund begins on page 18. The Fund Financial Statements provide detailed information on the general fund, not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council mainly through the Financial Town Referendum establishes other funds to help control and manage money for a particular purpose or project. Individual funds track costs more closely than in the general everyday use of funds (i.e. road paving, engineering) or to show that all legal responsibilities for using certain grants, and other miscellaneous funds donated or sent to the Town through other sources than property taxes.

Proprietary funds are those that the Town charges its customers for a service it provides – such as the Collection Center where taxpayers deliver their rubbish and recyclables or Coastal Ponds for the registration and use of pond moorings for ocean front property owners. Proprietary funds are like little businesses and are accounted for individually in order to know whether the funding for the service is adequate for the service provided.

The Town may be a trustee for certain types of funds or a fiduciary for certain activities. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. At the present time the Town has only one fiduciary fund for the other post-employment benefit trust fund.

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Town as a Whole

Analysis as a Whole

Included below is a condensed Statement of Net Position for the Town. The condensed format allows the reader to view the overall financial position of the Town.

Governments Wide Statements Statement of Net Position As of June 30:

	Government Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current & Other Assets	\$ 14,276,677	\$ 17,300,798	\$ 220,463	\$ 179,911	\$ 14,497,140	\$ 17,480,709
Capital assets	<u>30,950,424</u>	<u>26,750,526</u>	<u>358,483</u>	<u>144,231</u>	<u>31,308,907</u>	<u>26,894,757</u>
Total Assets	45,227,101	44,051,324	578,946	324,142	45,806,047	44,375,466
Deferred Outflows of Resources	3,097,325	2,454,367	--	--	3,097,325	2,454,367
Current Liabilities	3,239,985	1,439,071	8,095	6,261	3,248,080	1,445,332
Long-term liabilities	<u>6,241,263</u>	<u>10,227,282</u>	<u>20,379</u>	<u>18,713</u>	<u>6,261,642</u>	<u>10,245,995</u>
Total Liabilities	9,481,248	11,666,353	28,474	24,974	9,509,722	11,691,327
Deferred Inflows of Resources	5,364,553	3,002,686	--	--	5,364,553	3,002,686
Net Investment in Capital Assets	26,117,763	23,247,399	358,483	144,231	26,476,246	23,391,630
Restricted	3,554,456	4,291,109	10,000	10,000	3,564,456	4,301,109
Unrestricted	<u>3,806,406</u>	<u>4,298,144</u>	<u>181,989</u>	<u>144,937</u>	<u>3,988,395</u>	<u>4,443,081</u>
Total Net Position	<u>\$ 33,478,625</u>	<u>\$ 31,836,652</u>	<u>\$ 550,472</u>	<u>\$ 299,168</u>	<u>\$ 34,029,097</u>	<u>\$ 32,135,820</u>

Net Position equals Total Assets plus Deferred Outflows of Resources less Total Liabilities and Deferred Inflows of Resources.

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Changes in Net Position For fiscal Year Ended June 30

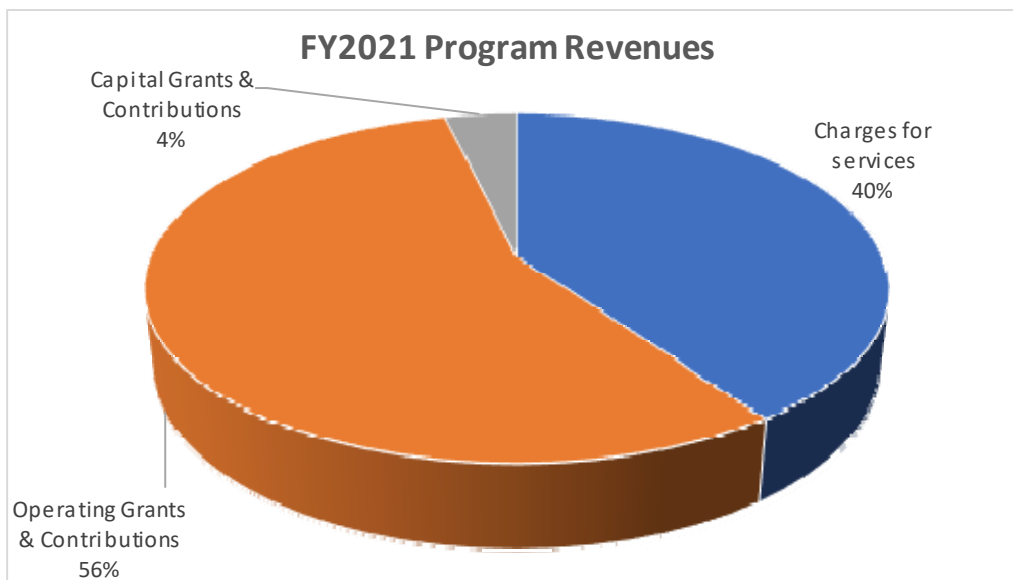
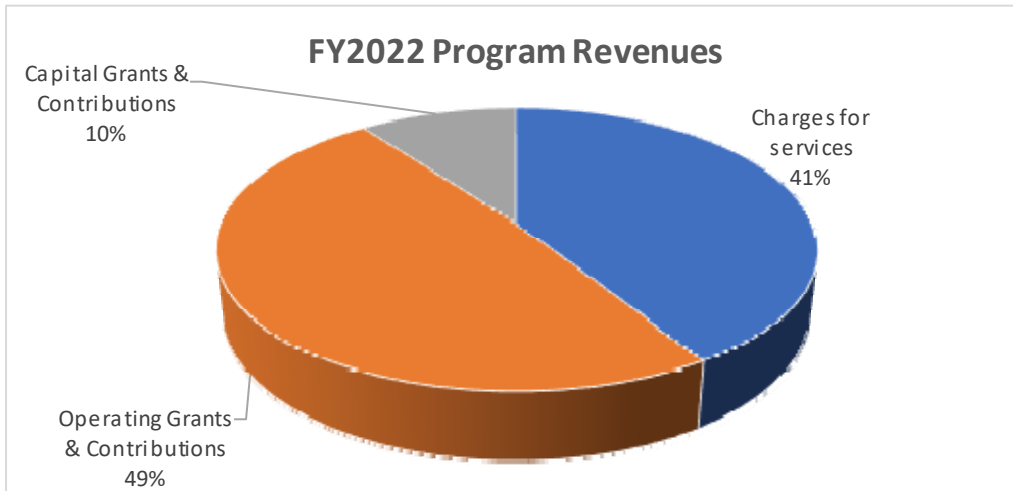
	Government Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenue:						
Charges for services	\$ 1,863,281	\$ 1,618,901	\$ 298,653	\$ 290,385	\$ 2,161,934	\$ 1,909,286
Operating Grants & Contributions	2,219,133	2,262,469	--	--	2,219,133	2,262,469
Capital Grants & Contributions	460,850	149,155	--	--	460,850	149,155
Total Program Revenue	<u>4,543,264</u>	<u>4,030,525</u>	<u>298,653</u>	<u>290,385</u>	<u>4,841,917</u>	<u>4,320,910</u>
General Revenue:						
Property Tax	23,678,072	23,734,076	--	--	23,678,072	23,734,076
Gain on sale of Capital Asset	--	73,200	--	--	--	73,200
Unrestricted Investment Earnings	36,674	58,870	654	3,038	37,328	61,908
Total General Revenue	<u>23,714,746</u>	<u>23,866,146</u>	<u>654</u>	<u>3,038</u>	<u>23,715,400</u>	<u>23,869,184</u>
Total Revenue	<u>28,258,010</u>	<u>27,896,671</u>	<u>299,307</u>	<u>293,423</u>	<u>28,557,317</u>	<u>28,190,094</u>
Program Expenses						
General Government	1,819,102	2,519,720	--	--	1,819,102	2,519,720
Public Safety	2,850,677	2,521,535	--	--	2,850,677	2,521,535
Public Works	2,664,389	2,429,585	--	--	2,664,389	2,429,585
Education	13,534,203	13,345,550	--	--	13,534,203	13,345,550
Parks & Recreation	1,056,466	1,063,772	--	--	1,056,466	1,063,772
Public Health & Asst	652,056	572,629	--	--	652,056	572,629
Community Development	--	42,298	--	--	--	42,298
Other	3,459,196	4,587,754	--	--	3,459,196	4,587,754
Interest on Long Term Debt	87,054	114,904	298,023	284,671	385,077	399,575
Total Expenses	<u>26,123,143</u>	<u>27,197,747</u>	<u>298,023</u>	<u>284,671</u>	<u>26,421,166</u>	<u>27,482,418</u>
Change in net position prior to transfers	2,134,867	698,924	1,284	8,752	2,136,151	707,676
Transfers	(19,446)	(16,410)	19,446	16,410	--	--
Change in net position	2,115,421	682,514	20,730	25,162	2,136,151	707,676
Net Position - Beginning, As Restated	<u>31,363,204</u>	<u>31,154,138</u>	<u>529,742</u>	<u>274,006</u>	<u>31,892,946</u>	<u>31,428,144</u>
Net Position - Ending	<u>\$ 33,478,625</u>	<u>\$ 31,836,652</u>	<u>\$ 550,472</u>	<u>\$ 299,168</u>	<u>\$ 34,029,097</u>	<u>\$ 32,135,820</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

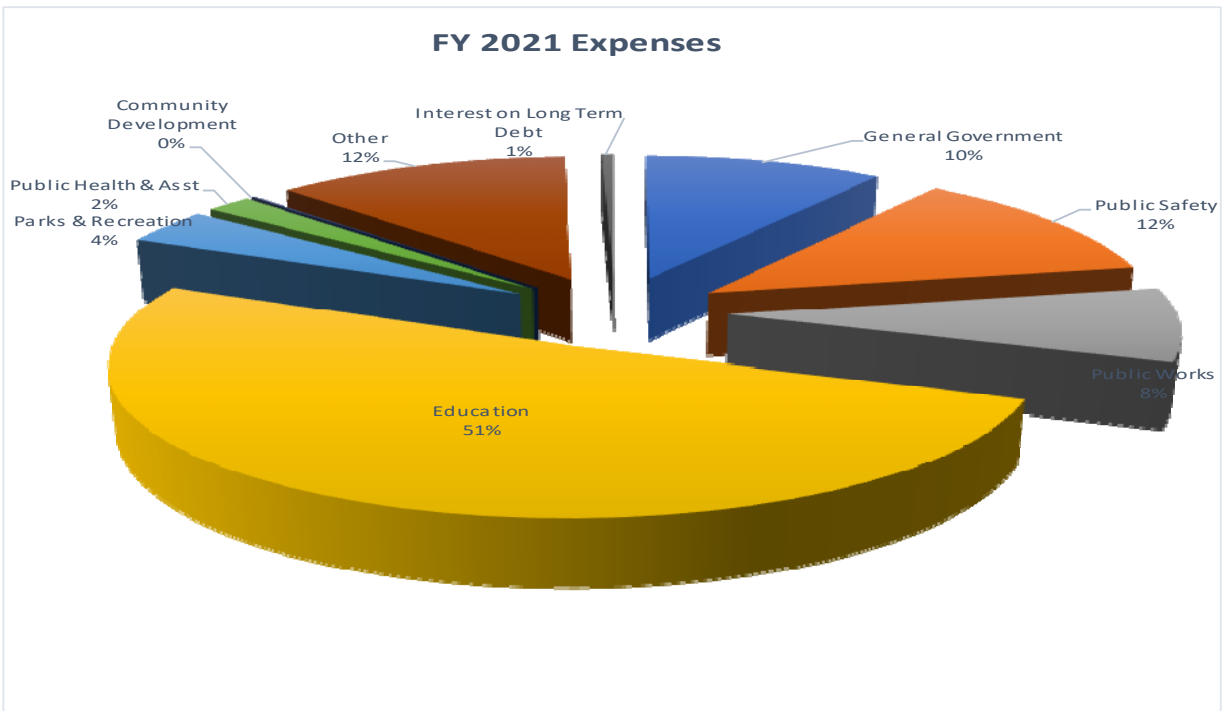
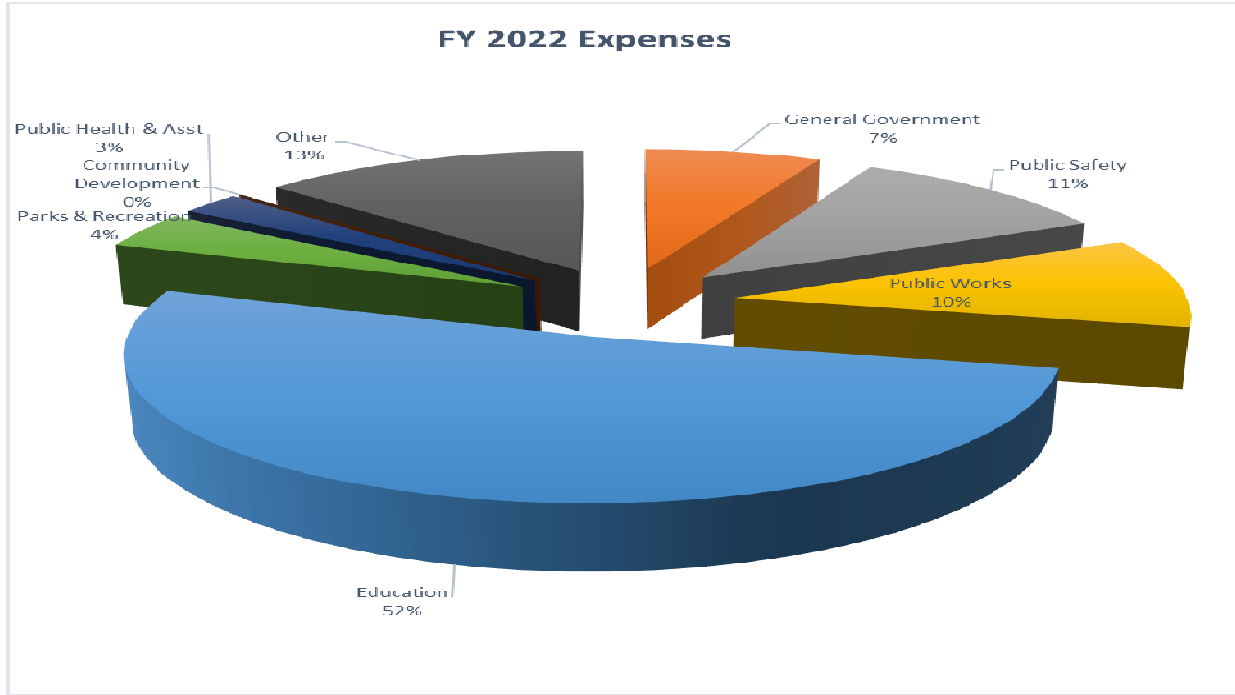
The following pie charts delineate the preceding chart by percentages. Sometimes it is easier to envision the totals when looking at it as pie slices.



TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022



TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Normal Impact:

There are six basic transactions that affect comparability of Net Position.

1. Net results of activities - will increase or decrease unrestricted net position.
2. Borrowing of Capital - increases current assets and long-term debt
3. Spending Borrowed Proceeds on New Capital - reduces current assets and increases capital. Also, a second impact occurs - increase in the net investment in capital assets and an increase in related net debt - note the investment in capital assets will not change the capital asset net of debt.
4. Spending of non-borrowed Current Assets on New Capital - will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
5. Principal Payment on Debt - a) reduce current assets and long- term debt and (b) reduce unrestricted assets and increase invested capital assets, net of debt.
6. Reduction of Assets through Depreciation - reduces capital assets and invested in capital assets, net of debt.

Changes in net position of the Town's activities as a whole (includes governmental and business-type activities) was \$2,115,421 and \$707,676 for fiscal year 2022 and 2021, respectively, resulting from the difference between expenses and revenues. For fiscal year 2022, expenses net of their pertinent revenues were \$28,258,010, while revenue not attributed to any activity in the government were \$26,142,589, therefore netting an increase of \$2,115,421 in net position. For fiscal year 2021, expenses net of their pertinent revenues was \$23,161,508, while revenues not attributed to any activity in the government were \$23,869,184, therefore netting an increase of \$707,676 in net position.

Business-type Activities:

The change in net position for the business-type activities for fiscal year 2022 and 2021 was \$20,730 and \$29,354, respectively.

Town's Funds:

General Fund & Other Governmental funds:

The Town implemented the provisions of Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) in fiscal year 2011. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies the definitions for governmental funds. GASB 54 defines the following five categories of fund balance:

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

- Nonspendable - items that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact.
- Restricted - items that are restricted by external parties or imposed by grants, laws or legislation.
- Committed - items that have been committed by formal action by the entity's highest level of decision-making authority.
- Assigned - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose.
- Unassigned - items that have no restrictions placed on them.

At the end of June 2022, the general fund balance sheet showed a fund balance of \$10,921,993. This figure results from all assets and deferred outflows allocated to the fund less its liabilities and deferred inflows, as presented on page 18. Of this total, \$299,641 was nonspendable for tax sale property and prepaid expenditures, \$5,046,996 was committed mainly for employee severance benefits and general government expenditures, and \$5,575,356 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. Other governmental funds had a fund balance of \$507,156 of which \$562,456 was restricted mainly for capital projects, community development, and general government expenditures, and \$(55,300) was unassigned. The total fund balance for the aforementioned funds is \$11,429,149. See Schedule B-1 (page 18).

The Town maintains certain funds that have been reclassified to the Town General Fund under GASB 54. The ending fund balance of these funds was \$4,306,936 at June 30, 2022.

At the end of June 2021, the general fund balance sheet showed a fund balance of \$10,884,395. This figure results from all assets and deferred outflows allocated to the fund less its liabilities and deferred inflows. Of this total, \$303,685 was nonspendable for tax sale property and prepaid expenditures, \$4,815,782 was committed mainly for the subsequent year's budget, employee severance benefits, general government expenditures, and \$5,764,928 was unassigned. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. Other governmental funds had a fund balance of \$3,935,014 of which \$1,540 was nonspendable for perpetual care, \$3,985,884 was restricted mainly for capital projects, public safety, and general government expenditures, \$32,642 was committed mainly for parks and recreation and \$(85,052) was unassigned. The total fund balance for the aforementioned funds is \$14,622,393.

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

For fiscal year 2022 the American Rescue Plan Fund was presented as a major fund with balance of \$1,166,530. This fund represents revenue replacement related to COVID-19 pandemic period which is funded by federal government through the State of Rhode Island and will be utilized as subsidy for projects related to capital projects related to public facilities and grants to outside agencies.

Business-type Activities:

The business-type activities for the Town are the Residential Collection Center and the Coastal Pond Management. These two entities combined had total net position of \$550,472 at June 30, 2022, of which \$358,483 is the net investment in capital assets, \$10,000 is restricted and \$181,989 is unrestricted. At June 30, 2021, these two entities combined had total net position of \$299,168 of which \$144,231 was the net investment in capital assets, \$10,000 was restricted and \$144,937 was unrestricted.

Required Supplemental Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplemental Information. For the Town of Charlestown, this Required Supplemental Information includes the Budgetary Comparison Schedule for the General Fund that can be found on "Schedule E-6" on page 99. The presentation under GASB 34 requires disclosure of both the original and final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year.

Analysis of Significant Budget Variations in the General Fund

For the year ended June 30, 2022, the general fund revenues exceeded budget projections by \$405,773, or 1.34%. The general fund expenditures were less than the budget by \$462,007, or 1.53%. This resulted in a \$867,780 budgetary surplus in the general fund for the year ending June 30, 2022.

The most significant revenue variances were tax collections in the amount of \$267,662, Building Inspection departmental revenue in the amount of \$100,291, and Recreation/Beach departmental revenue of \$40,747. The most significant expense variances were savings in the Public Works department for highways and wastewater management as well as the council contingency and legal services.

For the year ended June 30, 2021, the general fund revenues exceeded budget projections by \$241,354, or 0.9%. The general fund expenditures were less than the budget by \$1,502,850 or 5.36%. This resulted in a \$1,744,204 budgetary surplus in the general fund for the year ending June 30, 2021.

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The most significant revenue variances were tax collections in the amount of \$109,407, Building Inspection departmental revenue in the amount of \$41,984, and Recreation/Beach departmental revenue of \$135,144. The most significant expenditure variances were savings in the Public Works department for highways and public buildings and grounds as well as the council contingency and legal services.

Capital Assets and Long-Term Debt

Capital Assets

The Town of Charlestown's net investment in capital assets for its governmental and business-type activities as of June 30, 2022, and 2021 amounted to \$29.4 and \$26.8 million, respectively (net of accumulated depreciation). This net investment in capital assets includes construction-in-progress, land, buildings and improvements, motor vehicles, equipment, and infrastructure.

The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities and business-type activities. Infrastructure assets, assets that are long-lived and can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature such as streets, sidewalks and curbing are subject to different rules under the standards established by GASB 34.

Capital Assets at June 30: (In Millions)

	Governmental Activities		Business-Type Activities		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Motor Vehicles	4.3	4.2	0.1	0.0	4.4	4.2
Equipment	1.9	1.9	0.5	0.3	2.4	2.2
Infrastructure	52.3	50.3	0.0	0.0	52.3	50.3
Buildings and Improvements	10.8	10.0	0.0	0.0	10.8	10.0
Land and Land Improvements	12.9	11.6	0.2	0.2	13.1	11.8
Construction-in-progress	0.0	0.2	0.0	0.0	0.0	0.2
Total Assets	82.1	78.2	0.8	0.5	83.0	78.7
Less: Accumulated Depreciation	-53.1	-51.5	-0.5	-0.4	-53.6	-51.9
Net Capital Assets	29.1	26.7	0.3	0.1	29.4	26.8

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022, was \$83.0 million less accumulated depreciation of \$53.6 million for a net investment in capital assets of \$29.4 million.

TOWN OF CHARLESTOWN, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, was \$78.7 million less accumulated depreciation of \$51.9 million for a net investment in capital assets of \$26.8 million.

Major capital asset additions during the current fiscal year included the following:

- \$ 1,942,855 for Infrastructure
- \$ 189,989 for Vehicles
- \$ 847,179 for Buildings and Improvements
- \$ 250,330 for Machinery & Equipment
- \$ 904,0520 for Land
- \$ 101,500 for Land Improvements

Additional information on the Town's capital assets can be found on Note 6 on pages 49-51 of this report.

Long-Term Debt

As of June 30, 2022, the Town had total long-term liabilities of \$6.9 million. Of that, \$2.9 million related to bonded debt guaranteed by the Town's assets, \$0.06 million related to landfill monitoring costs; \$1.5 million related to compensated absences, can be found on page 52.

As of June 30, 2021, the Town had total long-term liabilities of \$4.9 million. Of that, \$3.5 million related to bonded debt guaranteed by the Town's assets, \$0.1 million related to landfill monitoring costs; \$1.3 million related to compensated absences.

The business-type activities had long-term liabilities \$20,379 on June 30, 2022. This is related to compensated absences.

The business-type activities had long-term liabilities \$18,713 on June 30, 2021. This is related to compensated absences.

The Town's bond ratings are as follows:

Moody's: Aa2

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, 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 information, contact the Office of the Treasurer at the Town of Charlestown, 4540 South County Trail, Charlestown, RI 02813.

TOWN OF CHARLESTOWN

BASIC FINANCIAL STATEMENTS

TOWN OF CHARLESTOWN, RHODE ISLAND

A-1

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 11,990,666	\$ 865,371	\$ 12,856,037
Restricted cash and cash equivalents	--	16,121	16,121
Investments	2,741	--	2,741
Receivables:			
Taxes, net	447,808	--	447,808
Other receivables	50,835	6,000	56,835
Internal balances	670,029	(670,029)	--
Due from other governments	814,957	--	814,957
Prepaid expenses	1,658	3,000	4,658
Tax sale property	297,983	--	297,983
Total Current Assets	14,276,677	220,463	14,497,140
Noncurrent Assets			
Capital assets:			
Non-depreciable	10,809,007	99,500	10,908,507
Depreciable, net	18,257,799	258,983	18,516,782
Net pension asset	1,109,404	--	1,109,404
Net other post-employment benefit asset	774,214	--	774,214
Total Noncurrent Assets	30,950,424	358,483	31,308,907
Total Assets	45,227,101	578,946	45,806,047
Deferred Outflows of Resources			
Deferred outflows related to pensions	2,184,444	--	2,184,444
Deferred outflows related to other post-employment benefits	912,881	--	912,881
Total Deferred Outflows of Resources	3,097,325	--	3,097,325

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

TOWN OF CHARLESTOWN, RHODE ISLAND

A-1

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2022

Liabilities

Current Liabilities

Accounts payable	419,210	6,946	426,156
Accrued payroll	55,065	1,149	56,214
Accrued interest	41,792	--	41,792
Landfill monitoring costs	8,152	--	8,152
Current portion of long-term debt	555,000	--	555,000
Current portion of compensated absences	153,721	--	153,721
Unearned revenue	1,976,756	--	1,976,756
Other liabilities	30,289	--	30,289
Total Current Liabilities	<u>3,239,985</u>	<u>8,095</u>	<u>3,248,080</u>

Noncurrent Liabilities

Long-term debt, net	2,451,106	--	2,451,106
Compensated absences	1,383,488	20,379	1,403,867
Net pension liability	2,406,669	--	2,406,669
Total Noncurrent Liabilities	<u>6,241,263</u>	<u>20,379</u>	<u>6,261,642</u>

Total Liabilities

<u>9,481,248</u>	<u>28,474</u>	<u>9,509,722</u>
------------------	---------------	------------------

Deferred Inflows of Resources

Deferred inflows related to pensions	3,823,263	--	3,823,263
Deferred inflows related to other post-employment benefits	1,541,290	--	1,541,290
Total Deferred Inflows of Resources	<u>5,364,553</u>	<u>--</u>	<u>5,364,553</u>

Net Position

Net investment in capital assets	26,117,763	358,483	26,476,246
Restricted for:			
Endowment	--	10,000	10,000
Community development	80	--	80
Education	128,540	--	128,540
Capital projects	3,068,849	--	3,068,849
Special purposes	356,987	--	356,987
Unrestricted	3,806,406	181,989	3,988,395
	<u>\$ 33,478,625</u>	<u>\$ 550,472</u>	<u>\$ 34,029,097</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

<i>Functions/Programs</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 1,819,102	\$ 1,181,567	\$ 776,330	\$ 424,950	\$ 563,745	\$ --	\$ 563,745
Public safety	2,850,677	75,395	54,105	--	(2,721,177)	--	(2,721,177)
Public works	2,664,389	--	2,783	25,000	(2,636,606)	--	(2,636,606)
Education	13,534,203	--	1,291,300	--	(12,242,903)	--	(12,242,903)
Parks and recreation	1,056,466	606,133	29,473	10,900	(409,960)	--	(409,960)
Public health and assistance	652,056	186	65,142	--	(586,728)	--	(586,728)
Employee benefits and outside services	3,459,196	--	--	--	(3,459,196)	--	(3,459,196)
Interest on long-term debt	87,054	--	--	--	(87,054)	--	(87,054)
Total Governmental Activities	<u>26,123,143</u>	<u>1,863,281</u>	<u>2,219,133</u>	<u>460,850</u>	<u>(21,579,879)</u>	<u>--</u>	<u>(21,579,879)</u>
Business-Type Activities							
Residential Collection Center	249,297	239,490	--	--	--	(9,807)	(9,807)
Coastal Pond Management	48,726	59,163	--	--	--	10,437	10,437
Total Business-Type Activities	<u>298,023</u>	<u>298,653</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>630</u>	<u>630</u>
Total	<u>26,421,166</u>	<u>2,161,934</u>	<u>2,219,133</u>	<u>460,850</u>	<u>(21,579,879)</u>	<u>630</u>	<u>(21,579,249)</u>
General Revenues							
Property taxes					23,678,072	--	23,678,072
Unrestricted investment earnings					36,674	654	37,328
Transfers					(19,446)	19,446	--
Total General Revenues and Transfers					<u>23,695,300</u>	<u>20,100</u>	<u>23,715,400</u>
Change in Net Position					2,115,421	20,730	2,136,151
Net Position - Beginning, As Restated					<u>31,363,204</u>	<u>529,742</u>	<u>31,892,946</u>
Net Position - Ending					<u>\$ 33,478,625</u>	<u>\$ 550,472</u>	<u>\$ 34,029,097</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

B-1

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Fund
Assets				
Cash and cash equivalents	\$ 11,716,686	\$ --	\$ 273,980	\$ 11,990,666
Investments	--	--	2,741	2,741
Receivables:				
Taxes, net	447,808	--	--	447,808
Other receivables	48,190	--	2,645	50,835
Due from:				
Other funds	5,048,941	1,166,530	336,946	6,552,417
Other governments	1,835	--	813,122	814,957
Prepaid expenses	1,658	--	--	1,658
Tax sale property	297,983	--	--	297,983
Total Assets	<u>17,563,101</u>	<u>1,166,530</u>	<u>1,429,434</u>	<u>20,159,065</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Current Liabilities				
Accounts payable	415,661	--	3,549	419,210
Accrued payroll	55,065	--	--	55,065
Due to:				
Other funds	5,728,245	--	154,143	5,882,388
Unearned revenue	60,237	1,166,530	749,989	1,976,756
Other liabilities	15,692	--	14,597	30,289
Total Current Liabilities	<u>6,274,900</u>	<u>1,166,530</u>	<u>922,278</u>	<u>8,363,708</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	366,208	--	--	366,208
Total Deferred Inflows of Resources	<u>366,208</u>	<u>--</u>	<u>--</u>	<u>366,208</u>
Fund Balances				
Nonspendable	299,641	--	--	299,641
Restricted	--	--	562,456	562,456
Committed	5,046,996	--	--	5,046,996
Unassigned	5,575,356	--	(55,300)	5,520,056
Total Fund Balances	<u>10,921,993</u>	<u>--</u>	<u>507,156</u>	<u>11,429,149</u>
Balance	<u>\$ 17,563,101</u>	<u>\$ 1,166,530</u>	<u>\$ 1,429,434</u>	<u>\$ 20,159,065</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

B-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2022

Amounts Reported for Governmental Activities in the Statement of Net Position Differ Because:

Total Fund Balance (B-1)		\$ 11,429,149
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	\$ 82,126,715	
Less: accumulated depreciation	<u>(53,059,908)</u>	29,066,807
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		2,184,444
Contributions to the other post-employment benefit plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		912,881
Net pension asset is not reported in the governmental funds.		1,109,404
Net other post-employment benefit (OPEB) asset is not reported in the governmental funds. This amount represents accumulated plan contributions in excess of annual OPEB costs.		774,214
Some liabilities, including bonds payable and related deferred outflows of resources, are not due and payable in the current period and therefore are not reported in the funds.		
Governmental bonds payable	(2,940,000)	
Premium	(18,127)	
Current year amortization	9,084	
Compensated absences	(1,537,209)	
Landfill closure and post-closure care costs	<u>(65,216)</u>	(4,551,468)
Net pension liability is not reported in the governmental funds.		(2,406,669)
Pension related deferrals are not reported in the governmental funds.		(3,823,263)
Other post-employment benefit related deferrals are not reported in the governmental funds.		(1,541,290)
Certain deferred inflows of resources in governmental funds are susceptible to full accrual on the entity-wide statements.		366,208
Accrued interest payable is recorded in governmental activities, but is not recorded in the funds.		<u>(41,792)</u>
Total Net Position (A-1)		<u><u>\$ 33,478,625</u></u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 23,743,876	\$ --	\$ --	\$ 23,743,876
Intergovernmental	2,525,537	3,092	36,344	2,564,973
Departmental	1,668,530	--	215,357	1,883,887
Investment income	36,411	--	263	36,674
Other	94,404	--	--	94,404
Total Revenues	<u>28,068,758</u>	<u>3,092</u>	<u>251,964</u>	<u>28,323,814</u>
Expenditures				
Current				
General government	2,368,331	3,092	132,551	2,503,974
Public safety	3,047,420	--	--	3,047,420
Public works	1,978,871	--	--	1,978,871
Education	13,510,358	--	--	13,510,358
Parks and recreation	803,857	--	--	803,857
Public health and assistance	652,056	--	--	652,056
Employee benefits and outside services	3,459,196	--	--	3,459,196
Debt Services				
Principal	545,000	--	--	545,000
Interest and other costs	101,870	--	--	101,870
Capital				
Capital outlay	4,548,029	--	--	4,548,029
	<u>31,014,988</u>	<u>3,092</u>	<u>132,551</u>	<u>31,150,631</u>
Excess of Revenue Over (Under) Expenditures				
Before Other Financing Sources (Uses)	<u>(2,946,230)</u>	<u>--</u>	<u>119,413</u>	<u>(2,826,817)</u>
Other Financing Sources (Uses)				
Transfers in	2,873,476	--	25,805	2,899,281
Transfers out	(2,893,727)	--	(25,000)	(2,918,727)
Landfill monitoring	(8,152)	--	--	(8,152)
Net Other Financing Sources (Uses)	<u>(28,403)</u>	<u>--</u>	<u>805</u>	<u>(27,598)</u>
Net Change in Fund Balances	(2,974,633)	--	120,218	(2,854,415)
Fund Balance (Deficit) - Beginning of Year, As restated	<u>13,896,626</u>	<u>--</u>	<u>386,938</u>	<u>14,283,564</u>
Fund Balance (Deficit) - End of Year	<u>\$ 10,921,993</u>	<u>\$ --</u>	<u>\$ 507,156</u>	<u>\$ 11,429,149</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

B-3

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ (2,854,415)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	2,450,899
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	821,177
The governmental funds report OPEB contributions as expenditures when paid. However, in the Statement of Activities, differences between OPEB plan contributions and OPEB costs for the year are reported as an OPEB liability.	898,947
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	311,101
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	(65,804)
Adjustment to accrued interest payable related to long-term liabilities which is required to be recorded for government-wide financial statement presentation.	5,752
Pension expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	34,966
Other post-employment benefit expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	<u>512,798</u>
Change in Net Position of Governmental Activities in the Statement of Activities (A-2)	<u><u>\$ 2,115,421</u></u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

C-1

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

JUNE 30, 2022

	Residential Collection Center	Coastal Pond Management	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 591,580	\$ 273,791	\$ 865,371
Restricted cash and cash equivalents	--	16,121	16,121
Receivables, net	6,000	--	6,000
Prepaid expenses	3,000	--	3,000
Total Current Assets	<u>600,580</u>	<u>289,912</u>	<u>890,492</u>
Noncurrent Assets			
Capital assets, net	350,323	8,160	358,483
Total Noncurrent Assets	<u>350,323</u>	<u>8,160</u>	<u>358,483</u>
Total Assets	<u>950,903</u>	<u>298,072</u>	<u>1,248,975</u>
Liabilities			
Current liabilities			
Accounts payable	6,386	560	6,946
Accrued payroll	575	574	1,149
Due to other funds	503,268	166,761	670,029
Total Current Liabilities	<u>510,229</u>	<u>167,895</u>	<u>678,124</u>
Noncurrent Liabilities			
Accrued compensated absences	20,379	--	20,379
Total Deferred Inflows of Resources	<u>20,379</u>	<u>--</u>	<u>20,379</u>
Total Liabilities	530,608	167,895	698,503
Net Position			
Net investment in capital assets	350,323	8,160	358,483
Restricted for endowment	--	10,000	10,000
Unrestricted	69,972	112,017	181,989
Total Net Position	<u>\$ 420,295</u>	<u>\$ 130,177</u>	<u>\$ 550,472</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

C-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Residential Collection Center	Coastal Pond Management	Totals
Operating Revenues			
Charges for usage and service	\$ 239,490	\$ 59,163	\$ 298,653
Total Operating Revenues	<u>239,490</u>	<u>59,163</u>	<u>298,653</u>
Operating Expenses			
Operations	140,533	18,794	159,327
Personnel	86,523	24,492	111,015
Depreciation	22,241	5,440	27,681
Total Operating Expenses	<u>249,297</u>	<u>48,726</u>	<u>298,023</u>
Operating Income (Loss)	(9,807)	10,437	630
Non Operating Revenues			
Investment income	469	185	654
Total Non Operating Revenues	<u>469</u>	<u>185</u>	<u>654</u>
Income (Loss) Before Transfers	(9,338)	10,622	1,284
Transfers In	<u>19,446</u>	<u>--</u>	<u>19,446</u>
Change in Net Position	10,108	10,622	20,730
Total Net Position - Beginning, As Restated	<u>410,187</u>	<u>119,555</u>	<u>529,742</u>
Total Net Position - Ending	<u>\$ 420,295</u>	<u>\$ 130,177</u>	<u>\$ 550,472</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

C-3

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Residential Collection Center	Coastal Pond Management	Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 238,719	\$ 59,163	\$ 297,882
Cash paid to suppliers	(134,037)	(17,674)	(151,711)
Cash paid to employees	(84,282)	(23,918)	(108,200)
Net Cash Provided by Operating Activities	<u>20,400</u>	<u>17,571</u>	<u>37,971</u>
Cash Flows from NonCapital Financing Activities			
Transfers from General Fund	19,446	--	19,446
Due to other funds	92,896	10,951	103,847
Net Cash Provided by NonCapital Financing Activities	<u>112,342</u>	<u>10,951</u>	<u>123,293</u>
Cash Flows from Investing Activities			
Cash paid for capital assets	(5,950)	--	(5,950)
Interest on investments	469	185	654
Net Cash Provided by Investing Activities	<u>(5,481)</u>	<u>185</u>	<u>(5,296)</u>
Net Increase in Cash and Cash Equivalents	127,261	28,707	155,968
Cash and Cash Equivalents - Beginning of Year	<u>464,319</u>	<u>245,084</u>	<u>709,403</u>
Cash and Cash Equivalents - End of Year	<u>\$ 591,580</u>	<u>\$ 273,791</u>	<u>\$ 865,371</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (9,807)	\$ 10,437	\$ 630
Adjustments to reconcile:			
Depreciation	22,241	5,440	27,681
(Increase) decrease in receivables, net	(771)	--	(771)
Increase in prepaid expenses	--	--	--
Decrease in accounts payable	6,496	1,120	7,616
Increase in accrued payroll	575	574	1,149
Increase in accrued compensated absences	1,666	--	1,666
Net Cash Provided by Operating Activities	<u>\$ 20,400</u>	<u>\$ 17,571</u>	<u>\$ 37,971</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

D-1

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

JUNE 30, 2022

	Other Post-Employment Benefit Trust Fund
Assets	
Investments, at fair value	\$ 9,098,817
Total Assets	<u>9,098,817</u>
Liabilities	<u>--</u>
Net Position	
Held in trust for other post-employment benefits	<u>\$ 9,098,817</u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

D-2

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Other Post-Employment Benefit Trust Fund
Additions	
Contributions	
Employer contributions	\$ 285,000
Total Contributions	<u>285,000</u>
Investment Income	
Interest and dividends	<u>(1,402,178)</u>
Total Investment Income	<u>(1,402,178)</u>
Total Additions	(1,117,178)
Deductions	
Benefits	148,869
Administrative expenses	<u>5,893</u>
Total Deductions	<u>154,762</u>
Change in Net Position	(1,271,940)
Net Position - Beginning	<u>10,370,757</u>
Net Position - Ending	<u><u>\$ 9,098,817</u></u>

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

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - REPORTING ENTITY

In accordance with the requirements of the Governmental Accounting Standards Board, The Financial Reporting Entity, the accompanying basic financial statements present the Town of Charlestown (the primary government).

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsections of this note.

PRIMARY GOVERNMENT

The Town is a municipal corporation governed by a Council/Town Administrator form of government with a five-member Town Council headed by a Council President. The Town provides the following services as authorized by its charter: general government, public safety, public works, education, parks and recreation, public health and assistance and employee benefits and outside services.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made through the application of GASB criteria. Under GASB, the financial reporting entity includes both the primary government and all of its component units. GASB defines component units as legally separate entities that meet any one of the following three tests:

Test 1 - The primary government appoints the voting majority of the board of the potential component unit and;

* is able to impose its will on the potential component unit and/or

* is in a relationship of financial benefit or burden with the potential component unit;

Test 2 - The potential component unit is fiscally dependent upon the primary government; or

Test 3 - The financial statements would be misleading if data from the potential component unit were not included.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - REPORTING ENTITY (CONTINUED)

Potential component unit:

*Chariho Regional School District. Education services are provided to the Town by the Chariho Regional School District. The District serves the Towns of Charlestown, Richmond and Hopkinton, and is a separate legal entity from its member Towns with no financial interdependency. The District has a separately elected governing authority, and a separate designation of management. In addition, the Town has no ability to significantly influence operations and no accountability over fiscal matters of the School District. As a result, the Town has no oversight responsibilities and the School District's separate financial statements are not included herein.

For the purpose of these financial statements, the financial reporting entity includes only the Town of Charlestown, Rhode Island. No other organizations satisfy the criteria necessary to be categorized as component units under the requirements of GASB. The potential component unit discussed above has not been included within the Town's reporting entity due to the Town's lack of financial accountability and inability to significantly influence the operations of the Chariho Regional School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RECENTLY ISSUED ACCOUNTING STANDARDS

The Town implemented the following pronouncement for the year ended June 30, 2022:

- GASB Statement No. 87 - *Leases*
- GASB Statement No. 89 - *Accounting for Interest Costs Incurred before the End of a Construction Period*, effective for the Town's fiscal year ending June 30, 2022.
- GASB Statement No. 92 - *Omnibus 2020*, effective for the Town's fiscal year ending June 30, 2022.
- GASB Statement No. 98 - *The Annual Comprehensive Financial Report*, effective for the Town's fiscal year ending June 30, 2022.
- GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32.*

The adoption of these Statements did not have an impact on the Town's financial position or results of operations.

The Town will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 91 - *Conduit Debt Obligations*, effective for the fiscal year ending June 30, 2023.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS (CONTINUED)

- GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 96 - Subscription - Based Technology Arrangements, effective for the Town's fiscal year ending June 30, 2023.
- GASB Statement No. 99 - Omnibus 2022, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 100 - Accounting Changes and Error Corrections, effective for the fiscal year ending June 30, 2024.
- GASB Statement No. 101 - Compensated Absences, effective for the fiscal year ending June 30, 2025.

Management is in the process of determining the impact of these pronouncements on the Town's financial statements.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS

- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Permanent Funds

Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the earnings may be used to achieve the objectives of the fund.

PROPRIETARY FUNDS

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS (NOT INCLUDED IN GOVERNMENT-WIDE STATEMENTS)

Other Post-Employment Benefit Trust Funds

Other post-employment benefit trust funds are used to account for resources legally held in trust for the payment of benefits other than pensions. The Other Post-Employment Benefit Trust Fund accumulates resources for future retiree health benefits for eligible retirees.

MAJOR AND NON-MAJOR FUNDS

The funds are further classified as major or non-major as follows:

Major:

- | | |
|----------------------|---|
| General: | See above for description
Used to monitor the expenses relating to the federal funds received under the |
| American Rescue Plan | guidance of the America Rescue Plan Act. |
| Proprietary: | Residential Collection Center: accounts for the operation and maintenance of the
Residential Collection Center.

Coastal Pond Management: accounts for the operation of the Coastal Pond
Management Fund. |

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major and Non-Major Funds (Continued)

Non-Major:

Special Revenue: Senior Community Activities, Ninigret Park Fitness Space - DEM, MEDS Grant - R.I. Dept. of Health, Frisbee Gold Course, School Impact Fees, Friends of Ninigret, Operation Blue Riptide, Flagpole Gardens Accessible Playground, Animal Spaying/Neutering, Ninigret Park Fund, Bicentennial Fund, Covid Relief, Developer Bond Deposits, Open Space Fees, Project Review, Opioid Grant, Naval Airfield Memorial, Police Forfeiture, US EPA, Birthday Committee, Affordable Housing Acquisitions, Community Development Block Grant, Police Evidence Property, Historical and Vital Records, Ninigret Dog Park, and Comprehensive Planning Grant.

Permanent: Zenis Ellis Trust and Cemetery Fund

MEASUREMENT FOCUS

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, liabilities, deferred inflows and outflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS (CONTINUED)

- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities, deferred inflows and outflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

ACCOUNTS RECEIVABLE

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts totaled \$570,000 for property taxes. Major receivable balances for the governmental activities include property taxes and intergovernmental grants and aid. Business-type activities report service fees as its major receivables.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE (CONTINUED)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in certain governmental funds. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles. The Town did not have any encumbrances as of June 30, 2022.

INVESTMENTS

Investments are stated at fair value. For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all of the Town's cash and cash equivalents are held in public deposit institutions.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheets.

ADVANCES TO OTHER FUNDS

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

LONG-TERM DEBT

In the governmental-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Bond payable are reported net of the applicable bond premium or discount. Bond premiums, included in long-term debt, are amortized using the effective interest method over the respective life of the associated bond issues. Amortization of bond premiums, which are charged against interest expense, totaled \$9,084 for fiscal year 2022.

Prepaid bond insurance costs are reported as an asset and are recognized as an expense over the duration of the related debt using the straight-line method. The Town did not have any prepaid bond insurance costs at June 30, 2022.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. Interest is reported as an expenditure in the period in which the related payment is made.

The total bond premiums at June 30, 2022 were \$89,281, while the accumulated amortization was \$80,238.

AMOUNT DEFERRED ON REFUNDING

During periods of declining interest rates, the Town has refunded certain bond obligations reducing aggregate debt service. The difference between the reacquisition price and the net carrying amount of the refunded bonds is recorded as an amount deferred on refunding. The deferred amount on refunding is amortized over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter. The amortization amount is a component of interest on bonds, and the unamortized balances are recorded as deferred outflows or inflows on the government-wide Statement of Net Position.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the government-wide statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflow of resources related to pension/OPEB in the government-wide financial statements. A deferred inflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

MATERIALS AND SUPPLIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased.

PREPAID ITEMS

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their acquisition value at the date of donation. Infrastructure, such as streets and drainage systems, are capitalized. The capitalization threshold is any individual item with a total cost equal to or greater than \$5,000.

Prior to July 1, 2002, governmental funds infrastructure assets were not capitalized. During fiscal year 2007, the Town conducted a detailed study of all infrastructure assets in order to have a complete inventory of its infrastructure assets and be in compliance with GASB Statement No. 34. As of June 30, 2007, the government-wide financial statements include all infrastructure assets in accordance with GASB Statement No. 34.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Classes	Useful Life
Buildings	10 - 50 years
Land improvements	10 - 15 years
Equipment	3 - 30 years
Vehicles	5 - 10 years
Infrastructure	20 - 50 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND TRANSACTIONS

Interfund activity within and among the funds of the Town have been classified and reported as follows:

Reciprocal interfund activities:

- Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.

Non-reciprocal interfund activities:

- Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses

COMPENSATED ABSENCES

The Town's policy is to recognize the cost of sick leave and vacation pay in governmental funds at the time payments are made. Vested sick leave and accumulated vacation pay for governmental fund employees at June 30, 2022 amounted to \$1,537,209. The amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as long-term debt in the government-wide financial statements. The liability is calculated at the rate of pay in effect at June 30, 2022 and paid out of the general fund.

PENSIONS

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

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

The Town is required to present budgetary comparisons for the General Fund and for major individual special revenue funds for which annual budgets are adopted. As such, budgetary schedules have been prepared for the General Fund. The practices used in the preparation of the budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual - General Fund has been adjusted to a basis consistent with the Town's budget. Transfers of appropriations between departments require the approval of the Town Council. All annual budget appropriations lapse at fiscal year-end.

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	Revenues and Transfers	Expenditures and Transfers
Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-6)	\$ 31,402,812	\$ 29,782,041
Transfer from Fund Balance	(2,981,845)	--
Transfers not budgeted	--	24,555
Activity of funds classified with the General Fund for Purposes of GASB Statement No. 54	<u>2,521,267</u>	<u>4,110,271</u>
Statement of Revenues, Expenditures and Changes in Fund Balance (B-2)	<u>\$ 30,942,234</u>	<u>\$ 33,916,867</u>

USE OF ESTIMATES

The preparation of financial statements requires management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUITY CLASSIFICATIONS

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- (a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, granters, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not expected to be converted to cash, or legally or contractually required to be maintained intact.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by resolution or ordinance of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUITY CLASSIFICATIONS (CONTINUED)

Fund Statements (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by formal Town Council action.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NET POSITION FLOW ASSUMPTION

The Town occasionally funds outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to be reported as restricted and unrestricted net position in the government-wide and proprietary fund 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 use restricted resources first, then unrestricted as they are needed.

FUND BALANCE FLOW ASSUMPTION

The Town may fund outlays for a particular purpose from both restricted and unrestricted (committed, assigned and unassigned fund balances) resources. To calculate the amounts to report as restricted, committed, assigned or unassigned 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. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental 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 details of this \$2,450,899 difference are as follows:

Capital Outlays	\$ 4,230,423
Depreciation expense	<u>(1,779,524)</u>
Net Adjustment	<u>\$ 2,450,899</u>

Another element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds". The details of this \$311,101 difference are as follows:

Bonds payable	\$ 545,000
Bond premium	9,084
Deferred outflow of resources	(2,582)
Compensated absences	(248,553)
Landfill monitoring	<u>8,152</u>
Net adjustment	<u>\$ 311,101</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk, Deposits - Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town does not have a policy for custodial credit risk.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS (CONTINUED)

The Town maintains deposits at local financial institutions. At year end, the carrying amount of such deposits was \$3,089,177 while the bank balance was \$3,250,049 of which \$500,000 was covered by federal depository insurance, and \$2,750,049 was collateralized. In addition, at June 30, 2022 the Town had deposits of \$9,780,056 held through an Insured Cash Sweep Service (ICS) agreement between the Town and its banks. The ICS places Town funds at other FDIC insured banks in amounts that do not exceed the FDIC insured maximum. Through the ICS program the Town can exclude specific banks to ensure the FDIC insured limit is never exceeded at the destination banks.

Rhode Island General Law 35-10.1 requires that public deposits which are time deposits with maturities greater than 60 days be insured or pledged by collateral. In addition, collateral must be insured or pledged for depository institutions, which do not meet minimum capital standards. The Town of Charlestown was in compliance with this law at June 30, 2022.

The carrying value of the Town's cash and cash equivalents related to the Town's Statement of Net Position (A-1) totals as follows:

Unrestricted cash deposits	\$ 3,073,056
Restricted cash deposits	16,121
Insured Cash Sweep	9,780,056
Petty cash	<u>2,925</u>
Total Cash and Cash Equivalents- (A-1)	<u>\$ 12,872,158</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

The Town accounts for its investments in accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*," which requires that investments be reported at fair value. Fair values are established by quoted market values. Unrealized gains and losses from changes in fair value are recognized as investment income.

Investments included in the fiduciary fund for the Other Post-Employment Benefits (OPEB) trust fund are valued at fair value. Securities traded on national exchanges are valued at the latest reported sales prices.

Interest rate risk - 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 increasing interest rates. The Town minimizes its exposure to interest rate risk by investing in short-term, highly liquid investments.

The Town does not hold long-term investments other than those managed by the trustee of the OPEB trust fund. Managed investments are subject to interest rate risk. The risk associated with OPEB investments is mitigated by evaluation of the portfolio performance by the Town's Trust Investment Consortium. The Town receives monthly investment performance reports from the OPEB trust fund trustee and the Consortium meets quarterly to evaluate the trust's activity in comparison to the investment performance policies set forth in the OPEB trust investment policy statement.

Custodial Credit Risk, Investments - The Town does not have a formal custodial credit risk policy.

Custodial credit risk is the risk that in the event of financial institution failure, the Town's investments may not be returned or the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - At June 30, 2022, the Town's non-fiduciary fund investments consisted entirely of a U.S. Series HH Bond.

In accordance with the Home Rule Charter of the Town, the responsibility for conducting investment transactions resides with the Town Treasurer after consultation with the Town Administrator.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

As outlined in the Town's investment manual, funds of the Town may be invested in the following instruments:

- U.S. Treasury Bills
- Short-term obligations of U.S. Government agencies
- Treasury bills and notes maturing within one (1) year
- Insured or collateralized certificates of deposit
- Repurchase agreements collateralized by U.S. Treasury securities
- State investment pools
- Money market mutual funds whose portfolios consist of a majority of U.S. Government securities or in broadly diversified money market instruments which are based in Rhode Island
- A 1/P1 rated commercial paper secured by an irrevocable line of credit
- BBB (S&P) and higher rated bonds issued by corporations and utilities

Investments Of The Retiree Healthcare Fund (The OPEB Trust) - Effective October 1, 2015, all OPEB Trust Investments are held in the Public Agencies Retirement Services (PARS) Post-Retirement Health Care Plan Trust by its trustee, US Bank. Vanguard Advisors, Inc. is contracted to manage the portfolio in accordance with the Trust Documents and Vanguard Discretionary Advisory Agreement as approved by the Town Council. The Vanguard Agreement Schedule B requires that portfolio assets be allocated across broad asset and subasset classes in accordance with the guidelines including equities, fixed income, and REITS.

Custodial Credit Risk - The OPEB Trust does not have a formal policy for custodial credit risk, but as of June 30, 2022, all investments are registered in the name of the Town of Charlestown PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

Concentration of Credit Risk - The Vanguard agreement addresses concentration limits on a manager basis. As of June 30, 2022, the OPEB Trust's investments were all registered in the Trust's name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2022:

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Investments included in The Trust's OPEB Fiduciary Fund consisted of the following at June 30, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Mutual funds	\$ 9,098,817	\$ 9,098,817	\$ --	\$ --
Total OPEB Trust	<u>\$ 9,098,817</u>	<u>\$ 9,098,817</u>	<u>\$ --</u>	<u>\$ --</u>

As of June 30, 2021, investments other than those included in the Fiduciary Fund included:

<u>Description</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificate of deposit	\$ 2,241	3%	7/16/2022
Series HH Bond	<u>500</u>	N/A	N/A
	<u>\$ 2,741</u>		

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 - TAXES RECEIVABLE

The Town is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation.

Taxes are assessed each December 31, and the levy thereon may be paid in full or quarterly, without penalty, at the taxpayer's option. A 12% penalty is imposed for all taxes in an overdue status.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 during the fiscal year although they may be paid in full by September 1, at the option of the taxpayer.

Unpaid property taxes at June 30, 2022 include delinquent installments of the current and prior years.

The Town does not record interest earned on delinquent taxes until payment is received. Delinquent installments, which are not received within sixty days after the close of the fiscal year are recorded as unavailable revenue.

Net property taxes levied for fiscal year 2022 were based on a net asset value of \$2,847,794,415 at December 31, 2020, and amounted to \$23,523,788. Collections through June 30, 2022, amounted to \$23,342,951, which represents approximately 99% of the net tax levy.

Property taxes collected within 60 days following June 30, 2022, are recognized as revenue in the governmental fund financial statements and amounted to \$93,317. As of June 30, 2022, the Town levied property taxes for its next fiscal year based on the December 31, 2020, assessment as follows (unaudited):

	Taxable Assessment	Exemptions	Net Tax Assessment	Rate Per \$1,000	Net Levy
Real Property	\$ 2,810,963,945	\$ (31,726,944)	\$ 2,779,237,001	\$ 8.18	\$ 22,734,159
Motor Vehicle	78,655,089	(31,929,931)	46,725,158	\$ 13.08	611,165
Tangible Property	<u>22,479,231</u>	<u>(662,075)</u>	<u>21,817,156</u>	\$ 8.18	<u>178,464</u>
	<u>\$ 2,912,098,265</u>	<u>\$ (64,318,950)</u>	<u>\$ 2,847,779,315</u>		<u>\$ 23,523,788</u>

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2022 of \$1,017,808 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$570,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2022 are recorded as unavailable revenue and amounted to \$366,208 at June 30, 2022. Property taxes recognized as revenue for the fiscal year ended June 30, 2022 (due to their collection within the 60 days immediately following June 30, 2022) amounted to \$93,317.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 - DUE TO / FROM BALANCES

Due to/from balances consisted of the following at June 30, 2022:

	<u>Due From</u>	<u>Due To</u>
<i>Governmental Activities:</i>		
Major funds:		
General Fund	\$ 5,048,941	\$ 5,051,709
Open Space 2016	--	701,536
Non-major funds	1,503,476	129,143
Total	<u>6,552,417</u>	<u>5,882,388</u>
 <i>Business-Type Activities:</i>		
CRCC	--	503,268
Coastal Pond	--	166,761
Total	<u>--</u>	<u>670,029</u>
 Total Governmental Activities	<u>\$ 6,552,417</u>	<u>\$ 6,552,417</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - CAPITAL ASSETS

Governmental Activities:

	<u>Balances</u>	<u>Total</u>	<u>Total</u>	<u>Balances</u>
	<u>July 1, 2021, As Restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>
Capital Assets:				
Land (not being depreciated)	\$ 9,904,487	\$ 904,520	\$ --	\$ 10,809,007
Construction in progress (not depreciated)	231,419	--	231,419	--
	<u>10,135,906</u>	<u>904,520</u>	<u>231,419</u>	<u>10,809,007</u>
Buildings and improvements	9,960,315	847,179	--	10,807,494
Land improvements	1,919,645	101,500	--	2,021,145
Equipment	1,644,883	244,380	--	1,889,263
Motor vehicles	4,112,112	189,989	49,928	4,252,173
Infrastructure	<u>50,404,779</u>	<u>1,942,855</u>	<u>--</u>	<u>52,347,634</u>
Total Capital Assets	<u>78,177,640</u>	<u>4,230,423</u>	<u>281,347</u>	<u>82,126,716</u>
Less: Accumulated Depreciation				
Buildings and improvements	(4,312,141)	(310,726)	--	(4,622,867)
Land improvements	(634,858)	(167,841)	--	(802,699)
Equipment	(1,202,045)	(126,281)	--	(1,328,326)
Motor vehicles	(2,621,406)	(384,377)	(49,928)	(2,955,855)
Infrastructure	<u>(42,559,863)</u>	<u>(790,299)</u>	<u>--</u>	<u>(43,350,162)</u>
Total Accumulated Depreciation	<u>(51,330,313)</u>	<u>(1,779,524)</u>	<u>(49,928)</u>	<u>(53,059,909)</u>
Net Capital Assets	<u>\$ 26,847,327</u>	<u>\$ 2,450,899</u>	<u>\$ 231,419</u>	<u>\$ 29,066,807</u>

Balances as of July 1, 2021 were restated to correct balances based on reports from the capital asset software which maintains the detail of assets and calculates depreciation expense.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Business-Type Activities:

	<u>Balances</u> <u>July 1, 2021, As Restated</u>	<u>Total</u> <u>Additions</u>	<u>Total</u> <u>Deductions</u>	<u>Balances</u> <u>June 30, 2022</u>
Capital Assets:				
Land (not being depreciated)	\$ 99,500	\$ --	\$ --	\$ 99,500
	99,500	--	--	99,500
Buildings	75,287	--	--	75,287
Land improvements	113,684	--	--	113,684
Vehicles/Boats	229,459	--	40,466	188,993
Equipment	<u>462,449</u>	<u>5,950</u>	<u>--</u>	<u>468,399</u>
Total Capital Assets	<u>980,379</u>	<u>5,950</u>	<u>40,466</u>	<u>945,863</u>
Less: Accumulated Depreciation				
Buildings	(64,793)	(954)	--	(65,747)
Land improvements	(113,684)	--	--	(113,684)
Vehicles/Boats	(215,859)	(5,440)	(40,466)	(180,833)
Equipment	<u>(205,829)</u>	<u>(21,287)</u>	<u>--</u>	<u>(227,116)</u>
Total Accumulated Depreciation	<u>(600,165)</u>	<u>(27,681)</u>	<u>(40,466)</u>	<u>(587,380)</u>
Net Capital Assets	<u>\$ 380,214</u>	<u>\$ (21,731)</u>	<u>\$ --</u>	<u>\$ 358,483</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$	501,146
Public safety		316,406
Recreation		252,609
Public works		685,518
Education		23,845
	\$	<u>1,779,524</u>

Business-Type Activities:

Coastal Pond Management	\$	5,440
CRCC		22,241
	\$	<u>27,681</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - LONG-TERM OBLIGATIONS

Long-Term Liability Activity

2013 Series A Bonds

On August 22, 2013, the Town issued the 2013 Series A Bonds, with term bonds of \$2,190,000 at rates varying from 2.00% to 4.50%. The term bonds mature at various dates from July 1, 2014 through July 1, 2033. Bond proceeds of \$1,190,000 were used to finance the construction and furnishings of permanent beach structures at Charlestown Beach and Blue Shutters Beach. A portion of the remaining \$1,000,000 of bond proceeds has been used for financing affordable housing initiatives consistent with the approved Charlestown affordable housing plan.

2013 Series B Refunding Bonds

On August 22, 2013, the Town issued the 2013 Series B Refunding Bonds with term bonds of \$1,520,000 at rates varying from 2.00% to 3.00%. The term bonds mature at varying dates from January 1, 2014 through July 1, 2023.

The Town issued the 2013 Series B Refunding Bonds to fully defease the 2004 Series A General Obligation Open Space Bonds. Upon delivery of the 2013 Series B Refunding Bonds, the Town established an irrevocable escrow trust fund pursuant to a Refunding Trust Agreement between the Town and U.S. Bank National Association. Under terms of the Refunding Trust Agreement, the proceeds of the 2013 Series B Refunding Bonds were deposited into escrow funds established for each series of refunded bonds which were invested in investment obligations maturing in amounts and bearing interest at rates sufficient to pay, when due, interest, and upon maturity or prior redemption on the earliest available redemption date, the outstanding principal of the refunded bonds.

The Town completed the August 22, 2013 refunding to reduce its total debt service payments over the next ten years by \$133,953 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$90,350. The deferred charge is amortized over the shorter of the life of the refunded or refunding debt.

2014 Series A Bonds

On July 7, 2014, the Town issued the 2014 Series A Bonds, with term bonds of \$2,000,000 at an interest rate of 2.15%. The term bonds mature at various dates from July 15, 2015 through July 15, 2024. Bonds proceeds of \$2,000,000 were used to reimburse the General Fund for the purchase of approximately 78 acres of land known as the "Whalerock Property" (a.k.a. Charlestown Moraine Preserve) for preservation of open space.

2016 Series A Bonds

On November 23, 2016, the Town issued the 2016 Series A Bonds, with term bonds of \$1,000,000 at an interest rate of 2.58%. The term bonds mature at various dates from November 15, 2017 through November 15, 2026. Bonds proceeds were used to finance the construction and furnishings of recreational facilities at Ninigret Park.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of long-term obligations as of June 30, 2022, is as follows:

	Date of Issue	Maturity Date	Amount of Issue	Interest Rate	Outstanding July 1, 2021	Additions	Deductions	Outstanding June 30, 2022	Current Portion
2013 Series A Bond	8/22/2013	7/1/2033	\$ 2,190,000	2.00%- 4.50%	\$ 1,575,000	\$ --	\$ 95,000	\$ 1,480,000	\$ 100,000
2013 Series B Refunding Bond	8/22/2013	7/1/2023	\$ 1,520,000	2.00%- 3.00%	430,000	--	145,000	285,000	145,000
2014 Series A Bond	7/7/2014	7/15/2024	\$ 2,000,000	2.15%	850,000	--	205,000	645,000	210,000
2016 Series A Bond	11/23/2016	11/15/2026	\$ 1,000,000	2.58%	<u>630,000</u>	<u>--</u>	<u>100,000</u>	<u>530,000</u>	<u>100,000</u>
Total bonds					<u>3,485,000</u>	<u>--</u>	<u>545,000</u>	<u>2,940,000</u>	<u>555,000</u>
Bond premium					18,127	--	9,084	9,043	--
Accrued compensated absences					1,288,656	248,553	--	1,537,209	153,721
Landfill monitoring costs					73,368	--	8,152	65,216	8,152
Net pension liability									
Municipal employees' retirement system-General					594,633	--	594,633	--	--
Municipal employees' retirement system- Police					<u>5,468,650</u>	<u>--</u>	<u>3,061,981</u>	<u>2,406,669</u>	<u>--</u>
Total long-term debt					<u>\$ 10,928,434</u>	<u>\$ 248,553</u>	<u>\$ 4,218,850</u>	<u>\$ 6,958,137</u>	<u>\$ 716,873</u>

All debt of the governmental activities is general obligation debt. Payments on all long-term debt and other long-term liabilities that pertain to the Town's governmental activities are made by the general fund.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Schedule of long-term bond requirements

Year Ending June 30,	Principal	Interest	Total
2023	\$ 555,000	\$ 87,583	\$ 642,583
2024	565,000	72,394	637,394
2025	430,000	58,998	488,998
2026	220,000	49,790	269,790
2027	225,000	42,838	267,838
2028-2033	<u>945,000</u>	<u>149,615</u>	<u>1,094,615</u>
Total	<u><u>\$ 2,940,000</u></u>	<u><u>\$ 461,218</u></u>	<u><u>\$ 3,401,218</u></u>

During the fiscal year ending June 30, 2022, the Town incurred the following interest expense:

2013 Series A bond	\$ 59,431
2013 Series B bond (Refunding bond)	11,256
2014 Series A bond	16,071
2016 Series A bond	<u>15,183</u>
Total	<u><u>\$ 101,941</u></u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 - COMMITMENTS AND CONTINGENT LIABILITIES

Grants

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material.

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 attorneys, the resolution of these matters will not have a materially adverse effect on the financial condition of the Town.

Community Septic Loan Program

On June 9, 1999, the Town entered into an agreement with the Rhode Island Infrastructure Bank (formerly the Rhode Island Clean Water Finance Agency) to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with a non-restoring line-of-credit. The proceeds of the loan shall be used by the Town for the establishment and operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC). RIHMFC, on behalf of the Town shall perform all administrative functions related to servicing the individual loans, including disbursing loans to property owners and collecting and remitting borrower loan payments. The loan has a zero interest rate to the Town and 4% to property owners. The Town is only required to make principal repayments in the event that individual property owners default on their loans. As of June 30, 2022, the amount of loans outstanding under this program was approximately \$260,989.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 - LANDFILL ENTERPRISE FUND – CLOSURE AND POSTCLOSURE CARE COSTS

The Town accounts for its closure and postclosure care costs under GASB Statement No. 18. This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," which establishes closure requirements for all municipal solid waste landfills (MSWLF's) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for MSWLF's that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and postclosure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reported a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Town closed the Landfill effective June 30, 2000. General Fund postclosure costs incurred during the fiscal year ended June 30, 2022 totaled \$8,215. Postclosure monitoring costs were originally estimated at \$50,000 to \$100,000 per year. Based upon revised estimates from an independent consultant, the costs should approximate \$8,152 annually for the remaining 9 years. These estimates are based on an independent evaluation of the cost to perform postclosure monitoring. In fiscal year 2010, the Rhode Island Department of Environmental Management approved a reduction in the scope of the Town's postclosure monitoring activities resulting in the associated cost reductions. Actual costs may be higher due to inflation, deflation, changes in technology or changes in applicable laws and regulations. Annual postclosure monitoring costs are expected to be funded through General Fund appropriations.

NOTE 10 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2022 are as follows:

<i>Governmental activities:</i>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 2,873,476	\$ 2,893,727
Non-major funds	<u>25,805</u>	<u>25,000</u>
Total governmental activities	<u>\$ 2,899,281</u>	<u>\$ 2,918,727</u>
 <i>Business-Type activities:</i>		
Residential collection center	<u>\$ 19,446</u>	<u>\$ --</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - FUND BALANCES

Fund balance constraints

The constraints on fund balance as reported in aggregate in the Governmental Funds Balance Sheet are detailed below according to fund balance classification.

	General Fund	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Tax sale property	\$ 297,983	\$ --	\$ --	\$ 297,983
Prepaid expenditures	1,658	--	--	1,658
Restricted for:				
Perpetual care	--	--	1,540	1,540
General government	--	--	256,834	256,834
Public safety	--	--	61,081	61,081
Parks and recreation	--	--	49,080	49,080
Community development	--	--	65,381	65,381
Education	--	--	128,540	128,540
Committed to:				
Capital projects	3,931,081	--	--	3,931,081
Education	250,000	--	--	250,000
Employee severance benefits	865,915	--	--	865,915
Unassigned	<u>5,575,356</u>	<u>--</u>	<u>(55,300)</u>	<u>5,520,056</u>
	<u>\$ 10,921,993</u>	<u>\$ --</u>	<u>\$ 507,156</u>	<u>\$ 11,429,149</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - FUND BALANCES (CONTINUED)

At June 30, 2022, the following funds had a deficit (negative) fund balance or deficit net position, as applicable:

Enterprise Funds:

Restriction for endowment	\$	10,000
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Fund Deficits

The following funds had cumulative deficits at June 30, 2022

Governmental Funds:

Open Space 2016	\$	701,536
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Non-major Governmental Funds:

Covid Relief Fund	\$	49,903
US EPA	\$	4,975
Ninigret Dog Park	\$	422

The deficit in the Open Space 2016 Fund will be funded by General Fund contributions and has been combined into the general fund for 2022. The deficit in the Covid Relief Fund will be funded by General Fund contributions. The deficit in the US EPA Fund will be funded by grant proceeds. The deficit in the Ninigret Dog Park will be funded by contributions.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12 - RISK MANAGEMENT

The Town of Charlestown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement, which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the Town is insured for a maximum of \$5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past twenty-six fiscal years.

The Trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability was exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the Trust policy. As of June 30, 2022, the Town believes there is minimal, if any, potential exposure for outstanding claims which would fall outside the parameter of the Trust policy.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plan

All eligible employees of the Town are covered by the Municipal Employees' Retirement System of the State of Rhode Island ("Municipal Plan"). The Municipal Plan covers all Town Hall employees sworn in on or after January 1, 2000, all Police Department employees hired on or after January 1, 2001.

MUNICIPAL PLAN

Plan Description

The Municipal Employees' Retirement System ("MERS") – an agent multiple-employer defined benefit pension plan – provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Laws and placed under the management of the Employees' Retirement System of Rhode Island ("ERSRI") Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire personnel that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the ERSRI website at www.ersri.org.

Benefits Provided

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Benefits Provided (Continued)

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Compensation: Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three-year FAC as of July 1, 2012 or the five-year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

General Employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Benefits Provided (Continued)

General Employees (Continued)

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and Fire Employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Benefits Provided (Continued)

Police and Fire Employees (Continued)

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described above and one calculated based on a 2.25% multiplier for all years of service.

Other Benefit Provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Benefits Provided (Continued)

Other Benefit Provisions (Continued)

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%.

c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Employees Covered by Benefit Terms

At the June 30, 2021 valuation date, the following employees were covered by the benefit terms:

	General	Police
Retirees and Beneficiaries	15	20
Inactive, Nonretired Members	16	2
Active Members	<u>48</u>	<u>20</u>
Total	<u>79</u>	<u>42</u>

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Public safety employees are required to contribute 10% of their salaries.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Contributions (Continued)

The Town of Charlestown contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Charlestown contributed \$227,403 in the year ended June 30, 2022 for general employees and \$527, 890 for public safety employees, which was 7.42% and 34.25% of annual covered payroll, respectively. The Town contributed an additional \$230,000 for public safety employees as part of the fiscal year 2022 adopted budget.

Net Pension Liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2020, and rolled forward to June 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2021 measurement date (June 30, 2020 valuation rolled forward to June 30, 2021)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.25%; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.5 %
Mortality	Mortality – Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustments	The known COLA for certain MERS units in calendar years 2019 and 2020 were 1.86% and 1.56%, respectively, and this was reflected in the June 30, 2019 valuation. All future COLAs were assumed to be 2.1% per annum for all MERS units with the COLA provision.

The actuarial assumptions used in the June 30, 2020 valuation rolled forward to June 30, 2021 and the calculation of the total pension liability at June 30, 2021 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Net Pension Liability (Continued)

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 39 sources. The June 30, 2021 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<i>GROWTH</i>		
Global Equity		
US Equity	23.20%	5.83%
International Developed Equity	11.80%	6.35%
Emerging Markets Equity	5.00%	8.04%
<i>Subtotal</i>	40.00%	
Private Growth		
Private Equity	11.25%	9.47%
Non-Core Real Estate	2.25%	5.32%
Opportunistic Private Credit	1.50%	9.47%
<i>Subtotal</i>	15.00%	
<i>INCOME</i>		
High Yield Infrastructure	1.00%	3.19%
REITS	1.00%	5.32%
Equity Options	2.00%	5.59%
EMD (50/50 Blend)	2.00%	1.96%
Liquid Credit	2.80%	3.19%
Private Credit	3.20%	3.19%
<i>Subtotal</i>	12.00%	
<i>STABILITY</i>		
Crisis Protection Class		
Treasury Duration	5.00%	-0.32%
Systematic Trend	5.00%	3.39%
<i>Subtotal</i>	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.32%
Private Infrastructure	2.40%	5.81%
TIPS	2.00%	0.30%
<i>Subtotal</i>	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.14%
Securitized Credit	3.25%	1.14%
Absolute Return	6.50%	3.39%
Cash	2.00%	-0.32%
<i>Subtotal</i>	15.00%	
Total	100.00%	

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Net Pension Liability (Continued)

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate

The discount rate used to measure the total pension liability of the plan was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. 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.

Municipal Employees' Retirement System - General Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of June 30, 2020	\$ 9,408,142	\$ 8,813,509	\$ 594,633
Service Cost	232,951	--	232,951
Interest on the total pension liability	657,011	--	657,011
Difference between expected and actual experience	53,148	--	53,148
Assumption changes	--	--	--
Employer contributions	--	198,762	(198,762)
Employee contributions	--	96,350	(96,350)
Net investment income	--	2,418,762	(2,418,762)
Other changes	--	(57,511)	57,511
Administrative expense	--	(9,216)	9,216
Benefit payments, including employee refunds	<u>(277,495)</u>	<u>(277,495)</u>	<u>--</u>
Net Changes	<u>665,615</u>	<u>2,369,652</u>	<u>(1,704,037)</u>
Balance as of June 30, 2021	<u>\$ 10,073,757</u>	<u>\$ 11,183,161</u>	<u>\$ (1,109,404)</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Municipal Employees' Retirement System - Police Employees

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of June 30, 2020	\$ 15,824,400	\$ 10,355,750	\$ 5,468,650
Service Cost	312,591	--	312,591
Interest on the total pension liability	1,091,146	--	1,091,146
Difference between expected and actual experience	374,787	--	374,787
Assumption changes	--	--	--
Employer contributions	--	1,574,879	(1,574,879)
Employee contributions	--	160,716	(160,716)
Net investment income	--	3,116,786	(3,116,786)
Other changes	--	--	--
Administrative expense	--	(11,876)	11,876
Benefit payments, including employee refunds	(785,781)	(785,781)	--
Net Changes	<u>992,743</u>	<u>4,054,724</u>	<u>(3,061,981)</u>
Balance as of June 30, 2021	<u>\$ 16,817,143</u>	<u>\$ 14,410,474</u>	<u>\$ 2,406,669</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is a 1-percentage-point lower or 1-percentage-point higher than the current rate.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
General Employees	\$ (259,359)	\$ (1,109,404)	\$ (2,194,565)
Police Employees	\$ 3,854,262	\$ 2,406,669	\$ 558,916

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2022, the Town recognized pension expense of \$(205,275) and \$277,784 for the general employees and police employees, respectively. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General	Police	Total
Deferred Outflows of Resources:			
Contributions after the measurement period	\$ 227,403	\$ 593,774	\$ 821,177
Differences between expected and actual experience	163,272	502,382	665,654
Changes in assumptions	91,020	218,980	310,000
Net differences between projected and actual earnings on pension plan investments	<u>176,359</u>	<u>211,254</u>	<u>387,613</u>
	<u>\$ 658,054</u>	<u>\$ 1,526,390</u>	<u>\$ 2,184,444</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 227,169	\$ 147,286	\$ 374,455
Changes in assumptions	69,656	15,033	84,689
Net differences between projected and actual earnings on pension plan investments	<u>1,458,961</u>	<u>1,905,158</u>	<u>3,364,119</u>
	<u>\$ 1,755,786</u>	<u>\$ 2,067,477</u>	<u>\$ 3,823,263</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

MUNICIPAL PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$821,177 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2021 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period.

Other amounts reported as deferred outflows and inflows of resources related to the MERS will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows/(Inflows) of Resources		
	General Employees	Police Employees	Total
2023	\$ (334,463)	\$ (175,278)	\$ (509,741)
2024	(292,061)	(287,257)	(579,318)
2025	(340,805)	(321,650)	(662,455)
2026	(372,021)	(414,753)	(786,774)
2027	8,461	62,142	70,603
Thereafter	<u>5,754</u>	<u>1,935</u>	<u>7,689</u>
Total	<u>\$ (1,325,135)</u>	<u>\$ (1,134,861)</u>	<u>\$ (2,459,996)</u>

NOTE 14 - OTHER PENSION PLANS

Defined Contribution Plan

Certain employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute (see below) of their annual covered salary and employers contribute (see below) of annual covered salary.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 14 - OTHER PENSION PLANS (CONTINUED)

Defined Contribution Plan (Continued)

	<u>Employee Contribution</u>	<u>Employer Contribution</u>
MERS Members		
MERS Public Safety members that do not contribute to Social Security	3%	3%
MERS Public Safety members that also contribute to Social Security	No DC Plan Participation	
MERS – general employee’s that do not participate in Social Security – have less than 20 years of service at 7/1/2012	7%	3% to 3.5% depending on years of service
MERS – general employees who contribute to Social Security – and had less than 20 years of service on July 1, 2012	5%	1% to 1.5% depending on years of service
MERS – general employees – more than 20 years of service on July 1, 2012	No DC Plan Contributions (employee and employer) after July 1, 2015	

Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Town of Charlestown, Rhode Island recognized pension expense of \$24,719, for the fiscal year ended June 30, 2022.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 14 - OTHER PENSION PLANS (CONTINUED)

Town Funded Retirement Benefits

During fiscal year 2022, the Town provided retirement benefits to the spouse of one former employee. This pension is self-funded by the Town on a pay-as-you-go basis. The pension has a June 30, 1987, base amount of \$9,000 and is increased annually by 3%. Since the retiree predeceased his spouse, the surviving spouse is entitled to 50% of the benefits for the remainder of the spouse's life or until the spouse remarries. For the year ended June 30, 2022, the total cost to the Town for providing retirement benefits amounted to \$5,509.

Deferred Compensation Plan

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to all municipal employees, permits the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Town Council is responsible for establishing or amending the Plan's provisions and establishing or amending contribution requirements. The defined contribution Plan is currently administered by Mission Square Retirement (previously known as Vantagepoint).

The Town has implemented the Governmental Accounting Standards Board, Statement No. 97, "*Certain Component Unit Criteria, And Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*" All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have not been included in the Town's financial statements for the year ended June 30, 2022. Employees are allowed to make contributions to the Plan up to IRC limits, currently \$20,500 (\$27,000 if age 50 or older). There is no Town required contribution and no additional obligation incurred by the Town as a result of the employee contributions. Employee contributions to the Plan for the year ended June 30, 2022, were \$16,970. The Town has an obligation to prudently manage these monies.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town of Charlestown's OPEB Plan is a single-employer defined benefit plan offering individual or two-party (spousal) health insurance to police retirees and retirees of the Charlestown Professional Management Association (CPMA). Police and CPMA retirees vest for OPEB when they vest for pension benefits.

Summary of Plan Provisions

Eligibility

Police:

A police officer retiring, who is at least 60 years old, or who has completed at least 20 years of service regardless of age (25 years of service if hired on or after July 1, 2011) and eligible for pension benefits under the State of Rhode Island, Optional Retirement for Members of Police Force and Firefighters, shall be eligible to continue health insurance coverage for self and spouse.

CPMA:

Eligible for retirement at an individually determined age. This age is based on the members' social security retirement age with a proportional downward adjustment based on years of service as of June 30, 2012. The minimum retirement age is 59.

Teamsters:

Teamsters retiring before the age of 65 in accordance with the Rhode Island Municipal Employees Retirement System with the COLA provision.

Cost Sharing

Police:

Retiring on or after July 1, 2012 but before June 30, 2014:

Pre-65 85% Town-paid for retiree and spouse

Post-65 85% Town-paid for retiree and spouse (BC Plan 65);
Medicare Part B reimbursement for retiree and spouse.

Retiring on or after June 30, 2014:

Pre-65 80% Town-paid for retiree and spouse

Post-65 80% Town-paid for retiree and spouse (BC Plan 65);
Medicare Part B reimbursement for retiree and spouse.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Summary of Plan Provisions (Continued)

CPMA:

Hired prior to July 1, 1996:

Pre-65 80% Town-paid for retiree and spouse

Post-65 80% Town-paid for retiree and spouse (BC Plan 65);
Medicare Part B reimbursement for retiree and spouse.

Hired on or after July 1, 1996:

Not eligible for Town paid post-retirement health benefits

Teamsters:

Retirees must pay 100% of the health premium for self and spouse

The latest actuarial valuation was performed as of July 1, 2021. The post-retirement plan does not issue a stand-alone financial report.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

In fiscal year 2009, the Town established an OPEB trust fund to fund future OPEB liabilities. The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal budgetary commitments and contractual requirements. Investment income is recognized when earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

Classes of Employees Covered

As of July 1, 2021, membership data consisted of the following:

	CPMA	Police	Total
Retirees and beneficiaries			
currently receiving benefits	5	25	30
Active employees	<u>3</u>	<u>20</u>	<u>23</u>
Total	<u>8</u>	<u>45</u>	<u>53</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Actuarial Methods and Assumptions

Discount Rate	6.50%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent
Amortization Growth	3.00%
Amortization Period at July 1, 2021	6 Years
Valuation Type	Closed Group
Initial Medical Inflation Rate	5.40%
Ultimate Medical Inflation Rate	4.00%
Years Until Ultimate Inflation Rate Reached	52 Years
Asset Valuation Method	Recognition
Smoothing Period	5 Years
Inflation	2.50%
Salary Increase	3.50%

Benefit Provisions

The Town plan provides for medical benefits for all eligible Police and CPMA retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Employer Contributions

The Town's contributions are actuarially determined on a three-year cycle using the level percent amortization method. Contributions made during fiscal year 2022 totaled \$463,716 which consisted of current premium costs of \$178,716 and a current year general fund appropriation of \$285,000.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Summary Financial Information

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2022

	Other Post-Employment Benefit Trust Fund
Assets	
Investments, at fair value	\$ 9,098,817
Total Assets	<u>9,098,817</u>
Liabilities	<u>--</u>
Net Position	
Held in trust for other post-employment benefits	<u>\$ 9,098,817</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Summary Financial Information (Continued)

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2022

	<u>Other Post-Employment Benefit Trust Fund</u>
Additions	
Contributions	
Employer contributions	\$ 285,000
Total Contributions	<u>285,000</u>
Investment Income	
Interest and dividends	<u>(1,402,178)</u>
Total Investment Income	<u>(1,402,178)</u>
Total Additions	(1,117,178)
Deductions	
Benefits	148,869
Administrative expenses	<u>5,893</u>
Total Deductions	<u>154,762</u>
Change in Net Position	(1,271,940)
Net Position - Beginning	<u>10,370,757</u>
Net Position - Ending	<u>\$ 9,098,817</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.28% for Police and -13.28% for CPMA. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

	CPMA	Police	Total
Total OPEB Liability	\$ 438,351	\$ 7,886,252	\$ 8,324,603
Plan Fiduciary Net Position	<u>725,086</u>	<u>8,373,731</u>	<u>9,098,817</u>
Town's Net OPEB Liability (Asset)	<u>(286,735)</u>	<u>(487,479)</u>	<u>(774,214)</u>
Plan Fiduciary Net Position as a percentage of the total OPEB Liability	165.41%	106.18%	109.30%

The Town of Charlestown, Rhode Island's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman Inc.'s investment consulting practice as of June 30, 2021.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Month T-Bills	1.40%	-0.32%	-0.32%
US Government/Credit Bonds	BBgBarc US Govt/Credit TR USD	19.60%	1.12%	1.00%
US Securitized Securities (Mortgages)	BBgBarc US MBS TR USD	0.20%	1.98%	1.89%
Non-US Bonds	JPM GBI Global Ex US TR USD	2.90%	-0.27%	-0.71%
US Broad Equity Market	Russell 3000 TR USD	55.70%	5.33%	3.70%
Non-US Equity	MSCI ACWI Ex USA NR USD	20.20%	6.74%	4.90%
Assumed Inflation - Mean			2.50%	2.50%
Assumed Inflation - Standard Deviation			1.16%	1.16%
Portfolio Real Mean Return			4.54%	3.60%
Portfolio Nominal Mean Return			7.04%	6.19%
Portfolio Standard Deviation				13.51%
Long-Term Expected Rate of Return				6.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability

	CPMA		
	Total OPEB Liability (a)	Increase (Decrease)	
		Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance as of June 30, 2021	\$ 596,432	\$ 886,080	\$ (289,648)
Service Cost	613	--	613
Interest on the total pension liability	39,001	--	39,001
Difference between economic/demographic gain or losses	(114,109)	--	(114,109)
Assumption changes	(2,438)	--	(2,438)
Employer contributions	--	36,676	(36,676)
Net investment income	--	(116,522)	116,522
Benefit payments, including employee refunds	(81,148)	(81,148)	--
Net Changes	<u>(158,081)</u>	<u>(160,994)</u>	<u>2,913</u>
Balance as of June 30, 2022	<u>\$ 438,351</u>	<u>\$ 725,086</u>	<u>\$ (286,735)</u>

	Police		
	Total OPEB Liability (a)	Increase (Decrease)	
		Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance as of June 30, 2021	\$ 8,241,388	\$ 9,484,677	\$ (1,243,289)
Service Cost	212,927	--	212,927
Interest on the total pension liability	583,323	--	583,323
Difference between economic/demographic gain or losses	(819,004)	--	(819,004)
Assumption changes	(85,945)	--	(85,945)
Employer contributions	--	427,040	(427,040)
Net investment income	--	(1,291,549)	1,291,549
Benefit payments, including employee refunds	(246,437)	(246,437)	--
Net Changes	<u>(355,136)</u>	<u>(1,110,946)</u>	<u>755,810</u>
Balance as of June 30, 2022	<u>\$ 7,886,252</u>	<u>\$ 8,373,731</u>	<u>\$ (487,479)</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 6.50 percent for the Town as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1.00% Decrease 5.50%	Current Discount Rate 6.50%	1.00% Increase 7.50%
CPMA	\$ (234,744)	\$ (286,735)	\$ (330,447)
Police	\$ 844,379	\$ (487,479)	\$ (1,540,438)

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

The following presents the net OPEB liability calculated using the current healthcare cost trend for the Town as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1.00% Decrease 5.50%	Current Trend Rate	1.00% Increase 7.50%
CPMA	\$ (333,875)	\$ (286,735)	\$ (231,179)
Police	\$ (1,682,223)	\$ (487,479)	\$ 1,052,146

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB expense of \$(82,079) and \$9,916 for general and police employees, respectively. At June 30, 2022, the Town reported deferred inflows of resources related to OPEB from the following sources:

	CPMA	Police	Total
Deferred Outflows of Resources:			
Changes in assumptions	\$ --	\$ 153,969	\$ 153,969
Net differences between projected and actual earnings on plan investments	59,176	699,736	758,912
	\$ 59,176	\$ 853,705	\$ 912,881
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 46,986	\$ 1,417,710	\$ 1,464,696
Changes in assumptions	1,004	75,590	76,594
	\$ 47,990	\$ 1,493,300	\$ 1,541,290

Amounts reported as deferred outflows and inflows or resources related to the Town OPEB plan will be recognized in OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows/(Inflows) of Resources		
	CPMA	Police	Total
2023	\$ (39,021)	\$ (101,059)	\$ (140,080)
2024	8,957	(101,174)	(92,217)
2025	5,852	(132,530)	(126,678)
2026	35,398	200,197	235,595
2027	--	(189,716)	(189,716)
Thereafter	--	(315,313)	(315,313)
Total	\$ 11,186	\$ (639,595)	\$ (628,409)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - PUBLIC ENTITY RISK POOL

The Health Pool

The Town participates in a public entity risk pool through the Rhode Island Interlocal Risk Management Trust (the Trust) entitled the Health Pool (the Pool). The Pool is part of a not-for-profit organization (the Trust) formed to provide programs of liability, workers compensation, and health insurance coverage to Rhode Island cities, towns and other governmental units. The Pool is governed by the Trust Board of Trustees (Board).

Upon joining the Pool, members execute a member agreement. That document, pursuant to which the Pool was established and operates, outlines the rights and responsibilities of both the members and the Pool. Members of the Pool participate in the Pool's health insurance plan administered through the Trust, Blue Cross Blue Shield of Rhode Island for medical coverage, and CVS for pharmacy coverage.

Using the rate calculations prepared by the Trust, the Trust sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set 1) at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool, and 2) with the intent that over the long term each member is contributing its fair share. The contributions of each member are used to pay for claims, reinsurance and all administrative expenses. The Pool agreement provides for an annual independent audit of its financial statements.

A member's share of surplus or deficit is equal to the ratio of the member's subscribers (employees and retirees) participating in the Pool's plan for each month of a policy year divided by the sum of all subscribers in the Pool for the same period.

The Pool agreement provides the Trust's Board a discretionary, fully allocable assessment feature with respect to specified circumstances.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - PUBLIC ENTITY RISK POOL (CONTINUED)

The Health Pool (Continued)

After it has been a member of the Pool for an initial three-year period, a member may withdraw from participation in the Pool at its discretion, but a withdrawal may only be effective on June 30th of any year. Any election to terminate participation in the Pool requires a written notification to the Trust of such intent to withdraw no later than May 15, or two (2) months prior to the policy expiration date, whichever date is earlier. Liquidated damages would be assessed at the time of departure prior to the initial three-year period. The Trust may terminate a member's coverage for failure to pay amounts due.

For the year ended June 30, 2022, unaudited results indicate that the Pool generated \$190,997,428 in revenues and had a change in net position, revenues less expenses, of (\$2,282,732). The Pool had \$69,548,553 in total assets and \$39,089,298 in total equity as of June 30, 2022.

The Pool retains certain levels of insurance risk. Specific losses in excess of \$1 million to a limit of \$2.5 million are covered by a Health Excess Claims Stoploss Account internal to the Trust that is funded by annual Stoploss Account payments from the Health Pool. Losses in excess of \$2.5 million are covered through a third-party reinsurer. As of June 30, 2022, the Pool's membership consisted of 57 cities, towns or other governmental units.

Separate financial statements are available at the RI Interlocal Risk Management Trust, 501 Wampanoag Trail, Suite 301, East Providence, RI 02915.

NOTE 17 - CONTRACTUAL COMMITMENTS

At June 30, 2022, the Town had a total of \$219,479.22 remaining in contractual commitments related to Full Real Estate Revaluation project.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 30, 2023, which is the date the financial statements were available for issuance. No events have been identified requiring recognition or disclosure in the financial statements.

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 19 - RESTATEMENTS

The Town recorded the following restatements at July 1, 2021:

<u>Government Wide Activities</u>	
Net Position as originally stated at July 1, 2021	\$ 31,836,652
Adjustment for capital asset activity understatement	(134,619)
Net adjustments on general fund (see below)	<u>(338,829)</u>
Net Position at July 1, 2021, as restated	<u>\$ 31,363,204</u>
<u>Governmental Activities - General Fund</u>	
Fund Balance as originally stated at July 1, 2021	\$ 10,884,395
Adjustment for missing accruals	(3,600)
Adjustment for accrued payroll not recorded	(242,346)
Adjustment for public service tax revenue improper recording	(92,883)
Reclassification of governmental funds under GASB 54	<u>3,351,060</u>
Fund Balance at July 1, 2021, as restated	<u>\$ 13,896,626</u>
<u>Governmental Activities - Nonmajor Funds</u>	
Fund Balance as originally stated at July 1, 2021	\$ 3,935,014
Reclassification of governmental funds under GASB 54	<u>(3,548,076)</u>
Fund Balance at July 1, 2021, as restated	<u>\$ 386,938</u>
<u>Governmental Activities - Major Fund</u>	
Fund Balance as originally stated at July 1, 2021	\$ (197,016)
Reclassification of governmental funds under GASB 54	<u>197,016</u>
Fund Balance at July 1, 2021, as restated	<u>\$ --</u>
<u>Business Type Activities</u>	
Net Position as originally stated at July 1, 2021	\$ 299,168
Adjustment for revenues not recorded	(5,950)
Adjustment for accrued payroll understatement	(5,413)
Adjustment for capital asset activity understatement	<u>241,937</u>
Net Position at July 1, 2021, as restated	<u>\$ 529,742</u>

TOWN OF CHARLESTOWN

REQUIRED SUPPLEMENTARY INFORMATION

This section presents the Schedule of Changes and Related Ratios for the Town's Pension and OPEB Plans, and budgetary comparison schedules for the Town's General Fund. These schedules are not a required part of the basic financial statements, but are required supplementary information required by the Governmental Accounting Standards Board.

TOWN OF CHARLESTOWN, RHODE ISLAND

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REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM – GENERAL EMPLOYEES

LAST EIGHT FISCAL YEARS

	GENERAL EMPLOYEES							
	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability								
Service Cost	\$ 232,951	\$ 254,102	\$ 227,181	\$ 225,873	\$ 204,691	\$ 198,767	\$ 187,950	\$ 188,698
Interest on the Total Pension Liability	657,011	615,080	598,823	572,591	548,930	537,624	521,066	491,136
Changes of benefit terms	--	--	--	--	--	--	102,265	--
Difference between expected and actual experience of the Total Pension Liability	53,148	153,800	(275,080)	(125,262)	51,503	(320,845)	(346,031)	--
Changes of assumptions	--	(103,900)	--	--	314,400	--	--	(55,194)
Benefit payments, including refunds of employee contributions	<u>(277,495)</u>	<u>(341,500)</u>	<u>(322,769)</u>	<u>(275,453)</u>	<u>(263,172)</u>	<u>(272,370)</u>	<u>(227,375)</u>	<u>(223,033)</u>
Net change in total pension liability	665,615	577,582	228,155	397,749	856,352	143,176	237,875	401,607
Total pension liability – beginning	<u>9,408,142</u>	<u>8,830,560</u>	<u>8,602,405</u>	<u>8,204,656</u>	<u>7,348,304</u>	<u>7,205,128</u>	<u>6,967,253</u>	<u>6,565,646</u>
Total pension liability – ending (a)	<u>\$ 10,073,757</u>	<u>\$ 9,408,142</u>	<u>\$ 8,830,560</u>	<u>\$ 8,602,405</u>	<u>\$ 8,204,656</u>	<u>\$ 7,348,304</u>	<u>\$ 7,205,128</u>	<u>\$ 6,967,253</u>
B. Plan fiduciary net position								
Contributions – employer	\$ 198,762	\$ 224,481	\$ 192,132	\$ 180,697	\$ 203,506	\$ 222,768	\$ 218,126	\$ 210,455
Contributions – employee	96,350	96,864	88,481	87,610	84,753	80,033	43,108	50,998
Net investment income	2,418,762	321,763	534,033	603,596	794,141	(2,314)	155,713	860,546
Benefit payments, including refunds of employee contributions	(277,495)	(341,500)	(322,769)	(275,453)	(263,172)	(272,370)	(227,375)	(223,033)
Pension Plan Administrative Expense	(9,216)	(8,865)	(8,348)	(8,035)	(7,503)	(6,225)	(6,244)	(5,389)
Other	<u>(57,511)</u>	<u>(29,207)</u>	<u>1</u>	<u>--</u>	<u>(18)</u>	<u>--</u>	<u>2</u>	<u>3,872</u>
Net change in plan fiduciary net position	2,369,652	263,536	483,530	588,415	811,707	21,892	183,330	897,449
Plan fiduciary net position – beginning	<u>8,813,509</u>	<u>8,549,973</u>	<u>8,066,443</u>	<u>7,478,028</u>	<u>6,666,321</u>	<u>6,644,429</u>	<u>6,461,099</u>	<u>5,563,650</u>
Plan fiduciary net position – ending (b)	<u>\$ 11,183,161</u>	<u>\$ 8,813,509</u>	<u>\$ 8,549,973</u>	<u>\$ 8,066,443</u>	<u>\$ 7,478,028</u>	<u>\$ 6,666,321</u>	<u>\$ 6,644,429</u>	<u>\$ 6,461,099</u>
C. Net pension (asset)/liability - ending (a) - (b)	<u>\$ (1,109,404)</u>	<u>\$ 594,633</u>	<u>\$ 280,587</u>	<u>\$ 535,962</u>	<u>\$ 726,628</u>	<u>\$ 681,983</u>	<u>\$ 560,699</u>	<u>\$ 506,154</u>
D. Plan fiduciary net position as a percentage of the total pension liability	111.01%	93.68%	96.82%	93.77%	91.14%	90.72%	92.22%	92.74%
E. Covered employee payroll	<u>\$ 2,897,395</u>	<u>\$ 2,904,028</u>	<u>\$ 2,558,343</u>	<u>\$ 2,455,146</u>	<u>\$ 2,369,105</u>	<u>\$ 2,253,594</u>	<u>\$ 2,155,394</u>	<u>\$ 2,087,371</u>
F. Net pension liability as a percentage of covered payroll	-38.29%	20.48%	10.97%	21.83%	30.67%	30.26%	26.01%	24.25%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

E-1

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM – POLICE EMPLOYEES

LAST EIGHT FISCAL YEARS

	POLICE EMPLOYEES							
	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability								
Service Cost	\$ 312,591	\$ 321,441	\$ 302,001	\$ 277,712	\$ 261,944	\$ 260,761	\$ 241,600	\$ 237,878
Interest on the Total Pension Liability	1,091,146	1,052,689	992,668	956,158	910,596	880,676	800,834	765,642
Changes of benefit terms	--	--	--	--	--	--	372,401	--
Difference between expected and actual experience of the Total Pension Liability	374,787	(223,698)	337,666	33,371	239,204	(194,211)	153,052	--
Changes of assumptions	--	188,895	--	--	745,559	--	--	(80,385)
Benefit payments, including refunds of employee contributions	<u>(785,781)</u>	<u>(785,238)</u>	<u>(783,993)</u>	<u>(731,633)</u>	<u>(562,502)</u>	<u>(535,251)</u>	<u>(490,580)</u>	<u>(420,969)</u>
Net change in total pension liability	992,743	554,089	848,342	535,608	1,594,801	411,975	1,077,307	502,166
Total pension liability – beginning	<u>15,824,400</u>	<u>15,270,311</u>	<u>14,421,969</u>	<u>13,886,361</u>	<u>12,291,560</u>	<u>11,879,585</u>	<u>10,802,278</u>	<u>10,300,112</u>
Total pension liability – ending (a)	<u>\$ 16,817,143</u>	<u>\$ 15,824,400</u>	<u>\$ 15,270,311</u>	<u>\$ 14,421,969</u>	<u>\$ 13,886,361</u>	<u>\$ 12,291,560</u>	<u>\$ 11,879,585</u>	<u>\$ 10,802,278</u>
B. Plan fiduciary net position								
Contributions – employer	\$ 1,574,879	\$ 499,233	\$ 410,661	\$ 324,241	\$ 332,416	\$ 330,618	\$ 341,485	\$ 274,357
Contributions – employee	160,716	157,338	148,040	132,559	136,572	140,033	112,078	116,698
Net investment income	3,116,786	378,067	631,896	727,331	980,094	(2,899)	197,358	1,101,220
Benefit payments, including refunds of employee contributions	(785,781)	(785,238)	(783,993)	(731,633)	(562,502)	(535,251)	(490,580)	(420,969)
Pension Plan Administrative Expense	(11,876)	(10,417)	(9,878)	(9,683)	(9,260)	(7,798)	(7,916)	(6,896)
Other	<u>--</u>	<u>1</u>	<u>1</u>	<u>48,171</u>	<u>(23)</u>	<u>5,601</u>	<u>920</u>	<u>1,706</u>
Net change in plan fiduciary net position	4,054,724	238,984	396,727	490,986	877,297	(69,696)	153,345	1,066,116
Plan fiduciary net position – beginning	<u>10,355,750</u>	<u>10,116,766</u>	<u>9,720,039</u>	<u>9,229,053</u>	<u>8,351,756</u>	<u>8,421,452</u>	<u>8,268,107</u>	<u>7,201,991</u>
Plan fiduciary net position – ending (b)	<u>\$ 14,410,474</u>	<u>\$ 10,355,750</u>	<u>\$ 10,116,766</u>	<u>\$ 9,720,039</u>	<u>\$ 9,229,053</u>	<u>\$ 8,351,756</u>	<u>\$ 8,421,452</u>	<u>\$ 8,268,107</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 2,406,669</u>	<u>\$ 5,468,650</u>	<u>\$ 5,153,545</u>	<u>\$ 4,701,930</u>	<u>\$ 4,657,308</u>	<u>\$ 3,939,804</u>	<u>\$ 3,458,133</u>	<u>\$ 2,534,171</u>
D. Plan fiduciary net position as a percentage of the total pension liability	85.69%	65.44%	66.25%	67.40%	66.46%	67.95%	70.89%	76.54%
E. Covered employee payroll	<u>\$ 1,607,152</u>	<u>\$ 1,573,377</u>	<u>\$ 1,480,395</u>	<u>\$ 1,325,594</u>	<u>\$ 1,365,715</u>	<u>\$ 1,404,962</u>	<u>\$ 1,398,956</u>	<u>\$ 1,399,280</u>
F. Net pension liability as a percentage of covered payroll	149.75%	347.57%	348.12%	354.70%	341.02%	280.42%	247.19%	181.11%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

LAST EIGHT FISCAL YEARS

	GENERAL EMPLOYEES							
	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Actuarially determined contribution	\$ 198,762	\$ 224,481	\$ 192,132	\$ 180,697	\$ 203,506	\$ 222,768	\$ 218,126	\$ 210,455
Contributions in relation to the actuarially determined contribution	<u>198,762</u>	<u>224,481</u>	<u>192,132</u>	<u>180,697</u>	<u>203,506</u>	<u>222,768</u>	<u>218,126</u>	<u>210,455</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll	<u>\$ 2,897,395</u>	<u>\$ 2,904,028</u>	<u>\$ 2,558,343</u>	<u>\$ 2,455,146</u>	<u>\$ 2,369,105</u>	<u>\$ 2,253,594</u>	<u>\$ 2,155,394</u>	<u>\$ 2,087,371</u>
Contributions as a percentage of covered-employee payroll	6.86%	7.73%	7.51%	7.36%	8.59%	9.89%	10.12%	10.08%

Notes:

- 1.) Employers participating in the Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

LAST EIGHT FISCAL YEARS

	POLICE EMPLOYEES							
	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Actuarially determined contribution	\$ 1,574,879	\$ 499,233	\$ 410,661	\$ 324,241	\$ 332,416	\$ 330,618	\$ 341,485	\$ 274,357
Contributions in relation to the actuarially determined contribution	<u>1,574,879</u>	<u>499,233</u>	<u>410,661</u>	<u>324,241</u>	<u>332,416</u>	<u>330,618</u>	<u>341,485</u>	<u>274,357</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll	<u>\$ 1,607,152</u>	<u>\$ 1,573,377</u>	<u>\$ 1,480,395</u>	<u>\$ 1,325,594</u>	<u>\$ 1,365,715</u>	<u>\$ 1,972,211</u>	<u>\$ 1,398,956</u>	<u>\$ 1,399,280</u>
Contributions as a percentage of covered-employee payroll	97.99%	31.73%	27.74%	24.46%	24.34%	16.76%	24.41%	19.61%

Notes:

- 1.) Employers participating in the Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

E-3

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOWN'S TOTAL NET OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS

	GENERAL EMPLOYEES-CPMA					
	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017
A. Total OPEB liability						
Service Cost	\$ 613	\$ 718	\$ 636	\$ 761	\$ 651	\$ 737
Interest on Liability and Service Cost	39,001	40,417	46,596	46,881	42,272	42,128
Change in Plan Provisions	--	--	--	--	--	--
Experience (Gain) and Loss	(114,109)	--	(103,537)	--	69,515	--
Changes of Assumptions	(2,438)	--	38,568	--	16,466	--
Benefit Payments	(81,148)	(42,042)	(53,050)	(49,917)	(42,183)	(39,575)
Net change in total OPEB liability	(158,081)	(907)	(70,787)	(2,275)	86,721	3,290
Total OPEB liability – beginning	596,432	597,339	668,126	670,401	583,680	580,390
Total OPEB liability – ending (a)	<u>\$ 438,351</u>	<u>\$ 596,432</u>	<u>\$ 597,339</u>	<u>\$ 668,126</u>	<u>\$ 670,401</u>	<u>\$ 583,680</u>
B. Plan fiduciary net position						
Contributions – employer	\$ 36,676	\$ 42,042	\$ 53,050	\$ 64,917	\$ 57,183	\$ 54,575
Benefit Payments	(81,148)	(42,042)	(53,050)	(49,917)	(42,183)	(39,575)
Expenses	--	--	--	--	--	--
Investment Income	(116,522)	196,019	32,150	43,912	48,902	60,251
Net change in plan fiduciary net position	(160,994)	196,019	32,150	58,912	63,902	75,251
Plan fiduciary net position – beginning	886,080	690,061	657,911	598,999	535,097	459,846
Plan fiduciary net position – ending (b)	<u>\$ 725,086</u>	<u>\$ 886,080</u>	<u>\$ 690,061</u>	<u>\$ 657,911</u>	<u>\$ 598,999</u>	<u>\$ 535,097</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ (286,735)</u>	<u>\$ (289,648)</u>	<u>\$ (92,722)</u>	<u>\$ 10,215</u>	<u>\$ 71,402</u>	<u>\$ 48,583</u>
D. Plan fiduciary net position as a percentage of the total OPEB liability	165.41%	148.56%	115.52%	98.47%	89.35%	91.68%
E. Covered employee payroll	<u>\$ 260,455</u>	<u>\$ 260,455</u>	<u>\$ 266,463</u>	<u>\$ 266,463</u>	<u>\$ 242,125</u>	<u>\$ 242,125</u>
F. Net OPEB liability as a percentage of covered payroll	-110.09%	-111.21%	-34.80%	3.83%	29.49%	20.07%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

E-3

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOWN'S TOTAL NET OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS

	GENERAL EMPLOYEES-POLICE EMPLOYEES					
	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017
A. Total OPEB liability						
Service Cost	\$ 212,927	\$ 214,712	\$ 213,025	\$ 194,746	\$ 174,579	\$ 175,113
Interest on Liability and Service Cost	583,323	549,197	582,787	545,919	541,851	506,894
Experience (Gain) and Loss	(819,004)	--	(792,551)	--	(457,304)	--
Changes of Assumptions	(85,945)	--	82,519	--	260,191	--
Benefit Payments	(246,437)	(301,865)	(259,181)	(241,967)	(226,638)	(204,506)
Net change in total OPEB liability	(355,136)	462,044	(173,401)	498,698	292,679	477,501
Total OPEB liability – beginning	8,241,388	7,779,344	7,952,745	7,454,047	7,161,368	6,683,867
Total OPEB liability – ending (a)	<u>\$ 7,886,252</u>	<u>\$ 8,241,388</u>	<u>\$ 7,779,344</u>	<u>\$ 7,952,745</u>	<u>\$ 7,454,047</u>	<u>\$ 7,161,368</u>
B. Plan fiduciary net position						
Contributions – employer	\$ 427,040	\$ 626,865	\$ 509,181	\$ 676,967	\$ 661,638	\$ 639,506
Benefit Payments	(246,437)	(301,865)	(259,181)	(241,967)	(226,638)	(204,506)
Expenses	--	--	--	--	--	--
Investment Income	(1,291,549)	2,062,260	324,846	425,681	450,118	520,668
Net change in plan fiduciary net position	(1,110,946)	2,387,260	574,846	860,681	885,118	955,668
Plan fiduciary net position – beginning	9,484,677	7,097,417	6,522,571	5,661,890	4,776,772	3,821,104
Plan fiduciary net position – ending (b)	<u>\$ 8,373,731</u>	<u>\$ 9,484,677</u>	<u>\$ 7,097,417</u>	<u>\$ 6,522,571</u>	<u>\$ 5,661,890</u>	<u>\$ 4,776,772</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ (487,479)</u>	<u>\$ (1,243,289)</u>	<u>\$ 681,927</u>	<u>\$ 1,430,174</u>	<u>\$ 1,792,157</u>	<u>\$ 2,384,596</u>
D. Plan fiduciary net position as a percentage of the total OPEB liability	106.18%	115.09%	91.23%	82.02%	75.96%	66.70%
E. Covered employee payroll	<u>\$ 1,391,523</u>	<u>\$ 1,391,523</u>	<u>\$ 1,421,254</u>	<u>\$ 1,421,254</u>	<u>\$ 1,408,128</u>	<u>\$ 1,408,128</u>
F. Net OPEB liability as a percentage of covered payroll	-35.03%	-89.35%	47.98%	100.63%	127.27%	169.35%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN'S OPEB CONTRIBUTIONS**

LAST TEN FISCAL YEARS

	GENERAL EMPLOYEES-CPMA									
	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Actuarially determined contribution	\$ --	\$ --	\$ 18,300	\$ 18,300	\$ 11,376	\$ 11,376	\$ 20,000	\$ 20,000	\$ 20,000	\$ 52,000
Contributions in relation to the actuarially determined contribution	<u>36,676</u>	<u>42,042</u>	<u>53,050</u>	<u>64,917</u>	<u>57,183</u>	<u>54,575</u>	<u>48,000</u>	<u>110,420</u>	<u>45,000</u>	<u>59,000</u>
Contribution deficiency (excess)	<u>\$ (36,676)</u>	<u>\$ (42,042)</u>	<u>\$ (34,750)</u>	<u>\$ (46,617)</u>	<u>\$ (45,807)</u>	<u>\$ (43,199)</u>	<u>\$ (28,000)</u>	<u>\$ (90,420)</u>	<u>\$ (25,000)</u>	<u>\$ (7,000)</u>
Covered-employee payroll	<u>\$ 260,455</u>	<u>\$ 260,455</u>	<u>\$ 266,463</u>	<u>\$ 266,463</u>	<u>\$ 242,125</u>	<u>\$ 242,125</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Contributions as a percentage of covered-employee payroll	14.08%	16.14%	19.91%	24.36%	23.62%	22.54%	0.00%	0.00%	0.00%	0.00%

Notes:

1.) Employers participating in the Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF TOWN'S OPEB CONTRIBUTIONS

LAST TEN FISCAL YEARS

	GENERAL EMPLOYEES-POLICE EMPLOYEES									
	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Actuarially determined contribution	\$ 325,330	\$ 358,353	\$ 474,751	\$ 474,751	\$ 438,528	\$ 438,528	\$ 486,000	\$ 486,000	\$ 486,000	\$ 475,000
Contributions in relation to the actuarially determined contribution	<u>427,040</u>	<u>626,865</u>	<u>509,181</u>	<u>676,967</u>	<u>661,638</u>	<u>639,506</u>	<u>527,000</u>	<u>501,580</u>	<u>493,000</u>	<u>491,000</u>
Contribution deficiency (excess)	<u>\$ (101,710)</u>	<u>\$ (268,512)</u>	<u>\$ (34,430)</u>	<u>\$ (202,216)</u>	<u>\$ (223,110)</u>	<u>\$ (200,978)</u>	<u>\$ (41,000)</u>	<u>\$ (15,580)</u>	<u>\$ (7,000)</u>	<u>\$ (16,000)</u>
Covered-employee payroll	<u>\$ 1,391,523</u>	<u>\$ 1,391,523</u>	<u>\$ 1,421,254</u>	<u>\$ 1,421,254</u>	<u>\$ 1,408,128</u>	<u>\$ 1,408,128</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Contributions as a percentage of covered-employee payroll	30.69%	45.05%	35.83%	47.63%	46.99%	45.42%	0.00%	0.00%	0.00%	0.00%

Notes:

1.) Employers participating in the Municipal Employees' Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN'S OPEB INVESTMENT RETURNS**

LAST SIX FISCAL YEARS

GENERAL EMPLOYEES - CPMA

	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017
Annual money-weighted rate of return, net of investment expense	-13.28%	28.41%	4.89%	7.15%	8.89%	12.72%

POLICE EMPLOYEES

	Fiscal 2022	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017
Annual money-weighted rate of return, net of investment expense	-13.28%	27.78%	4.80%	6.98%	8.64%	12.34%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

MUNICIPAL PLAN (MERS)

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end. The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee’s Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee’s Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

June 30, 2020 measurement date –

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

June 30, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

TOWN OF CHARLESTOWN, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

MUNICIPAL PLAN (MERS)

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date.

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.

TOWN OF CHARLESTOWN, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

MUNICIPAL PLAN (MERS)

June 30, 2015 measurement date –

- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision).
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

TOWN OF CHARLESTOWN, RHODE ISLAND

E-6

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Originally Adopted <u>Budget</u>	Final Approved <u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES:				
General Property Taxes	\$ 23,476,214	\$ 23,476,214	\$ 23,743,876	\$ 267,662
Intergovernmental	2,160,489	2,160,489	2,100,587	(59,902)
Investment Income	85,000	85,000	36,318	(48,682)
Departmental	1,540,500	1,540,500	1,787,195	246,695
Total Revenues	27,262,203	27,262,203	27,667,976	405,773
EXPENDITURES:				
Current:				
General Government	2,305,093	2,404,750	2,266,685	138,065
Public Safety	2,975,310	3,091,576	3,047,424	44,152
Public Work	1,865,430	1,914,944	1,978,873	(63,929)
Education	13,509,358	13,509,358	13,510,358	(1,000)
Recreation	883,097	887,758	803,856	83,902
Public Health and assistance	649,213	649,617	647,861	1,756
Miscellaneous	3,707,605	3,412,635	3,174,195	238,440
Debt services:				
Principal	545,000	545,000	545,000	--
Interest and other costs	101,941	101,941	101,870	71
Capital:				
Capital Improvements	2,622,555	2,363,547	2,344,845	18,702
Total Expenditures	29,164,602	28,881,126	28,420,967	460,159
Excess of Revenues over expenditures	(1,902,399)	(1,618,923)	(752,991)	865,932
Other financing sources (uses):				
Transfers from fund balance	2,981,845	2,981,845	2,981,845	--
Transfers out	(1,069,446)	(1,352,922)	(1,352,922)	--
Landfill monitoring	(10,000)	(10,000)	(8,152)	1,848
Net other financing sources (uses)	1,902,399	1,618,923	1,620,771	1,848
Excess of Revenues and other sources over expenditures and other uses	\$ --	\$ --	\$ 867,780	\$ 867,780
Less: transfer from fund balance			(2,981,845)	
Less: transfers not budgeted			(24,555)	
Add: excess of revenues and other sources over expenditures and other uses of funds classified with General Fund for purposes of GASB Statement No. 54			(836,013)	
Fund balance, beginning of year, as restated			13,896,626	
Fund balance, end of year			\$ 10,921,993	

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

E-7

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES (NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Originally and Final Budget	Actual Revenues	Variance Positive (Negative)
<i>Property Taxes:</i>			
Current and Prior Years	\$ 23,356,214	\$ 23,592,323	\$ 236,109
Interest and delinquent taxes	120,000	151,553	31,553
<i>Total Property Taxes</i>	23,476,214	23,743,876	267,662
<i>Intergovernmental revenues</i>			
<i>State of Rhode Island Including:</i>			
Beach Parking Fees	30,000	29,473	(527)
School Aid	1,291,300	1,291,300	--
Beverage/meal tax	153,885	179,034	25,149
Hotel tax	63,940	91,195	27,255
Public Service Corporation tax	96,898	92,883	(4,015)
Motor Vehicle Phaseout	516,866	410,125	(106,741)
DEM PILOT	7,600	6,577	(1,023)
<i>Total Intergovernmental revenues</i>	2,160,489	2,100,587	(59,902)
<i>Departmental revenues:</i>			
Town Clerk			
Business licenses and fees	17,500	19,685	2,185
Non-business licenses and fees	5,000	6,203	1,203
Transfer stamps	300,000	337,854	37,854
Probate Fees	14,000	18,089	4,089
Tax Certificates	11,000	18,199	7,199
Recoding Fees	145,000	120,944	(24,056)
Building Inspector	350,000	450,291	100,291
Municipal Court	10,000	9,532	(468)
Police Department	25,000	22,424	(2,576)
Recreation	95,000	78,213	(16,787)
Town Beach parking and concessions	141,000	123,421	(17,579)
Beach passes	100,000	174,899	74,899
Blue Shutters parking and concessions	211,000	194,427	(16,573)
Animal Control	5,000	4,903	(97)
Ninigret Park	8,000	6,150	(1,850)
Planning Board	4,000	4,875	875
Zoning Board and Review	4,000	3,375	(625)
Senior/Community Center	20,000	29,024	9,024
Other revenues	75,000	164,687	89,687
<i>Total Departmental revenues</i>	1,540,500	1,787,195	246,695
<i>Investment Income</i>	85,000	36,318	(48,682)
<i>Other financing sources:</i>			
Transfers from fund balance	2,981,845	2,981,845	--
Transfers in	--	--	--
<i>Total other financing sources</i>	2,981,845	2,981,845	--
<i>Total revenues and other financing sources</i>	\$ 30,244,048	\$ 30,649,821	\$ 405,773

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF APPROPRIATIONS
AND ACTUAL EXPENDITURES
(NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
General Government:							
Central Services	\$ 373,532	\$ 3,272	\$ 376,804	\$ 338,525	\$ --	\$ 338,525	\$ 38,279
Town Clerk	217,202	7,877	225,079	219,190	--	219,190	5,889
Treasurer	270,574	14,400	284,974	281,989	--	281,989	2,985
Town administrator	209,251	5,212	214,463	217,162	--	217,162	(2,699)
Tax Assessor	170,316	3,772	174,088	168,249	--	168,249	5,839
Building Inspector	298,696	17,363	316,059	306,130	--	306,130	9,929
Tax collector	139,025	6,140	145,165	141,401	--	141,401	3,764
Information Technology	269,383	6,803	276,186	230,278	--	230,278	45,908
Town Planner	137,154	16,977	154,131	150,142	--	150,142	3,989
Town Council	34,835	--	34,835	28,904	--	28,904	5,931
Elections Unit	28,900	--	28,900	22,363	--	22,363	6,537
Boards, agencies, and committees	31,200	8,324	39,524	31,192	--	31,192	8,332
GIS	115,439	9,480	124,919	121,699	--	121,699	3,220
Municipal Court	9,586	37	9,623	9,461	--	9,461	162
Total general government	2,305,093	99,657	2,404,750	2,266,685	--	2,266,685	138,065
Public Safety:							
Police Department	2,787,129	103,724	2,890,853	2,846,284	--	2,846,284	44,569
Animal Control	110,692	8,940	119,632	116,678	--	116,678	2,954
Civil preparedness	77,489	3,602	81,091	84,462	--	84,462	(3,371)
Total public safety	2,975,310	116,266	3,091,576	3,047,424	--	3,047,424	44,152
Public Works:							
Highway department	1,168,917	11,017	1,179,934	1,262,726	--	1,262,726	(82,792)
Public buildings and grounds	387,813	17,383	405,196	400,710	--	400,710	4,486
Administration	180,889	12,551	193,440	182,526	--	182,526	10,914
Wastewater management	127,811	8,563	136,374	132,911	--	132,911	3,463
Total public works	1,865,430	49,514	1,914,944	1,978,873	--	1,978,873	(63,929)
Recreation:							
Public Recreation	203,786	9,661	213,447	207,667	--	207,667	5,780
Senior/Community Center	132,740	--	132,740	121,537	--	121,537	11,203
Blue Shutters Beach	174,100	--	174,100	155,582	--	155,582	18,518
Town Beach	174,100	--	174,100	162,065	--	162,065	12,035
Ninigret Park	198,371	(5,000)	193,371	157,005	--	157,005	36,366
Total recreation	883,097	4,661	887,758	803,856	--	803,856	83,902
Public Health and Assistance:							
Public Assistance Program	7,020	404	7,424	5,668	--	5,668	1,756
South County Home Health	2,000	--	2,000	2,000	--	2,000	--
Wood River Health	5,000	--	5,000	5,000	--	5,000	--
Thundermist Hlth Ctr So County	3,500	--	3,500	3,500	--	3,500	--
The Samaritans	500	--	500	500	--	500	--
WARM Shelter	1,000	--	1,000	1,000	--	1,000	--
Southern RI Volunteers	1,500	--	1,500	1,500	--	1,500	--
RI CAN	4,500	--	4,500	4,500	--	4,500	--
WA County Coalition Children	1,000	--	1,000	1,000	--	1,000	--
Neighbors helping Neighbors	2,000	--	2,000	2,000	--	2,000	--
Community 2000 Education Foundation	2,000	--	2,000	2,000	--	2,000	--
Wildlife Rehabilitators of Rhode Island	1,500	--	1,500	1,500	--	1,500	--
Memorial Day Parade	500	--	500	500	--	500	--
Charlestown Ambulance	324,800	--	324,800	324,800	--	324,800	--
Charlestown Memorial Parade	10,000	--	10,000	10,000	--	10,000	--
Chamber Of Commerce	15,500	--	15,500	15,500	--	15,500	--
Cross Mills Library	260,643	--	260,643	260,643	--	260,643	--
Charlestown Historical Society	5,000	--	5,000	5,000	--	5,000	--
Naval Airfield Memorial	1,250	--	1,250	1,250	--	1,250	--
Total public health and assistance	649,213	404	649,617	647,861	--	647,861	1,756

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF APPROPRIATIONS
AND ACTUAL EXPENDITURES
(NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
Education:							
Chariho Regional School District	13,509,358	--	13,509,358	13,510,358	--	13,510,358	(1,000)
Debt Service:							
General Obligation Bond:							
Principal	545,000	--	545,000	545,000	--	545,000	--
Interest	101,941	--	101,941	101,870	--	101,870	71
Capital Leases	--	--	--	--	--	--	--
Total debt service:	646,941	--	646,941	646,870	--	646,870	71
Miscellaneous:							
Employee insurance and benefits	2,655,330	(75,170)	2,580,160	2,431,019	--	2,431,019	149,141
Police pension fund	230,000	--	230,000	230,000	--	230,000	--
Council contingency	50,000	(7,500)	42,500	7,329	--	7,329	35,171
Contingency for Collective Bargaining	205,150	(205,150)	--	--	--	--	--
Contingency for Longevity Collective Bargaining	7,150	(7,150)	--	--	--	--	--
Town Insurance	311,815	--	311,815	295,620	--	295,620	16,195
Audit/Technology	42,000	--	42,000	39,004	--	39,004	2,996
Legal Services	191,160	--	191,160	171,223	--	171,223	19,937
Town-wide survey	15,000	--	15,000	--	--	--	15,000
Total miscellaneous	3,707,605	(294,970)	3,412,635	3,174,195	--	3,174,195	238,440
Capital Improvements Program:							
Public safety	374,600	(64,359)	310,241	312,489	--	312,489	(2,248)
Public works	2,165,455	(194,649)	1,970,806	1,953,799	--	1,953,799	17,007
Parks and recreation	64,500	--	64,500	61,258	--	61,258	3,242
General government	18,000	--	18,000	17,299	--	17,299	701
Total capital improvements	2,622,555	(259,008)	2,363,547	2,344,845	--	2,344,845	18,702
Other financing uses:							
Transfers out:							
Ningret Disc Golf Course	--	2,500	2,500	2,500	--	2,500	--
Police HVAC	--	25,625	25,625	25,625	--	25,625	--
DPW Fuel Management System	--	38,202	38,202	38,202	--	38,202	--
Public Access Feasibility	--	15,000	15,000	15,000	--	15,000	--
Asphalt Resurfacing	--	62,149	62,149	62,149	--	62,149	--
Revaluation	50,000	--	50,000	50,000	--	50,000	--
Transfer to Environmental Resilience & Adaptation	15,000	--	15,000	15,000	--	15,000	--
CRCC Enterprise Transfer	19,446	--	19,446	19,446	--	19,446	--
Employee Severance Benefit	200,000	--	200,000	200,000	--	200,000	--
Transfer to Pond & Beach Preservation	350,000	--	350,000	350,000	--	350,000	--
Health Care Rsv Fund (OPEB's)	285,000	--	285,000	285,000	--	285,000	--
Town Capital Maintenance Fund	150,000	140,000	290,000	290,000	--	290,000	--
Total transfers out	1,069,446	283,476	1,352,922	1,352,922	--	1,352,922	--
Other :							
Landfill monitoring	10,000	--	10,000	8,152	--	8,152	1,848
Total Other	10,000	--	10,000	8,152	--	8,152	1,848
Total expenditures	\$ 30,244,048	\$ --	\$ 30,244,048	\$ 29,782,041	\$ --	\$ 29,782,041	\$ 462,007

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF CHARLESTOWN, RHODE ISLAND
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2022

E-9

BUDGETARY DATA AND BUDGETARY COMPLIANCE

Adoption

The Town Manager shall submit to the Council no later than the fiftieth day preceding the first Wednesday in May, a proposed budget of anticipated revenues and proposed expenditures after a review of estimated requirements from department heads. The Town maintains a legal level of control at the department level for the general fund and at the fund level for all other governmental funds. Town Council conducts all-day Public Work Sessions to discuss the Town Manager's Proposed Budget, which is not a Charter requirement.

The Council has two weeks to give preliminary approval to the Town Manager's budget, which the Council may revise. Approximately three weeks after preliminary approval by the Council, two (2) public hearings are held (one for school portion and one for all other budgets). After preliminary approval of the budget, any qualified elector may circulate a petition requesting that the Council increase or decrease the budget. At least 50 signatures, validated by the Board of Canvassers, are required. The Council is required to consider and vote on each valid petition.

On or before the first Wednesday in May, the Council is required to make any final changes to the budget by a majority vote and consider any petitions. Following final approval, the budget is published and copies are available for the public. After final approval by the Council, any qualified elector may circulate a petition requesting a referendum for either an increase or decrease to the total appropriation for a specific fund. Petition forms approved by the Town Clerk must be returned before the 20th day following the first Wednesday in May. Each valid petition with no less than 300 signatures, along with the Council's final adopted budget, is presented to the voters for a referendum vote on the second Saturday in June.

Appropriations that were overspent in the current year were funded either by the favorable revenue variances or by appropriations that were underspent in the current year.

Budgetary to GAAP Basis Reconciliation

Annual operating budgets are in conformity with the legal enacted budgetary basis, which differs from accounting principles generally accepted in the United States of America ("U.S. GAAP") in the several regards. Budgets are adopted on the modified accrual basis with certain exceptions. Budgetary revenues may include re-appropriations from fund equity previously recognized under the U.S. GAAP. Budgetary expenditures include capital assets additions, debt service issuance costs and debt service principal payments not recognized under U.S. GAAP but exclude depreciation and amortization, U.S. GAAP basis expense.

TOWN OF CHARLESTOWN, RHODE ISLAND
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2022

BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)

Budgetary to GAAP Basis Reconciliation (Continued)

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	Revenues and Transfers	Expenditures and Transfers
Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-6)	\$ 31,402,812	\$ 29,782,041
Transfer from Fund Balance	(2,981,845)	--
Transfers not budgeted	--	24,555
Activity of funds classified with the General Fund for Purposes of GASB Statement No. 54	2,521,267	4,110,271
Statement of Revenues, Expenditures and Changes in Fund Balance (B-2)	\$ 30,942,234	\$ 33,916,867

TOWN OF CHARLESTOWN

OTHER SUPPLEMENTARY INFORMATION

This section presents the Tax Collector's Annual Report, Annual Supplemental Transparency Portal (MTP2), and Combining Non-Major Governmental Funds, and Combining General Fund. These schedules are not a required part of the basic financial statements.

TOWN OF CHARLESTOWN, RHODE ISLAND

F-1

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2022

	Special Revenue Funds						
	Senior Community Activities	Ninigret Park Fitness Space - DEM	MEDS Grant - RI Department of Health	Frisbee Golf Course	School Impact Fees	Opioid Settlement	Friends of Ninigret
Assets							
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ 153,540	\$ --	\$ --
Due from:							
Other funds	5,527	4,026	18,857	809	--	33,561	836
Total Assets	<u>5,527</u>	<u>4,026</u>	<u>18,857</u>	<u>809</u>	<u>153,540</u>	<u>33,561</u>	<u>836</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Current Liabilities							
Due to:							
Other funds	--	--	--	--	25,000	--	--
Unearned revenue	--	2,773	--	--	--	--	--
Total Current Liabilities	<u>--</u>	<u>2,773</u>	<u>--</u>	<u>--</u>	<u>25,000</u>	<u>--</u>	<u>--</u>
Fund Balances							
Nonspendable	--	--	--	--	--	--	--
Restricted	5,527	1,253	18,857	809	128,540	33,561	836
Committed	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--
Total Fund Balances	<u>5,527</u>	<u>1,253</u>	<u>18,857</u>	<u>809</u>	<u>128,540</u>	<u>33,561</u>	<u>836</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 5,527</u>	<u>\$ 4,026</u>	<u>\$ 18,857</u>	<u>\$ 809</u>	<u>\$ 153,540</u>	<u>\$ 33,561</u>	<u>\$ 836</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

F-1

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2022

	Special Revenue Funds					
	Operation Blue Riptide	Flagpole Gardens Accessible Playground	Animal Spaying/Neutering	Ninigret Park Fund	Bicentennial Fund	Covid Relief Fund
Assets						
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ 37,034	\$ --	\$ --
Investments	--	--	--	--	2,241	--
Due from:						
Other funds	--	--	8,663	900	--	--
Other governments	286	480	--	--	--	65,140
Total Assets	<u>286</u>	<u>480</u>	<u>8,663</u>	<u>37,934</u>	<u>2,241</u>	<u>65,140</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Current Liabilities						
Due to:						
Other funds	286	--	--	--	--	115,043
Total Current Liabilities	<u>286</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>115,043</u>
Fund Balances						
Nonspendable	--	--	--	--	--	--
Restricted	--	480	8,663	37,934	2,241	--
Committed	--	--	--	--	--	--
Unassigned	--	--	--	--	--	(49,903)
Total Fund Balances	<u>--</u>	<u>480</u>	<u>8,663</u>	<u>37,934</u>	<u>2,241</u>	<u>(49,903)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 286</u>	<u>\$ 480</u>	<u>\$ 8,663</u>	<u>\$ 37,934</u>	<u>\$ 2,241</u>	<u>\$ 65,140</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2022

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	Project Review	Opioid Grant	Naval Airfield Memorial	Police Forfeiture
Assets						
Cash and cash equivalents	\$ --	\$ 58,401	\$ --	\$ --	\$ 970	\$ --
Receivables:						
Other receivables	--	--	2,645	--	--	--
Due from:						
Other funds	6,908	4,456	--	--	305	--
Total Assets	<u>6,908</u>	<u>62,857</u>	<u>2,645</u>	<u>--</u>	<u>1,275</u>	<u>--</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Current Liabilities						
Due to:						
Other funds	--	--	2,645	--	--	--
Other liabilities	6,908	--	--	--	--	--
Total Current Liabilities	<u>6,908</u>	<u>--</u>	<u>2,645</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances						
Nonspendable	--	--	--	--	--	--
Restricted	--	62,857	--	--	1,275	--
Committed	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--
Total Fund Balances	<u>--</u>	<u>62,857</u>	<u>--</u>	<u>--</u>	<u>1,275</u>	<u>--</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 6,908</u>	<u>\$ 62,857</u>	<u>\$ 2,645</u>	<u>\$ --</u>	<u>\$ 1,275</u>	<u>\$ --</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

F-1

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2022

	Special Revenue Funds					
	US EPA	Birthday Committee	Affordable Housing Acquisitions	Community Development Block Grant	Police Evidence Property	Historical and Vital Records
Assets						
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ 9,539	\$ --
Due from:						
Other funds	--	1,905	--	80	--	191,310
Other governments	<u>747,216</u>	--	--	--	--	--
Total Assets	<u>747,216</u>	<u>1,905</u>	<u>--</u>	<u>80</u>	<u>9,539</u>	<u>191,310</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Current Liabilities						
Accounts payable	3,035	--	--	--	--	513
Retainage payable	--	--	--	--	--	--
Due to:						
Other funds	1,940	--	--	--	1,850	--
Other governments	--	--	--	--	--	--
Unearned revenue	<u>747,216</u>	--	--	--	--	--
Other liabilities	--	--	--	--	<u>7,689</u>	--
Total Current Liabilities	<u>752,191</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,539</u>	<u>513</u>
Fund Balances						
Nonspendable	--	--	--	--	--	--
Restricted	--	1,905	--	80	--	190,797
Committed	--	--	--	--	--	--
Unassigned	<u>(4,975)</u>	--	--	--	--	--
Total Fund Balances	<u>(4,975)</u>	<u>1,905</u>	<u>--</u>	<u>80</u>	<u>--</u>	<u>190,797</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 747,216</u>	<u>\$ 1,905</u>	<u>\$ --</u>	<u>\$ 80</u>	<u>\$ 9,539</u>	<u>\$ 191,310</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

F-1

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2022

	Special Revenue Funds		
	Ninigret Dog Park	On-Site Wastewater Treatment Systems	Comprehensive Planning Grant
Assets			
Cash and cash equivalents	\$ --	\$ --	\$ 13,545
Due from:			
Other funds	--	58,713	--
Total Assets	--	58,713	13,545
 Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Current Liabilities			
Due to:			
Other funds	422	--	6,957
Unearned revenue	--	--	--
Total Current Liabilities	422	--	6,957
 Fund Balances			
Restricted	--	58,713	6,588
Unassigned	(422)	--	--
Total Fund Balances	(422)	58,713	6,588
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ --	\$ 58,713	\$ 13,545

TOWN OF CHARLESTOWN, RHODE ISLAND

F-1

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2022

	Permanent Funds		Total Non-Major Governmental Funds
	Zenis Ellis Trust	Cemetery Fund	
Assets			
Cash and cash equivalents	\$ 951	\$ --	\$ 273,980
Investments	--	500	2,741
Receivables:			
Other receivables	--	--	2,645
Due from:			
Other funds	--	90	336,946
Other governments	--	--	813,122
Total Assets	<u>951</u>	<u>590</u>	<u>1,429,434</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Current Liabilities			
Accounts payable	1	--	3,549
Due to:			
Other funds	--	--	154,143
Unearned revenue	--	--	749,989
Other liabilities	--	--	14,597
Total Current Liabilities	<u>1</u>	<u>--</u>	<u>922,278</u>
Fund Balances			
Restricted	950	590	562,456
Unassigned	--	--	(55,300)
Total Fund Balances	<u>950</u>	<u>590</u>	<u>507,156</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 951</u>	<u>\$ 590</u>	<u>\$ 1,429,434</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						
	Senior Community Activities	Ninigret Park Fitness Space - DEM	MEDS Grant - RI Department of Health	Frisbee Golf Course	School Impact Fees	Opioid Settlement	Friends of Ninigret
Revenues							
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 33,561	\$ --
Departmental	186	--	7,500	--	35,675	--	--
Investment income	--	--	--	--	158	--	--
Total Revenues	<u>186</u>	<u>--</u>	<u>7,500</u>	<u>--</u>	<u>35,833</u>	<u>33,561</u>	<u>--</u>
Expenditures							
Current							
General government	304	3,466	6,453	506	--	--	--
	<u>304</u>	<u>3,466</u>	<u>6,453</u>	<u>506</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenue Over (Under) Expenditures							
Before Other Financing Sources (Uses)	<u>(118)</u>	<u>(3,466)</u>	<u>1,047</u>	<u>(506)</u>	<u>35,833</u>	<u>33,561</u>	<u>--</u>
Other Financing Sources (Uses)							
Transfers in	--	--	--	--	--	--	--
Transfers out	--	--	--	--	(25,000)	--	--
Landfill monitoring	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(25,000)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(118)	(3,466)	1,047	(506)	10,833	33,561	--
Fund Balance (Deficit) - Beginning of Year	<u>5,645</u>	<u>4,719</u>	<u>17,810</u>	<u>1,315</u>	<u>117,707</u>	<u>--</u>	<u>836</u>
Fund Balance (Deficit) - End of Year	<u>\$ 5,527</u>	<u>\$ 1,253</u>	<u>\$ 18,857</u>	<u>\$ 809</u>	<u>\$ 128,540</u>	<u>\$ 33,561</u>	<u>\$ 836</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	Operation Blue Riptide	Flagpole Gardens Accessible Playground	Animal Spaying/Neutering	Ninigret Park Fund	Bicentennial Fund	Covid Relief Fund
Revenues						
Departmental	\$ 46,605	\$ --	\$ 640	\$ 10,900	\$ --	\$ 65,152
Investment income	--	--	--	37	--	--
Total Revenues	<u>46,605</u>	<u>--</u>	<u>640</u>	<u>10,937</u>	<u>--</u>	<u>65,152</u>
Expenditures						
Current						
General government	46,605	--	--	--	--	54,547
	<u>46,605</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>54,547</u>
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>640</u>	<u>10,937</u>	<u>--</u>	<u>10,605</u>
Other Financing Sources (Uses)						
Transfers in	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	--	640	10,937	--	10,605
Fund Balance (Deficit) - Beginning of Year	<u>--</u>	<u>480</u>	<u>8,023</u>	<u>26,997</u>	<u>2,241</u>	<u>(60,508)</u>
Fund Balance (Deficit) - End of Year	<u>\$ --</u>	<u>\$ 480</u>	<u>\$ 8,663</u>	<u>\$ 37,934</u>	<u>\$ 2,241</u>	<u>\$ (49,903)</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	Project Review	Opioid Grant	Naval Airfield Memorial	Police Forfeiture
Revenues						
Departmental	\$ --	\$ 637	\$ --	\$ --	\$ --	\$ --
Investment income	--	68	--	--	--	--
Total Revenues	<u>--</u>	<u>705</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures						
Current						
General government	--	--	--	--	2,250	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,250</u>	<u>--</u>
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>--</u>	<u>705</u>	<u>--</u>	<u>--</u>	<u>(2,250)</u>	<u>--</u>
Other Financing Sources (Uses)						
Transfers in	--	--	--	--	1,250	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,250</u>	<u>--</u>
Net Change in Fund Balances	--	705	--	--	(1,000)	--
Fund Balance (Deficit) - Beginning of Year	<u>--</u>	<u>62,152</u>	<u>--</u>	<u>--</u>	<u>2,275</u>	<u>--</u>
Fund Balance (Deficit) - End of Year	<u>\$ --</u>	<u>\$ 62,857</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,275</u>	<u>\$ --</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	US EPA	Birthday Committee	Affordable Housing Acquisitions	Community Development Block Grant	Police Evidence Property	Historical and Vital Records
Revenues						
Intergovernmental	\$ 2,783	\$ --	\$ --	\$ --	\$ --	\$ --
Departmental	--	--	--	--	--	23,062
Total Revenues	<u>2,783</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>23,062</u>
Expenditures						
Current						
General government	<u>7,175</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,154</u>
	<u>7,175</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,154</u>
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(4,392)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>14,908</u>
Other Financing Sources (Uses)						
Transfers in	<u>24,555</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Other Financing Sources (Uses)	<u>24,555</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	20,163	--	--	--	--	14,908
Fund Balance (Deficit) - Beginning of Year	<u>(25,138)</u>	<u>1,905</u>	<u>--</u>	<u>80</u>	<u>--</u>	<u>175,889</u>
Fund Balance (Deficit) - End of Year	<u>\$ (4,975)</u>	<u>\$ 1,905</u>	<u>\$ --</u>	<u>\$ 80</u>	<u>\$ --</u>	<u>\$ 190,797</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		
	Ninigret Dog Park	On-Site Wastewater Treatment Systems	Comprehensive Planning Grant
Revenues			
Departmental	\$ --	\$ 25,000	\$ --
Investment income	--	--	--
Total Revenues	<u> --</u>	<u> 25,000</u>	<u> --</u>
Expenditures			
Current			
General government	582	2,509	--
Capital			
Capital outlay	--	--	--
	<u> 582</u>	<u> 2,509</u>	<u> --</u>
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	<u> (582)</u>	<u> 22,491</u>	<u> --</u>
Net Change in Fund Balances	(582)	22,491	--
Fund Balance (Deficit) - Beginning of Year	<u> 160</u>	<u> 36,222</u>	<u> 6,588</u>
Fund Balance (Deficit) - End of Year	<u><u> (422)</u></u>	<u><u> 58,713</u></u>	<u><u> 6,588</u></u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Permanent Funds		Total Non-Major Governmental Funds
	Zenis Ellis Trust	Cemetery Fund	
Revenues			
Intergovernmental	\$ --	\$ --	\$ 36,344
Departmental	--	--	215,357
Investment income	--	--	263
Total Revenues	--	--	251,964
Expenditures			
Current			
General government	--	--	132,551
	--	--	132,551
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	--	--	119,413
Other Financing Sources (Uses)			
Transfers in	--	--	25,805
Transfers out	--	--	(25,000)
Net Other Financing Sources (Uses)	--	--	805
Net Change in Fund Balances	--	--	120,218
Fund Balance (Deficit) - Beginning of Year, As Restated	950	590	386,938
Fund Balance (Deficit) - End of Year	\$ 950	\$ 590	\$ 507,156

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
GENERAL FUND**

JUNE 30, 2022

	General Fund	Asphalt Resurfacing	Public Works Fuel Management	Police HVAC	Town Capital Maintenance Fund	Coastal Access Feasibility Study	Ninigret Disc Golf
Assets							
Cash and cash equivalents	\$ 11,635,557	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Receivables:							
Taxes, net	447,808	--	--	--	--	--	--
Other receivables	48,190	--	--	--	--	--	--
Due from:							
Other funds	--	62,149	38,202	25,625	293,642	15,000	2,500
Prepaid expenses	1,658	--	--	--	--	--	--
Tax sale property	297,983	--	--	--	--	--	--
Total Assets	<u>12,431,196</u>	<u>62,149</u>	<u>38,202</u>	<u>25,625</u>	<u>293,642</u>	<u>15,000</u>	<u>2,500</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Current Liabilities							
Accounts payable	334,894	--	--	--	43,150	--	--
Accrued payroll	55,065	--	--	--	--	--	--
Due to:							
Other funds	5,021,660	--	--	--	--	--	--
Unearned revenue	60,237	--	--	--	--	--	--
Other liabilities	15,692	--	--	--	--	--	--
Total Current Liabilities	<u>5,487,548</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>43,150</u>	<u>--</u>	<u>--</u>
Deferred Inflows of Resources							
Unavailable revenue - property taxes	366,208	--	--	--	--	--	--
Total Deferred Inflows of Resources	<u>366,208</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances							
Nonspendable	299,641	--	--	--	--	--	--
Committed	--	62,149	38,202	25,625	250,492	15,000	2,500
Unassigned	6,277,799	--	--	--	--	--	--
Total Fund Balances	<u>6,577,440</u>	<u>62,149</u>	<u>38,202</u>	<u>25,625</u>	<u>250,492</u>	<u>15,000</u>	<u>2,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 12,431,196</u>	<u>\$ 62,149</u>	<u>\$ 38,202</u>	<u>\$ 25,625</u>	<u>\$ 293,642</u>	<u>\$ 15,000</u>	<u>\$ 2,500</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
GENERAL FUND**

JUNE 30, 2022

	Old Mill Road	Public Safety Communication Tower	Dentrification Septic System Prototype	Pond and Beach Preservation	Animal Control Donations	External Fuel Tank
Assets						
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ 76,987	\$ --
Due from:						
Other funds	<u>915,620</u>	<u>30,030</u>	<u>161,626</u>	<u>1,014,893</u>	<u>23,166</u>	<u>--</u>
Total Assets	<u>915,620</u>	<u>30,030</u>	<u>161,626</u>	<u>1,014,893</u>	<u>100,153</u>	<u>--</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances						
 Fund Balances						
Committed	<u>915,620</u>	<u>30,030</u>	<u>161,626</u>	<u>1,014,893</u>	<u>100,153</u>	<u>--</u>
Total Fund Balances	<u>915,620</u>	<u>30,030</u>	<u>161,626</u>	<u>1,014,893</u>	<u>100,153</u>	<u>--</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 915,620</u>	 <u>\$ 30,030</u>	 <u>\$ 161,626</u>	 <u>\$ 1,014,893</u>	 <u>\$ 100,153</u>	 <u>\$ --</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
GENERAL FUND**

JUNE 30, 2022

	Burdickville Road Improvement	Environmental Resilience	Affordable Housing Acquisitions	Charho Reserve	Reserve for Sick and Vacation	Revaluation Fund
Assets						
Due from:						
Other funds	\$ 438,051	\$ 15,000	\$ --	\$ 250,000	\$ 865,915	\$ 236,339
Other governments	--	--	--	--	--	1,835
Total Assets	<u>438,051</u>	<u>15,000</u>	<u>--</u>	<u>250,000</u>	<u>865,915</u>	<u>238,174</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Current Liabilities						
Accounts payable	--	--	--	--	--	37,617
Total Current Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>37,617</u>
 Fund Balances						
Committed	438,051	15,000	--	250,000	865,915	200,557
Total Fund Balances	<u>438,051</u>	<u>15,000</u>	<u>--</u>	<u>250,000</u>	<u>865,915</u>	<u>200,557</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 438,051</u>	 <u>\$ 15,000</u>	 <u>\$ --</u>	 <u>\$ 250,000</u>	 <u>\$ 865,915</u>	 <u>\$ 238,174</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
GENERAL FUND**

JUNE 30, 2022

	Employee Vending	Wastewater Testing	EMA Tree Removal	Open Space 2016	Landfill Monitoring	GIS Project	Reserve for Legal Fees	Totals
Assets								
Cash and cash equivalents	\$ 4,142	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 11,716,686
Taxes, net	--	--	--	--	--	--	--	447,808
Other receivables	--	--	--	--	--	--	--	48,190
Due from:								
Other funds	--	7,768	54,862	--	89,854	2,960	505,739	5,048,941
Other governments	--	--	--	--	--	--	--	1,835
Prepaid expenses	--	--	--	--	--	--	--	1,658
Tax sale property	--	--	--	--	--	--	--	297,983
Total Assets	<u>4,142</u>	<u>7,768</u>	<u>54,862</u>	<u>--</u>	<u>89,854</u>	<u>2,960</u>	<u>505,739</u>	<u>17,563,101</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Current Liabilities								
Accounts payable	--	--	--	--	--	--	--	415,661
Accrued payroll	--	--	--	--	--	--	--	55,065
Due to:								
Other funds	5,049	--	--	701,536	--	--	--	5,728,245
Unearned revenue	--	--	--	--	--	--	--	60,237
Other liabilities	--	--	--	--	--	--	--	15,692
Total Current Liabilities	<u>5,049</u>	<u>--</u>	<u>--</u>	<u>701,536</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,274,900</u>
Fund Balances								
Nonspendable	--	--	--	--	--	--	--	299,641
Restricted	--	--	--	--	--	--	--	--
Committed	--	7,768	54,862	--	89,854	2,960	505,739	5,046,996
Unassigned	(907)	--	--	(701,536)	--	--	--	5,575,356
Total Fund Balances	<u>(907)</u>	<u>7,768</u>	<u>54,862</u>	<u>(701,536)</u>	<u>89,854</u>	<u>2,960</u>	<u>505,739</u>	<u>10,921,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,142</u>	<u>\$ 7,768</u>	<u>\$ 54,862</u>	<u>\$ --</u>	<u>\$ 89,854</u>	<u>\$ 2,960</u>	<u>\$ 505,739</u>	<u>\$ 17,563,101</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Asphalt Resurfacing	Public Works Fuel Management	Police HVAC	Town Capital Maintenance Fund	Coastal Access Feasibility Study	Ninigret Disc Golf
Revenues							
General property taxes	\$ 23,743,876	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	2,100,587	--	--	--	24,950	--	--
Intergovernmental - Covid	--	--	--	--	--	--	--
Departmental	1,668,530	--	--	--	--	--	--
Investment income	36,318	--	--	--	--	--	--
Other	93,665	--	--	--	--	--	--
Total Revenues	<u>27,642,976</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>24,950</u>	<u>--</u>	<u>--</u>
Expenditures							
Current							
General government	2,261,243	--	--	--	--	--	--
Public safety	3,047,420	--	--	--	--	--	--
Public works	1,978,871	--	--	--	--	--	--
Education	13,510,358	--	--	--	--	--	--
Parks and recreation	803,857	--	--	--	--	--	--
Public health and assistance	652,056	--	--	--	--	--	--
Community development	--	--	--	--	--	--	--
Employee benefits and other outside services	3,459,196	--	--	--	--	--	--
Principal	545,000	--	--	--	--	--	--
Interest and other costs	101,870	--	--	--	--	--	--
Capital outlay	544,846	--	--	--	382,374	--	--
	<u>26,904,717</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>382,374</u>	<u>--</u>	<u>--</u>
Excess of Revenue Over (Under) Expenditures							
Before Other Financing Sources (Uses)	<u>738,259</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(357,424)</u>	<u>--</u>	<u>--</u>
Other Financing Sources (Uses)							
Transfers in	25,000	62,149	38,202	25,625	290,000	15,000	2,500
Transfers out	(2,893,727)	--	--	--	--	--	--
Landfill monitoring	(8,152)	--	--	--	--	--	--
Net Change in Fund Balances	<u>(2,138,620)</u>	<u>62,149</u>	<u>38,202</u>	<u>25,625</u>	<u>(67,424)</u>	<u>15,000</u>	<u>2,500</u>
Fund Balance (Deficit) - Beginning of Year	<u>8,716,060</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>317,916</u>	<u>--</u>	<u>--</u>
Fund Balance (Deficit) - End of Year	<u>\$ 6,577,440</u>	<u>\$ 62,149</u>	<u>\$ 38,202</u>	<u>\$ 25,625</u>	<u>\$ 250,492</u>	<u>\$ 15,000</u>	<u>\$ 2,500</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2022

	Old Mill Road	Public Safety Communication Tower	Dentrification Septic System Prototype	Pond and Beach Preservation	Animal Control Donations	External Fuel Tank
Revenues						
Investment income	\$ --	\$ --	\$ --	\$ --	\$ 90	\$ --
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>90</u>	<u>--</u>
Expenditures						
Current						
Capital outlay	<u>1,877,749</u>	<u>1,350</u>	<u>88,374</u>	<u>--</u>	<u>748,816</u>	<u>--</u>
	<u>1,877,749</u>	<u>1,350</u>	<u>88,374</u>	<u>--</u>	<u>748,816</u>	<u>--</u>
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(1,877,749)</u>	<u>(1,350)</u>	<u>(88,374)</u>	<u>--</u>	<u>(748,726)</u>	<u>--</u>
Other Financing Sources (Uses)						
Transfers in	<u>1,800,000</u>	<u>--</u>	<u>--</u>	<u>350,000</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(77,749)</u>	<u>(1,350)</u>	<u>(88,374)</u>	<u>350,000</u>	<u>(748,726)</u>	<u>--</u>
Fund Balance (Deficit) - Beginning of Year	<u>993,369</u>	<u>31,380</u>	<u>250,000</u>	<u>664,893</u>	<u>848,879</u>	<u>--</u>
Fund Balance (Deficit) - End of Year	<u>\$ 915,620</u>	<u>\$ 30,030</u>	<u>\$ 161,626</u>	<u>\$ 1,014,893</u>	<u>\$ 100,153</u>	<u>\$ --</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2022

	Burdickville Road Improvement	Environmental Resilience	Affordable Housing Acquisitions	Chariho Reserve	Reserve for Sick and Vacation	Revaluation Fund
Revenues						
General property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental - Covid	--	--	--	--	--	--
Departmental	--	--	--	--	--	--
Investment income	--	--	--	--	--	--
Other	--	--	--	--	--	--
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures						
Current						
General government	--	--	--	--	24,274	82,137
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>24,274</u>	<u>82,137</u>
Excess of Revenue Over (Under) Expenditures						
Before Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(24,274)</u>	<u>(82,137)</u>
Other Financing Sources (Uses)						
Transfers in	--	15,000	--	--	200,000	50,000
Net Change in Fund Balances	--	15,000	--	--	175,726	(32,137)
Fund Balance (Deficit) - Beginning of Year	<u>438,051</u>	<u>--</u>	<u>--</u>	<u>250,000</u>	<u>690,189</u>	<u>232,694</u>
Fund Balance (Deficit) - End of Year	<u>\$ 438,051</u>	<u>\$ 15,000</u>	<u>\$ --</u>	<u>\$ 250,000</u>	<u>\$ 865,915</u>	<u>\$ 200,557</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Employee Vending	Wastewater Testing	EMA Tree Removal	Open Space 2016	Landfill Monitoring	GIS Project	Reserve for Legal Fees	Totals
Revenues								
General property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 23,743,876
Intergovernmental	--	--	--	400,000	--	--	--	2,525,537
Intergovernmental - Covid	--	--	--	--	--	--	--	--
Departmental	--	--	--	--	--	--	--	1,668,530
Investment income	3	--	--	--	--	--	--	36,411
Other	609	--	--	--	--	130	--	94,404
Total Revenues	<u>612</u>	<u>--</u>	<u>--</u>	<u>400,000</u>	<u>--</u>	<u>130</u>	<u>--</u>	<u>28,068,758</u>
Expenditures								
Current								
General government	677	--	--	--	--	--	--	2,368,331
Public safety	--	--	--	--	--	--	--	3,047,420
Public works	--	--	--	--	--	--	--	1,978,871
Education	--	--	--	--	--	--	--	13,510,358
Parks and recreation	--	--	--	--	--	--	--	803,857
Public health and assistance	--	--	--	--	--	--	--	652,056
Other	--	--	--	--	--	--	--	3,459,196
Debt Services								
Principal	--	--	--	--	--	--	--	545,000
Interest and other costs	--	--	--	--	--	--	--	101,870
Capital								
Capital outlay	--	--	--	904,520	--	--	--	4,548,029
	<u>677</u>	<u>--</u>	<u>--</u>	<u>904,520</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>31,014,988</u>
Excess of Revenue Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>(65)</u>	<u>--</u>	<u>--</u>	<u>(504,520)</u>	<u>--</u>	<u>130</u>	<u>--</u>	<u>(2,946,230)</u>
Other Financing Sources (Uses)								
Transfers in	--	--	--	--	--	--	--	2,873,476
Transfers out	--	--	--	--	--	--	--	(2,893,727)
Landfill monitoring	--	--	--	--	--	--	--	(8,152)
Net Change in Fund Balances	<u>(65)</u>	<u>--</u>	<u>--</u>	<u>(504,520)</u>	<u>--</u>	<u>130</u>	<u>--</u>	<u>(2,974,633)</u>
Fund Balance (Deficit) - Beginning of Year	<u>(842)</u>	<u>7,768</u>	<u>54,862</u>	<u>(197,016)</u>	<u>89,854</u>	<u>2,830</u>	<u>505,739</u>	<u>13,896,626</u>
Fund Balance (Deficit) - End of Year	<u>\$ (907)</u>	<u>\$ 7,768</u>	<u>\$ 54,862</u>	<u>\$ (701,536)</u>	<u>\$ 89,854</u>	<u>\$ 2,960</u>	<u>\$ 505,739</u>	<u>\$ 10,921,993</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

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TAX COLLECTOR'S ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Real estate and personal property taxes receivable:

Fiscal Year	Balance - July 1, 2021	Current Year				Amount to be Collected	FY 2022 Collections	Balance - June 30, 2022
		Assessment	Additions	Abatements	Transfers			
2022	--	\$ 23,523,788	\$ 881	\$ 57,921	\$ (15,158)	\$ 23,567,432	\$ 23,342,951	\$ 224,481
2021	332,641	--	--	(22,292)	27,517	337,866	273,421	64,445
2020	75,106	--	--	(95)	(5)	75,006	28,439	46,567
2019	55,385	--	--	--	--	55,385	7,877	47,508
2018	47,714	--	90	--	501	48,305	3,785	44,520
2017	47,944	--	(88)	--	--	47,856	12,172	35,684
2016	45,544	--	--	--	261	45,805	15,360	30,445
2015	37,581	--	--	--	(259)	37,322	7,271	30,051
2014	32,381	--	--	--	--	32,381	1,032	31,349
2013	33,417	--	--	--	1,361	34,778	2,420	32,358
2012	33,180	--	--	--	1,460	34,640	4,000	30,640
2011 and prior	399,970	--	--	--	--	399,970	210	399,760
	<u>\$ 1,140,863</u>	<u>\$ 23,523,788</u>	<u>\$ 883</u>	<u>\$ 35,534</u>	<u>\$ 15,678</u>	<u>\$ 24,716,746</u>	<u>\$ 23,698,938</u>	<u>\$ 1,017,808</u>
<i>Allowance for Uncollectible Accounts</i>	\$ (570,000)							\$ (570,000)
<i>Net Property Tax Receivable</i>	<u>\$ 570,863</u>							<u>\$ 447,808</u>

FY 2022 Cash Collections Summary

<i>July - August 2021 Collections Subject to 60-day FY20 Accrual</i>	<i>September - June 2022 Collections</i>	<i>Total FY 2022 Cash Collections</i>	<i>July - August 2022 (FY 22) Cash Collections Subject to 60-day FY22 Accrual</i>
\$ --	\$ 23,342,951	\$ 23,342,951	\$ 85,481
128,266	145,155	273,421	1,927
3,459	24,980	28,439	1,501
1,192	6,685	7,877	203
120	3,665	3,785	723
31	12,141	12,172	2,009
1,744	13,616	15,360	280
3,649	3,622	7,271	903
--	1,032	1,032	--
--	2,420	2,420	--
--	4,000	4,000	--
--	210	210	288
<u>\$ 138,461</u>	<u>\$ 23,560,477</u>	<u>\$ 23,698,938</u>	<u>\$ 93,315</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

TAX COLLECTOR’S ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

Schedule of Net Assessed Property, Value by Category

Description of Property	Valuations December 31, 2020	Levy July 1, 2021
Real Property	\$ 2,810,963,945	\$ 22,734,159
Motor Vehicle	78,655,089	611,165
Tangible	22,479,231	178,464
Total	\$ 2,912,098,265	\$ 23,523,788
Exemptions	(64,303,850)	
Net Assessed Value	\$ 2,847,794,415	\$ 23,523,788

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 23,698,938
July - August 2022 Collections Subject to 60-day FY 22 Accrual	\$ 93,315
	<u>\$ 23,792,253</u>
July - August 2021 Collections Subject to 60-day FY 21 Accrual	\$ (138,461)
Less: refunds and adjustments	<u>\$ (61,469)</u>
Current Year Property Tax Revenue	<u>\$ 23,592,323</u>

Town of Charlestown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2022

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<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 23,270,907
Last Year's Levy Tax Collection	310,367
Prior Years Property Tax Collection	-
Interest & Penalty	151,553
PILOT & Tax Treaty (excluded from levy) Collection	6,577
Other Local Property Taxes	-
Licenses and Permits	25,888
Fines and Forfeitures	18,089
Investment Income	36,318
Departmental	1,665,076
Rescue Run Revenue	-
Police & Fire Detail	-
Other Local Non-Property Tax Revenues	93,665
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	-
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	-
COVID - ESSER	-
COVID - CRF	-
COVID - CDBG	-
COVID - FEMA	65,152
COVID - Other	-
COVID - ARPA	3,092
MV Excise Tax Reimbursement	410,125
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	92,883
Meals & Beverage Tax / Hotel Tax	270,229
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	-
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	1,291,300
Motor Vehicle Phase Out	-
Other Revenue	425,782
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 28,137,002
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	2,873,476
Financing Sources: Debt Proceeds	-
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 2,873,476

Town of Charlestown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2022

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EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 609,884	\$ 521,829	\$ 72,473	\$ 126,484	\$ 426,422	\$ -	\$ 893,396	\$ 480,934	\$ 1,793,202
Compensation - Group B	-	-	-	-	-	-	-	-	99,664
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	66	669	-	-	6,318	-	45,294	15,900	257,962
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	5,908
Active Medical Insurance - Group A	69,475	95,617	-	32,449	83,327	-	206,668	31,409	358,226
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,152	5,503	-	1,639	5,901	-	12,296	1,768	19,693
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	46,966	40,232	5,580	9,739	33,321	-	72,279	38,256	165,547
Life Insurance	2,225	1,949	(260)	464	1,670	-	3,675	696	5,336
State Defined Contribution- Group A	5,331	4,327	676	1,301	4,322	-	5,738	1,736	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	605
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	2,694	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	86,685	74,256	10,300	17,976	61,500	-	133,404	70,609	305,671
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	251,299	47,758	10,895	45,229	16,334	260,643	105,958	42,323	16,437
Materials/Supplies	38,935	14,939	2,827	2,462	1,190	-	121,046	17,740	29,244
Software Licenses	62,354	31,140	-	2,488	2,350	-	237	-	32,431
Capital Outlays	23,267	-	-	-	-	-	2,636,553	55,290	324,288
Insurance	295,620	-	-	-	-	-	-	-	-
Maintenance	3	-	2,098	-	-	-	609,066	70,799	95,198
Vehicle Operations	49	3,275	-	-	-	-	-	3,144	75,630
Utilities	-	-	14,167	-	-	-	86,482	-	82,479
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	6,814	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	109,164	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	379,417	-	-	-	-	-	-	-	-
Other Operation Expenditures	1,325,627	16,296	28,708	58,024	14,847	-	18,796	93,810	63,954
Tipping Fees	-	-	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,203,048	\$ 857,791	\$ 147,464	\$ 298,255	\$ 657,502	\$ 260,643	\$ 5,066,866	\$ 924,415	\$ 3,731,476

Town of Charlestown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2022

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EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ -	\$ 235,141	\$ 140,586	\$ -	\$ -	\$ -	\$ 5,300,352
Compensation - Group B	-	-	-	-	-	-	99,664
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	-	48,162	2,315	-	-	-	376,685
Overtime - Group B	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	5,908
Active Medical Insurance - Group A	-	45,967	7,028	-	-	-	930,166
Active Medical Insurance- Group B	-	-	-	-	-	-	-
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental insurance- Group A	-	2,260	293	-	-	-	52,505
Active Dental Insurance- Group B	-	-	-	-	-	-	-
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	-	20,470	11,003	-	-	-	443,394
Life Insurance	-	835	278	-	-	-	16,868
State Defined Contribution- Group A	-	1,569	-	-	-	-	25,000
State Defined Contribution - Group B	-	-	-	-	-	-	605
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	2,694
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	38,869	20,309	-	-	-	819,578
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	-	-	14,426	-	-	-	811,303
Materials/Supplies	-	-	20,525	-	-	-	248,907
Software Licenses	-	-	4,093	-	-	-	135,093
Capital Outlays	-	-	748,816	-	-	-	3,788,214
Insurance	-	-	-	-	-	-	295,620
Maintenance	-	-	6,175	-	-	-	783,339
Vehicle Operations	-	-	3,145	-	-	-	85,244
Utilities	-	-	-	-	-	-	183,128
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	6,814
Revaluation	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	109,164
Trash Removal & Recycling	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	379,417
Other Operation Expenditures	-	-	18,093	-	-	-	1,638,156
Tipping Fees	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	13,510,358	-	-	13,510,358
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	545,000	-	545,000
Municipal Debt- Interest	-	-	-	-	101,870	-	101,870
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	92,580	92,580
Retiree Dental Insurance- Total	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	285,000	285,000
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 393,273	\$ 997,086	\$ 13,510,358	\$ 646,870	\$ 377,580	\$ 31,072,627

Financing Uses: Transfer to Capital Funds	\$ 2,651,879
Financing Uses: Transfer to Other Funds	250,000
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	\$ 2,901,879
Net Change in Fund Balance¹	(2,964,028)
Fund Balance1- beginning of year	\$10,823,887
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	3,012,231
Misc. Adjustment	-
Fund Balance¹ - beginning of year adjusted	13,836,118
Rounding	-
Fund Balance¹ - end of year	\$ 10,872,090

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of Charlestown
 Annual Supplemental Transparency Report (MTP2)
 Combining Schedule of
 Reportable Government Services with
 Reconciliation to MTP2
 Municipal
 Fiscal Year Ended June 30, 2022

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2021						\$ 10,823,887	3,012,231	\$ 13,836,118	
<i>No funds removed from RGS for fiscal 2021</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2021</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2021</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						<u>\$ 10,823,887</u>	<u>3,012,231</u>	<u>\$ 13,836,118</u>	
							-		
General Fund	\$ 28,068,758	\$ 2,873,476	\$ 31,014,988	\$ 2,901,879	\$ (2,974,633)	\$ 10,884,395	\$ 3,012,231	\$ 13,896,626	\$ 10,921,993
American Rescue Plan Fund	3,092	-	3,092	-	-	-	-	-	-
COVID Relief Fund	65,152	-	54,547	-	10,605	(60,508)	-	(60,508)	(49,903)
Totals per audited financial statements	<u>\$ 28,137,002</u>	<u>\$ 2,873,476</u>	<u>\$ 31,072,627</u>	<u>\$ 2,901,879</u>	<u>\$ (2,964,028)</u>	<u>\$ 10,823,887</u>	<u>\$ 3,012,231</u>	<u>\$ 13,836,118</u>	<u>\$ 10,872,090</u>
<u>Reconciliation from financial statements to MTP2</u>									
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 28,137,002</u>	<u>\$ 2,873,476</u>	<u>\$ 31,072,627</u>	<u>\$ 2,901,879</u>	<u>\$ (2,964,028)</u>	<u>\$ 10,823,887</u>	<u>\$ 3,012,231</u>	<u>\$ 13,836,118</u>	<u>\$ 10,872,090</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

TOWN OF CHARLESTOWN, RHODE ISLAND

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NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (“MTP2”)

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location. The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State’s Municipal Transparency portal. Consistent with that goal, the State has defined “reportable government services”, RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality’s general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the Town’s (or Town’s) budget and accounting system. To report these costs, the Town (or Town) made allocations of costs to the State’s departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefit costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees’ compensation and benefits are reported under Group A

TOWN OF CHARLESTOWN, RHODE ISLAND

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NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (“MTP2”)

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4. Employee Groups - Compensation and Benefit Costs (Continued)

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State’s Municipal Transparency portal website.

The Town of Charlestown is a member of the Chariho Regional School District. Chariho provides education services to the Town and is a separate legal entity.

Additional guidance and definitions regarding the State’s Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

TOWN OF CHARLESTOWN

**REPORT IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

**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 Town Council of the
Town of Charlestown, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island, as of and for the year ended June 30, 2022 and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Charlestown, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Charlestown, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Charlestown, Rhode Island'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control as items 2022-001, 2022-02 and 2022-03 to be material weaknesses.

Compliance and Other Matters

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

Town of Charlestown, Rhode Island's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Charlestown, Rhode Island's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Charlestown, Rhode Island's response were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Providence, RI
January 30, 2023

TOWN OF CHARLESTOWN, RHODE ISLAND

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SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2022

MATERIAL WEAKNESSES

2022-001 Financial Statement Reporting

Criteria

Management is responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Condition

During fiscal 2022, the Town provided details of various accounts in the financial statements that required corrections of material misstatements in previously issued financial statements due to previously unidentified errors.

Context

The Town did not have adequate policies or procedures in place to ensure the reconciliation of records timely and identify the errors relating to prior fiscal years.

Effect

Inaccurate amounts were recorded in certain areas including revenue recognition, accruals and capital assets in the prior fiscal years, which then required additional time to investigate and to correct discrepancies.

Prior Year Finding - No

Recommendation

We recommend that the Town enhance internal control procedures internally to ensure all accounts are reconciled back to subsidiary ledgers on a timely basis. The accounting department should be able to reconcile all accounts back to the respective sub-ledgers or third-party reports to ensure the current year activity is being recorded accurately and completely within the respective fiscal year.

View of Responsible Officials and Planned Corrective Actions

The Town has staff of three people that are involved in processing of all financial transactions. The volume of activity periodically increases either due to the summer seasonal load and when the Town has significant number of projects that involve monitoring of additional funds with necessary compliance with local, state, and federal regulation.

The team is constantly working on all possible solutions to improve accuracy and efficiency. The Town has contracted third party independent consulting firm to assess internal controls & operations and the Town will make efforts and should implement recommended improvements.

TOWN OF CHARLESTOWN, RHODE ISLAND

H-1

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2022

MATERIAL WEAKNESSES

2022-002 Design of Internal Controls

Criteria

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

Condition

The Town of Charlestown, Rhode Island does not have sufficient internal control policies or procedures in place in regards to the documentation of controls over the payroll review process, financial statement review process and the reconciliation of significant accounts (financial close).

Context

Not having timely reconciliations completed on significant account balances.

Effect

This resulted in material misstatements of various accounts that required corrections for fiscal 2022.

Prior Year Finding - No

Recommendation

We recommend that management develop a plan for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported.

View of Responsible Officials and Planned Corrective Actions

The Treasurer's office is continuously working on internal improvements based on existing capabilities and resources. In fiscal 2022, there were number of procedures that were placed or improved. The most difficult area is related to payroll due to size of a team and structure of organization.

To establish proper policies and procedures there are number of areas must be reviewed. As previously mentioned, in fiscal 2023 the Town hired consulting firm to perform internal control, operations, and organizational assessment to be able to assess all necessary aspects to establish an effective plan for the improvement.

TOWN OF CHARLESTOWN, RHODE ISLAND

H-1

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2022

MATERIAL WEAKNESSES

2022-003 Segregation of Duties

Criteria

Due to the relatively small size of the Town, ideal segregation of duties is not being achieved. The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, unintentional errors or financial statement misstatement. The Town Administrator and management should constantly be aware of this condition. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some deficiencies exist and that they should continue to apply diligent oversight and monitoring activities.

Condition

The Town of Charlestown, Rhode Island does not have adequate segregation of duties in certain financial reporting areas.

Context

The Town does not have proper segregation of duties over ACH transfers, investments and payroll. It was noted that the Treasurer is the only employee that reviews ACH transfers, the Treasurer is the only employee who reconciles/reviews investment statements and the treasurer is the only reviewer of rates in payroll based on employee contracts.

Effect

This deficiency could result in material misstatements relating to the financial statements.

Prior Year Finding - No

Recommendation

We recommend that management design a plan implementing compensating controls over the higher risk areas of the financial reporting area to address this risk of segregation of duties.

View of Responsible Officials and Planned Corrective Actions

The current segregation of duties of the Treasurer's office is based on the size of the department. The management and administration are aware of this condition and monitoring and is working on developing an improvement plan as well is constantly monitoring all activities.

The segregation of duties may improve depending on the future funding of the Town.