

TOWN OF HOPKINTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended
June 30, 2022

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Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-4
 REQUIRED SUPPLEMENTARY INFORMATION	
<i>Management's Discussion and Analysis</i>	5-13
 BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	14
Statement of Activities	15
 <i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to Government-Wide Statement of Activities.....	19
Statement of Net Position – Proprietary Funds.....	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds.....	22-23
<i>Notes to Basic Financial Statements</i>	24-53
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule.....	54
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – General Employees Pension Plan	55
Schedule of Changes in the Net Pension Liability and Related Ratios – Police Officers Pension Plan	56
Schedule of Town Contributions – Pension Plans	57
Notes to Required Supplementary Information	58-60
 OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – General Fund	61-62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund	63-64

TOWN OF HOPKINTON, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Table of Contents

	<u>Page</u>
Combining Balance Sheet - Nonmajor Governmental Funds.....	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	66
Tax Collector’s Annual Report.....	67-68
Annual Supplemental Transparency Report (MTP2) - Revenue.....	69
Annual Supplemental Transparency Report (MTP2) - Expenditures.....	70-71
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal	72
Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)	73

STATISTICAL SECTION

Changes in Fund Balances – General Fund – Last Ten Fiscal Years – Unaudited.....	74
Assessed Values and Actual Values of Taxable Property – Last Ten Fiscal Years – Unaudited	75
Assessed Values and Actual Values of Taxable Property – Calculation of Total Direct Tax Rate – Fiscal Year Ended June 30, 2022– Unaudited.....	76
Principal Property Taxpayers – Current Year and Ten Years Ago – Unaudited	77
Property Tax Levy and Collections – Last Ten Fiscal Years – Unaudited	78

<i>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</i>	79-80
Schedule of Findings and Responses	81-83

Independent Auditor's Report

To the Honorable President and Members of the Town Council
Town of Hopkinton, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, 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 Hopkinton, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, 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.

Emphasis of Matter

As discussed in Note 1 and Note 14 to the financial statements, the Town of Hopkinton, Rhode Island implemented GASB Statement No. 87, *Leases*, during fiscal year 2022. Our opinions were not modified with respect to this matter.

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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Hopkinton, 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.

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 Hopkinton, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Hopkinton, 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 Hopkinton, 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, budgetary comparison information, and supplementary pension information 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 Hopkinton, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2), and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2), and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2023 on our consideration of the Town of Hopkinton, 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 Hopkinton, 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 Hopkinton, Rhode Island 's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
April 17, 2023

TOWN OF HOPKINTON MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Hopkinton provides this Management Discussion and Analysis of the Town of Hopkinton's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of Hopkinton is for fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Town's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- At the end of the current fiscal year, total fund balance for the General Fund was \$5,635,446 or 20.36% of total 2022 budgeted revenues. This is a decrease of \$69,186 from the prior year total fund balance.
- The total unassigned fund balance of the General Fund is \$4,239,204 or 15.32% of total 2022 budgeted revenues. This is a decrease of \$1,319,811 from the prior year unassigned fund balance.
- The total assigned, committed, restricted or nonspendable fund balance of the General Fund is \$1,396,242. This is an increase of \$1,250,625 from the prior year total assigned, committed, restricted or nonspendable fund balance.
- The Town General Fund ended fiscal year 2022 with a budgetary operating deficit of \$18,307.
- The total bonded debt amount of the Town of Hopkinton decreased by \$419,000.
- As reported in the government-wide financial statements, the assets and deferred outflows of resources of the Town of Hopkinton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,571,395. The Town's capital asset base has been developed from both current operations and debt. The Town has recorded its property and equipment at original values in order to insure proper asset management.
- The Town's total net position increased by \$660,643 for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's annual audit report. The financial section of this report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that includes combining statements for non-major governmental funds.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall status.

- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town’s operations in more detail than the government-wide statements.
 - ✓ The *governmental funds* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - ✓ *Proprietary fund* statements offer short- and long-term financial information about the activities the government operates like businesses, such as the water system.
 - ✓ *Fiduciary fund* statements provide information about assets that are held by the Town as a trustee or agent for the benefit of someone or something other than the Town itself. The Town cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and how they relate to one another. In addition to these required elements, the Town has included a section with combining statements that provide details about the Town’s non-major governmental funds, which are added together and presented in a single column in the basic financial statements.

Figure A-1
Required Components of
Town of Hopkinton’s Basic Financial Report

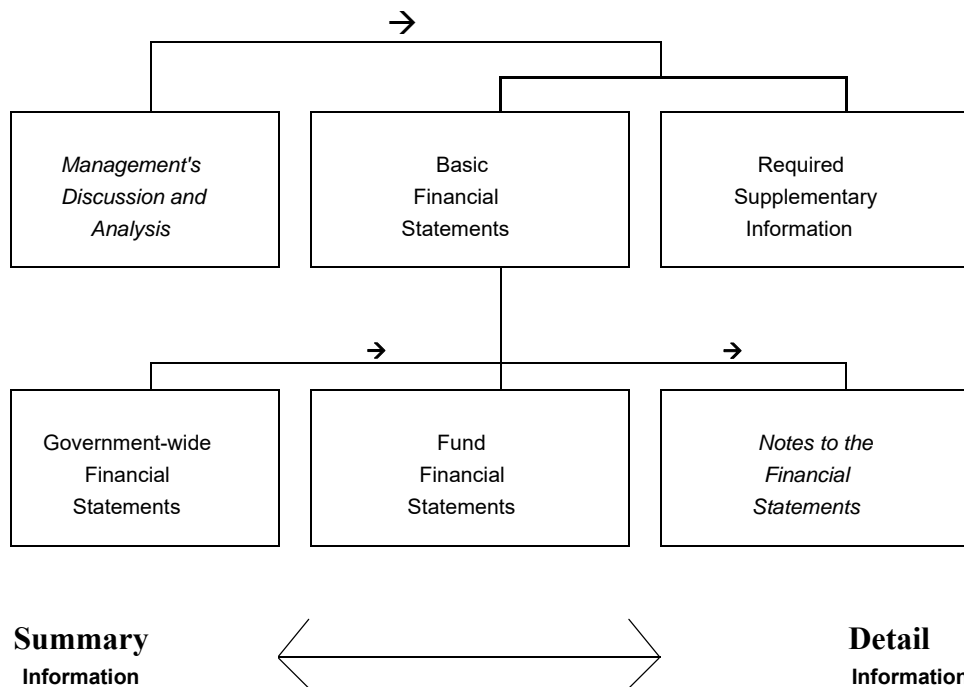


Figure A-2

Major Features of the Town of Hopkinton’s Government-Wide and Fund Financial Statements

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as Police and DPW.	Activities the Town operates similar to private businesses such as the water system.	Instances in which the Town is the trustee or agent for someone else’s resources.
Required financial Statements	Statement of Net Position; Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position
Accounting Basis & Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/ Liability Information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Town’s funds do not currently contain capital assets, although they can
Type of inflow/ Outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the Town’s financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements – The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town’s *net position* and how they have changed. Net position – the difference between the Town’s assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Town’s financial health, or position.

- Over time, increases or decreases in the Town’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town’s property tax base and the condition of the Town’s roads.

The government-wide financial statements of the Town are divided into three categories.

- *Governmental activities* – Most of the Town’s basic services are included here, such as the public safety, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* – The Town operates a Water Fund which accounts for the purchase of water from the Town of Richmond, which it sells to Town users.
- *Component units* – The Land Trust is deemed to be a component unit.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town’s operations in more detail than the government-wide statements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the government fund statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government’s near-term financing requirement.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town has one enterprise fund. A brief description follows:

Hopkinton Water Supply – the Town has a municipally owned water system. It buys water from the Richmond Water Supply Board and bills the recipient waterline residents.

The basic proprietary fund financial statements are presented on pages 20 through 23.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town had no fiduciary funds as of June 30, 2022.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

The notes of the financial statements are presented on pages 24 through 53.

Other Information – **In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*.** This section includes a budgetary comparison schedule, which includes a reconciliation between the changes in the statutory fund balance for budgetary purposes and the changes in fund balances for the General Fund as presented in the governmental fund financial statements. **Required supplementary information follow the notes to the financial statements.**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of the Town of Hopkinton's Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hopkinton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,571,395 as of June 30, 2022.

In regard to the Town's net position (70.1%) consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are highly unlikely to be used to liquidate these liabilities.

TOWN OF HOPKINTON'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current Assets	\$ 9,460,345	\$ 10,887,964	\$ 13,182	\$ 25,706	\$ 9,473,527	\$ 10,913,670
Capital Assets	8,218,239	7,943,356	276,808	265,480	8,495,047	8,208,836
Other Noncurrent Assets	<u>490,008</u>	<u>2,099,085</u>	<u>-</u>	<u>-</u>	<u>490,008</u>	<u>2,099,085</u>
Total Assets	18,168,592	20,930,405	289,990	291,186	18,458,582	21,221,591
Deferred Outflows of Resources	<u>985,522</u>	<u>623,807</u>	<u>-</u>	<u>-</u>	<u>985,522</u>	<u>623,807</u>
Current Liabilities	1,863,027	3,296,003	1,378	11,280	1,864,405	3,307,283
Long-term Liabilities	<u>6,761,216</u>	<u>4,798,159</u>	<u>-</u>	<u>-</u>	<u>6,761,216</u>	<u>4,798,159</u>
Total Liabilities	8,624,243	8,094,162	1,378	11,280	8,625,621	8,105,442
Deferred Inflows of Resources	<u>907,731</u>	<u>3,168,561</u>	<u>-</u>	<u>-</u>	<u>907,731</u>	<u>3,168,561</u>
Net Position:						
Net investment in capital assets	7,064,431	7,144,369	276,808	265,480	7,341,239	7,409,849
Restricted	298,222	392,404	-	-	298,222	392,404
Unrestricted	<u>2,259,487</u>	<u>2,754,716</u>	<u>11,804</u>	<u>14,426</u>	<u>2,271,291</u>	<u>2,769,142</u>
Total net position	\$ 9,622,140	\$ 10,291,489	\$ 288,612	\$ 279,906	\$ 9,910,752	\$ 10,571,395

Of the Town's net position, \$392,404 (3.71%) represents resources that are subject to external restriction on how they may be used. Of this amount, \$19,572 is set aside for various capital projects.

Change in Net Position

The total net position of the Town of Hopkinton increased by \$660,643 during fiscal year 2021-2022.

Analysis of the Town of Hopkinton's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2022.

Governmental activities increased the Town's net position by \$669,349 while business type activities decreased the Town's net position by \$8,706.

TOWN OF HOPKINTON'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues						
Program						
Charges for services	\$ 888,038	\$ 957,144	\$ 32,429	\$ 23,983	\$ 920,467	\$ 981,127
Operating/Capital grants and contributions	6,416,259	6,002,441			6,416,259	6,002,441
General revenues						
Property taxes	19,632,197	20,170,263			19,632,197	20,170,263
State Aid	380,682	925,461			380,682	925,461
Investment earnings	5,416	7,148	3	4	5,419	7,152
Miscellaneous	6,699	68,300			6,699	68,300
Total Revenues	27,329,291	28,130,757	32,432	23,987	27,361,723	28,154,744
Program Expenses						
General government	2,230,829	2,115,851			2,230,829	2,115,851
Public safety	2,874,898	2,522,326			2,874,898	2,522,326
Public works	1,449,800	1,558,371			1,449,800	1,558,371
Recreation	274,249	420,543			274,249	420,543
Social services	274,665	176,050			274,665	176,050
Education	20,092,924	20,561,560			20,092,924	20,561,560
Interest on long-term debt	120,074	106,707			120,074	106,707
Water Fund			34,481	32,693	34,481	32,693
Total Expenses	27,317,439	27,461,408	34,481	32,693	27,351,920	27,494,101
Change in net position	11,852	669,349	(2,049)	(8,706)	9,803	660,643
Net position beginning of year	9,610,288	9,622,140	290,661	288,612	9,900,949	9,910,752
Net position end of year	\$ 9,622,140	\$ 10,291,489	\$ 288,612	\$ 279,906	\$ 9,910,752	\$ 10,571,395

Financial Analysis of the Town of Hopkinton's Funds

Governmental Funds – The focus of the Town of Hopkinton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, 2022, the Town’s governmental funds reported combined ending fund balances of \$7,725,774. The General Fund reported an unassigned fund balance of \$4,239,204 representing approximately 54.87% of total fund balance.

Nonspendable/Restricted/Committed/Assigned	
General fund balance:	
Nonspendable	\$1,177,248
Restricted	4,842
Committed	58,769
Assigned	155,383
Total Nonspendable/Restricted/Committed/Assigned	155,383
Fund Balance	\$1,396,242

Proprietary Funds – The Town of Hopkinton’s proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Unrestricted net position of the Hopkinton Water Supply Fund is \$14,426.

The Town of Hopkinton’s General Fund Budgetary Items

The Town General Fund had a budgetary deficit of \$18,307 in FY22. The actual revenues exceeded budgeted revenues by \$179,836. The largest deficits were caused due to the shortfalls in revenues as well as the shortfalls due to contracted salary obligations in a year with a rejected budget.

The Town of Hopkinton’s Capital Assets

The Town of Hopkinton’s investment in capital assets for its governmental and business-type activities amounts to \$8,208,836 net of accumulated depreciation at June 30, 2022. Included are land, buildings and improvements, motor vehicles, furniture and equipment, infrastructure, and construction in progress.

**TOWN OF HOPKINTON’S CAPITAL ASSETS AT YEAR END
NET OF ACCUMULATED DEPRECIATION**

	Governmental		Business-type		Total	
	2021	2022	2021	2022	2021	2022
Land & Construct. in Progress	\$ 448,645	\$ 706,564	\$ -	\$ -	\$ 448,645	\$ 706,564
Infrastructure	5,177,657	4,867,687	234,065	223,663	5,411,722	5,091,350
Buildings and improvements	1,537,316	1,457,181	-	-	1,537,316	1,457,181
Furniture and equipment	456,508	417,146	42,743	41,817	499,251	458,963
Motor vehicles	598,113	494,778	-	-	598,113	494,778
Total	\$ 8,218,239	\$ 7,943,356	\$ 276,808	\$ 265,480	\$ 8,495,047	\$ 8,208,836

The Town of Hopkinton Debt Administration

At the end of the current fiscal year, the Town of Hopkinton General Government had a total debt of \$2,823,104.

**TOWN OF HOPKINTON'S OUTSTANDING DEBT AT YEAR END
BONDS, LOANS AND CAPITALIZED LEASES PAYABLE**

	Gov Activities	Total
Gen Obligation Bonds and Loans	\$ 2,823,104	\$ 2,823,104
Financed Purchase Payable	97,014	97,014
Amortized Premium on Bond	214,956	214,956
Totals	\$ 3,135,074	\$ 3,135,074

The State of Rhode Island imposes a limit of 3 percent of the fair market value of all taxable town property on the general obligation debt that a municipality can issue. The Town of Hopkinton's limit is \$32,470,481 at year-end. The Town's outstanding general obligation debt subject to the limit is \$2,823,104 at year-end, which is \$29,647,377 under the State imposed limitation.

Subsequent Fiscal Year 2022-2023 Budget and Tax Rates

The Town of Hopkinton's total general fund budget for fiscal year 22/23 is \$27,924,957 which reflects an increase of \$252,434 from the fiscal 21/22 budget. In the Town's 22/23 budget, \$20,408,831 or 73.08% is allocated for educational purposes and \$7,516,126 or 26.92% is budgeted for other purposes.

Of the \$20,408,831 budgeted for educational purposes, the State of Rhode Island has budgeted for fiscal year 22/23 to contribute \$5,600,170 to the Town's education expense and the Town is budgeted to contribute \$14,808,661.

The Town's tax rate for fiscal year 22/23 is \$18.53 per thousand for real estate and tangible personal property. The motor vehicle tax was phased out in fiscal year 22/23. The tax rate for fiscal year 21/22 was \$18.53 per thousand for real estate and tangible personal property and \$21.18 for motor vehicles.

Request for Information

The financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have any questions about this report or need additional financial information, please contact the Finance Director, Hopkinton Thayer House, 482 Main Street, P O Box 139, Hopkinton, RI 02833.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Net Position
June 30, 2022

	<i>Primary Government</i>			<i>Component Unit</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	<i>Land Trust</i>
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,390,523	\$ 35,161	\$ 8,425,684	\$ 283,856
Receivables:				
Property taxes, net of allowance for uncollectible accounts	562,048	-	562,048	-
Accounts receivable, user fees - net	-	10,066	10,066	-
Due from federal and state government	397,006	-	397,006	81,658
Due from component unit	75,021	-	75,021	-
Leases	75,171	-	75,171	-
Other	191,426	-	191,426	-
Internal balances	19,521	(19,521)	-	-
Prepaid expenses	1,177,248	-	1,177,248	-
Total current assets	10,887,964	25,706	10,913,670	365,514
Noncurrent assets:				
Leases receivable	304,649	-	304,649	-
Capital assets: (Note 5)				
Land and land rights	349,470	-	349,470	5,063,598
Construction in progress	357,094	-	357,094	84,404
Depreciable buildings, equipment and infrastructure, net	7,236,792	265,480	7,502,272	159,940
Net pension asset	1,794,436	-	1,794,436	-
Total noncurrent assets	10,042,441	265,480	10,307,921	5,307,942
Total assets	20,930,405	291,186	21,221,591	5,673,456
Deferred outflows of resources				
Deferred pension amounts	623,807	-	623,807	-
Total deferred outflows of resources	623,807	-	623,807	-
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	542,226	11,280	553,506	-
Accrued interest payable	24,950	-	24,950	-
Due to primary government	-	-	-	75,021
Unearned revenues	1,159,083	-	1,159,083	-
Compensated absences payable	146,861	-	146,861	-
Financed purchases payable	82,207	-	82,207	-
Long-term debt -due within one year (Note 6)	412,104	-	412,104	-
Performance bonds payable	928,572	-	928,572	-
Total current liabilities	3,296,003	11,280	3,307,283	75,021
Noncurrent liabilities				
Compensated absences payable	41,491	-	41,491	-
Financed purchase payable	14,807	-	14,807	-
Long-term debt - due in more than one year (Note 6)	2,625,956	-	2,625,956	-
Note payable	26,494	-	26,494	-
Net pension liability	2,089,411	-	2,089,411	-
Total noncurrent liabilities	4,798,159	-	4,798,159	-
Total liabilities	8,094,162	11,280	8,105,442	75,021
Deferred inflows of resources				
Deferred property taxes and other deferred revenues	1,630	-	1,630	-
Deferred lease amounts	379,820	-	379,820	-
Deferred pension amounts	2,787,111	-	2,787,111	-
Total deferred inflows of resources	3,168,561	-	3,168,561	-
Net position				
Net investment in capital assets	7,144,369	265,480	7,409,849	5,307,942
Restricted for:				
Community development	99,456	-	99,456	-
Historical records preservation	76,191	-	76,191	-
Public safety programs	106,286	-	106,286	-
Capital projects	19,572	-	19,572	-
Debt service	26,494	-	26,494	-
Other programs	50,068	-	50,068	-
Permanent fund:				
Expendable	6,772	-	6,772	-
Nonexpendable	7,565	-	7,565	-
Unrestricted	2,754,716	14,426	2,769,142	290,493
Total net position	\$ 10,291,489	\$ 279,906	\$ 10,571,395	\$ 5,598,435

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2022

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>			<i>Component Unit</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Primary Government</i>			
					<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>	
Primary Government:								
<i>Governmental Activities:</i>								
General government	\$ 2,115,851	\$ 652,728	\$ -	\$ 45,511	\$ (1,417,612)	\$ -	\$ (1,417,612)	\$ -
Public safety	2,522,326	142,353	75,076	-	(2,304,897)	-	(2,304,897)	-
Public works	1,558,371	62,437	-	-	(1,495,934)	-	(1,495,934)	-
Recreation	420,543	99,626	7,443	206,335	(107,139)	-	(107,139)	-
Public and social services	176,050	-	67,216	-	(108,834)	-	(108,834)	-
Education	20,561,560	-	5,600,860	-	(14,960,700)	-	(14,960,700)	-
Debt service, interest	106,707	-	-	-	(106,707)	-	(106,707)	-
Total governmental activities	27,461,408	957,144	5,750,595	251,846	(20,501,823)	-	(20,501,823)	-
<i>Business-Type Activities:</i>								
Water supply	32,693	23,983	-	-	-	(8,710)	(8,710)	-
Total business-type activities	32,693	23,983	-	-	-	(8,710)	(8,710)	-
Total primary government	\$ 27,494,101	\$ 981,127	\$ 5,750,595	\$ 251,846	(20,501,823)	(8,710)	(20,510,533)	-
Component Unit:								
Land trust	\$ 59,682	\$ -	\$ 31,589	\$ 345,327	-	-	-	317,234
General Revenues:								
Property taxes					20,170,263	-	20,170,263	-
State aid and grants not restricted for a specific purpose					925,461	-	925,461	-
Investment earnings					7,148	4	7,152	290
Miscellaneous					68,300	-	68,300	-
Total general revenues					21,171,172	4	21,171,176	290
Change in net position					669,349	(8,706)	660,643	317,524
Net position - beginning of year					9,622,140	288,612	9,910,752	5,280,911
Net position - end of year					\$ 10,291,489	\$ 279,906	\$ 10,571,395	\$ 5,598,435

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2022*

	<i>General Fund</i>	<i>American Rescue Plan Act Fund</i>	<i>Capital Project Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets					
Cash	\$ 4,827,638	\$ 1,205,840	\$ 1,218,224	\$ 1,138,821	\$ 8,390,523
Receivables:					
Property taxes, net of allowance for doubtful accounts of \$324,265	562,048	-	-	-	562,048
Due from federal and state government	101,504	-	-	295,502	397,006
Leases	379,820	-	-	-	379,820
Other	88,270	-	-	103,156	191,426
Due from other funds	5,621,112	-	500,000	2,904,482	9,025,594
Due from component unit	75,021	-	-	-	75,021
Prepaid expenditures	1,177,248	-	-	-	1,177,248
Total assets	\$ 12,832,661	\$ 1,205,840	\$ 1,718,224	\$ 4,441,961	\$ 20,198,686
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable and accrued expenditures	\$ 353,860	\$ -	\$ -	\$ 188,366	\$ 542,226
Due to other funds	5,179,447	45,512	86,079	3,695,035	9,006,073
Unearned revenue	-	1,159,083	-	-	1,159,083
Performance bonds payable	928,572	-	-	-	928,572
Total liabilities	6,461,879	1,204,595	86,079	3,883,401	11,635,954
Deferred Inflows of Resources					
Deferred property taxes	353,886	-	-	-	353,886
Deferred lease revenues	379,820	-	-	-	379,820
Other deferred revenues	1,630	-	-	101,622	103,252
Total deferred inflows of resources	735,336	-	-	101,622	836,958
Fund Balances (Deficits)					
Nonspendable:					
Prepaid expenditures	1,177,248	-	-	-	1,177,248
Permanent fund principal	-	-	-	7,565	7,565
Restricted for:					
Community development	-	-	-	24,328	24,328
Historical records preservation	-	-	-	76,191	76,191
Public safety programs	742	-	-	105,544	106,286
Capital projects	-	-	-	30,703	30,703
Cemetery perpetual care	-	-	-	6,772	6,772
Other programs	4,100	-	-	45,968	50,068
Committed for:					
Employee relations costs	20,832	-	-	-	20,832
Legal fees	24,061	-	-	-	24,061
Public works	313	-	-	-	313
Planning and zoning	2,203	-	-	-	2,203
Tree removal	-	-	-	28,180	28,180
Educational capital facilities expansion	-	-	-	60,794	60,794
Capital projects	11,360	-	1,632,145	165,979	1,809,484
Assigned for:					
2023 budget	155,383	-	-	-	155,383
Capital projects	-	1,245	-	-	1,245
Unassigned	4,239,204	-	-	(95,086)	4,144,118
Total fund balances (deficits)	5,635,446	1,245	1,632,145	456,938	7,725,774
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,832,661	\$ 1,205,840	\$ 1,718,224	\$ 4,441,961	\$ 20,198,686

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 7,725,774
 Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. See Note 5 to the financial statements.	7,943,356
Property taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred inflows of resources in Governmental Fund Financial Statements.	353,886
Other accounts receivable and revenues are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the Governmental Funds Financial Statements.	101,622
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(24,950)
Long-term liabilities (including bonds and loans, financed purchases, compensated absences, notes, and net pension liability) are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. See Note 6 to the financial statements.	(5,439,331)
Net pension assets are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	1,794,436
Deferred outflows and inflows related to pensions are not current financial resources or require the use of current financial resources and, therefore are not reported in the Governmental Funds Balance Sheet.	
Deferred outflows related to pensions	623,807
Deferred inflows related to pensions	<u>(2,787,111)</u>
Net Position - Governmental Activities	<u><u>\$ 10,291,489</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<u>General Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 20,144,025	\$ -	\$ -	\$ -	\$ 20,144,025
Federal and state grants and aid	6,558,917	45,511	-	312,066	6,916,494
Charges for services and fees	999,353	-	-	28,206	1,027,559
Interest on investments	3,387	1,245	1,652	864	7,148
Other revenues	23,052	-	-	72,983	96,035
Total revenues	<u>27,728,734</u>	<u>46,756</u>	<u>1,652</u>	<u>414,119</u>	<u>28,191,261</u>
Expenditures:					
Current:					
General government	2,087,467	-	-	12,800	2,100,267
Public safety	2,755,246	-	-	32,443	2,787,689
Public works	1,271,682	-	-	4,695	1,276,377
Recreation	304,118	2,469	-	-	306,587
Public and social services	146,050	-	-	30,000	176,050
Education - payment to school district	20,561,560	-	-	-	20,561,560
Capital outlay	44,453	43,042	1,200	331,864	420,559
Debt service:					
Principal	419,000	-	-	146,419	565,419
Interest and other charges	120,423	-	-	8,871	129,294
Total expenditures	<u>27,709,999</u>	<u>45,511</u>	<u>1,200</u>	<u>567,092</u>	<u>28,323,802</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>18,735</u>	<u>1,245</u>	<u>452</u>	<u>(152,973)</u>	<u>(132,541)</u>
Other financing sources (uses):					
Debt issued	44,453	-	-	11,250	55,703
Transfers from other funds	-	-	-	132,374	132,374
Transfers to other funds	(132,374)	-	-	-	(132,374)
Total other financing sources (uses)	<u>(87,921)</u>	<u>-</u>	<u>-</u>	<u>143,624</u>	<u>55,703</u>
Net change in fund balances	(69,186)	1,245	452	(9,349)	(76,838)
Fund balances - beginning of year	<u>5,704,632</u>	<u>-</u>	<u>1,631,693</u>	<u>466,287</u>	<u>7,802,612</u>
Fund balances - end of year	<u>\$ 5,635,446</u>	<u>\$ 1,245</u>	<u>\$ 1,632,145</u>	<u>\$ 456,938</u>	<u>\$ 7,725,774</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ (76,838)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Fund Financial Statements report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of capital assets recorded in the current period. 345,168

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the Governmental Fund Financial Statements. (620,051)

Long-term compensated absences and notes payable are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences and notes payable are not reported as expenditures in Governmental Fund Financial Statements.

The following amount represents the change in long-term compensated absences from the prior year. (11,032)

The following amount represents the repayment of long-term note payable in the current year. 16,328

Repayment of bond, loan and financed purchase principal is an expenditure in the Governmental Fund Financial Statements, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. 549,091

Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the Governmental Fund Financial Statements. The following amount represents the change in accrued interest expense from the prior year. 4,479

Proceeds from the issuance of debt and financed purchases are other financing sources in the Governmental Fund Financial Statements, but the issuance of debt and financed purchases increases long-term liabilities in the Government-Wide Statement of Net Position.

This amount represents debt issued during the current period. (55,703)

Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide Financial Statements.

This amount represents the amortization of bond premium during the current period. 18,108

Long-term net pension liabilities and assets are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources or are not available to pay for current period expenditures. Therefore, long-term net pension liabilities and assets are not reported as expenditures in Governmental Funds financial statements.

This is the amount of the change in long-term net pension liabilities and assets and related deferred pension amounts in the current period. 549,053

New loans are reported as an increase in accounts receivable in the Government-Wide Statement of Net Position, but are reported as expenditures in the Governmental Fund Financial Statements. 11,250

Revenues reported in prior periods in the Statement of Activities that are not reported in Governmental Funds until the revenues are measurable and available. (60,504)

Change in Net Position - Governmental Activities \$ 669,349

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Net Position
Proprietary Funds
June 30, 2022

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
Assets	
<i>Current assets</i>	
Cash and cash equivalents	\$ 35,161
Accounts receivable, user fees - net	10,066
Due from other funds	1,876
Total current assets	47,103
 <i>Noncurrent assets</i>	
Depreciable capital assets - net	265,480
Total noncurrent assets	265,480
Total assets	312,583
 Liabilities	
<i>Current liabilities</i>	
Accounts payable and accrued expenses	11,280
Due to other funds	21,397
Total current liabilities	32,677
Total liabilities	32,677
 Net position	
Net investment in capital assets	265,480
Unrestricted	14,426
Total net position	\$ 279,906

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Water Supply</u>
<i>Operating revenues</i>	
User fees	\$ 23,983
<i>Total operating revenues</i>	<u>23,983</u>
<i>Operating expenses</i>	
Water purchases	16,249
Contract services	5,116
Depreciation	11,328
<i>Total operating expenses</i>	<u>32,693</u>
<i>Operating loss</i>	<u>(8,710)</u>
<i>Nonoperating revenues</i>	
Interest income	<u>4</u>
<i>Total nonoperating revenues</i>	<u>4</u>
<i>Change in net position</i>	(8,706)
<i>Total net position - beginning of year</i>	<u>288,612</u>
<i>Total net position - end of year</i>	<u>\$ 279,906</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	<u><i>Enterprise Fund</i></u> <u><i>Water Supply</i></u>
<i>Cash flows from operating activities</i>	
Cash received from customers for user fees	\$ 26,260
Cash paid to suppliers	(11,463)
<i>Net cash provided by operating activities</i>	<u>14,797</u>
 <i>Cash flows from non-capital financing activities</i>	
Interfund transactions	3,089
<i>Net cash provided by non-capital financing activities</i>	<u>3,089</u>
 <i>Cash flows from investing activities</i>	
Interest received	4
<i>Net cash provided by investing activities</i>	<u>4</u>
 <i>Net increase in cash and cash equivalents</i>	
	17,890
 <i>Cash and cash equivalents - beginning of year</i>	
	<u>17,271</u>
 <i>Cash and cash equivalents - end of year</i>	
	<u><u>\$ 35,161</u></u>

(Continued)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Water Supply</u>
<i>Reconciliation of operating loss to net cash provided by operating activities:</i>	
Operating loss	\$ (8,710)
<i>Adjustments to reconcile operating loss to net cash provided by operating activities:</i>	
Depreciation	11,328
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable, user fees	2,277
Increase (decrease) in accounts payable and accrued expenses	<u>9,902</u>
 <i>Net cash provided by operating activities</i>	 <u><u>\$ 14,797</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

The financial statements of the Town of Hopkinton, Rhode Island, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Hopkinton was incorporated in 1757 and operates under a Home Rule Charter adopted in November 2002. The Charter provides for a Town Council-Town Manager form of government. All legislative powers of the Town, except such powers as reserved by State Law or vested in the Financial Town Referendum by the Charter and by-laws enacted by the Town Council, are vested in the Town Council, including the ordering of any tax, making of appropriations, and transacting any other business pertaining to the financial affairs of the Town.

In evaluating the inclusion of potential component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, and GASB Statement No. 61, “Financial Reporting Entity-Omnibus”. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. Through the application of GASB Statement Nos. 14, 39, and 61 criteria, the Hopkinton Land Trust (the Trust) has been discretely presented as a component unit of the Town in the Government-Wide Financial Statements.

The Trust was established in fiscal year 2000 by the Hopkinton Town Council pursuant to special State legislation enacted by the General Assembly in the same year. The Trust was established as a body politic and corporate and a public instrumentality. It has the authority to acquire, hold and manage real property and interests therein, including development rights situated in the Town of Hopkinton, with the exception of property acquired for public historical preservation purposes. The Trust may hold property or development rights solely as open space or for agricultural uses, water purposes, public access, or prevention of accelerated residential or commercial development. Trustees are appointed by the Town Council and the Trust can impose a financial burden upon the Town in the form of financial support and financing of operating deficits. The Trust holds economic resources (land and land rights) entirely for the direct benefit of the Town. The Trust does not issue separate financial statements.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the Town's governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column.

Fund Financial Statements

The Fund Financial Statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Town functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the Fund Financial Statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets,

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported in another fund.

American Rescue Plan Act Fund – The American Rescue Plan Act (ARPA) Fund accounts for the funds received under the ARPA and related expenditure of those funds.

Capital Project Fund – The Capital Project Fund is used to account for funds committed for capital projects by the Financial Town Referendum.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

For the year ended June 30, 2022, the Town had one proprietary fund, the Water Supply Fund, which is a major fund:

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

Water Supply Fund - The Water Supply Fund accounts for the purchase of water from the Town of Richmond, which it sells to Town users.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as a custodian for individuals, private organizations, or other governments, and, therefore, cannot be used to support the Town's own programs. Fiduciary Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting. For the fiscal year ended June 30, 2022, the Town had no Fiduciary Funds.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 87 – *Leases*, effective for the Town's fiscal year ending June 30, 2022.
- GASB Statement No. 89 – *Accounting for Interest Cost 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, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3 which were effective upon issuance.
- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, paragraphs 11b, 13 and 14, 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 No. 84, and a suppression of GASB Statement No. 32*, effective for the Town's fiscal year ending June 30, 2022, except for paragraphs 4 and 5 which were effective upon issuance.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*, effective for the Town's fiscal year ending June 30, 2022.
- GASB Statement No. 99 – *Omnibus 2022*, effective upon issuance, except for requirements related to leases, PPPs and SBITAs which are effective for the Town's fiscal year ending June 30, 2023 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 which are effective for the Town's fiscal year ending June 30, 2024.

The adoption of GASB Statement Number 87, 89, and 98, and portions of GASB Statement Number 92, 93, 97, and 99 applicable in fiscal year 2022 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:

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 99 – *Omnibus 2022*, requirements related to leases, PPPs and SBITAs effective for the Town’s fiscal year ending June 30, 2023 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 effective for the Town’s fiscal year ending June 30, 2024.
- GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the Town’s fiscal year ending June 30, 2024.
- GASB Statement No. 101 – *Compensated Absences*, effective for the Town’s fiscal year ending June 30, 2025.

The impact of these pronouncements on the Town's financial statements has not been determined.

D. CASH EQUIVALENTS

The Town considers cash and cash equivalents in the Proprietary Funds to include cash on hand, time and demand deposits, and short-term investments maturing within three months from the date of acquisition.

E. INVESTMENTS

The Town reports investments at fair value.

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables.

Property taxes which were levied on June 8, 2021 for the current year and other delinquent balances are recorded as receivables.

G. UNBILLED SERVICES RECEIVABLE

Water revenue is recorded when earned. Customers are billed quarterly. The estimated value of services provided, but unbilled at year-end has been included in the accompanying financial statements.

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the Government-Wide Financial Statements.

All capital assets are recorded at cost (or estimated historical cost). Donated capital assets are recorded at acquisition value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 1 year. The Town retroactively adjusted for infrastructure assets in fiscal year 2007.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-50
Motor vehicles	5-10
Machinery and equipment	5-20
Office furniture and equipment	5-10
Infrastructure/roadways (principally roads)	10-50
Water system	50

I. DEBT PREMIUMS

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source”. In the Government-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available, or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred inflows of resources are reported for amounts received before the period for which property taxes are levied or revenues are due. In the Government-Wide Financial Statements, deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town’s pension plans that will be amortized as a component of pension expense in future years.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

K. PROPERTY TAXES

Property taxes are levied in June at (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town as of the previous December 31; and (b) eighty percent of the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days registered. Taxes levied in June are payable between August 1 and September 8 or in quarterly installments by September 8, December 8, March 8, and June 8. Failure to make payments will result in a lien on the taxpayer's property.

Rhode Island General Laws restrict the Town's ability to increase either its total tax levy or its tax rates more than 4% over those of the preceding year.

L. LEASES

The Town is lessor for noncancellable land and building leases. The Town recognizes leases receivable and deferred inflows of resources in the Government-Wide and Governmental Fund Financial Statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and periods covered by the lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

M. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned on June 30. Sick leave benefits are based on the sick leave accumulated on June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect on June 30.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

N. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Governmental Fund Financial Statements until due.

O. PENSIONS

For the 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 plans and the additions to/ deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

P. USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value, which approximates \$32,470,481. As of June 30, 2022, the Town's debt subject to the legal debt margin is \$2,823,104 and the Town is under the debt limit by \$29,647,377. The debt subject to the debt limitation is based on the type of debt that is issued.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

B. DEFICIT FUND BALANCES

The following other governmental funds had deficit fund balances as of June 30, 2022: Police State Forfeiture Fund \$(6,650), Landfill Fund \$(48,042), Public Works Capital Fund \$(15,515) and Recreation Capital Project Fund \$(24,879).

NOTE 3 – CASH DEPOSITS

DEPOSITS – are in three financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet and the Statement of Net Position as “Cash and Cash Equivalents”.

	<i>Carrying Amount</i>
Total Deposits	\$8,708,490
Add: Petty cash	<u>1,050</u>
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u><u>\$8,709,540</u></u>

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, \$7,750,094 of the Town’s bank balance of \$8,875,001 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$1,124,907
Collateralized with securities held by pledging financial institution’s agent, but not in the Town’s name	5,007,914
Collateralized with securities held by pledging financial institution in the Town’s name	<u>2,742,180</u>
<i>Total</i>	<u><u>\$8,875,001</u></u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies, or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. On June 30, 2022, the Town had no uncollateralized deposits with institutions.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

NOTE 4 – INVESTMENTS

The Town had no investments as of June 30, 2022. The Finance Director has control over the type of investments made. The Town's General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as certificate of deposits, money market funds, obligations guaranteed by the U.S. Government, etc. with the goal of seeking responsible income while preserving capital. The Town does not have a formal investment policy or any other legally contracted agreement that limits the type of investments that may be made.

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.

Credit Risk – The Town does not have a formal investment policy that limits its investment choices.

Concentration of Credit Risk – The Town places no limit on the amount the Town may invest in any one issuer.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 349,470	\$ -	\$ -	\$ 349,470
Construction in progress	99,175	257,919	-	357,094
	<u>448,645</u>	<u>257,919</u>	<u>-</u>	<u>706,564</u>
Depreciable assets:				
Infrastructure	25,457,502	-	-	25,457,502
Buildings and improvements	3,926,783	-	-	3,926,783
Furniture and equipment	1,325,973	42,795	-	1,368,768
Motor vehicles	2,212,840	44,454	73,990	2,183,304
	<u>32,923,098</u>	<u>87,249</u>	<u>73,990</u>	<u>32,936,357</u>
Total Capital Assets	<u>33,371,743</u>	<u>345,168</u>	<u>73,990</u>	<u>33,642,921</u>
Less accumulated depreciation for:				
Infrastructure	20,279,845	309,970	-	20,589,815
Buildings and improvements	2,389,467	80,135	-	2,469,602
Furniture and equipment	869,465	82,157	-	951,622
Motor vehicles	1,614,727	147,789	73,990	1,688,526
Total Accumulated Depreciation	<u>25,153,504</u>	<u>620,051</u>	<u>73,990</u>	<u>25,699,565</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,218,239</u>	<u>\$ (274,883)</u>	<u>\$ -</u>	<u>\$ 7,943,356</u>
Business-Type Activities:				
Depreciable assets:				
Water lines	\$ 520,092	\$ -	\$ -	\$ 520,092
Equipment	46,292	-	-	46,292
Total Capital Assets	<u>566,384</u>	<u>-</u>	<u>-</u>	<u>566,384</u>
Less accumulated depreciation for:				
Water lines	286,027	10,402	-	296,429
Equipment	3,549	926	-	4,475
Total Accumulated Depreciation	<u>289,576</u>	<u>11,328</u>	<u>-</u>	<u>300,904</u>
Business-Type Activities Capital Assets, Net	<u>\$ 276,808</u>	<u>\$ (11,328)</u>	<u>\$ -</u>	<u>\$ 265,480</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

Capital asset activity for the Land Trust for the year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Nondepreciable assets:				
Land and land rights	\$ 4,348,598	\$ 715,000	\$ -	\$ 5,063,598
Construction in progress	84,404	-	-	84,404
	<u>4,433,002</u>	<u>715,000</u>	<u>-</u>	<u>5,148,002</u>
Depreciable assets:				
Bridges	149,652	-	-	149,652
Improvements other than buildings	72,863	-	-	72,863
	<u>222,515</u>	<u>-</u>	<u>-</u>	<u>222,515</u>
Total Capital Assets	<u>4,655,517</u>	<u>715,000</u>	<u>-</u>	<u>5,370,517</u>
Less accumulated depreciation for:				
Bridges	22,946	2,993	-	25,939
Improvements other than buildings	32,992	3,644	-	36,636
Total Accumulated Depreciation	<u>55,938</u>	<u>6,637</u>	<u>-</u>	<u>62,575</u>
Land Trust Capital Assets, Net	<u>\$ 4,599,579</u>	<u>\$ 708,363</u>	<u>\$ -</u>	<u>\$ 5,307,942</u>

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 67,262
Public safety	109,784
Public works	335,737
Recreation	107,268
Total Depreciation Expense, Governmental Activities	<u>\$ 620,051</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

NOTE 6 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
Bonds payable	\$ 2,260,000	\$ -	\$ 150,000	\$2,110,000	\$ 150,000
Bonds from direct placements	775,000	-	220,000	555,000	220,000
Loans from direct borrowings	207,104	-	49,000	158,104	42,104
Plus: amortized premium on bonds	233,064	-	18,108	214,956	-
Total bonds and loans	<u>3,475,168</u>	<u>-</u>	<u>437,108</u>	<u>3,038,060</u>	<u>412,104</u>
Other liabilities:					
Financed purchases payable	182,652	44,453	130,091	97,014	82,207
Note payable	31,572	11,250	16,328	26,494	-
Accrued compensated absences	177,320	24,428	13,396	188,352	146,861
Net pension liability	3,577,326	-	1,487,915	2,089,411	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 7,444,038</u>	<u>\$ 80,131</u>	<u>\$2,084,838</u>	<u>\$5,439,331</u>	<u>\$ 641,172</u>

All debt of the Government Activities is general obligation debt. The payments on the bonds and loans are paid from the General Fund. The financed purchases payable are paid from an appropriation from the General Fund. The note payable is paid from the Community Septic System Loan Fund. The compensated absences and net pension liability are paid from the General Fund.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
 June 30, 2022

B. BONDS AND LOANS PAYABLE

Outstanding bonds and loans payable are as follows:

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2021</i>	<i>New Issues</i>	<i>Maturities and Refundings During Year</i>	<i>Outstanding June 30, 2022</i>
<i>Bonds payable:</i>								
Open Space	7/21/2011	2.5-4.375%	8/15/2031	\$ 1,000,000	\$ 550,000	\$ -	\$ 50,000	\$ 500,000
Open Space	5/1/2019	3.0-5.0%	5/1/2034	1,805,000	1,710,000	-	100,000	1,610,000
<i>Bonds from direct placements:</i>								
Refunding and Roads	9/30/2015	2.22%	5/1/2025	1,960,000	775,000	-	220,000	555,000
<i>Loans from direct borrowings:</i>								
Roads	5/28/2015	.25-1.73%	9/1/2022	253,000	48,104	-	28,000	20,104
Streetlights	12/13/2017	1.216-2.352%	9/1/2027	221,000	159,000	-	21,000	138,000
<i>Total governmental activities bonds and loans payable</i>					<u>\$ 3,242,104</u>	<u>\$ -</u>	<u>\$ 419,000</u>	<u>\$ 2,823,104</u>

At June 30, 2022 annual debt service requirements to maturity for bonds and loans payable are as follows:

<i>Year ending June 30,</i>	<i>Governmental Activities</i>			<i>Governmental Activities</i>			<i>Governmental Activities</i>		
	<i>Bonds Payable</i>			<i>Bonds from Direct Placements</i>			<i>Loans from Direct Borrowings</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 150,000	\$ 90,281	\$ 240,281	\$ 220,000	\$ 12,321	\$ 232,321	\$ 42,104	\$ 3,544	\$ 45,648
2024	160,000	83,094	243,094	165,000	7,437	172,437	22,000	2,814	24,814
2025	165,000	75,406	240,406	170,000	3,774	173,774	23,000	2,250	25,250
2026	170,000	67,469	237,469	-	-	-	23,000	1,651	24,651
2027	175,000	59,281	234,281	-	-	-	24,000	1,015	25,015
2028-2032	965,000	168,494	1,133,494	-	-	-	24,000	342	24,342
2033-2034	325,000	14,700	339,700	-	-	-	-	-	-
	<u>\$ 2,110,000</u>	<u>\$ 558,725</u>	<u>\$ 2,668,725</u>	<u>\$ 555,000</u>	<u>\$ 23,532</u>	<u>\$ 578,532</u>	<u>\$ 158,104</u>	<u>\$ 11,616</u>	<u>\$ 169,720</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
 June 30, 2022

C. FINANCED PURCHASES PAYABLE

The Town acquired vehicles valued at \$395,999 through financed purchase agreements.

Financed purchases payable currently outstanding are as follows:

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2021</i>	<i>New Issues</i>	<i>Retirements During Year</i>	<i>Outstanding June 30, 2022</i>
Truck, police cars	10/11/2019	3.89%	10/11/2021	\$ 147,260	\$ 49,063	\$ -	\$ 49,063	\$ -
Truck, police car	12/11/2020	3.87%	12/11/2022	204,286	133,589	-	65,526	68,063
Police vehicle	12/28/2021	4.69%	12/28/2023	44,453	-	44,453	15,502	28,951
Total governmental activities financed purchases payable					\$ 182,652	\$ 44,453	\$ 130,091	\$ 97,014

Obligations of governmental activities under financed purchases payable at June 30, 2022 were as follows:

<i>Year ending June 30,</i>	<i>Governmental Activities</i>		
	<i>Financed Purchases Payable</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 82,207	\$ 3,992	\$ 86,199
2024	14,807	694	15,501
	<u>\$ 97,014</u>	<u>\$ 4,686</u>	<u>\$ 101,700</u>

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

D. NOTE PAYABLE

On March 23, 2016, the Town entered into a loan agreement with the RI Infrastructure Bank for \$300,000 to be used to finance the Community Septic System Loan Program (CSSLP). The \$300,000 loan is evidenced by a non-restoring line of credit promissory note. The loan bears interest and fees of 1% and discharge of the loan is the later of the date on which all loans made by the Town under the CSSLP have been paid back or April 1, 2026. The balance of the note payable as of June 30, 2022 is \$26,494 and the credit limit available as of June 30, 2022 is \$236,594.

NOTE 7 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances on June 30, 2022 were as follows:

	<i>Due From:</i>					<i>Total</i>
	<i>General Fund</i>	<i>American Rescue Plan Act Fund</i>	<i>Capital Project Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Water Fund</i>	
<i>Due To:</i>						
General Fund	\$ 1,773,089	\$ 45,512	\$ 86,079	\$ 3,695,035	\$ 21,397	\$ 5,621,112
Capital Project Fund	500,000	-	-	-	-	500,000
Nonmajor Governmental Funds	2,904,482	-	-	-	-	2,904,482
Water Fund	1,876	-	-	-	-	1,876
Total	<u>\$ 5,179,447</u>	<u>\$ 45,512</u>	<u>\$ 86,079</u>	<u>\$ 3,695,035</u>	<u>\$ 21,397</u>	<u>\$ 9,027,470</u>

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

NOTE 8 – INTERFUND TRANSFERS

	<i>Transfer From:</i>	
	<i>General Fund</i>	<i>Total</i>
<i>Transfer To:</i>		
Nonmajor Governmental Funds	\$ 132,374	\$ 132,374
Total	<u>\$ 132,374</u>	<u>\$ 132,374</u>

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them.

NOTE 9 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

receive all receivables within the subsequent year, except for microloans and community septic system loans which are due in accordance with individual loan amortization schedules. The real estate and personal property taxes include an allowance for doubtful accounts of \$324,265. The accounts receivable-user fees include an allowance for doubtful accounts of \$1,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities on June 30, 2022.

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 75,214	\$ 267,388	\$ 11,258	\$ 353,860
Nonmajor Governmental Funds	188,366	-	-	188,366
Total Governmental Activities	<u>\$ 263,580</u>	<u>\$ 267,388</u>	<u>\$ 11,258</u>	<u>\$ 542,226</u>
Business-Type Activities:				
Water Supply	\$ 11,280	\$ -	\$ -	\$ 11,280
Total Business-Type Activities	<u>\$ 11,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,280</u>

NOTE 10 – FUND EQUITY

Government-Wide Financial Statements:

The Government-Wide Financial Statements utilize a net position presentation. Net position is segregated into the following three components:

Net investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct, or improve these assets.

Restricted – represents balances limited to uses specified either externally by creditors, grantors, contributors, laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted – represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The Town considers restricted resources to have been spent when an expense is incurred for which both restricted and unrestricted net position are available.

Fund Statements:

Governmental fund equity is classified as fund balance. In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g., inventories, prepaid amounts, and noncurrent receivables).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority.

Assigned Fund Balance – This classification includes amounts constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified, or rescinded by the Town Financial Referendum or an ordinance adopted by the Town Council. Assigned fund balances are authorized by the Finance Director. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

NOTE 11 – CHARIHO REGIONAL SCHOOL DISTRICT

The Chariho Regional School District (Regional School) was created to include a regional school for the Towns of Charlestown, Richmond, and Hopkinton (the Towns), which encompasses grades K-12. The Regional School is a separate legal entity from the Town. The voters of the participating Towns elect the Regional School Committee. The Regional School cannot assess and levy property taxes. Revenues are derived principally from the participating Towns of the Regional School, which contribute funds according to a financial formula based upon each Town’s enrollment, and from State aid to education. Financial statements for the Regional School District are issued separately and may be obtained from the Chariho Regional School District, 455A Switch Road, Wood River Junction, Rhode Island 02894.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

NOTE 12 – RISK MANAGEMENT

The Town 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 nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability 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. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the year ended June 30, 2022.

NOTE 13 – LITIGATION AND CONTINGENCIES

Litigation:

The Town is a party to various claims, legal actions, and complaints. The potential liability to the Town, if any, or an evaluation of the outcome of these matters cannot be made at the present time.

Other Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 14 – LEASES RECEIVABLE

During the current fiscal year, the Town leased land and building space to various third parties. The lease terms were initially 5 years with lessee options to extend for 1-5 additional terms in 5-year increments in accordance with individual lease agreements. The Town receives monthly payments totaling approximately \$6,400 related to these leases. Leases contain increases upon each additional term (5% - 8%) or annually (3%) in accordance with individual lease agreements. The Town recognized \$73,621 in lease revenue and \$3,086 in interest revenue during the fiscal year 2022 related to these leases. As of June 30, 2022, the Town's receivable for lease payments was \$379,820. Also, the Town has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2022, the balance of the deferred inflows of resources was \$379,820.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

NOTE 15 – PENSION PLANS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plans

General Information about the Pension 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 Law and placed under the management of the Employee's 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 persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. This report may be obtained accessing the ERSRI website at <http://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. The Town of Hopkinton has only general employees and police officers that participate in the MERS Plan.

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.

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 Average Compensation (FAC): 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.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

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.

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% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1% 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% 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% 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.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

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 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.

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.

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 were at least age 50 and had 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% 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 2.5% of the member's FAC for each year of service prior to July 1, 2012 and 2% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC. The Town of Hopkinton has elected to participate in the 20-year retirement provision.

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

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). The Town of Hopkinton has elected the optional cost-of-living provision (COLA C) for general employees and police officers.

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 the 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.

Special Provisions Applying to Specific Units – Prior to July 1, 2012, some units had specific provisions that apply only to that unit. Per section 45-21.2-5 benefits for members eligible to retire prior to June 30, 2012 are preserved for the calculation of the retirement benefits. For service accrued after July 1, 2012, retirement benefits will be calculated in accordance with section 45-21.2-2 and adjustments to benefits will be provided as set forth in 45-21-52. The following summarizes those provisions:

Hopkinton Police Department – Rhode Island General Law § 45-21.2-5 (9)

Under these special provisions, the final compensation for benefit computation is based on the members' highest year of earnings. In addition, the members shall receive a three (3%) escalation of their pension payment compounded each year on January 1st following the year of retirement and continuing on an annual basis on that date. Compensation for benefit purposes include base, longevity, and holiday pay.

Employees Covered by Benefit Terms - At the June 30, 2020 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries	16	14
Inactive, Nonretired Members	17	3
Active Members	38	15
Total	71	32

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

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%. Police officers are required to contribute 10% of their salaries. The Town of Hopkinton 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 Hopkinton contributed the following amounts in the year ended June 30, 2022: general employees plan - \$56,484 and police officers plan - \$358,150. The Town's contributions represented the following percentages of annual covered payroll: general employees plan – 2.98%; and police officers plan – 32.62%.

Net Pension Liability (Asset) - 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 (Asset) 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%
Projected Salary Increases	General Employees - 3.25% to 7.25%; Police Officers - 4% to 14%
Inflation	2.5%
Mortality	Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustments	A 2.1% COLA is assumed 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 on June 30, 2021 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

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:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
GROWTH		
Global Equity		
U.S. Equity	23.20%	5.83%
International Developed Equity	11.80%	6.35%
Emerging Markets Equity	5.00%	8.04%
Subtotal	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%
Subtotal	15.00%	
INCOME		
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%
Subtotal	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.32%
Systematic Trend	5.00%	3.39%
Subtotal	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.32%
Private Infrastructure	2.40%	5.81%
TIPs	2.00%	0.30%
Subtotal	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%
Subtotal	15.00%	
Total	100.00%	

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

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 plans was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

General Employees Plan
Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
Balances as of June 30, 2020	\$5,587,698	\$6,077,706	\$(490,008)
Changes for the Year:			
Service cost	155,874	-	155,874
Interest on the total pension liability	386,532	-	386,532
Changes in benefits	-	-	-
Difference between expected and actual experience	(218,176)	-	(218,176)
Changes in assumptions	-	-	-
Employer contributions	-	69,700	(69,700)
Employee contributions	-	40,876	(40,876)
Net investment income	-	1,604,604	(1,604,604)
Benefit payments, including employee refunds	(287,497)	(287,497)	-
Administrative expense	-	(6,114)	6,114
Other changes	-	(80,408)	80,408
Net changes	36,733	1,341,161	(1,304,428)
Balances as of June 30, 2021	\$5,624,431	\$7,418,867	\$(1,794,436)

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

Police Officers Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2020	\$9,495,938	\$5,918,612	\$3,577,326
Changes for the Year:			
Service cost	215,470	-	215,470
Interest on the total pension liability	655,590	-	655,590
Changes in benefits	-	-	-
Difference between expected and actual experience	(262,803)	-	(262,803)
Changes in assumptions	-	-	-
Employer contributions	-	354,866	(354,866)
Employee contributions	-	108,059	(108,059)
Net investment income	-	1,630,491	(1,630,491)
Benefit payments, including employee refunds	(476,202)	(476,202)	-
Administrative expense	-	(6,213)	6,213
Other changes	-	8,969	(8,969)
Net changes	132,055	1,619,970	(1,487,915)
Balances as of June 30, 2021	\$9,627,993	\$7,538,582	\$2,089,411

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the employer calculated using the discount rate of 7 percent, as well as what the employer's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Plan	Current Discount		
	1.00% Decrease (6%)	Rate (7%)	1.00% Increase (8%)
General Employees	\$(1,307,818)	\$(1,794,436)	\$(2,415,418)
Police Officers	\$2,920,721	\$2,089,411	\$1,028,422

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 as follows: general employees plan - \$(113,859); and police officers plan - \$(19,816). The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

	General Employees Plan	Police Officers Plan
Deferred Outflows of Resources:		
Contributions subsequent to the measurement date	\$56,484	\$358,150
Assumption changes	23,983	142,299
Differences between expected and actual experience	28,687	14,204
Total	\$109,154	\$514,653
 Deferred Inflows of Resources:		
Assumption changes	\$38,484	\$14,145
Differences between expected and actual experience	331,859	708,535
Net difference between projected and actual investment earnings	833,633	860,455
Total	\$1,203,976	\$1,583,135

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2022 subsequent to the measurement date that will be recognized as a reduction of (addition to) the net pension liability (asset) in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows/(Inflows) of Resources	
	General Employees Plan	Police Officers Plan
2023	\$(256,592)	\$(333,045)
2024	(273,799)	(324,219)
2025	(280,227)	(338,076)
2026	(304,992)	(350,350)
2027	(35,696)	(57,053)
Thereafter	-	(23,889)

Defined Contribution Plan

Plan Description

Certain general employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan as 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.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

General employees with less than 20 years of service on June 30, 2012 contribute 5% of their annual covered salary and employers contribute, depending on years of service as of June 30, 2012, 1% to 1.5% of annual covered salary. 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 Hopkinton recognized pension expense of \$19,593 for the fiscal year ended June 30, 2022.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. This report may be obtained accessing the ERSRI website at <http://www.ersri.org>.

B. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Asset	Net Pension Liability	Pension Expense
General Employees Plan	\$109,154	\$1,203,976	\$1,794,436	\$ -	\$(113,859)
Police Officers Plan	514,653	1,583,135	-	2,089,411	(19,816)
Total	\$623,807	\$2,787,111	\$1,794,436	\$2,089,411	\$(133,675)

NOTE 16 – TAX ABATEMENTS

The Town has established a tax stabilization program for industrial and commercial development pursuant to Section 44-3-9 of Rhode Island General Laws. The purpose of the program is to expand the industrial and commercial tax base and encourage construction and expansion of industrial and commercial facilities. Industrial, commercial, and mixed use (commercial portion only) facilities are eligible if the estimated cost of new construction exceeds 25% of the assessed value of the property’s existing improvements or \$200,000, whichever is less. Applications for stabilization of taxes must be approved by a majority vote of the Town Council. The abatement is the difference between the tax at full assessed value and the following:

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Financial Statements
June 30, 2022

<u>Year</u>	<u>New Construction</u>	<u>Addition or Renovation</u>
1	Land Value	100% Existing Property Value and 25% of New Construction
2	Land Value and 25% of Construction	100% Existing Property Value and 50% of New Construction
3	Land Value and 50% of Construction	100% Existing Property Value and 75% of New Construction
4	Land Value and 75% of Construction	

The full assessed value is phased-in over 5 years for new construction and 4 years for additions or renovations. The tax stabilization abatement will cease immediately if the taxpayer defaults on any quarterly tax or other payment due to the Town or the taxpayer vacates the property, or the facility ceases operations. The Town had one taxpayer participating in the tax stabilization program on June 30, 2022. The total abatement granted under this program in fiscal year 2022 was \$9,753. The Town has not made any commitments as a part of the agreement other than to reduce taxes. The Town is not subject to any tax abatement agreements entered into by other governmental entities.

TOWN OF HOPKINTON, RHODE ISLAND
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Original/ Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Property taxes	\$ 20,025,657	\$ 20,144,025	\$ 118,368
Federal and state grants and aid	6,452,731	6,553,094	100,363
Charges for services	1,052,970	999,353	(53,617)
Interest on investments	9,500	3,215	(6,285)
Other revenue	1,500	22,507	21,007
Use of fund balance	165	165	-
Total revenues	<u>27,542,523</u>	<u>27,722,359</u>	<u>179,836</u>
Expenditures			
Current:			
General government	2,067,792	2,075,382	(7,590)
Public safety	2,737,613	2,753,882	(16,269)
Public works	1,186,473	1,196,977	(10,504)
Recreation	297,630	304,118	(6,488)
Public and social services	146,050	146,050	-
Education	20,561,560	20,561,560	-
Debt service	543,031	539,423	3,608
Total expenditures	<u>27,540,149</u>	<u>27,577,392</u>	<u>(37,243)</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>2,374</u>	<u>144,967</u>	<u>142,593</u>
Other financing sources (uses)			
Transfers from other funds	130,000	-	(130,000)
Transfers to other funds	(132,374)	(163,274)	(30,900)
Total other financing sources (uses)	<u>(2,374)</u>	<u>(163,274)</u>	<u>(160,900)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses, budgetary basis	<u>\$ -</u>	<u>\$ (18,307)</u>	<u>\$ (18,307)</u>

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

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information
General Employees Pension Plan
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (I)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:								
Service cost	\$ 155,874	\$ 157,261	\$ 167,237	\$ 165,278	\$ 155,592	\$ 154,841	\$ 163,891	\$ 161,437
Interest	386,532	384,857	370,938	343,288	329,386	313,218	311,997	292,185
Changes of benefit terms	-	-	-	-	-	-	53,883	-
Differences between expected and actual experience	(218,176)	(175,118)	(79,596)	97,231	(14,426)	(45,450)	(291,941)	-
Changes of assumptions	-	(58,966)	-	-	233,253	-	-	6,099
Benefits payments, including refunds of member contributions	(287,497)	(279,313)	(230,196)	(193,352)	(199,336)	(215,502)	(218,532)	(175,064)
Net change in total pension liability	<u>36,733</u>	<u>28,721</u>	<u>228,383</u>	<u>412,445</u>	<u>504,469</u>	<u>207,107</u>	<u>19,298</u>	<u>284,657</u>
Total pension liability - beginning	<u>5,587,698</u>	<u>5,558,977</u>	<u>5,330,594</u>	<u>4,918,149</u>	<u>4,413,680</u>	<u>4,206,573</u>	<u>4,187,275</u>	<u>3,902,618</u>
Total pension liability - ending (a)	<u>\$ 5,624,431</u>	<u>\$ 5,587,698</u>	<u>\$ 5,558,977</u>	<u>\$ 5,330,594</u>	<u>\$ 4,918,149</u>	<u>\$ 4,413,680</u>	<u>\$ 4,206,573</u>	<u>\$ 4,187,275</u>
Plan fiduciary net position:								
Contributions - employer	\$ 69,700	\$ 63,740	\$ 39,871	\$ 40,365	\$ 62,646	\$ 82,243	\$ 101,363	\$ 106,729
Contributions - employee	40,876	40,200	40,941	44,017	42,551	41,743	34,358	33,423
Net investment income	1,604,604	221,884	373,825	435,996	585,374	(1,761)	121,193	684,310
Benefits payments, including refunds of member contributions	(287,497)	(279,313)	(230,196)	(193,352)	(199,336)	(215,502)	(218,532)	(175,064)
Administrative expense	(6,114)	(6,113)	(5,898)	(5,804)	(5,530)	(4,737)	(4,862)	(4,285)
Other	(80,408)	1	(7,882)	(6,750)	(46,930)	1	1	-
Net change in plan fiduciary net position	<u>1,341,161</u>	<u>40,399</u>	<u>210,661</u>	<u>314,472</u>	<u>438,775</u>	<u>(98,013)</u>	<u>33,521</u>	<u>645,113</u>
Plan fiduciary net position - beginning	<u>6,077,706</u>	<u>6,037,307</u>	<u>5,826,646</u>	<u>5,512,174</u>	<u>5,073,399</u>	<u>5,171,412</u>	<u>5,137,891</u>	<u>4,492,778</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,418,867</u>	<u>\$ 6,077,706</u>	<u>\$ 6,037,307</u>	<u>\$ 5,826,646</u>	<u>\$ 5,512,174</u>	<u>\$ 5,073,399</u>	<u>\$ 5,171,412</u>	<u>\$ 5,137,891</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ (1,794,436)</u>	<u>\$ (490,008)</u>	<u>\$ (478,330)</u>	<u>\$ (496,052)</u>	<u>\$ (594,025)</u>	<u>\$ (659,719)</u>	<u>\$ (964,839)</u>	<u>\$ (950,616)</u>
Plan fiduciary net position as a percentage of the total pension liability								
	131.90%	108.77%	108.60%	109.31%	112.08%	114.95%	122.94%	122.70%
Covered payroll	\$ 1,849,034	\$ 1,876,618	\$ 1,845,888	\$ 1,818,237	\$ 1,764,083	\$ 1,714,745	\$ 1,717,934	\$ 1,671,191
Net pension liability (asset) as a percentage of covered payroll	-97.05%	-26.11%	-25.91%	-27.28%	-33.67%	-38.47%	-56.16%	-56.88%

(I) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information
Police Officers Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:								
Service cost	\$ 215,470	\$ 217,468	\$ 231,196	\$ 220,090	\$ 185,453	\$ 179,188	\$ 154,963	\$ 149,013
Interest	655,590	639,043	628,968	626,966	633,113	618,024	564,306	549,806
Changes of benefit terms	-	-	-	-	-	-	303,629	-
Differences between expected and actual experience	(262,803)	(122,771)	(233,266)	(348,105)	(273,327)	(115,694)	158,915	-
Changes of assumptions	-	(20,193)	-	-	430,634	-	-	(41,160)
Benefits payments, including refunds of member contributions	(476,202)	(476,114)	(476,114)	(475,690)	(480,395)	(486,520)	(468,843)	(465,771)
Net change in total pension liability	<u>132,055</u>	<u>237,433</u>	<u>150,784</u>	<u>23,261</u>	<u>495,478</u>	<u>194,998</u>	<u>712,970</u>	<u>191,888</u>
Total pension liability - beginning	<u>9,495,938</u>	<u>9,258,505</u>	<u>9,107,721</u>	<u>9,084,460</u>	<u>8,588,982</u>	<u>8,393,984</u>	<u>7,681,014</u>	<u>7,489,126</u>
Total pension liability - ending (a)	<u>\$ 9,627,993</u>	<u>\$ 9,495,938</u>	<u>\$ 9,258,505</u>	<u>\$ 9,107,721</u>	<u>\$ 9,084,460</u>	<u>\$ 8,588,982</u>	<u>\$ 8,393,984</u>	<u>\$ 7,681,014</u>
Plan fiduciary net position:								
Contributions - employer	\$ 354,866	\$ 279,542	\$ 331,873	\$ 329,233	\$ 308,068	\$ 282,019	\$ 219,198	\$ 98,125
Contributions - employee	108,059	85,753	112,614	115,844	99,089	95,159	72,583	70,497
Net investment income	1,630,491	216,076	360,326	411,277	574,883	(1,811)	125,021	718,132
Benefits payments, including refunds of member contributions	(476,202)	(476,114)	(476,114)	(475,690)	(480,395)	(486,520)	(468,843)	(465,771)
Administrative expense	(6,213)	(5,953)	(5,685)	(5,475)	(5,431)	(4,873)	(5,016)	(4,497)
Other	8,969	1	1	(292,283)	(301,578)	3	-	-
Net change in plan fiduciary net position	<u>1,619,970</u>	<u>99,305</u>	<u>323,015</u>	<u>82,906</u>	<u>194,636</u>	<u>(116,023)</u>	<u>(57,057)</u>	<u>416,486</u>
Plan fiduciary net position - beginning	<u>5,918,612</u>	<u>5,819,307</u>	<u>5,496,292</u>	<u>5,413,386</u>	<u>5,218,750</u>	<u>5,334,773</u>	<u>5,391,830</u>	<u>4,975,344</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,538,582</u>	<u>\$ 5,918,612</u>	<u>\$ 5,819,307</u>	<u>\$ 5,496,292</u>	<u>\$ 5,413,386</u>	<u>\$ 5,218,750</u>	<u>\$ 5,334,773</u>	<u>\$ 5,391,830</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 2,089,411</u>	<u>\$ 3,577,326</u>	<u>\$ 3,439,198</u>	<u>\$ 3,611,429</u>	<u>\$ 3,671,074</u>	<u>\$ 3,370,232</u>	<u>\$ 3,059,211</u>	<u>\$ 2,289,184</u>
Plan fiduciary net position as a percentage of the total pension liability								
	78.30%	62.33%	62.85%	60.35%	59.59%	60.76%	63.55%	70.20%
Covered payroll	\$ 1,080,590	\$ 1,051,585	\$ 1,126,138	\$ 1,061,700	\$ 991,195	\$ 959,248	\$ 907,279	\$ 881,211
Net pension liability as a percentage of covered payroll	193.36%	340.18%	305.40%	340.16%	370.37%	351.34%	337.19%	259.78%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

TOWN OF HOPKINTON, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Employees Plan</u>								
Actuarially determined contribution	\$ 56,484	\$ 69,700	\$ 63,740	\$ 39,871	\$ 40,365	\$ 62,646	\$ 82,243	\$ 101,363
Contributions in relation to the actuarially determined contribution	56,484	69,700	63,740	39,871	40,365	62,646	82,243	101,363
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,893,895	\$ 1,849,034	\$ 1,876,618	\$ 1,845,888	\$ 1,818,237	\$ 1,764,083	\$ 1,714,745	\$ 1,717,934
Contributions as a percentage of covered payroll	2.98%	3.77%	3.40%	2.16%	2.22%	3.55%	4.80%	5.90%
<u>Police Officers Plan</u>								
Actuarially determined contribution	\$ 358,150	\$ 354,866	\$ 279,542	\$ 331,873	\$ 329,233	\$ 308,068	\$ 282,019	\$ 219,198
Contributions in relation to the actuarially determined contribution	358,150	354,866	279,542	331,873	329,233	308,068	282,019	219,198
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,097,969	\$ 1,080,590	\$ 1,051,585	\$ 1,126,138	\$ 1,061,700	\$ 991,195	\$ 959,248	\$ 907,279
Contributions as a percentage of covered payroll	32.62%	32.84%	26.58%	29.47%	31.01%	31.08%	29.40%	24.16%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2022

NOTE 1 – PENSION PLANS

The net pension liability (asset) amounts presented as of the June 30, 2022 were determined as part of actuarial valuations performed as of June 30, 2020 and rolled forward to June 30, 2021, the measurement date. Additional information, including actuarial methods and assumptions, are presented in Note 15 to the financial statements.

The net pension liability (asset) amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The following summarizes the more significant changes in assumptions and benefits and were reflected in the determination of the net pension liability as of the:

June 30, 2020 measurement date –

- 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, 2017 measurement date –

- 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, 2015 measurement date –

The net pension liability for the MERS plans reflects changes in benefits 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 on 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.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2022

- 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.
- 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 on 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% (5-year 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.

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.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

TOWN OF HOPKINTON, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2022

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

The Town has formally established budgetary accounting control for its General Fund. The American Rescue Plan Act Fund, which is a Special Revenue Fund, is not legally required to adopt a budget. It is the responsibility of the Town Manager together with the Finance Director’s recommendation to submit to the Town Council and make available to the general public a proposed General Fund budget for the fiscal year. The Town Council may then revise and adopt a recommended General Fund budget. A public hearing is conducted on the recommended General Fund Budget and the final recommended budget is approved by the Town Financial Referendum. The General Fund operating budget is supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The budget approved and adopted by the Town Financial Referendum reports the amount budgeted for each department, including the Regional School District, therefore, the legal level of control for the General Fund is at the departmental level. Amendments that would change the total appropriation must be approved by a Town Financial Referendum. There were no supplemental budgetary appropriations in fiscal year 2022. Appropriations which are not expended or encumbered lapse at year end.

The General Fund budget is in conformity with the legally enacted budgetary basis, which is not in conformity with generally accepted accounting principles. The budget to actual presentation for the General Fund reported as required supplementary information is reflected on the budgetary basis. Differences between the budgetary basis and the generally accepted accounting principles basis are as follows:

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Revenues and other financing sources – budgetary basis	\$27,722,359
Unbudgeted revenues not included in budgetary revenues, but included for financial reporting purposes.	6,540
Use of fund balance included in budgetary revenues, but not included for financial reporting purposes.	(165)
Debt issuance not budgeted.	44,453
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds – gaap basis</i>	<u><u>\$27,773,187</u></u>
<u>Expenditures and Other Financing Uses</u>	
Expenditures and other financing uses – budgetary basis	\$27,740,666
Unbudgeted expenditures not included in budgetary expenditures, but included for financial reporting purposes.	101,707
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds – gaap basis</i>	<u><u>\$27,842,373</u></u>

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet
General Fund
June 30, 2022

	<i>Town General</i>	<i>Sick Time</i>	<i>Legal Fees</i>	<i>Juvenile Justice</i>	<i>Emergency Management</i>	<i>Grant Matching</i>	<i>Revaluation</i>
Assets							
Cash	\$ 3,684,861	\$ 62,673	\$ -	\$ 62	\$ 11,291	\$ 3,495	\$ 56,948
Property taxes receivable, net	562,048	-	-	-	-	-	-
Due from federal and state governments	101,504	-	-	-	-	-	-
Leases receivable	379,820	-	-	-	-	-	-
Other receivables	88,270	-	-	-	-	-	-
Due from other funds	5,338,104	-	103,734	-	44,816	11,965	96,918
Due from component unit	75,021	-	-	-	-	-	-
Prepaid expenditures	1,177,248	-	-	-	-	-	-
Total assets	\$ 11,406,876	\$ 62,673	\$ 103,734	\$ 62	\$ 56,107	\$ 15,460	\$ 153,866
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts payable and accrued expenditures	\$ 353,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	4,715,878	41,841	79,673	-	43,596	-	164,358
Performance bonds payable	-	-	-	-	-	-	-
Total liabilities	5,069,738	41,841	79,673	-	43,596	-	164,358
Deferred Inflows of Resources:							
Deferred property taxes	353,886	-	-	-	-	-	-
Deferred lease revenues	379,820	-	-	-	-	-	-
Other deferred revenues	1,630	-	-	-	-	-	-
Total deferred inflows of resources	735,336	-	-	-	-	-	-
Fund Balances (Deficits):							
Nonspendable:							
Prepaid expenditures	1,177,248	-	-	-	-	-	-
Restricted for:							
Public safety programs	-	-	-	-	-	-	-
Other programs	-	-	-	-	-	4,100	-
Committed for:							
Employee relations costs	-	20,832	-	-	-	-	-
Legal fees	-	-	24,061	-	-	-	-
Public works	-	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	11,360	-
Assigned for 2023 budget	155,383	-	-	-	-	-	-
Unassigned	4,269,171	-	-	62	12,511	-	(10,492)
Total fund balances (deficits)	5,601,802	20,832	24,061	62	12,511	15,460	(10,492)
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,406,876	\$ 62,673	\$ 103,734	\$ 62	\$ 56,107	\$ 15,460	\$ 153,866

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet (Continued)
General Fund
June 30, 2022

	<i>Engineering Services</i>	<i>Comprehensive Plan</i>	<i>Animal Donations</i>	<i>Public Works Emergency Winter Operations</i>	<i>Solar Decommissioning Bonds</i>	<i>Total General Fund</i>
Assets						
Cash	\$ 26,702	\$ 49,007	\$ 4,027	\$ -	\$ 928,572	\$ 4,827,638
Property taxes receivable, net	-	-	-	-	-	562,048
Due from federal and state governments	-	-	-	-	-	101,504
Leases receivable	-	-	-	-	-	379,820
Other receivables	-	-	-	-	-	88,270
Due from other funds	-	18,000	7,262	313	-	5,621,112
Due from component unit	-	-	-	-	-	75,021
Prepaid expenditures	-	-	-	-	-	1,177,248
Total assets	\$ 26,702	\$ 67,007	\$ 11,289	\$ 313	\$ 928,572	\$ 12,832,661
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,860
Due to other funds	58,750	64,804	10,547	-	-	5,179,447
Performance bonds payable	-	-	-	-	928,572	928,572
Total liabilities	58,750	64,804	10,547	-	928,572	6,461,879
Deferred Inflows of Resources:						
Deferred property taxes	-	-	-	-	-	353,886
Deferred lease revenues	-	-	-	-	-	379,820
Other deferred revenues	-	-	-	-	-	1,630
Total deferred inflows of resources	-	-	-	-	-	735,336
Fund Balances (Deficits):						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	1,177,248
Restricted for:						
Public safety programs	-	-	742	-	-	742
Other programs	-	-	-	-	-	4,100
Committed for:						
Employee relations costs	-	-	-	-	-	20,832
Legal fees	-	-	-	-	-	24,061
Public works	-	-	-	313	-	313
Planning and zoning	-	2,203	-	-	-	2,203
Capital projects	-	-	-	-	-	11,360
Assigned for 2023 budget	-	-	-	-	-	155,383
Unassigned	(32,048)	-	-	-	-	4,239,204
Total fund balances (deficits)	(32,048)	2,203	742	313	-	5,635,446
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,702	\$ 67,007	\$ 11,289	\$ 313	\$ 928,572	\$ 12,832,661

TOWN OF HOPKINTON, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Town General</u>	<u>Sick Time</u>	<u>Legal Fees</u>	<u>Juvenile Justice</u>	<u>Emergency Management</u>	<u>Grant Matching</u>	<u>Revaluation</u>
Revenues:							
Property taxes	\$ 20,144,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants and aid	6,553,094	-	-	-	5,823	-	-
Charges for services and fees	999,353	-	-	-	-	-	-
Interest on investments	3,215	53	-	-	-	3	48
Other revenues	22,507	-	-	-	-	-	-
Total revenues	<u>27,722,194</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>5,823</u>	<u>3</u>	<u>48</u>
Expenditures:							
<i>Current:</i>							
General government	2,075,382	-	-	-	-	-	12,085
Public safety	2,753,882	-	-	-	-	-	-
Public works	1,196,977	-	-	-	-	-	-
Recreation	304,118	-	-	-	-	-	-
Public and social services	146,050	-	-	-	-	-	-
Education - payment to school district	20,561,560	-	-	-	-	-	-
Capital outlay	44,453	-	-	-	-	-	-
Debt service:							
Principal	419,000	-	-	-	-	-	-
Interest and other charges	120,423	-	-	-	-	-	-
Total expenditures	<u>27,621,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,085</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>100,349</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>5,823</u>	<u>3</u>	<u>(12,037)</u>
Other financing sources (uses):							
Debt issued	44,453	-	-	-	-	-	-
Transfers from other funds	-	-	30,900	-	-	-	-
Transfers to other funds	(163,274)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(118,821)</u>	<u>-</u>	<u>30,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(18,472)	53	30,900	-	5,823	3	(12,037)
Fund balances (deficits) - beginning of year	<u>5,620,274</u>	<u>20,779</u>	<u>(6,839)</u>	<u>62</u>	<u>6,688</u>	<u>15,457</u>	<u>1,545</u>
Fund balances (deficits) - end of year	<u>\$ 5,601,802</u>	<u>\$ 20,832</u>	<u>\$ 24,061</u>	<u>\$ 62</u>	<u>\$ 12,511</u>	<u>\$ 15,460</u>	<u>\$ (10,492)</u>

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Engineering Services</u>	<u>Comprehensive Plan</u>	<u>Animal Donations</u>	<u>Public Works Emergency Winter Operations</u>	<u>Solar Decommissioning Bonds</u>	<u>Eliminate Transfers Within General Fund</u>	<u>Total General Fund</u>
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,144,025
Federal and state grants and aid	-	-	-	-	-	-	6,558,917
Charges for services and fees	-	-	-	-	-	-	999,353
Interest on investments	23	42	3	-	-	-	3,387
Other revenues	-	-	545	-	-	-	23,052
Total revenues	<u>23</u>	<u>42</u>	<u>548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,728,734</u>
Expenditures:							
<i>Current:</i>							
General government	-	-	-	-	-	-	2,087,467
Public safety	-	-	1,364	-	-	-	2,755,246
Public works	39,648	-	-	35,057	-	-	1,271,682
Recreation	-	-	-	-	-	-	304,118
Public and social services	-	-	-	-	-	-	146,050
Education - payment to school district	-	-	-	-	-	-	20,561,560
Capital outlay	-	-	-	-	-	-	44,453
Debt service:							
Principal	-	-	-	-	-	-	419,000
Interest and other charges	-	-	-	-	-	-	120,423
Total expenditures	<u>39,648</u>	<u>-</u>	<u>1,364</u>	<u>35,057</u>	<u>-</u>	<u>-</u>	<u>27,709,999</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(39,625)</u>	<u>42</u>	<u>(816)</u>	<u>(35,057)</u>	<u>-</u>	<u>-</u>	<u>18,735</u>
Other financing sources (uses):							
Debt issued	-	-	-	-	-	-	44,453
Transfers from other funds	-	-	-	-	-	(30,900)	-
Transfers to other funds	-	-	-	-	-	30,900	(132,374)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,921)</u>
Net change in fund balances	<u>(39,625)</u>	<u>42</u>	<u>(816)</u>	<u>(35,057)</u>	<u>-</u>	<u>-</u>	<u>(69,186)</u>
Fund balances (deficits) - beginning of year	<u>7,577</u>	<u>2,161</u>	<u>1,558</u>	<u>35,370</u>	<u>-</u>	<u>-</u>	<u>5,704,632</u>
Fund balances (deficits) - end of year	<u>\$ (32,048)</u>	<u>\$ 2,203</u>	<u>\$ 742</u>	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,635,446</u>

TOWN OF HOPKINTON, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Permanent Funds</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS				
Cash	\$ 734,932	\$ 389,552	\$ 14,337	\$ 1,138,821
Due from federal and state government	89,167	206,335	-	295,502
Other receivables	103,156	-	-	103,156
Due from other funds	1,153,488	1,750,994	-	2,904,482
Total assets	\$ 2,080,743	\$ 2,346,881	\$ 14,337	\$ 4,441,961
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ -	\$ 188,366	\$ -	\$ 188,366
Due to other funds	1,644,766	2,050,269	-	3,695,035
Total liabilities	1,644,766	2,238,635	-	3,883,401
 Deferred Inflows of Resources				
Other deferred revenues	101,622	-	-	101,622
Total deferred inflows of resources	101,622	-	-	101,622
 Fund balances (deficits)				
Nonspendable - permanent fund principal	-	-	7,565	7,565
Restricted	252,031	30,703	6,772	289,506
Committed	88,974	165,979	-	254,953
Unassigned	(6,650)	(88,436)	-	(95,086)
Total fund balances (deficits)	334,355	108,246	14,337	456,938
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,080,743	\$ 2,346,881	\$ 14,337	\$ 4,441,961

TOWN OF HOPKINTON, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<i>Special Revenue Funds</i>	<i>Capital Project Funds</i>	<i>Permanent Funds</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues				
Federal and state grants and aid	\$ 98,708	\$ 213,358	\$ -	\$ 312,066
Charges for services and fees	28,206	-	-	28,206
Interest on investments	522	336	6	864
Other revenues	72,559	420	4	72,983
Total revenues	<u>199,995</u>	<u>214,114</u>	<u>10</u>	<u>414,119</u>
Expenditures				
Current:				
General government	12,800	-	-	12,800
Public safety	32,443	-	-	32,443
Public works	4,695	-	-	4,695
Public and social services	30,000	-	-	30,000
Capital outlay	-	331,864	-	331,864
Debt service	16,622	138,668	-	155,290
Total expenditures	<u>96,560</u>	<u>470,532</u>	<u>-</u>	<u>567,092</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>103,435</u>	<u>(256,418)</u>	<u>10</u>	<u>(152,973)</u>
Other financing sources				
Debt issued	11,250	-	-	11,250
Transfers from other funds	-	132,374	-	132,374
Total other financing sources	<u>11,250</u>	<u>132,374</u>	<u>-</u>	<u>143,624</u>
Net change in fund balances	114,685	(124,044)	10	(9,349)
Fund balances - beginning of year	<u>219,670</u>	<u>232,290</u>	<u>14,327</u>	<u>466,287</u>
Fund balances - end of year	<u>\$ 334,355</u>	<u>\$ 108,246</u>	<u>\$ 14,337</u>	<u>\$ 456,938</u>

TOWN OF HOPKINTON, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2022

Real Estate and Personal Property Taxes

<u>Tax Year</u>	<u>Balance June 30, 2021</u>	<u>Current Year Assessment</u>	<u>Additions</u>	<u>Abatements/ Adjustments</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2022</u>
2021	\$ -	\$ 20,164,070	\$ 10,160	\$ (45,152)	\$ 20,129,078	\$ 19,671,146	\$ 457,932
2020	608,653	-	-	-	608,653	544,628	64,025
2019	52,812	-	-	-	52,812	11,146	41,666
2018	43,151	-	-	-	43,151	4,118	39,033
2017	46,769	-	-	-	46,769	2,947	43,822
2016	56,925	-	-	-	56,925	2,741	54,184
2015	47,192	-	-	-	47,192	3,195	43,997
2014	36,238	-	-	-	36,238	1,384	34,854
2013	33,376	-	-	-	33,376	384	32,992
2012	37,428	-	-	-	37,428	272	37,156
2011	36,975	-	-	-	36,975	323	36,652
2010	30,878	-	-	(30,878)	-	-	-
2009	7,309	-	-	(7,309)	-	-	-
	<u>\$ 1,037,706</u>	<u>\$ 20,164,070</u>	<u>\$ 10,160</u>	<u>\$ (83,339)</u>	<u>\$ 21,128,597</u>	<u>\$ 20,242,284</u>	886,313

Allowance for Uncollectible Accounts (324,265)

Net Property Tax Receivable \$ 562,048

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 1,007,619,000	\$ 18,671,180
Motor vehicles	71,747,781	1,519,618
Tangible personal property	48,281,770	894,661
Total	<u>1,127,648,551</u>	<u>21,085,459</u>
Exemptions	(45,299,183)	(921,389)
Net assessed value	<u>\$ 1,082,349,368</u>	<u>\$ 20,164,070</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 20,242,284
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2022	208,311
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2021	<u>(306,570)</u>
Current year property tax revenue	<u>\$ 20,144,025</u>

(Continued)

TOWN OF HOPKINTON, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ended June 30, 2022

Fiscal Year 2022 Cash Collection Summary

<u>Tax Year</u>	<i>July - August 2021 Collections Subject to 60 day FY 21 Accrual</i>	<i>September 2021 - June 2022 Collections</i>	<i>Total FY 2022 Cash Collections</i>	<i>July - August 2022 Collections Subject to 60 day FY 22 Accrual</i>
2021	\$ -	\$ 19,671,146	\$ 19,671,146	\$ 166,002
2020	262,065	282,563	544,628	3,547
2019	3,254	7,892	11,146	570
2018	1,088	3,030	4,118	394
2017	981	1,966	2,947	158
2016	557	2,184	2,741	29
2015	408	2,787	3,195	-
2014	-	1,384	1,384	71
2013	-	384	384	241
2012	-	272	272	302
2011	-	323	323	36,997
2010	30,908	(30,908)	-	-
2009	7,309	(7,309)	-	-
	<u>\$ 306,570</u>	<u>\$ 19,935,714</u>	<u>\$ 20,242,284</u>	<u>\$ 208,311</u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

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

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 19,572,890
Last Year's Levy Tax Collection	544,628
Prior Years Property Tax Collection	26,507
Interest & Penalty	70,415
PILOT & Tax Treaty (excluded from levy) Collection	-
Other Local Property Taxes	-
Licenses and Permits	445,698
Fines and Forfeitures	55,127
Investment Income	4,632
Departmental	262,906
Rescue Run Revenue	-
Police & Fire Detail	84,113
Other Local Non-Property Tax Revenues	10,442
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	-
COVID - Other	-
COVID - ARPA	45,512
MV Excise Tax Reimbursement	762,446
State PILOT Program	-
Distressed Community Relief Fund	-
Library Resource Aid	37,216
Library Construction Aid	-
Public Service Corporation Tax	100,469
Meals & Beverage Tax / Hotel Tax	62,545
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	-
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	5,596,240
Motor Vehicle Phase Out	-
Other Revenue	93,703
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	\$ 27,775,490
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	-
Financing Sources: Debt Proceeds	44,453
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	\$ 44,453

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

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT					
Compensation- Group A	\$ 578,462	\$ 256,731	\$ -	\$ 77,587	\$ 128,011	\$ -	\$ 606,474	\$ 180,431	\$ 1,128,703
Compensation - Group B	-	-	-	-	-	-	-	-	273,800
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	-	-	-	-	-	-	53,472	-	139,481
Overtime - Group B	-	-	-	-	-	-	-	-	32,145
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	56,768
Active Medical Insurance - Group A	55,181	49,347	-	15,129	12,220	-	122,683	26,076	188,586
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	37,845
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,901	1,168	-	600	773	-	5,193	1,221	5,578
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,008
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	45,460	17,814	-	5,561	9,466	-	48,230	12,297	102,602
Life Insurance	902	542	-	118	189	-	1,298	236	26,604
State Defined Contribution- Group A	5,707	2,215	-	724	1,196	-	5,664	1,212	473
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	1,958
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	7,210	3,412	-	630	398	-	62,616	9,553	27,808
Other Benefits- Group B	-	-	-	-	-	-	-	-	1,889
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	17,893	6,704	-	2,361	3,329	-	18,237	3,503	362,221
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	5,913
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	308,470	60,509	-	-	2,429	-	41,563	4,485	14,155
Materials/Supplies	30,318	2,755	-	882	211	-	10,964	43,348	5,468
Software Licenses	-	-	-	61,677	-	-	-	-	-
Capital Outlays	43,043	-	-	-	-	-	-	2,469	-
Insurance	129,426	-	-	-	-	-	-	-	-
Maintenance	622	-	-	818	-	-	51,081	-	1,340
Vehicle Operations	-	-	-	-	-	-	89,104	-	63,832
Utilities	30,500	-	-	-	-	-	43,519	14,151	23,107
Contingency	77	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	19,094	-	-
Revaluation	-	12,085	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	66,585	-	-
Trash Removal & Recycling	-	-	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	56,717	1,679	10,000	-	283	136,000	45,000	7,605	24,769
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	\$ 1,313,889	\$ 414,960	\$ 10,000	\$ 166,086	\$ 158,505	\$ 136,000	\$ 1,290,776	\$ 306,587	\$ 2,527,051

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

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ -	\$ -	\$ 76,658	\$ -	\$ -	\$ -	\$ 3,033,056
Compensation - Group B	-	-	-	-	-	-	273,800
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	-	-	4,397	-	-	-	197,349
Overtime - Group B	-	-	-	-	-	-	32,145
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	56,768
Active Medical Insurance - Group A	-	-	16,922	-	-	-	486,144
Active Medical Insurance- Group B	-	-	-	-	-	-	37,845
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental insurance- Group A	-	-	614	-	-	-	19,049
Active Dental Insurance- Group B	-	-	-	-	-	-	2,008
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	-	-	5,274	-	-	-	246,704
Life Insurance	-	-	118	-	-	-	30,008
State Defined Contribution- Group A	-	-	444	-	-	-	17,635
State Defined Contribution - Group B	-	-	-	-	-	-	1,958
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	1,546	-	-	-	113,174
Other Benefits- Group B	-	-	-	-	-	-	1,889
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	1,325	-	-	-	415,572
State Defined Benefit Pension - Group B	-	-	-	-	-	-	5,913
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	-	-	3,255	-	-	-	434,865
Materials/Supplies	-	-	2,301	-	-	-	96,246
Software Licenses	-	-	-	-	-	-	61,677
Capital Outlays	-	-	44,453	-	-	-	89,965
Insurance	-	-	-	-	-	-	129,426
Maintenance	-	-	-	-	-	-	53,861
Vehicle Operations	-	-	38	-	-	-	152,974
Utilities	-	-	4,130	-	-	-	115,406
Contingency	-	-	-	-	-	-	77
Street Lighting	-	-	-	-	-	-	19,094
Revaluation	-	-	-	-	-	-	12,085
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	66,585
Trash Removal & Recycling	-	-	-	-	-	-	-
Claims & Settlements	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-
Other Operation Expenditures	104,000	-	7,224	-	-	-	393,276
Tipping Fees	-	-	-	-	-	-	-
Local Appropriation for Education	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	20,561,560	-	-	20,561,560
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	419,000	-	419,000
Municipal Debt- Interest	-	-	-	-	119,681	-	119,681
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	58,717	58,717
Retiree Dental Insurance- Total	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 104,000	\$ -	\$ 168,698	\$ 20,561,560	\$ 538,681	\$ 58,717	\$ 27,755,510

Financing Uses: Transfer to Capital Funds	\$ 132,374
Financing Uses: Transfer to Other Funds	-
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	\$ 132,374
Net Change in Fund Balance¹	(67,941)
Fund Balance1- beginning of year	\$5,704,632
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance¹ - beginning of year adjusted	5,704,632
Rounding	-
Fund Balance¹ - end of year	\$ 5,636,691

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

Town of Hopkinton
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						\$ 5,704,632	-	\$ 5,704,632	
<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>\$ 5,704,632</u>	<u>-</u>	<u>\$ 5,704,632</u>	
General Fund	\$ 27,728,734	\$ 44,453	\$ 27,709,999	\$ 132,374	\$ (69,186)	\$ 5,704,632	\$ -	\$ 5,704,632	\$ 5,635,446
American Rescue Plan Fund	46,756	-	45,511	-	1,245	-	-	-	1,245
Totals per audited financial statements	<u>\$ 27,775,490</u>	<u>\$ 44,453</u>	<u>\$ 27,755,510</u>	<u>\$ 132,374</u>	<u>\$ (67,941)</u>	<u>\$ 5,704,632</u>	<u>\$ -</u>	<u>\$ 5,704,632</u>	<u>\$ 5,636,691</u>
Reconciliation from financial statements to MTP2									
Rounding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals Per MTP2	<u>\$ 27,775,490</u>	<u>\$ 44,453</u>	<u>\$ 27,755,510</u>	<u>\$ 132,374</u>	<u>\$ (67,941)</u>	<u>\$ 5,704,632</u>	<u>\$ -</u>	<u>\$ 5,704,632</u>	<u>\$ 5,636,691</u>

TOWN OF HOPKINTON, RHODE ISLAND

Reportable Government Services with

MTP2 Notes

Fiscal Year Ended June 30, 2022

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

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 annual financial statements 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 budget and accounting system. To report these costs, the 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 benefits 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

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.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

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.

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 Hopkinton

Changes in Fund Balances, General Fund

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Unaudited

	(2) 2013	(2) 2014	(2) 2015	(2) 2016	(2) 2017	(2) 2018	(2) 2019	(2) 2020	(2) 2021	(2) 2022
Revenues										
Property taxes and interest	\$ 18,194,600	\$ 18,341,125	\$ 17,536,755	\$ 17,539,365	\$ 17,948,828	\$ 18,313,302	\$ 18,556,089	\$ 19,116,100	\$ 19,576,978	\$ 20,144,025
Federal and state grants and aid	6,022,837	5,828,062	5,874,941	5,807,978	5,830,941	5,780,937	5,858,484	5,785,151	6,560,129	6,553,094
Charges for services	848,755	864,816	786,182	898,024	875,069	1,146,245	1,291,592	1,082,454	932,042	999,353
Interest on investments	5,037	6,635	6,430	7,184	9,959	9,024	9,679	6,572	2,588	3,215
Other revenues	636	10,974	5,458	1,663	1,080	4,039	10,020	155,034	11,252	22,507
Total revenues	25,071,865	25,051,612	24,209,766	24,254,214	24,665,877	25,253,547	25,725,864	26,145,311	27,082,989	27,722,194
Expenditures										
Current:										
General government	1,695,379	1,726,244	1,731,112	1,821,304	1,777,207	1,765,186	1,911,498	2,012,288	2,053,383	2,075,382
Public safety	2,256,951	2,206,878	2,258,023	2,448,279	2,465,303	2,686,401	2,661,219	2,660,080	2,743,922	2,753,882
Public works	1,069,660	1,156,310	1,189,679	1,132,839	1,110,483	1,172,548	1,119,763	1,112,605	1,076,952	1,196,977
Recreation	254,973	262,177	264,394	265,687	264,393	268,810	300,851	280,457	178,873	304,118
Public and social services	125,250	127,500	137,750	140,001	140,000	142,000	142,000	142,500	146,322	146,050
Education	18,489,003	18,524,639	18,271,091	17,761,469	18,155,239	18,340,317	18,759,809	19,337,865	20,092,924	20,561,560
Capital improvements (1)	-	-	-	-	-	232,842	-	147,260	204,286	44,453
Debt service:										
Principal	160,071	162,055	161,937	668,178	272,000	282,000	307,000	308,000	409,000	419,000
Interest	71,786	76,146	69,141	79,887	75,958	71,376	137,103	140,463	132,568	120,423
Total expenditures	24,123,073	24,241,949	24,083,127	24,317,644	24,260,583	24,961,480	25,339,243	26,141,518	27,038,230	27,621,845
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	948,792	809,663	126,639	(63,430)	405,294	292,067	386,621	3,793	44,759	100,349
Other financing sources (uses):										
Proceeds from borrowing	-	-	-	455,150	-	232,842	1,805,000	147,260	204,286	44,453
Premium on debt issued	-	-	-	-	-	-	259,911	-	-	-
Transfers from other funds	-	90,000	6,334	112,365	7,310	7,310	7,328	7,328	137,328	-
Transfers to other funds	(443,275)	(342,647)	(462,285)	(557,009)	(69,392)	(152,035)	(464,277)	(318,602)	(132,374)	(163,274)
Total other financing sources (uses)	(443,275)	(252,647)	(455,951)	10,506	(62,082)	88,117	1,607,962	(164,014)	209,240	(118,821)
Special item - contribution to land trust	-	-	-	-	-	-	(2,009,141)	-	-	-
Net change in fund balances	\$ 505,517	\$ 557,016	\$ (329,312)	\$ (52,924)	\$ 343,212	\$ 380,184	\$ (14,558)	\$ (160,221)	\$ 253,999	\$ (18,472)
Debt Service as a percentage of noncapital expenditures	0.96%	0.98%	0.96%	3.08%	1.43%	1.43%	1.75%	1.73%	2.02%	1.96%

(1) Capital improvements in departmental general fund expenses not reflected only nonmajor governmental funds.

(2) Includes only General Fund and not funds combined with General Fund for financial reporting purposes in accordance with GASB 54.

Town of Hopkinton

Assessed Values and Actual Values of Taxable Property

Last Ten Fiscal Years

Unaudited

<u>Fiscal Year</u>		<u>Residential</u>	<u>Commercial*</u>	<u>Tangible</u>		<u>Less</u>	<u>Total</u>		<u>Total</u>					
<u>Ending</u>		<u>Property</u>	<u>Property</u>	<u>Personal</u>		<u>Tax Exempt</u>	<u>Taxable</u>	<u>RP & Tang.</u>	<u>Direct</u>	<u>Tax</u>				
<u>June 30</u>				<u>Property</u>	<u>Vehicles</u>	<u>Property</u>	<u>Assessed</u>	<u>Rate</u>	<u>Rate</u>	<u>Levy</u>				
	\$		\$					\$	\$	\$				
2013	\$	763,335,600	\$	77,944,400	\$	19,857,930	\$	912,033,090	\$	19.98	\$	20.07	\$	18,300,511
2014		766,263,800		81,502,500		20,358,200		917,364,578		19.77		19.87		18,228,200
2015		707,098,400		72,021,770		18,677,560		852,674,706		20.64		20.68		17,634,724
2016		706,976,400		75,458,960		19,674,690		858,741,125		20.38		20.44		17,555,096
2017		711,733,500		76,483,260		20,530,510		868,417,420		20.64		20.68		17,961,897
2018		758,980,300		81,237,870		21,932,700		922,414,624		20.07		20.16		18,594,281
2019		765,662,900		80,414,970		35,693,810		924,654,502		20.07		20.14		18,619,963
2020		769,877,600		82,698,010		37,706,900		926,797,022		20.68		20.71		19,190,941
2021		896,737,600		102,579,200		40,652,020		1,066,908,626		18.28		18.39		19,624,355
2022		900,826,900		106,792,100		48,281,770		1,082,349,368		18.53		18.63		20,164,070

Notes:

The State of Rhode Island has enacted legislation limiting the cap on property tax levy growth for cities and towns.

The cap was set at 5.5% in FY 2007-2008 reducing by .25% until FY 2012-13 when a 4% cap will be maintained. FY 2021-22 tax cap was 4.0%.

Revaluation of real property is required by State law every 9 years. Hopkinton had a full revaluation in FY 2014-2015.

Statistical revaluations are required every 3 years. Hopkinton had a statistical revaluations in FY 2017-18 as

Hopkinton, Richmond, and Charlestown were to all be on the same revaluation cycle with a full revaluation in FY 2011-12.

Property is assessed at actual market value.

Total Direct Tax Rate is the weighted average of all individual rates applied by the Town. The Motor Vehicle rate was frozen since

2000 at \$21.18. The State of RI repealed the Motor Vehicle Tax for FY23. In fiscal year 2021-2022 the property tax rate, excluding motor vehicles , was \$18.53.

Town of Hopkinton

Assessed Values and Actual Values of Taxable Property

Calculation of Total Direct Tax Rate for Fiscal Year ended June 30, 2022

Unaudited

<u>Category</u>		<u>Assessed</u> <u>Value</u>	<u>Direct rate</u> <u>per \$1000</u>	<u>Total</u> <u>Tax Levy</u>
Real Estate				
Residential	\$900,826,900			
Less Exemptions	12,900,430			
Net Residential		\$887,926,470	\$18.53	\$16,453,263
Commercial	\$106,792,100			
Less Exemptions	1,590,058			
Net Commercial		105,202,042	18.53	1,949,394
Tangible Property	\$48,281,770	48,281,770	18.53	894,600
Motor Vehicle	\$71,747,781			
Less Exemptions	30,808,695			
Net Motor Vehicle		40,939,086	21.18	866,813
Total		<u>1,082,349,368</u>		<u>20,164,070</u>
Total Tax Levy				20,164,070
Divided by Total Assessment				1,082,349,368
times 1000				
Weighted Average/Total Direct Rate			\$	18.63

Town of Hopkinton

Principal Property Taxpayers
 Current year and ten years ago
 Unaudited

	FY 2022		Percentage of Total Taxable Assessed		FY 2013		Percentage of Total Taxable Assessed	
			Value				Value	
Narragansett Electric	\$ 17,102,700	1	1.58%		\$ 6,906,720	1	0.76%	
Hopkinton Industrial Park LLC	12,885,200	2	1.19%		6,317,100	2	0.69%	
New Canonchet Cliffs	5,978,200	3	0.55%		4,094,200	3	0.45%	
Southern Sky Renewable Energy	3,743,930	4	0.35%					
HML LLC	3,301,000	5	0.30%					
L-3 Chesapeake Science Corp. (L-3 Harris)	3,109,870	6	0.29%					
Solar Real Estate Holdings LLC	2,969,300	7	0.27%					
Fenner Hill Country Club	2,919,100	8	0.27%		2,998,300	7	0.33%	
GD Hopkinton Main LLC	2,866,970	9	0.26%					
Saugatucket Springs	2,700,000	10	0.25%		3,007,600	6	0.33%	
Mashantucket Pequot					3,408,500	4	0.37%	
Cox Communication Inc.					3,128,400	5	0.34%	
Shamrock Associates LLC					1,952,800	8	0.21%	
LR-6 Owner LLC					1,716,900	9	0.19%	
Canonchet Hills LP					1,662,700	10	0.18%	
Total	\$ 57,576,270		5.32%		\$ 35,193,220		3.86%	
Total Taxable Assessed Value	\$ 1,082,349,368				\$ 912,033,090			

data from FY22 is from 2021 tax book

data from FY13 is from 2012 tax book

Town of Hopkinton

Property Tax Levy and Collections

Last Ten Fiscal Years

Unaudited

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Actual</u> <u>Tax Rate</u>	<u>Gross</u> <u>Levy</u>	<u>Adjustments</u> <u>Addendums</u> <u>Additions</u>	<u>Net to be</u> <u>Collected</u>	<u>Uncollected at</u> <u>end of year levy</u>	<u>Uncollected</u> <u>% of</u> <u>Net Levy</u>	<u>Uncollected at</u> <u>June 30, 2022</u>
2013	\$ 19.98	\$ 18,300,511	\$ 10,162	\$ 18,310,673	\$ 731,520	4.00%	\$ 37,156
2014	19.77	18,228,200	4,226	18,232,426	714,468	3.92%	32,992
2015	20.64	17,634,724	(21,768)	17,612,956	595,614	3.38%	34,854
2016	20.38	17,555,096	(6,066)	17,549,030	577,613	3.29%	43,997
2017	20.64	17,961,897	6,806	17,968,703	538,710	3.00%	54,184
2018	20.07	18,594,281	(214,557)	18,379,724	556,920	3.03%	43,822
2019	20.07	18,619,963	(19,464)	18,600,499	569,748	3.06%	39,033
2020	20.68	19,190,941	(26,035)	19,164,906	555,182	2.90%	41,666
2021	18.28	19,624,355	(23,370)	19,600,985	608,653	3.11%	64,025
2022	18.53	20,164,070	(34,992)	20,129,078	457,932	2.27%	457,932

Notes:

Actual Tax rate is for all residential and commercial property. Motor Vehicles tax rate which was frozen at \$21.18.

After nine years the balance is written off as uncollectible.



CERTIFIED PUBLIC ACCOUNTANTS

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***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***

Independent Auditor's Report

To the Honorable President and Members of the Town Council
Hopkinton, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Hopkinton, 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 Hopkinton, Rhode Island's basic financial statements, and have issued our report thereon dated April 17, 2023.

Report on Internal Control Over Financial Reporting

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

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 that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hopkinton, 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 Hopkinton, Rhode Island's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Hopkinton, Rhode Island's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Hopkinton, Rhode Island's response was 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 result 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.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
April 17, 2023

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2022

MATERIAL WEAKNESS

2022-001 Segregation of Duties

Criteria: Segregation of duties is an element of internal control that is designed to prevent, detect, and correct misstatements in a timely manner, whether due to fraud or error.

Condition: The Finance Director and the Assistant to the Finance Director have job responsibilities that result in a lack of segregation of duties and as a result a weakness in internal controls. The same individual should not have custody of assets and also be responsible for initiating and recording transactions.

The Finance Director has complete responsibility for the general ledger and all financial reporting and is also responsible for signing checks, preparing and posting certain journal entries, reconciling the cash accounts, authorizing certain payment vouchers, and wiring cash between accounts.

The Finance Director was also appointed Interim Town Manager effective November 2, 2020 and was appointed to the position permanently on September 7, 2021. A new Finance Director was not appointed until February 14, 2022. The Town Manager performed the job duties of both positions for most of the 2022 fiscal year, further decreasing the lack of segregation of duties as the Town Manager is responsible for authorizing all departmental payment vouchers.

The Assistant to the Finance Director is responsible for preparing and posting journal entries, preparing the biweekly payroll, processing and preparing all vendor checks, and accepting, preparing, and making departmental deposits.

Effect: Misstatements, whether due to fraud or error, could occur and not be prevented, detected, and corrected in a timely manner.

Cause: There is a limited number of staff in the Finance Office and vacancy in Finance Director's position for period of time.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2021-001, 2020-001, 2019-001, 2018-001 and 2017-001.

Recommendation: We recommend that the Town review the current job responsibilities within the Finance Department and take the appropriate steps to segregate certain duties, to ensure that the same individual is not responsible for custody of assets and initiating and recording receipts and disbursements. In addition, all journal entries prepared should be reviewed and approved by a responsible official independent from the person responsible for preparing the journal entry. We also recommend that the Town consider adding staff to the Finance Department to allow for the proper segregation of duties and to strengthen the internal controls. Alternatively, internal controls in the Finance Office could also be strengthened by the monthly review of financial reports and reconciliations by an independent responsible official with knowledge of Town operations and financial reporting and accounting.

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2022

Views of Responsible Officials and Planned Corrective Action: The Finance office acknowledges the need for additional staffing, but funding is not available in this economic environment. However, actions will be taken immediately to segregate duties in the best possible manner given the shortage of staffing.

SIGNIFICANT DEFICIENCY

2022-002 Segregation of Duties

Criteria: Segregation of duties is an element of internal control that is designed to prevent, detect, and correct misstatements in a timely manner, whether due to fraud or error.

Condition: The Tax Collector has job responsibilities that result in a lack of segregation of duties and as a result a weakness in internal controls. Due to staff limitations, the Tax Collector is responsible for accepting and recording tax payments, reconciling the daily receipts, preparing bank deposits, posting abatements, and monitoring delinquent accounts. The Tax Collector has custody of assets and is also responsible for initiating and recording transactions.

Effect: Misstatements, whether due to fraud or error, could occur and not be prevented, detected, and corrected in a timely manner.

Cause: There is a limited number of staff in the Tax Collector's Office.

Identification of a Repeat Finding: This is a repeat finding from previous audits 2021-002, 2020-002, 2019-002, 2018-002 and 2017-002.

Recommendation: We recommend that the Town review the current job responsibilities of the Tax Collector to attempt to segregate certain responsibilities. We suggest that internal controls could be improved by having all daily reconciliation procedures completed by two individuals. We also recommend that delinquent accounts and adjustments to the subsidiary ledger be reviewed by another independent individual, in addition to the Tax Collector.

Views of Responsible Officials and Planned Corrective Action: The Tax Collection office acknowledges the need for additional staffing, but funding is not available in this economic environment. However, actions will be taken immediately to segregate duties in the best possible manner given the shortage of staffing.

SIGNIFICANT DEFICIENCY

2022-003 Financial Reporting and Closing Procedures

Criteria: An entity's system of internal controls should be designed and operate to allow the entity to prepare accurate and timely financial statements in conformance with generally accepted accounting principles and be designed and operate to prevent, detect, and correct misstatements in the financial statements on a timely basis. The system should also be designed and operate to allow the entity to properly monitor the financial position of the entity.

TOWN OF HOPKINTON, RHODE ISLAND
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2022

Condition: The Town's monthly and year-end financial reporting and closing procedures were not completed in a timely manner during the 2022 fiscal year. Bank account, property tax receivable, and interfund reconciliations were not completed in a timely manner resulting in delays in closing the fiscal year-end financial statements and numerous proposed audit adjustments.

Effect: Material misstatements of the financial statements may not be prevented, or detected and corrected in a timely manner. Delays in the completion the audit of the Town's financial statements.

Cause: The Town had personnel changes in the Finance Department during the 2022 fiscal year and the Town Manager was responsible for performing the job duties of both the Town Manager and Finance Director for most of the 2022 fiscal year.

Recommendation: We recommend that the Town complete in a timely manner monthly financial closing procedures. The closing procedures should include the reconciliation of all bank accounts, property tax receivable accounts, and the interfund accounts and the review of the general ledger reports for all funds to ensure accounting records are accurate, complete and timely throughout the year. This will also aid in the completion of year-end financial reporting and closing procedures and the timely completion of the audit of the Town's financial statements.

Views of Responsible Officials and Planned Corrective Action: The Finance office acknowledges the need for timely monthly closing procedures and will work to rectify this past shortfall. The office will strive to complete monthly bank reconciliations, property tax receivable accounts, and interfund account reconciliations, as well as reviewing the general ledger for errors and omissions in a timely fashion. Now that the office is fully staffed the procedures will become routine and timely so as to prevent a similar situation for the future. The office looks forward to timely completions of future audits and the timely issuance of Town financial statements.