

**CHARLESTOWN
BUDGET COMMISSION**

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MEMORANDUM

To: Honorable Town Council
From: The Budget Commission
Re: Transmittal Letter
Date: March 14, 2025

We are pleased to provide the budget proposal for Fiscal Year 2026. This budget will enable our town to maintain its position as one of the lowest tax-rated communities in Rhode Island while providing a high level of professional services. Achieving this balance is particularly challenging as expenditures continues to trend upward while revenues are increasing much slower.

This year we propose that the Town of Charlestown increase its property net tax levy in fiscal year 2026 to approximately \$24,466,173, from \$23,748,060 in 2025. This is a proposed net tax levy increase of 3.0%. The projected estimated tax rate, based on the recommended budget, is \$5.93 per one thousand dollars of valuation. This represents an increase of 2.60% from the current rate of \$5.78. This tax rate is based upon the estimated statement of assessed valuations by the Town Tax Assessor which has increased 0.45%. The total fiscal year 2026 budget recommendation is \$30,053,936, an increase of \$445,060 or 1.5% from last year's budget of \$29,608,876.

Budget highlights:

The budget provides for a continuation of services that benefit residents of all ages as well as maintaining the quality of life in Charlestown with minimal additional investments. Town finances have improved as a result of a focus in the past few years of raising the unassigned fund balance to 26% which complies with the town's policy of over 25% as well as working toward smoothing annual maintenance and capital investment costs. In addition, the recently completed union contracts have solidified our town department structure and employee costs and we have made progress in addressing areas where we have struggled to attract employees.

Major areas of growth in expenditures proposed for this year include:

- Employee costs have increased as a result of new union contracts in all of our bargaining units which has the benefit of stabilizing our costs through 3-year agreements as well as clarifying all positions and job responsibilities through supplemental work with our town Administrator and staff. The estimated impact is approximately \$130,000.
- Employee health insurance and other benefits costs increasing \$287,609.

- Costs of the Charlestown Ambulance Service are increasing as a result of the 3-year Agreement entered into in 2024 with the 2nd of 3 annual step increase of \$200,000 included in the budget.
- General inflation has increased costs of purchased services and goods across many departments.

Major areas of reduced expenditures planned for this year include:

- Chariho School district costs have decreased \$83,142 as a result of decreasing student enrollment as well as the district's planned closing of the Hope Valley elementary school.
- Reduced Debt services as the open space 2013 bond has been retired for an annual benefit of \$220,000.
- The town has made significant progress and anticipates completing the refresh of the Hazard mitigation plan so next year's budget benefits by \$50,000.
- Last year's budget included a one-time expenditure of \$150,000 for Charlestown Elementary School playground work which is not included providing a reduction.
- The fiscal year 2025 budget included a provision for engineering work of \$50,000 which has not been used or included in the 2026 budget.

Major revenue changes other than the proposed tax change include:

- An Increase in investment income of \$200,000 as a result of fund balance levels improving to meet town policy levels.
- Projected reductions in building inspection fees and real estate transfer fees as a result of a slower real estate market resulting in a budgeted reduction of \$89,000.

The only service change included in the budget is membership in the Washington County Regional Planning Council with a budgeted cost of \$2,400.

In closing, We want to extend our sincere appreciation for the collective effort that has gone into developing this Town budget proposal. The challenges posed by increased costs were met with determination and teamwork through the collaboration of the Budget Commission, Town Administrator and Staff, Town Council, and the engaged citizens of our town.

Together, we have developed a budget that effectively addresses the needs of the Town while ensuring the delivery of a high quality of services to our residents. It's a testament to our ability to work together in the face of many challenges that exist in an ever-evolving community.

As we look forward, let's remain committed to our shared goals and continue collaborating for the betterment of all our citizens.

Appendix

Budget Expenditures Analysis:

BUDGET COMMISSION RECOMMENDATION FOR FY2026 EXPENDITURES AND COMPARISON WITH THE PREVIOUS FISCAL YEAR

	EXPENDITURES			
	2025	2026	\$ Change	% Change
Department Expenditures	\$ 14,055,057	\$ 14,720,962	\$ 665,905	4.74%
Debt Service	\$ 488,998	\$ 297,415	\$ (191,583)	-39.18%
Chariho School Budget	\$ 14,232,684	\$ 13,940,449	\$ (292,235)	-2.05%
Operating Exp. Before Capital Transfers	\$ 28,776,739	\$ 28,958,826	\$ 182,087	0.63%
Capital Expenditures	\$ 494,378	\$ 367,749	\$ (126,629)	-25.61%
Transfers Out	\$ 337,759	\$ 727,361	\$ 389,602	115.35%
Total Capital and Transfers	\$ 832,137	\$ 1,095,110	\$ 262,973	31.60%
Total General Fund Expenditures	\$ 29,608,876	\$ 30,053,936	\$ 445,060	1.50%

Budgeted Departmental Expenditures for Fiscal Year 2026 (FY26) amount to \$14,720,962, compared to \$14,055,057 in FY25, representing an increase of \$665,905 or 4.74% over the prior year.

Budgeted Debt Service items amount to \$297,415 for FY26 compared to \$488,998 for FY25, reflecting a decrease of \$191,583, or 39.18%. This decrease is mainly due to the payoff of the Open Space Bond issued in February 2013.

The Charlestown portion of The Chariho School Budget is \$13,940,449 for FY26, compared to \$14,232,684 in FY25, indicating a decrease of \$292,235 or 2.05%.

FY26 Budgeted Capital Expenses have decreased to \$367,749 from \$494,378 in FY25, a decrease of \$126,629 or 25.61%.

Budget Revenue Analysis:

BUDGET COMMISSION RECOMMENDATION FOR FY2026 REVENUE AND COMPARISON WITH THE PREVIOUS FISCAL YEAR

	REVENUES			
	2025	2026	\$ Change	% Change
General Fund Tax Revenue- Current Year	\$ 23,748,060	\$ 24,466,173	\$ 718,113	3.02%
General Fund Tax Revenue- Prior Years	\$ 300,000	\$ 250,000	\$ (50,000)	-16.67%
Interest Taxes	\$ 160,000	\$ 125,000	\$ (35,000)	-21.88%
Payment In Lieu of Tax	\$ 9,502	\$ 9,500	\$ (2)	-0.02%
State Aid - Education	\$ 1,509,130	\$ 1,517,657	\$ 8,527	0.57%
State Aid Municipal	\$ 1,487,877	\$ 1,521,377	\$ 33,500	2.25%
Licenses, Permits, Fees	\$ 480,000	\$ 424,000	\$ (56,000)	-11.67%
Departmental & Other Revenue	\$ 1,519,312	\$ 1,740,229	\$ 220,917	14.54%
Operating Revenue before Transfers	\$ 29,213,881	\$ 30,053,936	\$ 840,055	2.88%
Total Transfers	\$ 394,995	\$ -	\$ (394,995)	-100.00%
Total General Fund Revenues	\$ 29,608,876	\$ 30,053,936	\$ 445,060	1.50%

The FY26 Budgeted General Fund current year tax revenue is \$24,466,173 compared to \$23,748,060 in FY25, representing an increase of \$718,113 or 3.02%.

FY26 Budgeted Education State Aid is \$1,517,657 compared to \$1,509,130 in FY25, reflecting a slight increase.

FY26 Budgeted Municipal State Aid is \$1,521,377 compared to \$1,487,877 in FY25, indicating an increase of \$33,500 or approximately 2.25%.

Budgeted Revenues for Licenses, Permits, and Fees decreased to \$424,000 in FY26 compared to \$480,000 in FY25, marking a decrease of \$56,000, or 11.67%.

FY26 Departmental & Other Revenues increased to \$1,740,229 from \$1,519,312 in FY25, showing an increase of \$220,917, or 14.54%.

The overall FY26 budget increased to \$30,053,936 from \$29,608,876 for FY25, indicating an increase of \$445,060 or 1.50%.