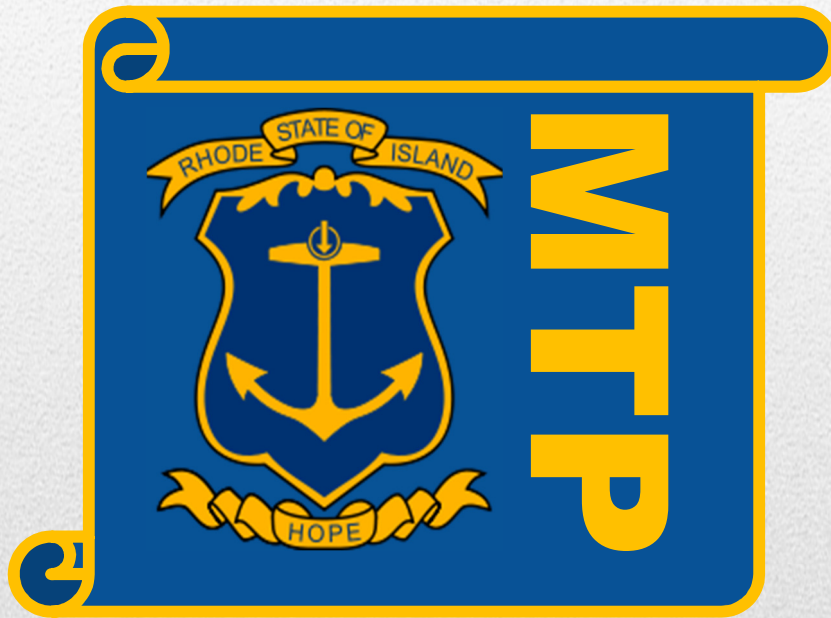


State of Rhode Island

Municipal Transparency Portal Implementation Guidance



Prepared by:

- Department of Revenue – Division of Municipal Finance
- Office of the Auditor General
- Rhode Island Department of Education

Table of Contents

Section 1 – General Objectives

Section 2 – Budgeting and Accounting Guidelines

- 2.1 – Defining “Reportable Government Services”
- 2.2 – Guidance on reporting employee health insurance costs
- 2.3 – Police and Fire Details
- 2.4 – Other Post-employment Benefit (OPEB) Costs
- 2.5 - Transfers

Section 3 – School Specific Reporting Guidance

Section 4 - Audit Guidance

Section 5 – General Law provisions regarding the Transparency Portal

Section 6 – Frequently Asked Questions

Appendices:

- ❖ ~~Form MTP-1 – Uniform Portal Data Collection Form~~
- ❖ ~~Form MTP-2 – Template for Supplemental Transparency Report Included in Annual Audit~~
- ❖ ~~MTP Account Definitions~~
- ❖ ~~MTP Department listings~~
- ❖ ~~Reporting Timelines~~

General Objectives:

The Municipal Transparency Portal (MTP) creates a centralized location for municipal financial information – an important effort to enhance transparency and provide citizens with a clear and uniform view of key financial data for their city or town. It will also provide the ability to make meaningful comparisons among communities, foster collaboration, and facilitate exploration of shared services among communities.

Newly enacted legislation ([Article 8](#)) amended Rhode Island General Laws §45-12-22.2 and §44-35-10 to improve current required reporting and reduce the currently required four quarterly reports to just three (now called budget-to-actual reports). The first report, normally due in October, is no longer required.

We have unified the format of the adopted budget survey, 5-year forecast, and budget-to-actual reports. Additionally, the portal will utilize newer technology to receive and report data with minimal manual intervention. With this new format, we streamline the reporting process for municipalities and create a municipal data report to be included in the scope of the final municipal audits.

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that objective, we have 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. Municipal data (not inclusive of school operations) will include all "reportable government services" (RGS) as defined in Section 2.1 of this guidance. For school operations, the data reported will be consistent with existing Uniform Chart of Accounts (UCOA) guidance which requires reporting of all school funds. UCOA coding is "mapped" to the MTP format to facilitate preparation of the portal reports.

The annual municipal data report, which includes final actual and audited data, is reconciled to the municipality's basic financial statements and the municipality's auditor will opine on the supplementary schedule as part of the annual audit. This is required to ensure the integrity and reliability of the actual data reported through the MTP and also to facilitate reconciliation when data is presented in other formats and presentations.

Municipalities will report budget and actual data in a uniform format for inclusion in the State's Municipal Transparency Portal (MTP).

The State's Municipal Transparency Portal reporting may require additional revenue and expenditure forecasting beyond the municipality's legally adopted budget. This required additional forecasting is not legally binding to the municipalities or their officials.

Implementation timelines (municipal operations and school operations) are included in the Appendices.

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, we have 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 “reportable government services” may be different from the activities included within the legally adopted budget of the municipality. To promote comparability among municipalities, the following guidelines are intended to assist municipalities in the determination of “reportable government services”.

In practice, some communities report certain “reportable government services”, RGS, in separate funds (e.g., special revenue funds) rather than the municipality's general fund. RGS activities may be accounted for in any type of fund; however, ~~activity recorded in general~~, fiduciary, capital projects and internal service funds ~~are~~ specifically excluded. In addition, water filtration/distribution, ~~and~~ sewer operations, and storm water are activities that are specifically excluded from the amounts to be included as reportable government services.

In some instances, GASB 54 requires that, for financial reporting purposes, certain “special revenue” funds are reported as part of the General Fund and therefore, these activities will automatically be included ~~within “reportable government services”~~ in the reporting to the State on the Uniform Portal Data Collection Form, MTP1.

A reconciliation detailing which funds or amounts have been included in the municipal data report will be part of the schedule included in the annual audit report.

(1) General types of municipal activities deemed “reportable government services”

For a description of which department to record services in see: ~~Appendices~~—**MTP Department listings**

- General government
- Police
- Fire
- Centralized Dispatch
- Other public safety
- Finance
- Centralized Information technology
- Planning
- Public works
- Parks and recreation
- Social services including senior services
- Libraries
- Debt service
- Appropriation for local share of education

Certain activities must consistently be included within “reportable government services” in the Uniform Portal Data Collection Form, MTP1, regardless of whether accounted for in the General fund or another fund. These include (1) federal grants (e.g., “SAFER” and “COPS”) which are used to fund salaries and other operating costs of public safety activities; ~~and~~ (2) federal CDBG grants used to fund salaries and other operating costs but excluding revolving loan fund activities, where applicable; (3) rescue run revenues which are generated by providing rescue services; (4) debt

service funds which are utilized by a municipality to fund and make debt service payments outside of the general fund; and (5) revaluation/statistical update expenses and reimbursements by the State

Examples of other activities that may be accounted for in separate funds but may also constitute “reportable government services” include:

- Other federal grants (e.g., disaster preparedness planning activities funded with federal grants).
- Maintenance of public parks that are financed through admission fees.
- ~~Collections from third party insurer billings for rescue runs~~
- Amounts accumulated in special funds for irregular or extraordinary operating costs – e.g., snow removal or legal contingencies
- Libraries

When the cost of providing a “reportable government service” is reduced by reimbursements/cost recoveries from third parties (e.g., third party insurer billings for rescue runs), those cost recoveries should be identified and included in the Uniform Portal Data Collection Form, MTP1, even when such cost recoveries are accounted for in a separate fund. Such amounts should be recorded on a gross rather than net basis (i.e., total revenues and total expenditures).

(2) Materiality test

A municipality may limit the inclusion of amounts in the Uniform Portal Data Collection Form, MTP1, when expenditures for an activity meeting the criteria of a “reportable government service” represent less than 1% of the municipality’s certified tax levy (or estimated levy when not certified) for the applicable fiscal year. When an activity is accounted for within multiple funds outside the fund financial statement general fund (e.g., libraries), the aggregate expenditures for the activity shall be used when applying the materiality test rather than the expenditures in each fund.

- To enhance consistency, activity meeting materiality test and reported should continue to be reported in all subsequent reports until activity ceases or the municipality determines that the activity has dramatically dropped below the threshold for reporting.

(3) Allocating costs for certain activities when necessary to meet the MTP expenditure and or revenue accounts

Employee costs assigned to more than one functional expenditure category (When not allocated to similar accounts as MTP under normal budgetary practices by the municipality)

When an employee works on more than one department functional area and the estimated allocation is less than 20% to any one area; no allocation is required. When the estimated allocation is greater than 20%; an allocation should be reflected in the department expenditure amounts reported to the portal. Such allocation shall reflect a reasonable estimate of the employee’s time and effort. Municipalities are not required to support such allocations by actual time and effort reporting for the employee (e.g., biweekly time sheets indicating time expended by functional area). Certain functions like finance and human resources, which by their nature support other activities, are not required to be allocated to other departments but should be included in total in the appropriate departmental code.

Operational costs and revenues items (When not allocated to similar accounts as MTP under normal budgetary practices by the municipality)

All operational expenses and revenue items shall be allocated to the correct accounts in accordance with the definitions and UCOA coding in all reporting. Municipalities are not required to support such allocations by providing methodology. When using the account Other for either expenses or revenue the expectation will be that the reason for the use is that there is no account matching the activity at the time of the reporting. However, if it becomes known in subsequent reporting and the actual activity matches an account, the allocation to the account should be performed.

Costs for an MTP departmental expenditure category included within another functional expenditure category by the municipality.

When a municipality has costs related to an MTP department category, but such costs are not separately identified (e.g., parks and recreation activity costs are included within the overall category of public works) under normal budgetary practices, the municipality shall make a reasonable allocation of such costs. The municipality should first exclude any material and readily identifiable costs to either of the MTP functional expenditure categories and then reasonably estimate a percentage (e.g., approximate employee hours to maintain city parks and recreational areas as a percentage of total public works department hours) to serve as the basis to apportion the remaining “common” or shared costs.

Internal Service fund activity

Internal Service Fund activity is not directly included within the funds or functions defined as reportable government services. However, billings/charges from the internal service fund(s) to the other funds and departments of the municipality will be included within those reported expenditures. For example, a health insurance working rate paid to an internal service fund will be included as an expenditure in the department or activity consistent with where the related personnel cost is charged.

State's Municipal Transparency Portal (MTP)
Section 2 - Budgeting/Accounting Guidelines
Section 2.2 – Guidance on reporting employee health benefit costs

Expenditures for providing employee healthcare benefits is typically a material expenditure category and budget item. The administration of healthcare benefit programs varies among municipalities – some communities are self-insured while others purchase premium based coverage through insurers. Additionally, third-party risk pool entities are often involved. All these administration components, including the actual accounting and budgeting practices of the municipality, could impact the comparability of healthcare benefit costs among communities.

The following guidelines are offered to promote consistent practices and to ensure comparability of amounts included in the transparency portal.

Guidelines for municipalities that are self-insured

Local governments that are self-insured for employee medical coverage (including dental), whether self-administered or through a third-party self-insurance risk pool, typically utilize a “working rate” throughout the fiscal year with some adjustment of those costs based on actual experience at fiscal year-end or subsequently. Differences exist in accounting and financial reporting practices regarding the “true-up” of such costs. This affects the comparability of employee medical coverage costs among local governments.

To the extent the employee healthcare working rate varies from actual claims experience, such costs could be over or understated when reported in:

- ***Annual financial statements***
- ***Uniform Portal Data Collection Form***
- ***UCOA upload files to RIDE***

Our goal is to establish guidelines, consistent with generally accepted accounting principles that enhance the comparability of amounts reported by local governments for employee medical coverage when the employer is self-insured. Adopt practices that promote consistency for local government employers regardless of whether the self-insured health coverage program is maintained internally or through a third party risk pool or administrator.

Policy Guidance when local governments are self-insured for employee and retiree medical (and dental) coverage:

- Utilize an internal service fund to account for the payment of actual medical claims. Utilize a working rate to distribute the charges to the various funds, programs and activities of government.
- Employee or retiree co-shares for medical coverage (% of working rate or dollar amount) should also be recorded as revenue in the internal service fund.
- Segregate active employee from retiree claims experience in the development of working rates and utilize separate internal service funds (or an OPEB Trust fund for retiree health coverage costs where applicable) to record actual activity for each group.
- Record medical claims expenses on an accrual basis reflecting an estimate of incurred but not reported (IBNR) claims at fiscal year-end.
- Pharmacy rebates applicable to the self-insured medical coverage plan should be recorded in the internal service fund. Administrative charges, stop loss insurance premiums and recoveries, and any third party liability recoveries should be similarly reflected in the internal service fund (s).

State's Municipal Transparency Portal (MTP)
Section 2 - Budgeting/Accounting Guidelines
Section 2.2 – Guidance on reporting employee health benefit costs

- When **deficits** exist at the close of the fiscal year in the self-insured medical claims internal service fund; eliminate the deficit by increasing employee medical coverage expenditures in the various funds and reflecting additional internal service fund revenues. Deficits at the close of the fiscal year that are less than 1% of the total annual medical claims expenses in the internal service fund may be eliminated by adjustment of the succeeding year's working rate.
- A "surplus" may be retained within the internal service fund subject to limitations. When actual claims experience (accrual basis) results in a **surplus** in the self-insured employee medical internal service fund greater than 10% of total annual medical claims expenses, the surplus should be reduced by adjusting the next year's working rate. When the surplus is greater than 20% of total annual medical claims expenses, the surplus should be reduced by decreasing medical coverage expenditures in the various funds and related internal service fund revenues. The goal is to manage reserve levels within the internal service fund consistent with the guidelines by periodically adjusting the working rates charged to the various funds.
- Amounts charged to federal programs for employee health coverage must be the same as amounts reflected for all other funding sources. Federal cost principles included within the Uniform Grant Guidance (Appendix V to Part 200—State/Local Government-wide Central Service Cost Allocation Plans) may have applicability. Those guidelines allow for working capital reserves within internal service funds equal to 60 days of cash expenses.
- Any transfers to or from the self-insured employee medical claims internal service fund should be reflected as an increase or decrease to fund expenditures/expenses for health insurance coverage rather than as a direct increase /decrease to fund balances.

When applicable and to the extent practicable, these guidelines should be applied to any surpluses or deficits that are retained by a self-insured third-party risk pools or administrators.

Guidelines for allocating healthcare benefit costs to departmental functions and activities

For purposes of reporting on the ***Uniform Portal Data Collection Form***, MTP1, healthcare benefit costs should be allocated/distributed to departments and functions based on actual premiums paid or, when self-insured, based on the per employee working rate. When information is available to apply the appropriate working rate based on the type of health plan selected (e.g., individual or family coverage) such amounts should be used.

When information is not readily available, a composite or blended per employee working rate can be used for allocation purposes.

Amounts paid to employees (buy-backs) when they opt to **not** participate in health-care programs should be included within healthcare benefit costs.

Many municipalities record financial activity for police and fire details where external entities reimburse the municipality for the cost of providing police or fire personnel on-site for an activity or event.

Administrative and accounting practices for police and fire details vary among communities. For the purpose of promoting consistency and comparability, municipalities shall follow these guidelines when reporting police and fire detail activity on the Uniform Portal Data Collection Form, MTP1:

- Report police and fire detail expenditures as a “reportable government service” (RGS) within the respective departmental amounts (police or fire) when such amounts are included within a separate fund rather than the general fund (subject to the 1% materiality test described in Section 2.1).
- Report activity related to police and fire details on a gross rather than net basis – present total revenues and total expenditures without netting or offset.
- Report revenue received from external or internal (e.g., schools or enterprise funds) entities within the designated MTP account. Report expenditures for personnel and vehicle costs related to details within the designated MTP account.

OPEB Benefit Costs include amounts for retiree health benefits or any other post-retirement benefit provided to retirees consistent with the definitions include in ~~GASB Statements No. 43 and 45 (to be superseded by~~ GASB Statements No. 73 and 74.)

Municipalities

Amounts to be reported on the MTP1 are the amounts reflected in the governmental funds as either:

(1) Pay-as-you-go amounts, when the municipality has not created a qualifying trust for OPEB benefits. These amounts are reported under the following expenditure account codes:

204 - Retiree Medical Insurance-Total	\$XXX,XXX
209 - Retiree Dental Insurance- Total	\$XXX,XXX
355 - Non-Qualified OPEB Trust Contribution, if applicable	\$XXX,XXX

Note - Contributions above paygo to a non-qualified OPEB trust are not reflected in reporting as the contribution would be reserved as fund balance.

(2) The amounts contributed to a qualifying trust (100% or partial payment of the actuarially determined contribution (ADC)). The contributions are reported under the following expenditure account code:

352 - OPEB Contribution- Total	\$XXX,XXX
--------------------------------	-----------

Note – Benefit payments reported in the Trust Fund should not be reported on the MTP1 under the pay-go expenditure account codes listed in (1) above. Even when retiree medical benefits are paid out of the General Fund and subsequently reclassified as both contributions and expenditures in the OPEB Trust Fund for financial reporting purposes, these payments should be reported on the MTP1 as OPEB contributions under code 352 and not under the pay-go account codes listed in (1) above.

Schools

Refer to Section 3.0 for School Specific Guidance. Schools should use the UCOA crosswalk to facilitate reporting OPEB-related costs on the MTP1.

OPEB costs are not required to be, and should not be, distributed to each of the municipal departmental functions and activities except for the school department which will be presented separately from the municipality.

Interfund activity is typically recorded through transfers between funds. For purposes of including amounts on the Uniform Portal Data Collection Form, MTP1, the following guidelines shall be followed:

- Transfers recorded between funds included within “reportable government services” (RGS) (see Section 2.1) should be eliminated to offset the duplication within Revenues and Other Financing Sources and Expenditures and Other Financing Uses.
- Transfers recorded between funds included within the total school funds should have been eliminated through the UCOA coding process.
 - Additional codes for transfers in and out of school funds are included in MTP1
- The transfer of appropriations for the local support of schools (e.g., City/Town General Fund to School Unrestricted Fund) should be reclassified and included with expenditures (from the municipal side - use MTP specific account) and as revenue (from the school side - use MTP specific account).
- Other transfers (those not involving funds included within “reportable government services”; transfers within the school all funds totals; and transfers representing the local support of education) should continue to be reported as transfers within the other financing sources/uses section of the Uniform Portal Data Collection Form, MTP1.

School operations data will be presented in the Municipal Transparency Portal (MTP) in the same format as for municipal operations. Municipal and school operations data will be presented discretely.

School operations data will be reported to the MTP consistent with existing RIDE UCOA guidelines – all school funds shall be included in the reporting to the MTP.

Each MTP account is mapped to the corresponding UCOA code or group of UCOA codes.

To facilitate preparation of the MTP reporting, it is expected that a municipality/school district will generate reports, which crosswalk the UCOA to MTP formats, from their UCOA upload files or UCOA formatted data.

To further facilitate reporting it is necessary that all RIDE required deadlines for submission of data are met. The expectation will be that the Municipal Data Report submission will reflect in the MTP1 the ending file supplied to RIDE by 12-31 of each year. The MTP1 would reflect ending actual activity for revenue and expenses, all audit adjustments, and all corrections necessary as a result of the Agreed Upon Procedures (AUP) review.

RIDE's UCOA deadlines

- Budget only file – 30 days after final adoption by the governing authority
- UCOA submission covering the period 7/1-12/31 – no later than January 15th
- Preliminary ending fiscal year end – no later than July 15
- Final, zero error year-end UCOA file – no later than September 30
- Revised UCOA file reflecting AUP and audit adjustments – no later than 12-31
 - To facilitate MTP2 and AUP inclusion in audit this should be submitted to RIDE prior to 12-31. In addition, the due date (represented in section 4) for the MTP1 for the municipal data report is 11-30. Even though it is required to send the file reflecting AUP and audit adjustments to RIDE prior to 12-31 the MTP1 should reflect the information that would ultimately be provided to RIDE.

State's Municipal Transparency Portal (MTP)

Section 4.0 – Audit Guidance – Annual Supplemental Transparency Report, MTP2, included in audited financial statements

Each municipality shall include their Annual Supplemental Transparency Report, MTP2, within their annual audited financial statements. Typically, this would require one schedule that includes (1) municipal reportable government services and (2) all school services (consistent with RIDE UCOA requirements). The Annual Supplemental Transparency Report, MTP2, included within the annual audit report shall also include a reconciliation to the amounts included in the fund level financial statements.

To ensure that the amounts reported on the Annual Supplemental Transparency Report, MTP2, are consistent with the audited financial statements, the auditors engaged to audit the municipality's financial statements shall also report on the Annual Supplemental Transparency Report, MTP2, as supplementary information ("fairly presented in relation to the municipality's basic financial statements").

Auditors are not required to opine on the municipality's determination of "reportable government services" (RGS) as defined in Section 2.1 of these guidelines. The municipality will make the determination of "reportable government services" for inclusion in the various reports required to be submitted through the municipal transparency portal. However, auditors will be expected to review the reconciliations as part of the Annual Supplemental Transparency Report, MTP2, (required for inclusion in the audited financial statements as supplementary information) to assess the inclusion of amounts reported which are not within the municipality's or school's general fund.

The typical timeline for filing of annual municipal data report (a selection in the Uniform Portal Data Collection Form, MTP1) and coordination with annual financial statement audit (assumes June 30 fiscal year end) is outlined in the table below:

1	Municipality determines which activities accounted for in other funds constitute "reportable government services" for inclusion in required reporting to the State's Municipal Transparency Portal. Consistent with UCOA requirements, all school funds are reported.	Prior to first data submission to the State's Municipal Transparency Portal
2	Audit adjustments accepted and posted for fund level statements	November
3	<p>Municipality reports data reflecting near final fund level financial statements including audit adjustments on annual municipal data report (a selection in MTP1) to DMF – one report for municipal (reportable government services) and one for school activity (consistent with final UCOA upload file).</p> <p>Data submission includes reconciliation to the fund level financial statements – this reconciliation will be included as part of the schedule included in the municipality's audited financial statements.</p> <p>School Department and auditors also complete reconciliation of UCOA upload file to financial statements (UCOA AUP #2) – this reconciliation should also serve to reconcile school's Annual Supplemental Transparency Report to the fund level financial statements.</p>	November 30 (note a)
4	DMF reviews/processes and finalizes Annual Supplemental Transparency Report, MTP2, designated for inclusion in the municipality's annual audit report (auditor reports on as supplementary information – i.e., fairly presented in relation to the basic financial statements)	December 15

State's Municipal Transparency Portal (MTP)

Section 4.0 – Audit Guidance – Annual Supplemental Transparency Report, MTP2, included in audited financial statements

5	Municipality and their auditors complete financial statements – determine if there are any further adjustments required to be consistent with final fund level financial statements. If additional audit adjustments require modification of the Annual Supplemental Transparency Report (MTP2) and resubmission to DMF – repeat steps 3 and 4 above.	December 15 to December 30
6	Municipal audit report issued – includes Annual Supplemental Transparency Report, MTP2, with reference in auditor's report as supplementary information	December 31
7	DMF makes annual reporting template data available on State's Municipal Transparency Portal, MTP.	January
(a) – municipality may submit earlier if fund level statements are complete and reflect proposed audit adjustments		

The Independent Auditor's Report would typically include reference to the Annual Supplemental Transparency Report, MTP2, as supplementary information in the following manner:

Audit report language - this section of the independent auditor's report would make reference to the inclusion of the Annual Supplemental Transparency Report, MTP2, included as supplementary information within the municipality's financial statements

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Example's basic financial statements. The [***identify accompanying supplementary information such as the combining and individual nonmajor fund financial statements and Annual Supplemental Transparency Report***] are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The [***identify accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the [***identify accompanying supplementary information***] is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

ARTICLE 8 AS AMENDED

RELATING TO MUNICIPALITIES

SECTION 1. Section 45-12-22.2 of the General laws in Chapter 45-12 entitled "Indebtedness of Towns and Cities" is hereby amended to read as follows:

45-12-22.2. Monitoring of financial operations – Corrective action. – Subsections (a) through ~~(e)~~~~(h)~~ below shall apply to cities and towns

(a) The chief financial officer of each municipality and each school district within the state shall continuously monitor financial operations by tracking actual versus budgeted revenue and expense.

(b) The chief financial officer of the municipality shall submit a report on a monthly basis to the municipality's chief executive officer, each member of the city or town council, and school district committee certifying the status of the municipal budget from all fund sources, including the school department budget from all fund sources, or regional school district budget from all fund sources. The chief financial officer of the municipality shall also submit ~~a quarterly report on or before the 25th day of the month succeeding the end of each fiscal quarter~~ budget-to-actual financial information on or before the 25th day succeeding the last day of the sixth, ninth, and twelfth month of each fiscal year to the division of municipal finance, ~~the commissioner of education, and the auditor general pursuant to the provisions outlined in section (d)~~ certifying the status of the municipal budget, including the school budget that has been certified by the school department. ~~Each quarterly report submitted must be signed by the chief executive officer, chief financial officer, the superintendent of the school district, and chief financial officer for the school district. The report has to be submitted to the city own council president and the school committee chair. It is encouraged, but not required, to have the council president/school committee chair sign the report.~~ The chief financial officer of the school department or school district shall certify the status of the school district's budget and shall assist in the preparation of these reports. The monthly report and ~~quarterly reports~~ budget-to-actual financial information as required in this section shall be in a format prescribed by the division of municipal finance, the commissioner of education, and the state auditor general. The budget-to-actual financial information and the monthly reports shall contain a statement as to whether any actual or projected shortfalls in budget line items are expected to result in a year-end deficit; the projected

1 impact on year-end financial results, including all accruals and encumbrances; and how the
2 municipality and school district plans to address any such shortfalls. In the event that the school
3 reporting is not provided, then state education aid may be withheld pursuant to the provisions of §
4 16-2-9.4(d).

5 (c) In order to facilitate electronic upload to the "Transparency Portal" as defined herein,
6 the chief financial officer of the municipality shall also submit, as part of the annual audited
7 financial statements of the municipality, a municipal data report for the municipality's general
8 fund containing content and in a format designated by the division of municipal finance and the
9 office of the auditor general. Such municipal data report shall be included in the scope of the
10 annual audit and shall be included in the municipality's financial statements as supplementary
11 information.

12 (d) All budget-to-actual financial information as required in (b), municipal data report as
13 required in (c), and reports required pursuant to the provisions of § 44-35-10 shall be submitted to
14 the division of municipal finance through the use of the division's Transparency Portal, in the
15 format required by the division of municipal finance, which will be located on the division's
16 website. The division of municipal finance will create a finalized report from all information
17 submitted through the Transparency Portal ("Transparency Report"). The division of municipal
18 finance will submit the Transparency Report to the municipality to be signed by the chief
19 executive officer, chief financial officer, superintendent of the school district, and chief financial
20 officer for the school district. All signed Transparency Reports shall be posted to the
21 municipality's website within ten (10) business days of receipt of such report. The municipalities
22 shall provide a copy of the signed Transparency Report to the commissioner of education, the
23 office of the auditor general, the municipality's council president, and the school committee chair.
24 In addition, a copy of the signed Transparency Report which has been designated by the division
25 of municipal finance for the inclusion in the municipalities audited financial statements shall be
26 provided by the municipality to its auditor.

27 ~~(e)~~(c) If any of the ~~quarterly reports~~ budget-to-actual financial information required under
28 subsection (b) project a year-end deficit, the chief financial officer of the municipality shall
29 submit to the state division of municipal finance, the commissioner of education, and the auditor
30 general a corrective action plan signed by the chief executive officer and chief financial officer on
31 or before the last day of the month succeeding the close of the fiscal quarter in which budget-to-
32 actual financial information is required, which provides for the avoidance of a year-end deficit or
33 structural deficit that could impact future years, and the school superintendent shall also comply
34 with the provisions of § 16-2-11(c) to assist in this effort. The plan may include recommendations

1 as to whether an increase in property taxes and/or spending cuts should be adopted to eliminate
2 the deficit. The plan shall include a legal opinion by municipal counsel that the proposed actions
3 under the plan are permissible under federal, state, and local law. The state division of municipal
4 affairs may rely on the written representations made by the municipality in the plan and will not
5 be required to perform an audit.

6 ~~(d)~~(f) If the division of municipal finance concludes the plan required hereunder is
7 insufficient and/or fails to adequately address the financial condition of the municipality, the
8 division of municipal finance can elect to pursue the remedies identified in § 45-12-22.7.

9 ~~(e)~~(g) The monthly reports and budget-to-actual financial information required shall
10 include the financial operations of any departments or funds of municipal government, including
11 the school department or the regional school district, notwithstanding the status of the entity as a
12 separate legal body. This provision does not eliminate the additional requirements placed on local
13 and regional school districts by §§ 16-2-9(f) and 16-3-11(e)(3).

14 (h) The "Transparency Portal" shall be an electronic interface which will be implemented,
15 maintained, and monitored by the state division of municipal finance with the assistance of the
16 state department of administration. In addition, the division of municipal finance shall post to its
17 website a list of participating and non-participating entities for each reporting cycle identified
18 under subsections (b), (c), and required reports pursuant to § 44-35-10.

19 Subsections ~~(f)~~(i) through ~~(j)~~(m) below shall apply to fire districts.

20 ~~(f)~~(i) The treasurer/chief financial officer or other fiduciary, as applicable, of the fire
21 district within the state shall continuously monitor the fire district's financial operations by
22 tracking actual versus budgeted revenue and expense.

23 ~~(g)~~(j) The treasurer/chief financial officer or other fiduciary, as applicable, of the fire
24 district shall submit a quarterly report on or before the 25th day of the month succeeding the end
25 of each fiscal quarter to the division of municipal finance and the state auditor general certifying
26 the status of the fire district's budget. Each quarterly report submitted must be signed by the chair
27 of the governing body and the treasurer/chief financial officer. The report shall be submitted to
28 the members of the governing body and the members of the town council. The quarterly reports
29 shall be in a format prescribed by the division of municipal finance and the state auditor general.
30 The reports shall contain a statement as to whether any actual or projected shortfalls in budget
31 line items are expected to result in a year-end deficit; the projected impact on year-end financial
32 results including all accruals and encumbrances; and how the fire district plans to address any
33 such shortfalls.

34 ~~(h)~~(k) If any of the quarterly reports required under subsection (g) above project a year-

1 end deficit, the treasurer/chief financial officer or other fiduciary, as applicable, of the fire district
2 shall submit to the division of municipal finance and the state auditor general a corrective action
3 plan signed by the chair of the governing body and treasurer/chief financial officer, or other
4 fiduciary as applicable, of the fire district on or before the last day of the month succeeding the
5 close of the fiscal quarter, which provides for the avoidance of a year-end deficit or structural
6 deficit that could impact future years. The plan may include recommendations as to whether an
7 increase in property taxes and/or spending cuts should be adopted to eliminate the deficit. The
8 plan shall include a legal opinion by legal counsel that the proposed actions under the plan are
9 permissible under federal, state, and local law. Said plan shall be sent to the members of the fire
10 district's governing body and the members of the town council. The division of municipal finance
11 may rely on the written representations made by the governing body of the fire district in the plan
12 and is not be required to perform an audit.

13 ~~(d)~~(l) If the division of municipal finance concludes the plan required hereunder is
14 insufficient and/or fails to adequately address the financial condition of the fire district, the
15 division of municipal finance can elect to pursue the remedies identified in § 45-12-22.7.

16 ~~(d)~~(m) The reports and plans required above shall also include, but not be limited to, a
17 comprehensive overview of the financial operations of the fire district, including a list of the
18 value of the fire district's assets (tangibles and intangibles) and liabilities.

19 SECTION 2. Section 44-35-10 of the General laws in Chapter 44-35 entitled "Property
20 Tax and Fiscal Disclosure – Municipal Budgets" is hereby amended to read as follows:

21 **44-35-10. Balanced municipal budgets – Additional reporting requirements –**
22 **Electronic reporting/municipal uniform chart of accounts.** – (a) The operating budgets for all
23 cities and towns shall provide for total appropriations which do not exceed total estimated
24 receipts, taking into account any general fund surplus or deficit estimated to be carried over from
25 the current fiscal year. The funding of accumulated deficits shall be consistent with the provisions
26 of § 45-12-22.

27 (b) The chief elected official in each city and town shall provide to the division of
28 municipal finance within thirty (30) days of final action, in the form and format required by the
29 division, the adopted budget survey.

30 (c) Within thirty (30) days of final action as referenced in subsection (b) above each city
31 or town shall provide to the division a five (5) year forecast, in the form and format required by
32 the division, for major funds as defined by generally accepted accounting principles as
33 established by the governmental accounting standards board (GASB). ~~The forecast shall include,~~
34 ~~but not be limited to, a scenario reflecting pensions and post-employment Benefits other than~~

1 ~~pensions (OPEB) obligations at one hundred percent (100%) of the annual required contribution~~
2 ~~(ARC), both for the general and unrestricted school funds.~~ The forecast shall also reflect any and
3 all underlying assumptions.

4 (d) The reports required under (b) and (c) above shall be submitted in accordance with
5 the requirements outlined under § 45-12-22.2 (d).

6 ~~(d)(e)~~ Within sixty (60) days of executing changes in healthcare benefits, pension
7 benefits and OPEB a municipality shall provide a fiscal impact statement to the division of
8 municipal finance, reflecting the impact on any unfunded liability and ARC, as well as the impact
9 on the five (5) year forecast. The fiscal impact statements shall show underlying actuarial
10 assumptions and provide support for underlying assumptions.

11 ~~(e)(f)~~ A municipality shall join electronic reporting/implement municipal uniform chart
12 of accounts (UCOA), within six (6) months of implementation.

13 SECTION 3. Section 42-142-4 of the General laws in Chapter 42-142 entitled
14 "Department of Revenue" is hereby amended to read as follows:

15 **42-142-4. Division of property valuation and municipal finance.** — (a) There is hereby
16 established within the department of revenue a division of property valuation and municipal
17 finance. The head of the office shall be the chief of property valuation and municipal finance.

18 (b) The division of property valuation and municipal finance shall have the following
19 duties:

20 (i) Provide assistance and guidance to municipalities in complying with state law;

21 (ii) ~~To e~~Encourage cooperation between municipalities and the state in calculating,
22 evaluating and distributing state aid;

23 (iii) ~~To maintain a data center of information of use to municipalities;~~ Encourage the
24 exchange of information between the division and other governmental entities in an effort to
25 increase shared services by making available, through the use of web based applications or other
26 mediums municipal vendor contracts and/or any other data the division deems appropriate.

27 (iv) ~~To m~~Maintain and compute financial and equalized property value information for
28 the benefit of municipalities and public policy decision makers;

29 (v) ~~To e~~Encourage and assure compliance with state laws and policies relating to
30 municipalities especially in the areas of public disclosure, tax levies, financial reporting, and
31 property tax issues;

32 (vi) ~~To e~~Encourage cooperation between municipalities and the state by distributing
33 information and by providing technical assistance to municipalities;

34 (vii) ~~To g~~Give guidance to public decision makers on the equitable distribution of state

aid to municipalities; and

(viii) ~~To p~~Provide technical assistance for property tax administration.

SECTION 4. Section 45-13-12 of the General Laws in Chapter 45-13 entitled "State Aid" is hereby amended to read as follows:

45-13-12. Distressed communities relief fund. -- (a) There is established a fund to provide state assistance to those Rhode Island cities and towns which have the highest property tax burdens relative to the wealth of taxpayers.

(b) *Establishment of indices.* Four (4) indices of distress shall be established to determine eligibility for the program. Each community shall be ranked by each distress index and any community which falls into the lowest twenty percent (20%) of at least three (3) of the four (4) indices shall be eligible to receive assistance. The four (4) indices are established as follows:

(1) *Percent of tax levy to full value of property.* This shall be computed by dividing the tax levy of each municipality by the full value of property for each municipality. For the 1990-91 fiscal year, tax levy and full value shall be as of the assessment date December 31, 1986.

(2) *Per capita income.* This shall be the most recent estimate reported by the U.S. Department of Commerce, Bureau of the Census.

(3) *Percent of personal income to full value of property.* This shall be computed by multiplying the per capita income above by the most recent population estimate as reported by the U.S. Department of Commerce, Bureau of the Census, and dividing the result by the full value of property.

(4) *Per capita full value of property.* This shall be the full value of property divided by the most recent estimate of population by the U.S. Department of Commerce, Bureau of the Census.

(c) *Distribution of funds.* Funds shall be distributed to each eligible community on the basis of the community's tax levy relative to the total tax levy of all eligible communities. For the fiscal year 1990-91, the reference year for the tax levy shall be the assessment date of December 31, 1988. For each fiscal year thereafter, except for fiscal year 2007-2008, the reference year and the fiscal year shall bear the same relationship. For the fiscal year 2007-2008 the reference year shall be the same as for the distributions made in fiscal year 2006-2007.

Any newly qualifying community shall be paid fifty percent (50%) of current law requirements the first year it qualifies. The remaining fifty percent (50%) shall be distributed to the other distressed communities proportionately. When any community falls out of the distressed community program, it shall receive a one-time payment of fifty percent (50%) of the prior year requirement exclusive of any reduction for first year qualification; however, in the event that the

1 total appropriation is increased from the prior year's appropriation, each eligible community shall
2 receive: (1) A distribution based on the community's tax levy relative to the total tax levy of all
3 eligible communities; and (2) A percentage of the amount of said increased appropriation which
4 percentage shall be calculated based on a community's distribution relative to the total increase in
5 the appropriation. The community shall be considered a distressed community in the fall-out
6 year.

7 *(d) Appropriation of funds.* The state of Rhode Island shall appropriate funds in the
8 annual appropriations act to support this program. For each of the fiscal years ending June 30,
9 2011, June 30, 2012, and June 30, 2013 seven hundred eighty-four thousand four hundred fifty-
10 eight dollars (\$784,458) of the total appropriation shall be distributed equally to each qualifying
11 distressed community.

12 *(e) Payments.* Payments shall be made to eligible communities each August.

13 *(f) Mandatory Participation for Collection of Debts.* Any community determined to be a
14 distressed community under this chapter shall, within three (3) months of said determination,
15 contract with the tax administrator, in accordance with § 42-142-7, to allow the tax administrator
16 to collect outstanding liabilities owed to the distressed community. The division of municipal
17 finance shall determine which of said liabilities shall be subject to the collection by the tax
18 administrator.

19 SECTION 5. This article shall take effect upon passage.

~~As the implementation of the Transparency Portal progresses with the pilot communities, questions and answers that have general applicability will be included within the Frequently Asked Questions (FAQ) Section of the MTP Implementation Guidance. The State implementation team will meet to develop responses and communicate FAQ's on a regular basis during the pilot implementation phase. The FAQ's will be grouped by topic and be included within the Implementation Guidance documents.~~

~~Question 6.1~~

~~**Must a municipality change the form and content of its legally adopted annual budget to conform to the new MTP guidelines?**~~

~~*No. A municipality may continue to present its proposed and final budget document as enacted by elected officials and voters in the form that it chooses. However, information provided to the MTP must be in the required format which may require adjustment and realignment. A municipality may want to explore modifying certain budget presentation practices to reduce the amount of adjustment required when submitting data to the MTP.*~~

~~Question 6.2~~

~~**How should a municipality present worker's compensation related costs within the Uniform Portal Data Collection Form?**~~

~~*If the municipality has purchased worker's compensation insurance coverage—the costs of such insurance shall be allocated to the various departments based on a per employee charge or as a percentage of payroll. If the municipality is self-insured for worker's compensation claims, the municipality should consider utilizing an internal service fund to aggregate and disburse such costs and develop a "working rate" (similar to the methodology for health insurance when self-insured) to allocate such costs to the various departments.*~~

~~Question 6.3~~

~~**How do we report dispatch services?**~~

~~**Separate police and fire dispatch with uniformed operators**—The expenses will be reported within the dispatch unit's respective department, and salaries will be reported in the Compensation Group A line.~~

~~**Separate police and fire dispatch with civilian operators**—The expenses will be reported within the dispatch unit's respective department, and salaries will be reported in the Compensation Group B line.~~

~~**Combined police and fire dispatch with civilian operators**—The expenses will be reported within the Dispatch Department, and salaries will be reported in the Compensation Group A line.~~

Question 6.4

How are non-health insurance payments reported?

~~**Premiums**—Non-Health insurance will not be broken out by department, and all insurance premiums will be recorded in the General Government Department in the insurance line item.~~

Question 6.5

How are property revaluations recorded?

~~In order to have a more accurate comparison between municipalities and to easily compare a municipalities different fiscal years, the cost for property revaluation will be recorded as its own item in the finance department.~~

Question 6.6

How is snow removal reported?

~~**Overtime**—Overtime paid to municipal employees for snow removal should be reported in the Public Works Department Overtime item.~~

~~**Plow Contractors**—If a municipality hires private plow contractors to assist with snow removal, the cost will be reported in the Public Works Department Snow Removal Raw Material & External Contracts item.~~

~~**Fuel & Plow Truck Maintenance**—Fuel, maintenance, and any other cost associated with the operations of plow trucks, will be reported in the Public Works Department Vehicle Operations items.~~

~~**Salt & Other Materials**—The raw materials used in snow removal, such as salt, will be reported in Public Works Department Snow Removal Raw Material & External Contracts item.~~

Question 6.7

How is the cost of street lighting reported?

~~The cost for the operation of street lights will be reported in the Public Works Department Street Lighting item.~~

Question 6.8

How is trash removal reported?

~~**Purchased Service**—If a municipality has a contract for trash removal with a private company, the cost of the contract will be reported in the Public Works Department Trash Removal line.~~

~~**Municipally Operated Trash Removal**—If a municipality operates its own trash removal services the cost will be reported in the Public Works Department, in the appropriate items. For example salaries for trash removal employees will be reported in the Salaries item, and the cost of the operations of garbage trucks will be reported in the Vehicle Operations items.~~

Question 6.9

How is support to local non-profits, and community development projects reported?

The donations, grants, and support to local non-profit organization and community development projects will be reported in the General Government Department-Community Support item.

Question 6.10

How Is Federal Aid Recorded?

COPS Grant—If a municipality receives a COPS grant the activity should be reported as gross with both revenue and expenses listed. Materiality test does not apply.

SAFER Grant—If a municipality receives a SAFER grant the activity should be reported as gross with both revenue and expenses listed. Materiality test does not apply.

CDBG Grant—If a municipality receives CDBG funds the activity associated with personnel should be reported as gross with both revenue and expenses listed. Materiality test does not apply.

Question 6.11

How are legal expenses recorded?

Internal Legal Expenses—Legal expense from an internal legal department should be recorded in General Government in the appropriate categories. For example salaries should be reported under the compensation line.

Purchased Service Legal Expenses—Expenses from purchased legal services should be reported in General Government under the Purchases Service line.

Legal Settlement for Property Tax Appeal—If a municipality abates property taxes as a result of an appeal of property value, the abatement for the current year taxes should be recorded in the adjustment to levy item and refunds should be recorded in Current Year Collection Item. For abatements to prior year taxes, refunds should be recorded in the prior year tax collection item. If part of the settlement consist of costs in addition to the abatement of taxes the cost should be recorded in General Government under the claims and settlements item.

Legal Settlements for Other Lawsuits—For settlements from lawsuits, other than property value appeals, should be recorded in General Government under the claims and settlements item.

Question 6.12

Can I submit my audited information to DMF earlier than the date listed in the timeline?

Yes. The date of November 30th, for the submission of municipal audited data to DMF, is the latest the data can be submitted to ensure the report is included in the municipality's

~~final audit by December 31st. If any municipality chooses to finalize an audit before December 31st, the municipality should allow up to two weeks for DMF to review the data and return the Municipal Data Report back to the community.~~

Question 6.13

~~How should the Employee Count be reported for each reporting period?~~

~~Adopted Budget Survey:~~ For this reporting period the employee count is the budgeted positions for the department.

~~Five Year Forecast:~~ For this reporting period the employee count is the budgeted and projected positions for the department.

~~Budget to Actual:~~

~~Amended Budget:~~ For this reporting period the employee count is the amended budgeted positions for the department. **~~Actual:~~** For this reporting period the employee count is the average employees for the department from the start of the fiscal year to the end of the period covered in the Budget to Actual Report.

~~Projection:~~ For this reporting period the employee count is the budgeted and projected positions for the department.

~~Municipal Data Report:~~ For this reporting period the employee count is the average employees of the department for the fiscal year.

Question 6.14

~~Who is considered to be a Group A, Group B, and Group C Employee?~~

~~Group A~~

~~Employees who serve the primary function of the department. Group A consists of police officers for the Police Department, fire fighters for the Fire Department, civilian dispatchers for the Centralized Dispatch Department, certified staff for the Education Department, and all employees in every other department.~~

~~Group B~~

~~Group B consists of administrative employees and civilian dispatch employees for the Police and Fire Departments, and executive/mid-level administration for the Education Department.~~

~~Group C~~

~~Group C consist of non-certified and other staff in the Education Department.~~

Question 6.15

~~How should volunteers in a public safety department, such as volunteer fire firefighters, be reported?~~

~~Compensation paid to volunteers should be reported in the Compensation-Volunteer line, and volunteers should not be recorded in the employee count.~~

Question 6.16

~~How should workers working under the 75 day rule be recorded?~~

~~Employees working under the 75 day rule should be recorded as a part time employees.~~

Question 6.17

~~What does the term General Government mean?~~

~~The term general government is used to represent all departments that do not have a specific department.~~

~~State of Rhode Island~~

~~Municipal Transparency Portal~~

~~Implementation Guidance~~

~~Appendices~~

- ~~• Form MTP-1 — Uniform Portal Data Collection Form (inclusive of The Adopted Budget Survey, Five Year Forecast, Budget to Actual 1-3, and Municipal Data Report)~~
- ~~• Form MTP-2 — Template for Supplemental Transparency Report Included in Annual Audit~~
- ~~• MTP Account Definitions~~
- ~~• Reporting Timelines~~