

July 26, 2016

Dear Municipal Official:

The Division of Municipal Finance (DMF) is writing to inform you about Article 8 of the enacted FY 2017 state budget, which amends several laws impacting municipalities, specifically Rhode Island General Laws §45-12-22.2, §44-35-10, §42-142-4 and §45-13-12. A positive step forward for Rhode Island, this legislation creates a municipal transparency portal to provide our 39 cities and towns with a clear and uniform view of their key financial data.

Municipal Transparency Portal

Rhode Island General Laws §45-12-22.2 and §44-35-10 change municipal financial reporting requirements to the state. The intent of the amendments is to:

- improve current required reporting;
- reduce the current requirement of submitting four quarterly reports to only submitting three reports, called Budget-to-Actual reports (the first quarterly report which was due in October of each year is no longer required);
- create a centralized location for municipal financial information;
- unify the format of the adopted budget survey, 5-year forecast, and quarterly reports;
- streamline the process for municipalities; and
- create a municipal data report (annual reporting in a consistent format reflecting essential government services) to be included in the scope of the final municipal audits.

The centralized location is a new municipal transparency portal, an electronic interface that will be established on DMF's website, through which the public, municipalities, school districts, and other stakeholders can sort and compare financial data from all 39 municipalities. Municipalities and school districts will submit their respective data sets directly through the portal rather than the current process of emailing documents to the state.

DMF, the Office of the Auditor General (OAG), the Rhode Island Department of Education (RIDE), in cooperation with a pilot group of finance officers, have been working on developing a unified format over the last few months. Municipal and school district officials from Bristol, Glocester, Middletown, Pawtucket, Smithfield, and South Kingstown have been assisting us and providing feedback to make this a better process for everyone. Once this new format is finalized it will carry through on all required reports and reporting periods so that the data provides greater comparability.

The law now requires a fiscal year-end data set in the new reporting format within the scope of the audit. The final data set will be reflected on the transparency portal, as well as within the finalized audit document, as supplementary information.

DMF is working with the above mentioned groups, as well as with the Rhode Island League of Cities and Towns to finalize the format of the reports and will offer various training sessions with detailed instructions on the new reporting structure. We are still working closely with the six pilot municipalities on training and format for the first launch in January 2017. We remain committed to finding an equitable rollout for this new law.

Municipal contracts on DMF's website

Rhode Island General Law §42-142-4 was amended to encourage the exchange of information between the Division of Municipal Finance and other governmental entities in an effort to increase shared services through the use of web based tools. The Division has prepared a survey which will be sent to municipalities to aid the office in making available municipal vendor contracts on the Division's website. The survey will be sent out within the next few days.

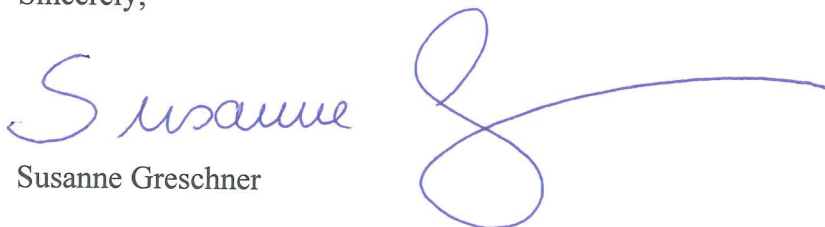
Municipal Income Tax Refund Offset Program

Additionally, Rhode Island General Law §45-13-12 was also amended to require participation by municipalities receiving state aid through the Distressed Communities Relief Fund in the Income Tax Refund Offset Program. The intent is to increase the collection of overdue taxes in those distressed communities. The program is a debt collection program administered by the Rhode Island Department of Revenue, Division of Taxation and allows the Division of Taxation to intercept state income tax refunds and apply them to outstanding liabilities owed to municipal entities.

Participating municipalities typically receive a large number of payments from delinquent taxpayers after the initial notification of this program to delinquent taxpayers. Currently, the following municipalities participate in the refund offset program: Bristol, Burrillville, Central Falls, Coventry, East Providence, Pawtucket, Providence, Richmond, Tiverton, West Warwick, and Woonsocket where a combined \$2.1 million in delinquent liabilities has been collected since the program started.

There are two distressed communities that will be required to join the program and the DMF and the Division of Taxation will work with these municipalities directly. If you have questions on any of these enacted changes please don't hesitate to contact me at any time.

Sincerely,


Susanne Greschner

Cc: Dennis Hoyle, Auditor General, Office of the Auditor General
Cynthia Brown, Director, Office of Statewide Efficiencies, Rhode Island Department of Elementary and Secondary Education