

**State of Rhode Island
Department of Revenue**

Municipal Fiscal Stress Task Force

Task Force Meeting Minutes –November 5, 2009

1. Task Force Members – The following were present:

Committee – Mike Embury, Gary Sasse, Peter Chatellier, Douglas Fiore, Bill Fazioli, Susanne Greschner, Peder Schaefer, Maureen Gurghigian, Tom Bruce, Mayor Avedisian

Others –Chantale Sarrasin, Cumberland Mayor Daniel McKee, Mayor elect Leo Fontaine, Jim Cenerini, Mary Murphy, John Hill

Staff (DOR) –Jill Barrette, Evelyn Moreira

2. Discussion

Mike Embury summarized the agenda of the meeting which was to identify indicators which could be used in finalizing the stress test for RI municipalities. S&P rating criteria, the Braver Financial Health Index, and the ICMA paradigm were discussed briefly.

Peder Schaefer distributed a summary of all the indicators that had been presented to the Task Force to date. The Task Force reviewed those indicators and recommended the following stress indicators for further review:

1. General Fund Balance as a % of Revenues.
2. Undesignated fund balance as a % of revenues.
3. All Activities – Quick ratio
4. General Fund – Quick ratio
5. Debt Service as a % of budget.
6. Public Safety unfunded pension liability as a % of budget (proxy for all pension liabilities).
7. Percent of annual required contribution paid.
8. Current post employment benefits as a % of budget.
9. Total state aid as a % of budget.
10. Municipal state aid as a % of municipal budget (numbers removing motor vehicle aid from the total will be presented at the request of Mayor Avedisian).
11. Education state aid as a % of education budget.
12. Property tax as a % of budget.
13. Owner occupied tax rates.

14. Commercial tax rates.
15. Overall equalized tax rates.
16. Personal exemptions as a % of tax levy.
17. Statutory exemptions as a % of total assessed value.
18. Growth in municipal services budget over six year interval.
19. Growth in education budget over six year interval.

Mayor McKee suggested that commitment by a community to a lower level of service, modest benefits, or efficient operation should not result in a lower stress ranking. He suggested inclusion of data which would reflect these factors.

Peter Chatellier suggested that the indicators be classified as financial position, performance, or financial capacity indicators.

The next meeting of the task force will be Thursday, November 19, 2009 at 9 AM in Conference Room B.