To: Department Directors and Agency Heads  
From: Joseph M. Codega Jr. - Budget Officer  
Date: April 5, 2022  
Subject: Third Quarter Financial Statement Requirement

Section 35-1-5 of the Rhode Island General Laws in Chapter 35-1 requires that the Budget Office prepare and release to the public within 45 days of the close of each quarter a consolidated quarterly report incorporating the cumulative current and year-end status of revenues and expenditures. The statute requires that each quarter’s report include both current actual departmental expenditures and encumbrances compared to appropriations, and the anticipated year-end balance, assuming current trends continue, and that typical cyclical expenditure patterns prevail over the course of the year. To assist in fulfilling this statutory requirement and in accordance with RIGL 35-3-17.1 (shown below), each agency and department is required to submit financial statements to the Budget Office and House and Senate Fiscal Offices within 30 days of the end of each quarter. These statements are used by policymakers and Budget Office staff as an indicator of adjustments that may be needed in the FY 2022 final enacted budget. Therefore, it is critical that the report be based on sound and prudent assumptions.

Agency financial statements should include data and supporting notes sufficient to demonstrate each department’s fiscal condition and should also include a concise executive summary. Review of current year operations is integral to day-to-day fiscal management, and to the development of the upcoming fiscal year’s financial plan. Each agency and department head should provide an explanation of projected deviations from the legislatively enacted programs (line items) reflected in the budget database.

BFM Quarterly Report Tool

Budget Office recently developed a new Quarterly Report tool within BFM to assist agencies in the development of their quarterly financial statements. This report provides year-to-date expenditure data. Because the April 1 payroll is for the pay period ending March 26 (pay period 20), we have included payroll expenditure data through April 1 in the new Quarterly Report form (all other expenditure data is through March 31, 2022). This tool will enable agencies to export data to Excel, enter projections through year-end, re-import the data to BFM and run several summary reports that can be used as part of your report submission. Accompanying this memo are updated instructions on how to access this feature in BFM. One additional benefit of using BFM for development of your quarterly report is that it can be accessed via the internet without the need for VPN in case you are working remotely. The updated form and BFM report should be live and available for use by COB Wednesday, April 6, 2022. If you have any questions about using this feature, please contact Lisa Henriques (lisa.henriques@budget.ri.gov).
The FY 2022 quarterly financial statement submission should include:

1) Analysis of the status of funding by program including the projected annual expenditure vs. the FY 2022 enacted appropriation under current trends, and the plan for a resolution of shortfalls, if any are projected. Any anticipated transfers between programs should be discussed. Agencies should clearly identify assumptions in the analysis relating to adjustments from or to federal and restricted accounts, or other cost allocation adjustments which have not yet been processed. The statement should specifically address any budget reduction plans and other initiatives enacted by the General Assembly and their current status. If projected savings are NOT being achieved by your agency, you should identify plans to offset any unachieved savings.

2) Analysis of trends of under or over-expended programs, noting the reasons and the projected ending balances.
   a) With respect to personnel costs, agencies should use the payroll benefit rates and co-shares currently being charged (as shown on the Planning Values distributed with the FY 2022 Budget Instructions). However, please note that health benefit rates for medical, dental, and vision coverage for all state employee plan levels changed on January 1, 2022, and have been downwardly revised relative to those contained in the original planning values. Revised FY 2022 Health Benefit Rates for all employee health plans are attached to this memorandum.
   b) You should estimate personnel costs based upon positions filled as of March 26, 2022 (pay period 20, paid on April 1, 2022). Please be sure to identify your assumptions relating to the refilling of currently and soon-to-be vacant positions through fiscal year-end.
   c) IMPORTANT NOTES ON RECENT FY 2021/2022 COST-OF-LIVING (COLA) ADJUSTMENTS, RETROACTIVE COLA PAYMENTS, and EXTRA PAYMENTS:
      i) FY 2021 Retroactive cost-of-living adjustment paid in FY 2022: For the majority of state agencies and employees, the retroactive COLA for FY 2021 was disbursed on April 1, 2022 (pay period 20), and should therefore be included, to the greatest extent possible, in your financial statement projections. If still unprocessed prior to submittal of your financial statement, you should still endeavor to formulate and include an estimate of this payment. Please contact your assigned execution team budget analyst for assistance on this estimate, as necessary.
      ii) FY 2022 Retroactive cost-of-living adjustment paid in FY 2022: For the majority of state agencies and employees, the retroactive COLA for FY 2022 will be disbursed on April 29, 2022 (pay period 22). As a result, actual payroll data utilized in the development of your financial statement will not yet include this payment. However, you should still endeavor to formulate and include an estimate of this payment in your financial statement. For most agencies, the FY 2022 COLA was processed commencing as of the pay period ending February 26, 2022 (pay period 18, paid on March 4, 2022). The simplest method for estimating the retroactive FY 2022 amount for the periods prior to pay period 18 is to measure the difference between the March 4, 2022 payroll, (pay period 18) and that of February 18, 2022, (pay period 17) and applying that amount across the first 16 full pay periods of FY 2022 (pay periods 2 through 17), followed by any agency-specific adjustments for known confounders/complications (changes in filled FTE, etc.). Please contact your
assigned execution team budget analyst for assistance on this estimate, as necessary.

iii) **Ongoing/prospective cost-of living adjustment(s) relating to the FY 2021 and FY 2022 COLAs:** For most agencies, these were processed commencing as of the pay period ending February 26, 2022 (pay period 18, paid on March 4, 2022), and should therefore be included, to the greatest extent possible, in your financial statement projections. However, please keep in mind the payroll amounts for pay period 20 (April 1) and pay period 22 (April 29) will be impacted by the FY 2021 and FY 2022 retroactive payments, respectively.

iv) **FY 2022 “Extra Payment” of $1,500 for eligible employees:** For the majority of eligible state employees, this payment was disbursed on February 4, 2022 (pay period 16 pay date), and should therefore be included in your financial statement projections. Please note, the natural account utilized for these payments was 616300, “Contractual Stipend Payments”.

v) As you are aware, in formulating the Governor’s FY 2022 Revised Budget, the Budget Office developed its estimates of these salary/wage adjustments primarily utilizing actual payroll data from FY 2021 combined with the accounting allocations currently programmed within the Personnel Cost Forecasting (PCF) component of the BFM system for FY 2022/2023. Accordingly, these adjustments were assigned to both state general revenue and non-state sources of funds, depending on the PCF “allocation organizations” and the actual FY 2021 payroll allocations. Therefore, in certain isolated cases, there may exist some programming of non-state sources (most likely federal or restricted receipts) that are unable to defray these new costs, either in whole or in part. Please be advised that the agency third quarter financial statement is the forum in which you should raise any such concerns, particularly if you believe the only remedy is the addition of general revenue funds. If not overtly mentioned in the financial statement, the Budget Office will assume that either no such issue exists or that it will accommodated via existing (currently recommended) agency fiscal resources.

d) With respect to Internal Service Funds, agencies should reflect the FY 2022 revised recommended funding level for HR, DOIT and DCAMM charges (for natural accounts in the 647xxx series).


Please note, agency financial statements should not include any assumed and/or requested expenditures from the State Fiscal Recovery Fund or the Coronavirus Capital

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1 Corrections were made to account for any FY 2021 payroll conversions to the Coronavirus Relief Fund (CRF).
Projects Fund established by the American Rescue Plan Act of 2021, unless authorized by an enactment of the General Assembly prior to Friday, April 29, 2022.

4) In accordance with the DOA Overtime Policy (see link below), agencies are also asked to provide a separate report on overtime to the Office of Management and Budget. This report shall include information on the amount of overtime paid in the previous quarter by type. This report shall include a comparison of paid overtime with budgeted amounts and justifications for any significant deviations.

In accordance with the DOA Enterprise OMB Quarterly Report and Corrective Action Plan Policy (see link below), if the Budget Office is projecting a general revenue deficit for an agency in the quarterly report issued on May 16, 2022, a corrective action plan must be filed within 30 days of the quarterly report’s publication. A draft plan that lists the activities the agency can and/or will pursue to eliminate the projected deficit needs to be submitted to the Budget Office for review and approval prior to submitting to the House and Senate.

In accordance with the DOA Enterprise OMB Budgetary Control Policy (see link below), agencies projecting a deficit will be held to more stringent controls in RIFANS and the PAR system. Only expenditures related to immediate health and safety will be approved.

This information must then be submitted with full documentation to the Budget Office, House Fiscal Advisor, and Senate Fiscal Advisor by Friday, April 29, 2022, to allow for preparation, briefing the Governor, and timely public submission of the Budget Office’s quarterly report. Three copies of the report should be transmitted under separate cover to each of the above-stated entities.

Your continued cooperation is appreciated.

§ 35-3-17.1 Financial statements required from state departments, agencies, and instrumentalities. – The several state departments, agencies, and public authorities and corporations shall submit to the fiscal advisors of the house and senate, statements of financial conditions and operations within thirty (30) days of the close of each of the first three (3) fiscal quarters of each year. The statements shall include, at a minimum:

(1) Account numbers;
(2) Allotments;
(3) Expenditures to-date;
(4) Estimated expenditures to complete the fiscal year; and
(5) Surplus or deficiency projections.

Referenced DOA Enterprise Policies

OMB Overtime Policy 6-5-19
OMB Quarterly Reports Policy 8-23-19
OMB Budgetary Controls Policy 8-23-19

JMC:22-qtr3

cc: Departmental Chief Financial Officers
State Budget Office Staff
### FY 2022/FY 2023 Health Benefit Rates

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* Only the base vision and dental plans are financed by the State; incremental cost of higher cost plans are solely the employee's responsibility.
Budget Formulation and Management

Quarterly Report User Guide

For Fiscal Year 2023

State of Rhode Island

April 1, 2022
QUARTERLY REPORT BFM INSTRUCTIONS

All agency CFO’s should have access to this system. If you do not have access or need to have other staff given access, please contact Lisa Henriques at Lisa.Henriques@budget.ri.gov or Hector.J.Casanova@omb.ri.gov.
What is BFM?
Budget Formulation and Management is the software tool that will be used by the State to prepare budgets, track performance measures, and report on in-year budget-to-actuals. It includes a reporting solution that allows users access to any data that has been entered in BFM in any format.

BFM Terminology

**Budget Form:** This is how you enter data into BFM. A Budget Form is a specific layout that has certain required fields, such as text, price, quantity, or other information.

**Report:** This is how data from multiple forms is consolidated. Reports are also used to view historical actuals and adopted budgets alongside the budget request data.

**Stage:** Stages are how BFM creates workflow. End users will enter their budgets in the Program Budgeting stage. The budget request will be submitted to the OMB Analyst Review stage. OHHS agencies have an additional OHHS review stage that other agencies will not see.

**Form Instance:** A form instance is the generic term for a budget form that you access to enter your budget. Each form instance has an ID, called a Form Instance ID, which is a unique numerical code that is assigned to each budget request. This ID is not generally referred to except for Decision Packages since agencies may submit multiple Decision Packages and each will have a unique Form Instance ID.

**Org/Organization:** a generic term referring to the organizational dimension which consists of Agency, Program, Subprogram, and Line Sequence as well as performance measures.

**Budget Form Stages/Workflow**
Budget forms advance through the budget process using a concept called Stages. Stages are unique to each budget form and the first three characters of a stage are the form to which they are assigned.

For example, Quarterly Estimate Form 9140/9150 has stages 9141, 9142, 9143, 9144, 9145, 9146, 9147 and 9148. For simplicity, those stages are often referred to generically by the last digit, such as 9141 as 'Stage 1'.

The stages used for Rhode Island are:

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<th>Stage</th>
<th>Description</th>
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<td>5</td>
<td>Agency Stage 1 (data entry)</td>
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<td>6</td>
<td>OMB Review</td>
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Agency users submit to Stage 6. Once you Submit your Quarterly Report you will not have access to it any longer, but OMB has the authority to Submit the request backwards in the process, so contact your OMB Analyst if you need to make changes post-submission (assuming the deadline has not passed).
How to Access BFM

BFM is accessed via Internet Explorer (IE). This can be accessed from both your office and home.

- **BFM Links**: Your BFM Link is below. Save your link as a Favorite for easy access.
  
  https://ri.bfm.cloud/bfmprod/default.aspx

- **Reporting**: In BFM, go to Links / BFM Reporting to access reports.

- **ID/PW**: Your BFM system administrator will provide your Userid and Password.

- **Timeout**: Web-based applications have a built-in timeout function. A timeout function is required so users do not leave idle windows open for excessive amounts of time, impacting overall performances.

  The current timeout is set at 20 minutes. Be sure to save often as you work. If you are idle for more than 20 minutes, you will have to log back in and any work you did not save will be lost.

Browsers and Internet Security

BFM now supports multiple browsers including Edge, Chrome, and Firefox. Some BFM features no longer work in Internet Explorer (IE). Since BFM is a web-based application, please be aware of some browser-specific issues. In some cases, IE displays screens slightly differently from the screen shots in this document, but the functionality is the same. For example, older versions of IE will show buttons as rectangles instead of ovals.

In addition, the first time you use BFM on a new computer, there may be requests from the browser to trust the application, accept pop-ups, or other warnings. Accept any of these requests and when possible, check the options to not remind you in the future / always trust / etc for this website.

Since BFM is cloud-based system, VPN login to access.

Logging In

Click on the BFM link or select it from your Favorites.

From the top-level menu bar at the top left of the screen, click on Main Menu, then login using your Userid and Password provided to you.

Enter your Userid and Password, then click Submit.
Change Password

The first time you log in you may receive this dialog box:

Click Ok. Set your new password and click Update.

- Users often will set the password to match their computer log-in
- Follow all State guidelines for proper password complexity

If successful, you will see the top-level menu items to which you have access. If your password needs to be reset, please contact your BFM Administrator to reset. If you believe you need additional access, contact your BFM Administrator.

QUARTERLY REPORT FORM

The form used to enter quarterly report detail can be found under the Budget Management tab on the main BFM menu.

Quarterly Report Estimate Form – Agency (9140/9150)

Calculate projected spend for the remainder of the year, using Enacted Budget, as well as actuals to date (1 or many quarters depending on where we are in the budget cycle).

The Quarterly Estimate form is designed such that if you did nothing at all, the projected spend equals the Enacted Budget.

The surplus or deficit is calculated in BFM report, BFM (3 Agency Reports > 3.1 Budget > Quarterly Report > 124 - Quarterly Report Program Summary). See instructions below on where and how to run the report.
To enter data into this form:

- Click on the Edit icon to the far right on each line to open the boxes to enter data.
- When finished, click on the Save button. To exit without saving, click on the “Cancel” button.

There are 3 ways to edit data in forms within BFM:

1. **Online Editing** - click on the pencil icon, click save all, and close the window.

2. **Export/Import from Excel** – this is the most efficient way to work with BFM. First, Export the existing budget form, make your changes in Excel, and re-import. Most users are very efficient with the Excel tools and can quickly add formulas to make the data entry process rapid.

**Exporting to Excel**
Click on the Export icon to download the data to Excel.

At this step, users may have different interactions depending on their settings for downloads. You may be prompted to Open or Save your file, or a default action has been selected in the past. The following example will follow choosing Open.

Note, that if you Save or Save As, open the file and just follow the Open instructions below. Save As is found by clicking on the arrow to the right of Save and choose Save as.
Importing to BFM

Click the Import icon to upload your spreadsheet:

Hint: click on Date Modified heading and the file you just saved will go to the top. If a file is open, it will have a second entry with a ~ prefix; do not select that file. You do NOT have to close the file to upload it.

If the font returns in black it was successful. If there are errors the screen will have text returned in a red font. In the complete user guide, tips are included in how to resolve the import issues. Click Close in the upper left if you are successful.
Once you close the upload screen, you will see a Loading… message. The results will load shortly. Note that the new line may or may not be on the visible screen, since the form is sorting by Line Seq / Natural.

3. **Using Import/Export reports** – run either version of the Q3 – Quarterly Report Export Import Form Template (Agency) or (Program) report (items 4 and 5 below), depending on how your agency is set up in BFM. Export the report, saving as an Excel file type.

Once the file is exported, make your changes to the projected spend column. Once all changes are complete, follow the instructions on the top of the report about deleting headers, footers, and extra columns in the report.

**Instructions to Upload to Quarterly BFM Form:**

1. Export this file to Excel
2. **ONLY** make changes to 2 columns (Projected Spend and Justification)
3. Remove ALL Columns with prefix (REMOVE ME) - (IMPORTANT - Upload will fail otherwise)
4. Remove Header Rows (not column headings) and Total Row before Importing into BFM

Finally, upload the report in the BFM form.

1) First, click on the detail command button.
2) Next, click on the Import command button.
3) Select browse and locate the file you just updated.
REPORTS
To access your agencies’ quarterly report, run the following reports in BFM (3 Agency Reports > 3.1 Budget > Quarterly Report > 124 - Quarterly Report Program Summary>)

Below is a list of available reports in BFM. The 124 is the only report that is required for your submission. There are 2 versions of this report. Please select and include the report of your own preference.

1. Slimmed down 112 includes quarterly YTD actuals
2. Required for submission (shows how YTD projected spend + actuals align to both the Enacted and Revised Governor’s Recommended)
   OR
3. Required for submission (shows how YTD projected spend + actuals align to the Enacted)
4. Used by agencies who are not program-based. Can be uploaded into BFM. Agencies prefer using this over exporting the BFM form because it contains additional columns that assist them in developing their estimates.
5. Same as above but used by program-based agencies.

124 - Quarterly Report Program Summary
  o Detailed

Running Reports in BFM
  o Double click on the report name. This will open the Prompts Box.
  o In the “type values here” box, either:
    • Type in your agency number (i.e. “068”) or
    • Click on the refresh values button, which will bring up a list of all agencies.
    • Click on your agency number. This should highlight the row.
    • Click on the right arrow button to move the agency number into the right-hand box. Click OK and the report will run.
Exporting Reports in BFM

- Click on the export icon.
- Select to download All, or specific tabs in the report.
- Select File Type, PDF or Excel format.
- Select pages to download (all, current or mix)