

*(The following is not a verbatim transcript of comments or discussion that occurred during the meeting, but rather a summarization intended for general informational purposes. All motions and votes are the official records).*

## **FINANCE COMMITTEE**

Regular meeting of the Finance Committee was held on Thursday, February 11, 2016, in the Council Chambers, City Hall, Cranston, Rhode Island.

### **CALL MEETING TO ORDER:**

The meeting was called to order at 6:35 P.M. by the Chair.

Present                    Councilman Steven A. Stycos, Chair  
                                 Council Majority Leader Paul H. Archetto, Vice-Chair  
                                 Councilman Michael J Farina  
                                 Councilman Mario Aceto  
                                 Councilman Donald Botts, Jr.  
                                 Council Vice-President Richard D. Santamaria, Jr. (appeared at 7:05 P.M.)  
                                 Council President John E. Lanni, Jr.

Also Present:            Council Minority Leader Michael W. Favicchio  
                                 Robert Coupe, Director of Administration/Acting Personnel Director  
                                 Christopher Rawson, City Solicitor  
                                 Robert Strom, Director of Finance  
                                 Anthony Moretti, City Council Internal Auditor  
                                 Rosalba Zanni, Assistant City Clerk/Clerk of Committees  
                                 Tracy Shepherd, Stenographer

### **MINUTES OF THE LAST MEETING:**

On motion by Councilman Aceto, seconded by Council President Lanni, it was voted to dispense with the reading of the minutes of the last meeting and they stand approved as recorded. Motion passed unanimously.

### **CORRESPONDENCE:**

### **OLD BUSINESS:**

## **PUBLIC HEARINGS/NEW BUSINESS:**

**Paul Valletta**, President of Firefighters Union, appeared to oppose to proposed Ordinance 1-16-02, adding the City Council Auditor as a seventh member of the Audit Committee and read from US Government Accountability Office. He stated that he was here when the Audit Committee was created. The reason this Committee was formed was to have an independent body made up of lay people to watch the finances of the City. He looked at other municipalities and other States that have Audit Committees. Most are six members, similar to Cranston. The City Council Auditor is paid by the City and is an employee of the City and adding him to the Committee would be bias. If he is made part of this Committee, he should not be the Council's advisor any longer, since his duty now is to advise the Audit Committee.

**Council President Lanni** stated to Mr. Valletta that there are Council members who serve on the Audit Committee, who are paid, and questioned if they should not be part of the Committee. Mr. Valletta stated, no, they should be separate lay people. Council President Lanni asked Mr. Valletta if any of the municipalities which he researched have Council members or elected officials serving on their Audit Committee. Mr. Valletta stated, no.

- **Management Letter from Marcum for 2015 Fiscal Audit (Referred from 1/21/2015 Audit Committee)** [\[click to view Management Letter\]](#) [\[click to view Audit\]](#)

**Mr. Strom** stated that the Management Letter is a yearly function the Auditors do. The recommendations in the Management Letter are just recommendations. Some items listed have already been resolved.

**Mr. Strom** stated some of the Auditors recommendations are:

- **Fixed asset record keeping** –
  - Councilman Stycos asked if there is a plan in place if the employee who handles this goes out on extended leave. Mr. Strom stated, no. They are short staffed, but he can look into possibly having one of the clerks in the department trained to do that work in case the person is out for an extended period of time. Councilman Aceto stated that what he would like to see is an action plan and have the Audit Committee meet frequently to address any deficiencies and how they can be resolved.
- **Tax collections recommendations** –
  - Mr. Strom stated that with the new upgrade of the software package in September, 2015, this has been resolved.
- **Reconciliation** –
  - Mr. Strom stated that this also has been resolved. October is being done and by March, we should be up to date, but cash has been reconciled daily. Council President Lanni stated that we need cross training so this does not occur again. Mr. Strom stated that the employee that did this work left the City. He did reach out to Marcum for someone that was not on the Audit team. He also reached out to the Council Internal Auditor, but unfortunately, it was not rectified as quickly as he would have liked. The City did hire someone and it is just a matter of catching up. Mr. Moretti stated that he did try to assist with the bank reconciliation, but after being in the office two to three days, in order to do that, there was training that was required and the person would have to invest a lot of time to learn the company modules of the system of the various reports.

- **Real Estate Tax Abatements** [\[click to view\]](#)

On motion by Councilman Farina, seconded by Councilman Aceto, it was voted to recommend approval of the above list of Tax Abatements. Motion passed unanimously.

- **Motor Vehicle Tax Abatements** [\[click to view\]](#)

On motion by Councilman Aceto, seconded by Council President Lanni, it was voted to recommend approval of the above list of Tax Abatements. Motion passed unanimously.

- **Tax Assessment Board of Review Decisions as of December 31, 2014** [\[click to view\]](#)

No action needed.

- **Tax Interest Waiver Approvals** [\[click to view\]](#)

On motion by Council President Lanni, seconded by Councilman Aceto, it was voted to recommend approval of the above list of Tax Interest Waiver Approvals. Motion passed unanimously.

**1-16-02**      ***Ordinance in amendment of Chapter 3.04 of the Code of the City of Cranston, 2005, entitled "Fiscal Provisions" (Audit Committee). Sponsored by Councilman Stycos.***  
[\[click to view\]](#)

On motion by Councilman Aceto, seconded by Councilman Farina, it was voted to continue this Ordinance to the next meeting.

Under Discussion:

**Councilman Aceto** stated that due to the information stated by Mr. Valletta and other issues that have been happening with the Audit Committee, whether we need to add more members, he questioned whether having Council members serve on this Committee is transparent. This is supposed to be an independent body. Maybe this Committee should be revamped.

**Councilman Farina** agreed that this needs to be looked at and maybe reformed.

**Council President Lanni** agreed with both Councilman Aceto and Councilman Farina and suggested possibly setting up this Committee similar to the Board of Contract and Purchase by having City Council and Mayor appointments.

**Councilman Stycos** stated that he will ask Mr. Quinlan to look at possibility of impropriety of elected officials and staff being on this Committee. He agreed that the Committee is not working very well.

**Council Vice-President Santamaria** agreed. He would prefer not having any elected officials serve on this Committee.

**Council Majority Leader Archetto** agreed with Mr. Valletta's statement regarding an appointed person being paid by the Council and serving on this Committee. This would be a conflict. He agreed continuing this Ordinance.

**Mr. Strom** stated that there are members on this Committee who do not attend the meetings and maybe need to be replaced with members who would attend meetings.

**Council Minority Leader Favicchio** stated that he agrees that this Committee should be independent and membership should be an odd number of members so it won't cause quorum problems or tie votes.

**1-16-03**      ***Ordinance in amendment of Title 15.04 of the Code of the City of Cranston, 2005, entitled "Building Code" (Library Impact Fees). Sponsored by Councilman Stycos.***  
[\[click to view\]](#)

On motion by Council Majority Leader Archetto, seconded by Councilman Farina, it was voted to recommend approval of this Ordinance.

Under Discussion:

**Council Majority Leader Archetto** asked to be added as co-sponsor of this Ordinance.

**Council President Lanni** also asked to be added as co-sponsor of this Ordinance.

**Council Vice-President Santamaria** asked what is being proposed at the Knightsville Library. Ed Garcia, Director of Library, appeared to speak and stated that currently, there is one project being proposed, which has gone out to bid and that is a new roof and replacement of asbestos tiles.

**Discussion** took place on language in prior Ordinance which is not shown in this Ordinance. Chair stated that this can be amended at the Council meeting, if necessary.

Roll call took place on motion to recommend approval of this Ordinance and motion passed unanimously.

**1-16-04**      ***Ordinance in Amendment of Title 2 of the Code of the City of Cranston, 2005, entitled "Administration and Personnel" (Minimum Wage). Sponsored by Councilman Stycos.***  
[\[click to view\]](#)

**Chair** asked that this Ordinance be continued.

On motion by Councilman Aceto, seconded by Council President Lanni, it was voted to table this Ordinance. Motion passed unanimously.

- ***Investment Committee – January 26, 2016 meeting report***

**Chair** explained duties of the Investment Commission and reported on the last meeting of this Commission. He stated that at that meeting, Mr. Strom and the Mayor spoke on the need to invest the OPEB funds and there was a vote to approve a certain investment group to invest that money. There was a report presented, which recommended what the pension fund would be like in the future, which would be 7.9%, which vote passed and he voted against it.

**Mr. Strom** stated that since its inception of fund since June, 2009, the fund has earned 8.9%. We have accumulated approximately \$4 million in the OPEB Trust Fund. In the last few years, we have been contributing 100% or greater, this has helped us keep the ARC down. The fund right now is approximately 21.63, approximately 33% increase of what it was. He stated that he feels we are moving in the right direction. The fund right now is as healthy as it has ever been since we took it over in 2009.

- ***Discussion of need to update impact fees to reflect inflation since their establishment (Chairman Stycos)***

**Chair** asked if Administration is looking at updating Impact Fees to reflect costs. Solicitor Rawson stated that Section 45-22.44 of the Statute does list inflation. We can't start with inflation. We have to start with the needs.

**Chair** asked if changing all fees is something the Administration would look at whether that should be changed or not. Mr. Strom questioned what we would base the increase on. We need to know how we are going to approach these to look at a number.

**Councilman Aceto** stated that we need to look at the Statute and then do an internal analysis to justify the increase. Mr. Strom stated that he will do some research and get as much information as possible and come back to the Committee for some solutions.

**Solicitor Rawson** stated that you may need to have a project in mind and then come up with an amount.

**Chair** stated that this item will be continued.

- ***Discussion of an energy conservation program for City buildings – Kenneth Filarski (Chairman Stycos)***

**Kenneth Filarski**, City Council Grant Writer, appeared to speak and gave following information:

- Renewable Energy Fund – Mr. Filarski stated that they have small and large scale requests for projects. This would not be a loan, it is a partial grant. he is looking at information for funds for solar array at the Stadium.
- Infrastructure Bank – low interest loans. Mr. Filarski stated that what he recommends with any energy conservation program, the City take advantage of National Grid's offer of free energy audits. He recommends City target and prioritize City buildings that they would like energy audits done. Councilman Aceto stated that when Mr. Cordy was former Director of Administration, there was a study done on energy conservation. He asked if this study is available. Mr. Strom stated, yes, there was a study done and he will check with Mr. Cordy of where that study is.

Councilman Aceto left the meeting at 8:10 P.M.

- Solar Acts Program – Mr. Filarski stated that this program’s deadline is March 8<sup>th</sup> and he does not think the City qualifies for that. Mr. Filarski stated that he has been working with Sandra Moyer and the RI Foundation has a Grant for community building projects. If the City receives this Grant, it would be great for the City.

The meeting adjourned at 8:25 P.M.

Respectfully submitted,

A handwritten signature in blue ink that reads "Rosalba Zanni". The signature is written in a cursive, flowing style.

Rosalba Zanni

Assistant City Clerk/Clerk of Committees

To City Council Members  
City of Cranston, Rhode Island

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cranston, Rhode Island as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Cranston, Rhode Island's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cranston, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cranston, Rhode Island's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the City of Cranston, Rhode Island's internal control to be material weaknesses:

***Fixed Asset Recordkeeping:***

During our audit testing, we obtain a fixed asset schedule from the City that needed several corrections and resulted in approximately \$2 million in adjustments for the construction in progress account. During our testing of the governmental fund capital assets, we noted several changes that needed to be made to the original file provided by the client that lists the assets versus general fund bond expense analysis files. Changes approximated \$708,000 in cost adjustments and \$327,000 of depreciation expense changes.

***Recommendation:***

We recommend that the City centralize the tracking of the capital assets. All the departments should be reporting to one person and that person should be reconciling their ledger of the assets with the general ledger on a monthly basis.

***Management's Response:***

Currently it is being updated and reconciled yearly. However, although we are 6 months into FY16 the change to reconcile monthly will be made and implemented in the month of January 2016.

***Schedule of Expenditures of Federal Awards:***

Management is responsible for the preparation of the Schedule of Expenditures of Federal Awards to be complete and accurate. During our single audit testing, it was noted that the schedule of expenditures of federal awards was not complete and accurate when we started to trace back the figures to the underlying records. Management was pulling figures from all different departments through emails and records of expenses. During this process, we had to go back to a few departments to get clarification on CFDA numbers and how the expenses related back to particular programs.

***Recommendation:***

We recommend that the City centralize the tracking of the Schedule of Expenditures of Federal Awards. We understand that the different departments are tracking their grants as they come in but this process needs to be summarized by someone in the accounting department. On a monthly basis, the accounting department should be requesting the totals of all federal funds expended by CFDA number, a copy of the grant award (noting the CFDA number) and what reimbursement requests were filed during that period. The accounting department should be able to reconcile this activity back to the general ledger activity for the respective department.

***Management's Response:***

With the change of personnel in the Finance Department, the City will have departments that apply for grants send copies of such, reimbursement requests and payments associated to each grant for reconciliation purposes. As of yet we have not determined who this person of contact shall be.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the City of Cranston, Rhode Island's internal control to be significant deficiencies:

***Complete General Ledger:***

Governmental Accounting Standards Statement #34 requires governmental entities to prepare a government-wide financial statement utilizing the full accrual basis of accounting. Accordingly, the government-wide statements include all long-term debt obligations and capital assets of the governmental activities as well as those reported in the business-type activities. During our audit, we noted that the City of Cranston (including the School Department) does not have adequate policies or procedures in place for maintaining and updating these records.

***Recommendation:***

We recommend that the City update the general ledger accounting records to properly include balances and activity of long-term debt obligations, as well as capital asset balances and related depreciation expense. The City should conduct an evaluation of the existing accounting system and an analysis of projected needs for the future. This evaluation should focus on ensuring that the City's financial systems maximize the productivity of its accounting staff and meet the future needs of management.

We further recommend that the City shift from the excel spreadsheets to an integrated capital asset software system as noted below to track all capital assets at the time the purchase order is created and or the invoice is processed. Utilization of a fully integrated capital asset module should reduce the risk of understating capital asset acquisitions within a fiscal year. An integrated system would eliminate redundant processing; improve the City's access to information and reduce the risk of entering duplicate assets. Analysis and other reviews could be performed online by the appropriate levels of management based on real-time data entry. Additionally, integrated systems would allow security features to ensure that only authorized personnel would be allowed to enter, modify, or change data. Other approved users would have the ability to look up data but not to originate or change it.

We would be pleased to provide the City with more information about integrated capital asset software systems.

***Management's Response:***

The City's main focus continues to be on the presentation of the Fund Financial Statements. At some point in the future the City will focus on the Government Wide Financial Statements (GASB 34) if the school department's financial information is incorporated into the City's system. The City is in the process of upgrading the financial software that will eventually give us a fully integrated package that will eliminate the use of Excel spreadsheets and have the proper controls in place to mitigate any potential risk of fraud.

***Tax Collections:***

During our testing, we inquired with personnel in the tax collection area to determine if there was a way for us to test the deposit breakdown on the ADMINS system versus what was deposited into the bank. Personnel in the tax collection area noted that they do not reconcile total cash and checks received per the tax collection daily reports to the actual deposit slip. If this reconciliation is not completed, there is a potential for errors in tax collection to go undetected and therefore never corrected.

***Recommendation:***

We recommend that tax collection personnel review the new software to determine if there is a function that will show what was processed through the system (i.e. cash versus check) and have this report reconciled with the actual deposit slip breakdown at the end of the business day.

***Management's Response:***

With the upgrade of our software package in September 2015 this comment has been resolved.

***Reporting of Reimbursable Grants:***

During our audit testing, we found several instances where the expenditures that are reimbursable by grant funds were being shown as a net transaction. This activity was discovered when we reviewed the police salary accounts.

***Recommendation:***

We recommend that the City properly post revenues and expenditures in separate accounts for these types of grants. Many of these grants are federal and should be tracked for the purposes of A-133 reporting.

***Management's Response:***

The City tries to ensure that all revenues and expenditures are recorded properly but in many instances grants are issued on a reimbursement basis after the budget has been adopted. Therefore there are no line items available to make expenditures from without distorting the adopted budget. Since most grants are now issued on a reimbursement basis we are of the opinion that the best way to show these transactions is to record them on the balance sheet. When expenditure is made a receivable is established and when the corresponding reimbursement is received from the grantor it is used to offset the receivable.

***Bank Reconciliation Procedures:***

Upon our arrival of fieldwork, we noted that both the general fund cash account and the sewer fund cash account had not been reconciled since April 2015. The bank reconciliations were reconciled up through June 30, 2015 to stay on track with the 2015 audit process.

***Recommendation:***

We recommend that the City obtain additional help to train the employee in that position to ensure that these cash reconciliations are being completed on monthly basis and that these reconciliations are tied out to the general ledger.

***Management's Response:***

With the loss of a key staff member in Auditing Department for a period of 5 months and the necessary time to hire and train a new employee caused a significant delay in the reconciliation process of our bank statements. This issue has been eliminated and going forward it will be a non-issue for next year's audit.

This communication is intended solely for the information and use of management, Members of the City Council and School Committee, others within the organization, and the Office of the Auditor General of the State of Rhode Island, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum LLP*

Providence, Rhode Island  
January 29, 2016

**The following comments are other matters that we believe are opportunities for strengthening internal controls and operating efficiency**

***Information Technology:***

***New Hires***

There is no clearly defined process for provisioning access. Communication to IT does not always occur in a timely manner. Access requests are made in person, over the phone, and over email. A checklist for HR including their responsibilities to communicate to IT in a timely manner and a distribution email list to IT from HR could mature the process.

***Recommendation:***

Effective procedures do not exist to ensure timely action for requesting user accounts. This is a risk to the availability of the data as users do not receive their access in a timely manner. This is also a risk to the integrity of the data as a lack of communication could lead to unauthorized access for new hires.

***Management Response:***

Working with Human Resources to establish a definitive process to notify IT in conjunction with Department Heads as to new hires and access needed.

***Terminations***

There is no clearly defined process for removing access. Notification of terminated employees and requests to remove access are often not communicated to IT in a timely manner.

***Recommendation:***

Access to the financial application and its data are not appropriately restricted. Terminated employees may have unauthorized access to the system. Terminated employees may act maliciously posing a risk to the integrity of data on the system by introducing malware which could add, modify, or delete data. There could be a breach of confidentiality if an unauthorized user stole data off the network. This is also a risk to the availability of the system if an employee caused a disruption on the system. If the user's access to the network and AUC was not removed in a timely manner financial data could also be directly created, modified, or deleted.

***Management Response:***

Working with Human Resources to establish immediate notification of employee's termination.

***Domain Administrators***

Three Domain Administrator accounts were active that should have been disabled when they were no longer in use. Additionally the generic Administrator account is being shared within IT for daily duties.

***Recommendation:***

Domain Administrator accounts should be restricted to as few accounts as possible to reduce the risk that an account is compromised. Once a malicious user has access to a Domain Administrator account they have full access to the system and pose a risk to the integrity of the data, the availability of the system, and confidentiality of private information. When a Domain Administrator account is no longer needed it should be disabled or deleted. A formal review process for the Domain Administrators should help to mature the process by ensuring accounts that are not in use are removed. Additionally the use of a shared generic account is a risk because there is no accountability for actions taken on the system. Accounts should not be shared. Instead users should use their assigned accounts when performing their job duties. The default Administrator account should be phased out of use and access should not be shared.

***Management Response:***

Inactive Administrator accounts have been disabled. Shared account is extremely limited and access is noted. For most uses IT personnel use personal credentials.

***Password Configurations***

Password parameters on the network and AUC do not meet best practices.

***Recommendation:***

Password parameters ensure a minimum level of security in regards to password authentication to access the network and AUC. If strong password parameters are not in place there is a risk that users will use weak passwords. Weak passwords and password policies make it easier for malicious users to guess, breaking, or discovering a password. This causes a risk to the confidentiality, integrity, and availability of data on the network and AUC. The network should meet best practices in security and additional logical security measures can also be used to surround the AUC application with strong password parameters.

***Management Response:***

Stronger password parameters are being looked into.

***Backups***

Sampled backup dates did not complete successfully. Additionally, there are no offsite replications or offsite tape backups.

***Recommendation:***

If backups do not complete successfully and failures are not remediated in a timely manner there is a risk that data could be lost. IT should be notified of failed backups and ensure that they succeed as soon as the next day. Additionally, there are no backups being sent off site. This is a risk because if a disaster were to happen at the City of Cranston location then all of the data would be lost. Having the data in multiple locations significantly reduces the risk of complete data loss.

***Management Response:***

Failed backups are noted and rectified as soon as possible. Actively pursuing a backup process which would enhance backup quality and move toward off site backups and a Disaster Recovery scenario.

**The following comments are general recommendations for the City and School Department and are not based on any specific deficiencies noted during our audit of the financial records maintained by the City's Finance Department or the School Department**

***Fraud Prevention Program:***

There have been a number of highly publicized cases in the past two years that have heightened the awareness of fraud within governments and public organizations. As a result, numerous studies have been undertaken to provide guidance aimed at helping to prevent and detect fraud. From one such study, the American Institute of Certified Public Accountants and the Association of Certified Fraud Examiners has published a joint report encouraging organizations to take proactive steps to prevent and deter fraud. The Town currently does not have a proactive fraud prevention program. We believe that the cornerstone of an effective program is the development of a government-wide code of conduct.

Other components of a fraud prevention program may include telephone hotlines and internal audit functions, among other initiatives.

Financial fraud may involve the misstatement of financial statements or the misappropriation of assets. Misstated financial statements contain intentional concealment or distortion of facts by management. Misappropriation of assets can be accomplished by one or several individuals, including management. Misappropriation of assets can also be accomplished by people inside and outside of the Town. Some examples of asset misappropriation include internal embezzlement, theft of assets, conflict of interest schemes involving vendors, bribery and corruption schemes, and false billing schemes. While fraudulent activities are not always material to the financial statements individually, over time the activities can result in substantial losses to an entity.

***Recommendation:***

While we are not aware of any instances of fraudulent activities, we recommend the City establish a written code of conduct as the first component of its fraud prevention activities. A comprehensive, written code of conduct can be an effective tool to communicate and create a culture of honesty and high ethical behavior, while making individuals aware of the likelihood of the detection and punishment of any undesirable conduct.

***Management's Response:***

For the past several years the personnel department has been working on a personnel manual which was to incorporate a code of conduct into the document. The document is still a work in progress and will incorporate an appropriate code of conduct section before distribution.

*The following comments are general recommendations for the City and School Department and are not based on any specific deficiencies noted during our audit of the financial records maintained by the City's Finance Department or the School Department (Continued)*

***Reporting Mechanisms for Fraud, Abuse, and Misconduct:***

During our audit, we noted that the City's practices do not include any formal or well communicated mechanisms for employees to report suspected fraud or abuse. In the Association of Fraud Examiners latest "Report to the Nation on Occupational Fraud and Abuse," the most frequently cited method of fraud detection was employee tips, which accounted for roughly 40% of all cases studied.

***Recommendation:***

We recommend that management consider the establishment, and communication of, reporting mechanisms for fraud, abuse and misconduct. Internal reporting channels, such as manager open-door policies, employee surveys, and electronic intranet or e-mail procedures, have been found to be effective. External hotline services have been found to perform better for anonymous tips and certain other types of suspected misconduct, such as harassment.

***Management's Response:***

The City will consider establishing a mechanism for employees/residents to report fraud. When considering the different options available, the City will recognize the recommendations cited in the "Report to the Nation on Occupational Fraud and Abuse".

## Zanni, Rosalba

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**From:** Strom, Robert  
**Sent:** Tuesday, February 09, 2016 12:58 PM  
**To:** Wall, Maria; Zanni, Rosalba  
**Cc:** Coupe, Robert; Fung, Allan; Igoe, Michael  
**Subject:** Ordinance 1-16-04 Minimum Wage

To All Members of the Finance Committee:

Before you tonight is Ordinance # 1-16-04 increasing minimum wages to \$ 15.00/hr. I cannot support this increase because the absorbent cost including social security taxes would be \$ 263,598 in next year's budget. Just recently, the State of Rhode Island increased the minimum wage to \$ 9.60/hr. We currently employ 119 ees part time and 2 employees full time that earn far below \$ 15.00/hr. Most of these part-time employees work in the Police Dept., Parks & Recreation, Library and Senior Service Departments. Also, if an employee is currently earning \$ 15.00/hr. for their specific job function it would not be fair to that employee for all of the above employees to equal his/her hourly wage.

I hope you understand my disapproval of this ordinance.

Bob Strom  
Finance Director