

SPECIAL FINANCE COMMITTEE

A joint of the Finance Committee and the Audit Committee was held on Wednesday, December 19, 2007 in the Council Chambers, City Hall, Cranston, Rhode Island.

The meeting was called to order at 5:30 P.M. by Mr. Woerner.

Present: Finance Committee Members –
Councilman Terence Livingston, Chair (appeared at 5:50 P.M.)
Council Vice-President Paula McFarland, Vice-Chair
Council President Aram G. Garabedian
Audit Committee Members -
Councilman Terence Livingston, Chair (appeared at 5:50 P.M.)
William Squizzero
Marshall D' Ambrosio, Jr.

Also Present: Ernest Carlucci, Director of Administration
Corsino Delgado, Director of Finance
Steve Woerner, City Council Internal Auditor
Joseph Balducci, School Department Business Manager

Absent: Finance Committee Member Councilman Anthony J. Lupino
Finance Committee Member Jeffrey P. Barone
Audit Committee Member Councilman Emilio L. Navarro
Audit Committee Member Jack Fradin
Audit Committee Member Robert Baute, Jr.

Mr. Woerner stated that Chairman Livingston is expected to arrive at 5:30 and since there is a not a quorum yet, the Chair asked him to have the presentation started and there should be a quorum by 5:30 P.M.

It was agreed upon that the presentation be made by the Auditor before the Audit Committee and the Audit Committee will make a recommendation to the Finance Committee.

PUBLIC HEARINGS:

2007 Annual Audit Report from Kostin, Ruffkess & Company.

Ronald Nossek, of Kostin, Ruffkess and Company, appeared to present a draft of the Audit. He stated that what is being presented this evening is the fund base financial statements. No changes are expected to these fund base financial statements.

Mr. Nossek gave overview of the following:

Pg. 1 – General Fund Total Assets of \$32,125,131 and Total Liability \$13,461,198; undesignated fund balances \$18,493,224; total fund balances \$18,663,933.

Pg. 2 - General Fund Total Revenues \$171,818,778; total expenses \$102,507,397; fund balance as of June 30, 2007 \$18,663,933.

Pg. 4 - Mr. Nossek noted net assets as of July 1, 2006 \$37,682,387 and this has been stated.

Pg. 6 - Most significant is the net assets held in trust for pension \$51,371,702; ending balance for net pension obligation is \$87,541,920, this dropped by a little over \$1 million from last year. There is an amortization period left of 26 years.

Mr. Nossek stated that the OPEB Trust Fund is new to the financial statements this year.

Council President Garabedian asked, under OPEB Trust, what is the \$702,854 for “due to the other funds”. Mr. Nossek stated that the auditor’s assumption is that some benefits were paid out of the General Fund on behalf of education. Mr. Woerner stated that he will check with Mr. Igoe regarding this.

Pg. 7 - **Mr. Nossek** stated that \$3,692,176, \$3 million of that was from a transfer that came from the Budget Stabilization Fund. We are still waiting for some legal representation letters from outside counsel; by the latest, Friday, that should be done. The financial statements are expected to be delivered by December 26 or 27th.

Council President Garabedian stated that there is a Special City Council meeting scheduled for December 27th, he asked if this report would be available by then. Mr. Nossek stated, yes.

Mr. Woerner questioned if the Ice Rink Fund included in this Audit. Mr. Delgado stated that it has never been part of the Audit. Council Vice-President McFarland stated that under the O’Leary Administration, it was. Mr. Nossek stated that he is not aware of this. Mr. Woerner explained the operation of the Rink. Mr. Nossek stated that it is a directive his firm will follow if the City wishes, but it is immaterial to the financial statements.

Mr. Balducci addressed the Audit in regards to the School Department and stated that the fund balances agree between page 1 and 9, which they should not. He stated that the surplus is actually \$84,000 and not \$93,000. He asked that this correction be made.

On motion by Mr. D’Ambrosio, seconded by Mr. Squizzero, it was voted to refer the 2007 Annual Audit Report to the Finance Committee for approval. Motion passed unanimously.

The Audit Committee meeting adjourned at 5:52 P.M.

The Finance Committee convened following the Audit Committee.

On motion by Council Vice-President McFarland, seconded by Council President Garabedian, it was voted to recommend approval of the 2007 Annual Audit Report. Motion passed unanimously.

Respectfully submitted,

Rosalba Zanni
Assistant City Clerk/Clerk of Committees