

## SPECIAL EMERGENCY MEETING – CITY COUNCIL

-JANUARY 28, 2003-

A Emergency meeting of the Cranston City Council was held on TUESDAY, JANUARY 28, 2003 in the Cranston High School East Auditorium, 899 Park Ave., Cranston, Rhode Island.

The meeting was called to order at 7:10 P.M. by Council President Pastore.

Roll Call showed the following members present: Councilmen Fung, Jackvony, Councilwoman O’Hara, Council Member Fogarty, Councilwoman McFarland, Councilmen Ferolito, Lanni and Council President Pastore –8

Absent: Councilman McDonough -1.

Also Present: Mayor Stephen P. Laffey; Paul Grimes, Director of Administration; Robin Muksian-Schutt, Deputy Director of Administration; Jerome Baron, Director of Finance; Jametta Alston, City Solicitor; Pat Quinlan, City Council Legal Counsel .

The City Clerk read the following:

CITY OF CRANSTON  
RHODE ISLAND

CALL OF EMERGENCY MEETING OF THE CITY COUNCIL

In accordance with Section 3.07 of the Home Rule Charter, I hereby call an emergency meeting of the City Council to be held on Tuesday, January 28, 2003 at 7 P.M., at the Cranston High School East Auditorium; and Wednesday, January 29, 2003 in the Cranston High School East Auditorium, 899 Park Avenue, Cranston, RI, at which meeting the following items of business shall be transacted:

**Emergency Session pursuant to RIGL 42-46-6(c)**

**Re: Fiscal Recovery Plan to discuss:**

- 1. Revised 5-year fiscal plan**
- 2. Revised FY 2003 Budget**
- 3. Supplemental Real Estate Tax Levy**

And I hereby request the City Clerk to notify all Council members of the Call of the emergency meeting.

Executed at Cranston, Rhode Island, this 27<sup>th</sup> day of January, 2003.

/s/ Stephen P. Laffey  
Mayor

CITY OF CRANSTON  
RHODE ISLAND

CALL OF SPECIAL MEETING OF THE CITY COUNCIL

In accordance with Section 3.07 of the Home Rule Charter, Section 2-10.2 thereof, I hereby call a special meeting of the City Council to be held on Wednesday,

April 17, 2002 at 5:00 P.M. in the Council Chamber, City Hall, Cranston, RI at which meeting the following items of business shall be transacted:

Presentation and discussion by Cayer, Prescott, Clune & Chatellier of the 2001 City Audit.

And I hereby request the City Clerk to notify all Council members of the Call of the special emergency meeting.

Executed at Cranston, Rhode Island, this 11<sup>th</sup> day of April, 2002.

/s/ Joseph A. DeLorenzo, Jr.

Council President

**-APRIL 17, 2002-**

CERTIFICATION

I, hereby certify that a true copy of the attached Call of a special meeting of the City Council to be held on Wednesday, April 17, 2002 at 5:00 P.M. in the Council Chamber, City Hall, Cranston, Rhode Island, was delivered via electronic mail to the following and were also notified by telephone:

Council President Joseph A. DeLorenzo, Jr.  
112 Zinnia Dr.  
Cranston, RI 02920  
[Y3dj@cs.com](mailto:Y3dj@cs.com)

Councilman John L. Nardolillo, Jr.  
152 Sagamore Rd.  
Cranston, RI 02920  
[civitamaria@cs.com](mailto:civitamaria@cs.com)

Councilman John O. Mancini  
76 Briggs St.  
Cranston, RI 02920  
[jmancini@ealaw.com](mailto:jmancini@ealaw.com)

Councilman Mario G. Carlino  
45 Traymore St.  
Cranston, RI 02920  
[mcarlino@negasco.com](mailto:mcarlino@negasco.com)

Councilwoman Ellen O'Hara  
79 Massasoit Ave.  
Cranston, RI 02905  
[ellenohara@home.com](mailto:ellenohara@home.com)

Councilman David C. Hersey  
139 Pontiac Ave.  
Cranston, RI 02910  
[jabbat3073@AOL.COM](mailto:jabbat3073@AOL.COM)

Councilwoman Paula McFarland  
100 Pomham St.  
Cranston, RI 02910  
[pmcfarland@prodigy.net](mailto:pmcfarland@prodigy.net)

Councilman Mario Aceto  
152 Locust Glen Dr.  
Cranston, RI 02921  
[cranstonward4@aol.com](mailto:cranstonward4@aol.com)

Councilman John E. Lanni, Jr.  
111 Woodview Dr.  
Cranston, RI 02920  
[Jelan1@hotmail.com](mailto:Jelan1@hotmail.com)

/s/ Maria Medeiros Wall

City Clerk

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James Prescott and Donna Caccia of Cayer Prescott appeared to speak. Mr. Prescott presented a draft of the final report. He stated that reason why this is a draft is because there are certain adjustments that have to be made relative to the Resolution the Council passed on April 15, 2002. He received the management letter from the City and a few minutes prior to this meeting, he received the management letter from the School Department. There will be no change to the numbers. Final copy will be issued tomorrow or next day. He does not have a management letter for the Council today, but he has an outline of the management letter comments.

Mr. Prescott gave his presentation regarding the audit for year ending June 30, 2001:

EXPENDITURES

- Cumulative deficit of approximately of \$6 million for Fiscal Year July 1, 2000 to June 30, 2001.
- Total revenue had an unfavorable variance.
- Pension obligation was under-funded. From 1997, this has been an issue for years, it was always under-budgeted. It is a chronic issue. Cayer Prescott conducted audits from 1993-1997.

About 30 adjustments would have to be made just in the General Fund to reconcile the books, but every major fund requires significant adjustments.

SEWER

Enterprise Fund owes General Fund \$12 million. Sewer Fund has a \$12.3 million deficit.

INSURANCE RISK FUND

Councilwoman McFarland asked if the investments in the Risk Commission are still intact. Mr. Rose stated that we do have an account, but those funds were used to pay liability and insurance items. Mr. Toic stated that the Insurance Risk Fund budgets additional expenses and not just city claims, workers comp. claims, injured on duty claims and non-Beacon claims.

Ms. Caccia stated that the system the City has in place, the self-insured funds, is not working.

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Mr. Prescott spoke regarding the management letter comments the auditors have made:

- Police and Fire pension under-funded – Cranston is the largest in ratio in contribution of about \$30 million that is sitting with the State.
- Errors in the budget – some things are not budgeted at all, such as, pension liability and retirees health issues.
- Inter-fund payables and receivables – this is an accounting issue. Monthly reports should be done monthly or quarterly.
- General Ledger Account analysis – this is another accounting issue.

Ms. Caccia stated other comments made in the management letter:

- No accounting done for bonds, lease and compensated absences for employees.
- No accounting done on pension investment funds.
- Cash flow management – lease payment of computer system was paid late.
- Community Development Department – no monitoring of late payments. These accounts should be monitored more closely.
- Sewer Fund – Tax Collection – Overpayments from taxpayers. Accounting is not being done accurately. Delinquent accounts are being carried for businesses that have been out of business and this is still being carried.
- Probate funds – these funds should be handled by the Finance Department and not the City Clerk's Department.
- Cash receipts not being handled on a timely basis.
- Fixed assets – record keeping of fixed assets needs to be improved.
- GASBE 34 – this program is to be implemented in 2002 and the City of Cranston has a lot of work to do to implement this. This is an important part of the audit for the year.

Council President DeLorenzo asked if the City budgeted 100% tax collection rate? Mr. Rose stated that for 2001, no, it was not based on a 100%. 2002, he would have to look at the records.

Councilman Mancini asked if there is some kind of mechanism where the City would have knowledge that you can't make the payment on the computer system and tap into something to pay for this, so we don't get penalized for not making the payment on time. Mr. Rose stated that the late payment was not an oversight or a mistake. The Administration decided to wait until July to pay it, and he contacted the finance company and notified them that we would be making the payment in July.

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**Public Speakers:**

**Peter Pastore**, 14 Firglade Dr., addressed tax receivables and balance receipts. He recommends hiring an outside firm to do an analysis going back to 1997 to the present of overdue taxes.

Mr. Pastore addressed pg. 20 footnote 6 of the audit and stated that the Council should get a detailed breakdown of these funds, what funds actually owes other fund. He questioned the sewer fee increase in the budget and asked if it addresses a portion of the due to General Fund. Mr. Maggiacomo stated that approximately 2/3 of the increase of this year's increase will go to reduce the \$6 million in General Fund due from for five years.

**Steven Laffey** appeared to speak. He stated that GASBE 34 is a very serious issue that needs to be looked at. He asked if the budgeting process going forward makes any sense. Is the Auditor General checking out the numbers as the Council goes through the budget process? Councilman Mancini stated that the hope is that either the Council or the Finance Committee will obtain a confirmation by an independent source.

**Paul Gibbs**, 97 Orchard St., appeared to speak. He stated that you have got to tell the people that the answers are available.

**Albert Benetti**, 24 Concord Ave., appeared to speak. He asked how the Sewer Fund developed a \$6 million deficit. Mr. Maggiacomo stated that the Sewer Enterprise Fund will be discussed next week before the Finance Committee budget hearing. Mr. Benetti stated that the people should know, once this budget is finalized, what the sewer fees will be or if the sewer rates will be increased. He also stated that he would like to know if there was any borrowing from any bonds for School or City bonds in the last two years. Mr. Maggiacomo stated that, in this budget, we are proposing a sewer rate increase from \$267 to \$362 for single-family homes, and stay at that rate for five years. The only reason this \$362 would go up would be 3% every year for next five years and also due to contractual obligation, excluding changes in laws with EPA or DEM and operation and maintenance law change.

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**Alan Fong**, 352 Mayfield Ave., appeared to speak. He stated that he has zero confidence in the Council. He voted for most of the Council members and placed in his trust them to run the City finances. It is the Councils' responsibility to make sure the City audits are done in a timely manner.

**Randall Jackvony**, 198 Burdick Dr., appeared to speak. He stated that if the audits were done on time, the City would not be in this situation.

The meeting adjourned at 8:20 A.M.

Rosalba Zanni

Assistant City Clerk/Clerk of Committees

Maria Medeiros Wall

City Clerk

(See stenographic notes of Melanie Chase, Stenotypist).