

(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).

SPECIAL MEETING – CITY COUNCIL

-APRIL 11, 2024-

Special meeting of the City Council was held on Thursday, April 11, 2024 in the Council Chambers, City Hall, Cranston, Rhode Island.

I. CALL MEETING TO ORDER:

The meeting was called to order at 5:35 P.M. by the Council President.

II. ROLL CALL:

Roll call showed the following members present: Councilman Ferri, Councilwomen Renzulli, Germain, Councilmen Donegan, Campopiano, Wall and Council President Marino -7.

Absent: Councilman Paplauskas and Council Vice-President Vargas -2.

Also Present: Thomas Zidelis, Director of Finance; David DiMaio, City Council Budget Analyst; Rosalba Zanni, Assistant City Clerk/Clerk of Committee.

III. COUNCIL BUSINESS MATTERS CARRIED OVER

PRESENTATION by Marcum LLP of the Annual Comprehensive Financial Report of the City of Cranston for the Fiscal Year end ended June 30, 2023; and discussion by the City Council; continued from March 14, 2024

James Wilkinson of Marcum appeared to speak and stated that at this point, all their field work has been completed, their review is done and their internal quality review is completed. They are in the final report preparation. He provided results of the engagement. He provided an outline to the Council.

Council President Marino stated that as to the former employee who was included on the user access for the City's financial management system, have there been discussions for safeguards to be in place so this does not happen again? Mr. Wilkinson stated that it seemed to be an isolated incident, but something that should be reported.

Council President Marino stated that one individual having too many responsibilities too many touches in terms of the funding, is not an ideal accounting practice to have one person be authorized to do the accounting, to monitor that funding to be the only person to have that type of control on those funds. She asked if that is correct. Mr. Wilkinson stated, yes, that is correct. Council President Marino asked Mr. Wilkinson if he was given assurance that that practice would not continue and that he will, in the next Audit, circle back that to make sure that that practice was not repeated. Mr. Wilkinson stated that they did note that there was the person who was doing those funds and that person did retire and there was a change in staffing.

Council President Marino stated that she is dismayed that we are again having the conversation about the need to centralize the grant reporting. That is a basic function. This Council has spoken about it before and made that recommendation and had discussions with the Director and that was his intention as well. Her concern is she is not sure why that was not implemented and that gives her concern that currently right now that that practice is still going on where it is not being centralized. Director Zidelis stated that it was on the Council urging that they wanted a list of all grants of both federal and state.

They went out and gathered all the grants. From that point to today, there has been a centralized repository of all grants, City side grants, that we have. This year, when an accounting firm comes in, whether it is Mr. Wilkinson's firm or another firm, we will have an accounting system where grants are segregated so we can track both the expenditures and the respective reimbursements from whatever source, whether it be federal or state, much clearer, Council President Marino asked Director Zidelis if there is communication with all department heads that should they receive grant funding, that information is conveyed to him so it can be accounted for within the Finance Department. Director Zidelis stated that there was a meeting held with departments and a member of the Finance staff is going out to sit with every department for everything that they have done for the first three quarters, gathering that information, journalizing all the activity to separate accounts before June 30th.

Council President Marino addressed the \$4 million surplus and stated that it would be prudent to have Director Zidelis and Mr. Wilkinson's perspective how that came to be. Director Zidelis stated that on the Revenue side, it was approximately \$3 million of Revenues and excess budget. It was the biggest budgetary variance for FY23, it was on interest income. The estimate was lower than previous years. Combination of investible funds and increased interest rates contributed to that large variance. On the Expense side, the biggest divergent that is the expenses less than budget, the largest one that he believes was on the snow account that came in substantially lower, but generally, the expense side was \$1 million, which included the unforeseen settlement check. In referring to Mr. Wilkinson's report, we are at 5% on fund balance. He personally thinks that 5% should be 10%. The other thing we need to be cognizant of is our Internal Service Fund, our health insurance trust. We need to get that up to 2 months, as Mr. Wilkinson had stated. We want that balance to be three months' worth of claims.

Mr. DiMaio stated that per the Charter, our fund balance requirement, initially, he believes it was two budgetary periods, was only 3% by requirement, which has been increased to 5%. He does not disagree that fund balance should be higher or could be higher for the benefit of the City, but currently, we are in compliance with the Charter.

VIII. ADJOURNMENT

The meeting adjourned at 6:00 p.m.

Rosalba Zanni
Assistant City Clerk/Clerk of Committees

Minutes approved as written April 22, 2024

Attest: _____
Tracy A. Nelson, City Clerk