

1 THE CITY OF CRANSTON

2
3 **RESOLUTION OF THE CITY COUNCIL**

4 **EXTENDING THE DEADLINE FOR THE MAYOR TO SUBMIT HIS PROPOSED**
5 **FISCAL YEAR 2027 OPERATING AND CAPITAL BUDGETS TO THE CITY**
6 **COUNCIL TO NO LATER THAN APRIL 15, 2026.**

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8 No.

9 *Passed:*

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Daniel R. Wall, Council President

13 *Approved:*

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Kenneth J. Hopkins, Mayor

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18 *Resolved, that*

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20 **WHEREAS**, the City Charter requires the Mayor to submit the proposed annual
21 operating and capital budget to the City Council by April 1 of each year pursuant to Section 6.03
22 and 6.12 of the Home Rule Charter; and

23 **WHEREAS**, the Rhode Island Auditor General has provided a letter dated February 5,
24 2026 to City and School officials identifying significant fiscal challenges based on the City’s
25 audited financial statements for the fiscal year ended June 30, 2025; and

26 **WHEREAS**, for the fiscal year ended June 30, 2025, the City’s General Fund reported
27 an operating deficit of \$6.5 million and an ending total fund balance of \$14.5 million, of which
28 \$13.7 million is considered reserves available for future use; and

29 **WHEREAS**, prior to the FY 2025 operating deficit, the City’s reserves approximated
30 \$20.6 million, or 8.17% of annual General Fund expenditures and transfers, and the FY 2025
31 operating deficit decreased reserves to 5.31% as of June 30, 2025, which the Auditor General
32 characterized as insufficient relative to the GFOA recommended 17% level for a city of
33 Cranston’s size; and

34 **WHEREAS**, the School Unrestricted Fund reported an operating deficit of \$3.9 million
35 for FY 2025, following operating deficits of \$1.8 million in FY 2024 and \$0.7 million in FY
36 2023, reducing the School Unrestricted Fund’s cumulative ending fund balance to \$1.6 million
37 for FY 2025; and

38 **WHEREAS**, the combined Internal Service Funds reported an end-of-year net position
39 cumulative deficit of \$11.4 million at June 30, 2025, including \$9.7 million related to the School
40 Department Internal Service Fund and \$1.7 million related to the City Internal Service Fund,
41 after both funds reported significant operating losses for the year; and

42 **WHEREAS**, the Auditor General emphasized that deficits in the internal service funds
43 effectively understated expenditures in the General Fund and School Unrestricted Fund in FY
44 2025 and urged review of working rates and timely resolution of cumulative deficits; and

45 **WHEREAS**, the Auditor General noted that the City and School Department did not
46 submit a completed budget-to-actual report during fiscal 2025 as required by RIGL §45-12-22.2,
47 which would have alerted State officials earlier to significant projected operating deficits, and
48 further encouraged immediate compliance with statutory financial reporting going forward; and

49 **WHEREAS**, the Auditor General expressed concern that structural deficits could result
50 in further deficits in fiscal 2026 and encouraged the implementation of budgetary and spending
51 controls for the remainder of fiscal 2026 and coordination on actions to be incorporated into the
52 fiscal 2027 budget to address these financial challenges; and

53 **WHEREAS**, the Mayor has recently nominated Robert Strom to replace his former
54 Finance Director who will be instrumental in establishing a FY 2027 budget; and

55 **WHEREAS**, the Mayor has requested an extension of the budget submission deadlines
56 to allow the Administration additional time to address the financial issues facing the City;

57 **WHEREAS**, the City Council finds that the above-described FY 2025 operating results
58 and associated concerns, together with the need to coordinate with School and State officials and
59 to integrate corrective actions and structural reforms into the FY 2027 proposed budget,
60 constitute good cause to grant a brief extension of the deadline for submission of the Mayor’s FY
61 2027 proposed budget in order to ensure a more accurate, comprehensive, and responsible
62 financial plan.

63 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE**
64 **CITY OF CRANSTON:**

- 65 1. Extension of Budget Submission Deadline. Notwithstanding any provision to the
66 contrary, the deadline for submission of the Mayor’s proposed Fiscal Year 2027 budget
67 to the City Council is hereby extended from April 1 to April 15, 2026.
- 68 2. Purpose of Extension. The purpose of this extension is to provide the Administration
69 reasonable additional time to:
 - 70 (a) incorporate corrective actions and budgetary controls responsive to the FY 2025
71 operating deficits and fund balance reductions identified by the Auditor General;
 - 72 (b) coordinate with the School Department regarding structural deficit mitigation and
73 internal service fund rate-setting to address cumulative deficits;
 - 74 (c) ensure compliance with applicable financial reporting requirements and integrate
75 updated, accurate financial data; and
 - 76 (d) reflect input from the Auditor General, the Division of Municipal Finance, and the
77 School Department regarding measures to restore reserves and ensure long-term
78 fiscal stability, as contemplated for incorporation into the FY 2027 budget.

79 3. No Substantive Rights Created. This Resolution authorizes a one-time extension for the
80 FY 2027 budget submission only and does not amend any other Charter or ordinance
81 provisions or create any entitlement to future extensions.

82 4. Effective Date. This Resolution shall take effect upon passage.

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84 Sponsored by: Council President Wall, Council Vice-President Haroian, Councilman Andujar

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86 To Be Referred to Special Finance Committee March 30, 2026