

**Report of Statutory Compliance -  
Financial Reporting Requirements  
for Local Governmental Entities**

**Fiscal 2023 Financial Reporting**

**Status as of July 31, 2024**



David A. Bergantino, CPA, CFE

Auditor General

General Assembly  
State of Rhode Island  
Office of the Auditor General



# Office of the Auditor General

State of Rhode Island - General Assembly

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August 8, 2024

## JOINT COMMITTEE ON LEGISLATIVE SERVICES:

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In conjunction with our responsibilities under Rhode Island General Laws (RIGL) to monitor local government compliance with timely completion of audited financial statements and corrective actions for reported financial deficits, the Office of the Auditor General is providing this annual report to summarize local entity performance for the fiscal 2023 financial reporting period. The following local entities fall under Auditor General oversight: cities and towns, regional school districts, fire districts, charter schools, and educational collaboratives. This report is specifically designed to provide the members of the General Assembly with information relating to the following statutory responsibilities of the Auditor General:

- RIGL Section 45-10-5, in conjunction with Section 45-10-4, requires Rhode Island municipalities and regional school districts to file their annual audit reports with the Auditor General and the State Director of Revenue no later than six months after the close of the fiscal year. The Auditor General may grant extensions upon reasonable cause being demonstrated by the entity.
- RIGL Sections 45-12-22.2, 45-12-22.3 and 16-2-9(f) require Rhode Island municipalities, school districts and fire districts to provide timely reporting of anticipated General Fund or School Fund deficits to the Auditor General and the Division of Municipal Finance along with a corrective action plan to resolve the fund deficit.
- RIGL Section 16-3-11(e) requires Rhode Island regional school districts to provide timely reporting of anticipated School Fund deficits to the Auditor General along with a corrective action plan to resolve the fund deficit.
- RIGL Section 16-77.3-2(b) authorizes the Auditor General to require Rhode Island charter schools to complete and submit annual financial audits as part of annual financial monitoring of those entities.
- RIGL Sections 44-5.2-2 and 44-5-69 require Rhode Island fire districts to file annual financial reports in accordance with guidance promulgated by the Auditor General. The guidance for large and medium-sized fire districts requires either audited financial statements or financial reports accompanied by certain agreed-upon procedures to be filed within six months after the close of the fiscal year. Smaller fire districts complete and submit a self-reporting financial template.

The Executive Summary beginning on page 1 highlights a variety of issues where the Office of the Auditor General has devoted significant attention over the past year working with local entities to improve the

timeliness of financial reporting or to facilitate corrective actions on reported deficits.

The schedules included on pages 6-13 detail the specific information regarding adherence to statutory requirements on annual financial reporting by local entities. In addition, page 14 provides summary compliance trend results, over a five-year period, for Rhode Island's cities and towns, regional school districts, fire districts, charter schools, and educational collaboratives in relation to meeting timely reporting requirements. The schedule on page 15 summarizes fund deficits reported during the 2023 reporting period that required corrective action or specific attention by the Office of the Auditor General.

One of the Auditor General's main objectives is to work with these entities to improve the timeliness of the availability of annual audited financial statements. Such information is vital to ensuring that decision-makers of all entities have accurate and complete financial information to make informed decisions.

This report is intended solely for the information and use of the members of the General Assembly, specifically the Joint Committee on Legislative Services, the oversight body of the Office of the Auditor General, for the purpose of reporting on local entity compliance with the statutory requirements listed above.

Sincerely,



David A. Bergantino, CPA, CFE  
Auditor General

**Report of Statutory Compliance - Financial Reporting  
Requirements for Local Governmental Entities**

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## ***Introduction***

Rhode Island’s cities and towns, regional school districts, fire districts, charter schools, and educational collaboratives provide critical services to the State’s citizens. These entities are continually challenged to work within budgeted resources to ensure the continuity of services to those they serve. The Office of the Auditor General (OAG) spends significant time each year monitoring these entities, reinforcing appropriate fiscal practices (i.e., timely audits), and working with these entities to resolve various issues before they can potentially lead to significant financial challenges. We work cooperatively with the Division of Municipal Finance (DMF) and/or the RI Department of Education (RIDE) in our oversight of these local entities.

Both State statutes and best practices on financial reporting generally define “timely” as the issuance of audited financial statements within six months of the fiscal year-end. This is an important control for any entity in ensuring it has accurate and useful information to make informed decisions. Untimely information can impact its usefulness to decision makers. Timely and accurate financial reporting does not happen without proper planning and disciplined financial management.

Currently, municipalities face several challenges that are impacting their ability to avoid operating deficits and ensure timely financial reporting. Reductions in pandemic funding which provided additional resources to operate local governments, including additional funding for schools, is creating fiscal pressure that needs to be closely monitored and managed over the next year.

Municipalities and school districts continue to experience difficulty when filling financial staffing vacancies due to a lack of qualified government accounting and auditing professionals seeking employment. This same pressure is impacting the few independent auditing firms that conduct audits of governmental entities. The lack of qualified government finance professionals continues to

challenge timely audit completions and many municipalities are seeing substantial audit fee increases, as a result of fewer firms bidding due to the reduced audit capacity.

These challenges have resulted in the need for the Auditor General to provide consultation to several governmental entities over the past year. The OAG assisted various entities in meeting reporting challenges in relation to their fiscal 2023 reporting periods and the following merit specific highlight in this report:

## ***Municipalities***

***Town of Coventry*** – Coventry continues to be challenged with issuing audited financial statements in a timely manner. Changes in the Town Manager, Town Finance Director, and School Director of Finance positions in 2023 have provided stability, however, a significant amount of progress is needed to improve financial reporting timeliness. The fiscal 2021 audited financial statements were issued in November 2022, seventeen months after year-end. As of July 31, 2024, the fiscal 2022 audited financial statements remain unissued, twenty-five months after year-end.

Under any measure, the timeliness of Coventry’s financial reporting for fiscal years 2021 and 2022 is unacceptable. The Town is currently delayed in issuing general obligation debt for school construction projects pending the issuance of audited fiscal 2023 financial statements. While the fiscal 2022 audit required the clearance of a significant backlog in account reconciliations, the Town has represented that the timeliness of audited financial statements for fiscal 2023 will be significantly improved.

In addition to challenges with financial reporting, Coventry’s School Unrestricted Fund reported a cumulative deficit at June 30, 2022 approximating \$600,000 based on preliminary results. Preliminary results and representations from the Town and School Department relating to operating results for more recent years indicate that the School Unrestricted Fund cumulative deficit may exceed \$2 million at June 30, 2024.

The OAG and DMF communicated the urgency of these matters to the Town and School management and Councils in May 2024. While the letter prompted the Town Council to appropriate additional school funding in the fiscal 2025 budget, significant attention must continue to adopt a corrective action plan for the existing school deficit.

Monthly meetings will continue with Coventry for the foreseeable future to ensure that progress is made on these challenges. Further communications may be required if progress is not made on these issues in a timely manner.

**City of East Providence** – The OAG continued meetings with East Providence (which has an October 31<sup>st</sup> fiscal year-end) to improve the timeliness of issuing audited financial statements. Audited financial statements for the fiscal year ended October 31, 2022 were not issued until January 2024, fifteen months after year-end. While the fiscal 2022 audited financial statements were significantly late, it represented improvement from the submission of the fiscal 2021 audited financial statements. For the financial statements for the fiscal year ended October 31, 2023, the City set an aggressive completion schedule for the audit and has worked hard to meet that schedule. The current goal is to issue the fiscal 2023 audited financial statements within 12 months of year-end to allow the City to focus completely on its fiscal 2024 closing. Monthly meetings will continue as the City will have some personnel turnover in fiscal 2024 that could challenge the progress made over the past year.

**Town of Johnston** – Johnston’s fiscal 2023 audited financial statements were completed in late March 2024. In the last five years, the Town has been consistently late - averaging around nine months after year-end before audited financial statements were available. In addition, the Town and School Department have been working on a corrective action plan to address the cumulative deficit reported in the School Unrestricted Fund. With the School Department consolidating multiple elementary schools into a newly constructed facility over the next few years, the

Auditor General has requested a multiple year corrective action plan that balances the additional funding needed to support current operations with expected future cost savings anticipated through the elementary school consolidation and other capital investments. Consultation will continue to monitor the Town until a corrective action plan is finalized and improvements in the timeliness of audited financial statements is achieved.

**Town of Lincoln** – Lincoln has not filed timely audited financial statements in the last five years. As of July 31, 2024, the fiscal 2023 audited financial statements have not been issued, thirteen months after year-end. The Town experienced significant turnover in the Finance Department over the last year. As is common when positions remain vacant until new financial management can be hired, a significant amount of time was needed to bring transaction recording and reconciliations current to provide accurate and complete financial records for audit. The OAG continues to meet regularly with the Town’s Finance Director, Town Administrator, School Department, and independent auditor. The estimated completion date for the fiscal 2023 audited financial statements is September 15, 2024. The continuity in financial management during fiscal 2024 is expected to lead to a timely fiscal closing and significantly improved audit completion.

**City of Pawtucket** – Pawtucket’s fiscal 2023 audited financial statements were completed in early May 2024, more than 10 months after year-end. The OAG met regularly with City and School Department officials, and their auditor to monitor the status and progress of the fiscal 2023 audit. The City and the School Department have experienced turnover in finance staff in recent years including the Director of Finance for the City and the Chief Financial Officer (CFO) for the School Department. The School Department CFO position remained vacant for most of fiscal 2024.

In addition to consultations relating to financial reporting, the City had concerns regarding cash flows during fiscal 2024. The concerns revolved around delays in seeking federal reimbursement

from RIDE and the need for debt proceeds to ensure that capital projects for the Schools remained on schedule. RIDE provided support and assistance (in addition to contract services utilized by the Department) to ensure that lagging federal reimbursements were completed to help address cash flow concerns. In addition, bond anticipation note financing was completed to fund ongoing school construction until the City's school bond issuances through the RI Health and Education Building Corporation are completed this summer.

**City of Woonsocket** – Woonsocket has not filed timely audited financial statements in the last five years. Woonsocket's fiscal 2022 audited financial statements were not issued until June 2023, more than eleven months after year-end. Ongoing meetings with Woonsocket continued throughout 2023 and 2024 to monitor their financial reporting progress for fiscal 2023.

The Auditor General sent two communications to the City during fiscal 2024 to recommend the need for additional resources to be utilized as vacancies in financial positions continued. The City did not adopt the recommendations provided and the 2023 fiscal closing and audit have again experienced significant delays.

The City's progress in issuing audited financial statements for fiscal 2023 were further challenged when their auditor withdrew from the engagement in May. The City has engaged another independent auditor; however, this will certainly further delay the completion of the audit.

The OAG will continue to closely monitor Woonsocket and meet with the City regularly to follow the progress of completing the fiscal 2023 audit and the fiscal 2024 closing process. It remains likely that contracted resources will be needed by the City until financial staff vacancies can be filled.

### ***Educational Collaboratives***

**East Bay Educational Collaborative (EBEC)** – EBEC has announced their intent to dissolve as a separate entity. EBEC is in the process of

liquidating, with all operations expected to cease in December 2024. EBEC will issue audited financial statements for the fiscal year ended June 30, 2024 and has engaged assistance for audit preparation. The OAG will continue to monitor that audited financial statements are issued timely in support of EBEC's dissolution.

**Northern Rhode Island Collaborative (NRIC)** – With NRIC's Board voting to dissolve the Collaborative effective June 30, 2023, consultation was focused on the completion of the fiscal 2023 audited financial statements. Those audited financials were completed in mid-February 2024. In conjunction with the Plan of Dissolution, certain contract and dissolution expenditures will continue through June 30, 2025. Monitoring of the dissolution and completion of remaining audits or agreed-upon procedure engagements will continue through final dissolution.

**Urban Collaborative Accelerated Program (UCAP)** – The OAG has continued to monitor UCAP's operations since a significant alleged fraud by UCAP's Director of Finance and Operations was reported in the fall of fiscal 2022. Consultation involved facilitating the completion of UCAP's fiscal year 2022 and 2023 audited financial statements to ensure the financial stability of the entity subsequent to the reported fraud loss. In addition, UCAP has addressed previous control deficiencies noted and continues to contract with an accounting firm to assist with their financial reporting and to provide necessary audit support.

For the fiscal year ended June 30, 2022, the net deficit reported (\$585,555), reflected the loss due to the alleged misappropriation of funds totaling more than \$2 million. For the fiscal year ended June 30, 2023, UCAP reported a positive change in net position of \$488,266. The surplus reported for fiscal 2023 supports that UCAP's current operations are being adequately funded by current revenues. While UCAP still reported a cumulative deficit net position of (\$97,289) as of June 30, 2023, UCAP continues to pursue recoveries through insurance and/or restitution through the continuing legal process. Any

recoveries recognized in future periods will serve to restore UCAP's net position reserve. The OAG will continue to meet with UCAP to monitor the status of the court proceedings, the preliminary fiscal 2024 closing results, and readiness for the fiscal 2024 audit.

**YouthBuild Preparatory Academy (YouthBuild)** – YouthBuild became a public school for the 2023 school year. Created through legislation, YouthBuild is a cooperative service among school districts. The fiscal 2023 audited financial statements were completed in mid-July 2024. The OAG periodically met with YouthBuild to monitor the status and progress of the fiscal 2023 audit. Negative total net assets of (\$123,505) were reported for the fiscal year ended June 30, 2023. The OAG will meet with YouthBuild in August to discuss the fiscal 2023 results and their plan to address the reported deficit.

### ***Fire Districts***

**Central Coventry Fire District (CCFD)** – CCFD (which has an August 31<sup>st</sup> fiscal year-end) continues to be challenged with complying with timely financial reporting filing requirements. CCFD's fiscal 2022 audited financial statements were not issued until July 2023, more than ten months after year-end. The fiscal 2022 financials reported an operating deficit of \$252 thousand that left CCFD with a fund balance of \$119 thousand. The fiscal 2023 audited financial statements have not yet been filed.

CCFD has had recent financial challenges as voters have not approved tax increases in recent years. CCFD did pass a budget with a tax increase for fiscal 2025 which was greatly needed by the District. The best long-term solution for the District remains the merging of the districts to achieve cost savings and efficiencies. The Town received its completed Fire Services Assessment in November 2023 that provides the Town with options for consideration, including the merger of its fire districts and bringing fire services under a Town department. The OAG will meet with CCFD in August to get updated on the above challenges facing the District and plans to

implement quarterly meetings to ensure that CCFD is monitored closely.

### ***Impact of Changes Implemented in Fiscal 2024***

The Auditor General implemented new procedures for audit extensions for fiscal 2023 financial statements for municipalities and regional school districts. The change was designed to ensure earlier notification by municipalities and regional school districts that anticipated being more than 1 month late in filing their audited financial statements. Despite staffing challenges increasing across municipal governments, the new process led to earlier consultation and filing results consistent with the prior year. Since vacancies in key municipal financial positions often impact multiple years due to the inability to get a timely start on the subsequent fiscal close and audit, improvements are often not seen until the second year following the municipality achieving staffing continuity.

The issuance of this Statutory Compliance Report is also designed to increase the transparency regarding local governmental entity compliance and fiscal challenges. This report, in addition to direct communication to local governmental entities when progress on issues is lacking, is done to increase transparency and awareness regarding the importance of addressing reported challenges before they turn into significant crises.

### ***Conclusion***

This status report on annual statutory compliance highlights some key areas of emphasis for the members of the General Assembly and an overall status across the entities that the OAG monitors. In addition, the report provides focus on where compliance is lacking so that changes in policies and procedures can be made to improve future compliance.

Most challenging is municipal compliance with timely submission of audited financial statements. Approximately 36% of municipalities submitted audited financial statements within the mandated six months after the fiscal year-end. This represented a slight

improvement from the prior year of 33%. Timely financial reporting continues to be a significant challenge. The causes continuing to contribute to late reporting include:

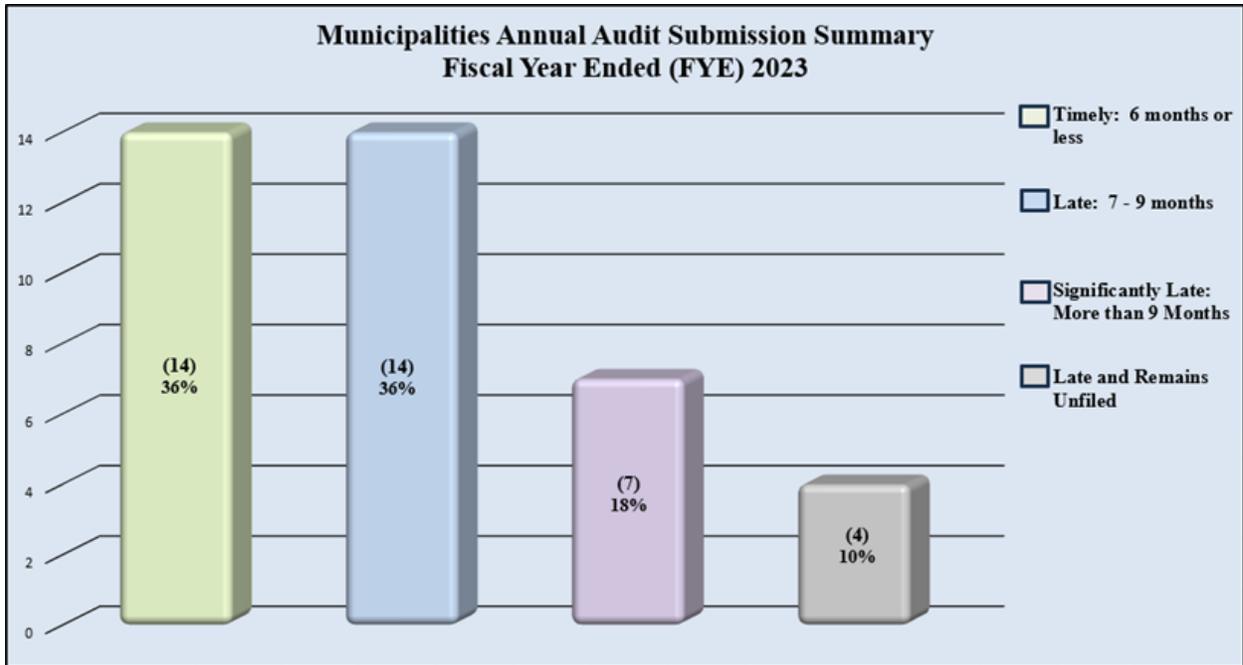
- Lack of succession planning for changes in personnel in key financial reporting positions.
- The retirement of experienced municipal finance directors and school business managers resulting in a loss of institutional knowledge. Currently, several municipalities and school departments have vacancies in the finance director position as well as other key accounting personnel. As a result of these vacancies, the remaining staff are required to perform multiple roles.
- Staffing challenges relating to the hiring of qualified governmental financial accounting, audit and fiscal staff.
- Complexity of new governmental accounting and reporting standards.
- State reporting requirements for local entities which require reconciliation to the audited financial statements before issuance of the financial statements (Municipal Transparency Portal [MTP] for municipalities and school districts and Uniform Chart of Accounts [UCOA] reporting for all school entities). This reporting is vital to provide municipal financial data to the State so that it can meet its statutory requirements for aid distribution and other critical oversight functions.
- Insufficient number of accounting firms bidding on governmental audit engagements in relation to the number of entities that need audits that concentrate during the same period each year.
- Improper planning to ensure the timely completion of financial statements and required information for audit.

The OAG plans to continue the following, with the goal of incrementally improving overall

compliance with timely financial reporting mandates:

- *New initiative* – With the goal of promoting careers in governmental accounting and auditing, the Auditor General plans to arrange classroom visits to meet with enrolled students at the State’s University and Colleges. The goal will be to visit schools and share information with accounting students on careers in government.
- *Continuation of early consultation* - Require local entities to provide notice of the likely need for an extension no later than 45 days from the report due date if there is reason to believe that they will not have audited financial statements issued within six months of year-end. The goal is to ensure that discussions and oversight are started immediately to minimize delays in financial reporting.
- *Continuation of sponsored training events for government finance professionals* – Due to demand, the Auditor General has organized two sponsored training events for CY 2024 to allow more training opportunities to government finance professionals. These trainings bring some of the most experienced government finance professionals and trainers to Rhode Island and allow government finance professionals to receive 16 hours of training at a low cost that would otherwise not be available to them.

Given the complexity of the challenges faced by local governmental entities, early identification and productive collaboration produce the best outcomes in progressing compliance with the statutory mandates that the OAG monitors. The OAG continues to work to support local governmental entities in achieving measurable progress in the short-term with the goal of long-term success for these entities.

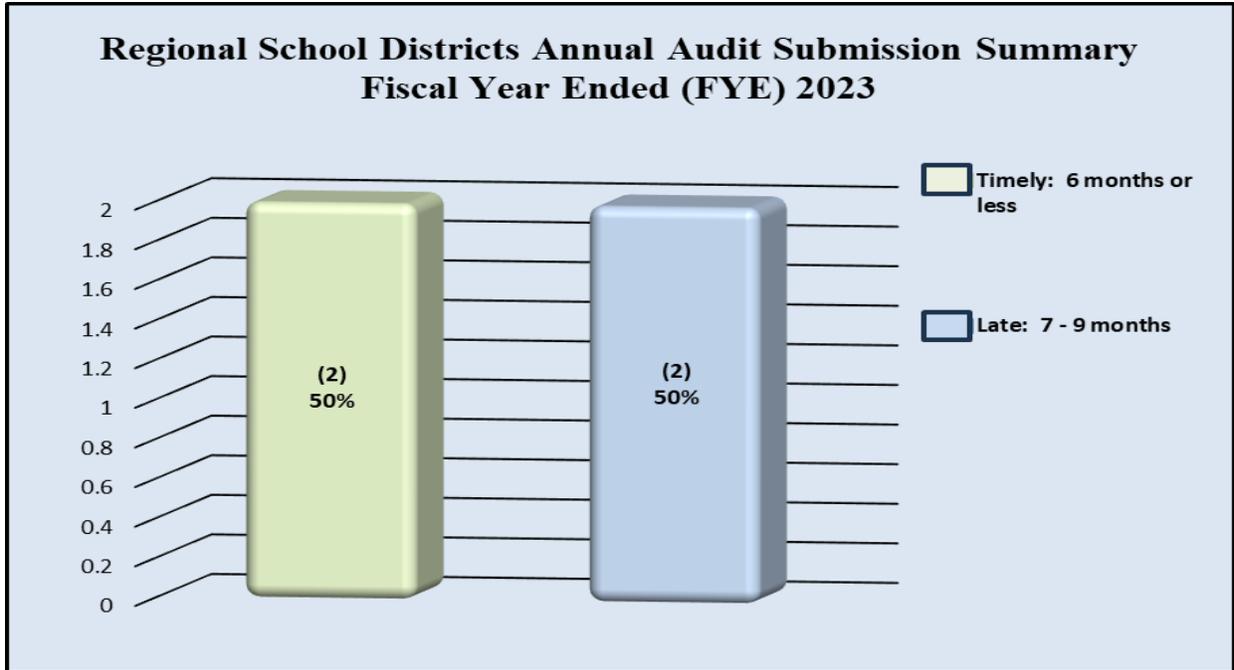


Municipality	FYE Date	Due Date	Approved Extension	Date Received or Current Status
Barrington	06/30/23	12/31/23	01/31/24	01/17/24
Bristol	06/30/23	12/31/23	04/01/24	04/03/24
Burrillville	06/30/23	12/31/23		12/21/23
Central Falls	06/30/23	12/31/23		01/02/24
Charlestown	06/30/23	12/31/23	03/31/24	05/13/24
Coventry	06/30/23	12/31/23		Unfiled
Cranston	06/30/23	12/31/23	02/29/24	02/29/24
Cumberland	06/30/23	12/31/23		12/29/23
East Greenwich	06/30/23	12/31/23	01/31/24	01/31/24
East Providence	10/31/23	04/30/24		Unfiled
Exeter	06/30/23	12/31/23		12/29/23
Foster	06/30/23	12/31/23	03/31/24	04/14/24
Glocester	06/30/23	12/31/23	02/15/24	02/21/24
Hopkinton	06/30/23	12/31/23	03/31/24	04/23/24
Jamestown	06/30/23	12/31/23		12/29/23
Johnston	06/30/23	12/31/23	02/16/24	03/21/24
Lincoln	06/30/23	12/31/23	08/15/24	Unfiled
Little Compton	06/30/23	12/31/23	01/31/24	03/04/24
Middletown	06/30/23	12/31/23		12/29/23
Narragansett	06/30/23	12/31/23	01/31/24	02/05/24
New Shoreham	06/30/23	12/31/23		12/28/23

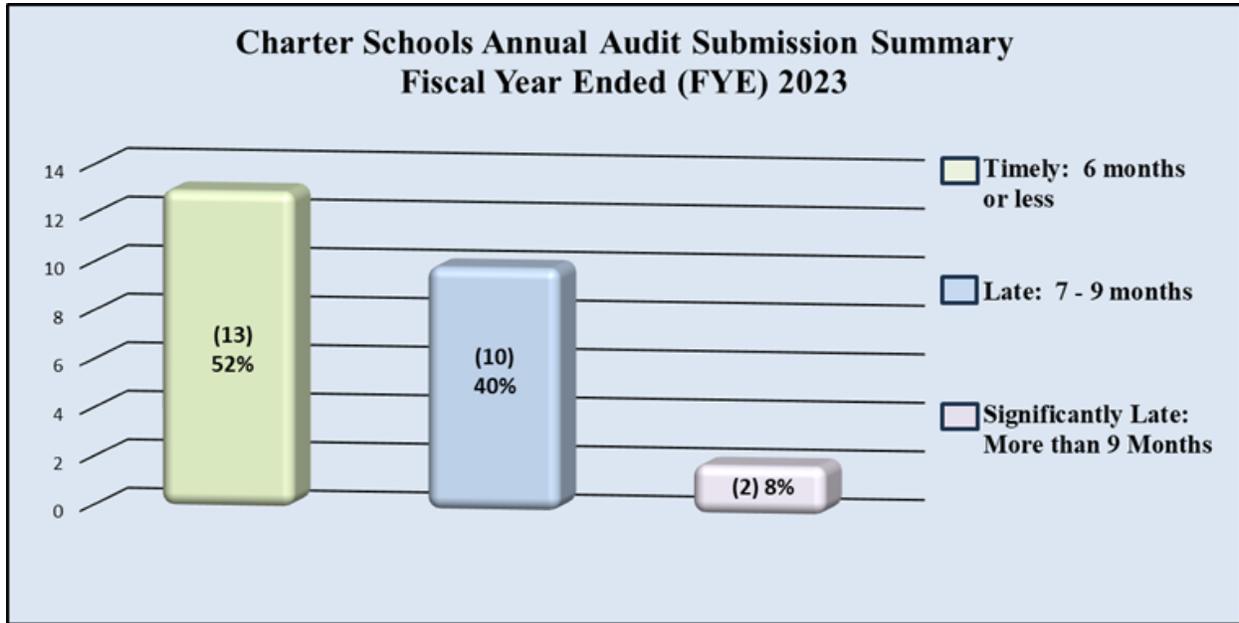
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*Municipality Results*  
*Fiscal 2023 Reporting Period*

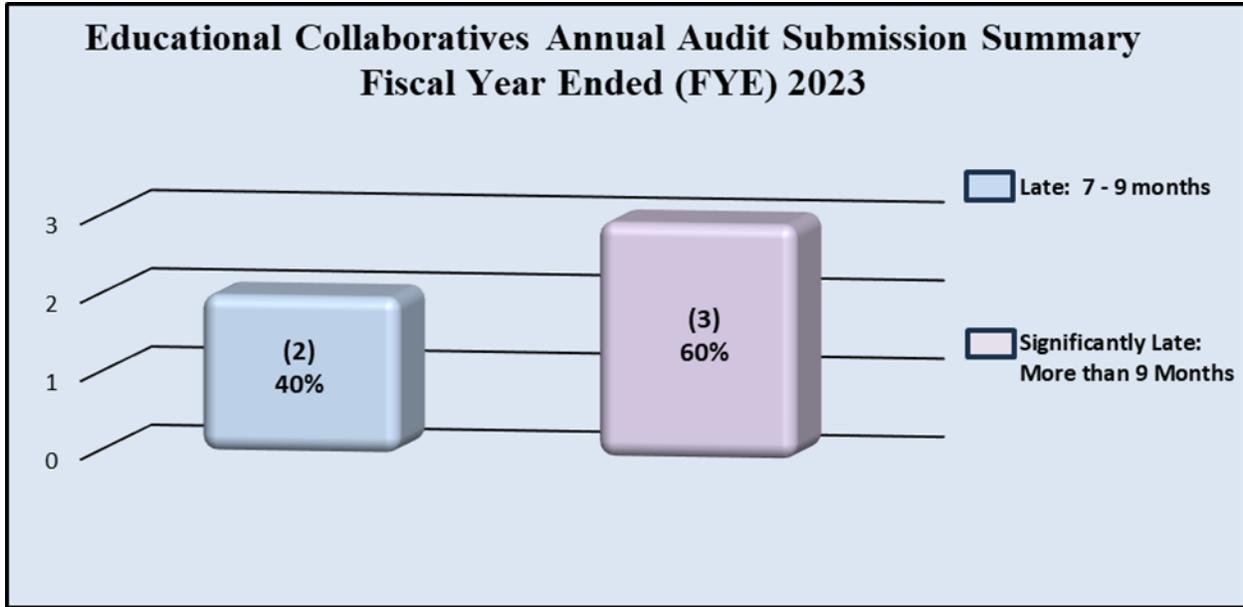
<b>Municipality</b>	<b>FYE Date</b>	<b>Due Date</b>	<b>Approved Extension</b>	<b>Date Received or Current Status</b>
Newport	06/30/23	12/31/23		01/02/24
North Kingstown	06/30/23	12/31/23	01/31/24	02/01/24
North Providence	06/30/23	12/31/23	01/31/24	01/26/24
North Smithfield	06/30/23	12/31/23	02/15/24	02/21/24
Pawtucket	06/30/23	12/31/23	03/31/24	05/09/24
Portsmouth	06/30/23	12/31/23		12/20/23
Providence	06/30/23	12/31/23		12/30/23
Richmond	06/30/23	12/31/23		11/01/23
Scituate	03/31/23	09/30/23	12/30/23	01/23/24
Smithfield	06/30/23	12/31/23		12/29/23
South Kingstown	06/30/23	12/31/23	01/31/24	01/31/24
Tiverton	06/30/23	12/31/23	01/31/24	03/19/24
Warren	06/30/23	12/31/23	03/22/24	04/22/24
Warwick	06/30/23	12/31/23	01/31/24	03/08/24
West Greenwich	06/30/23	12/31/23		01/02/24
West Warwick	06/30/23	12/31/23		01/02/24
Westerly	06/30/23	12/31/23	01/31/24	02/01/24
Woonsocket	06/30/23	12/31/23		Unfiled



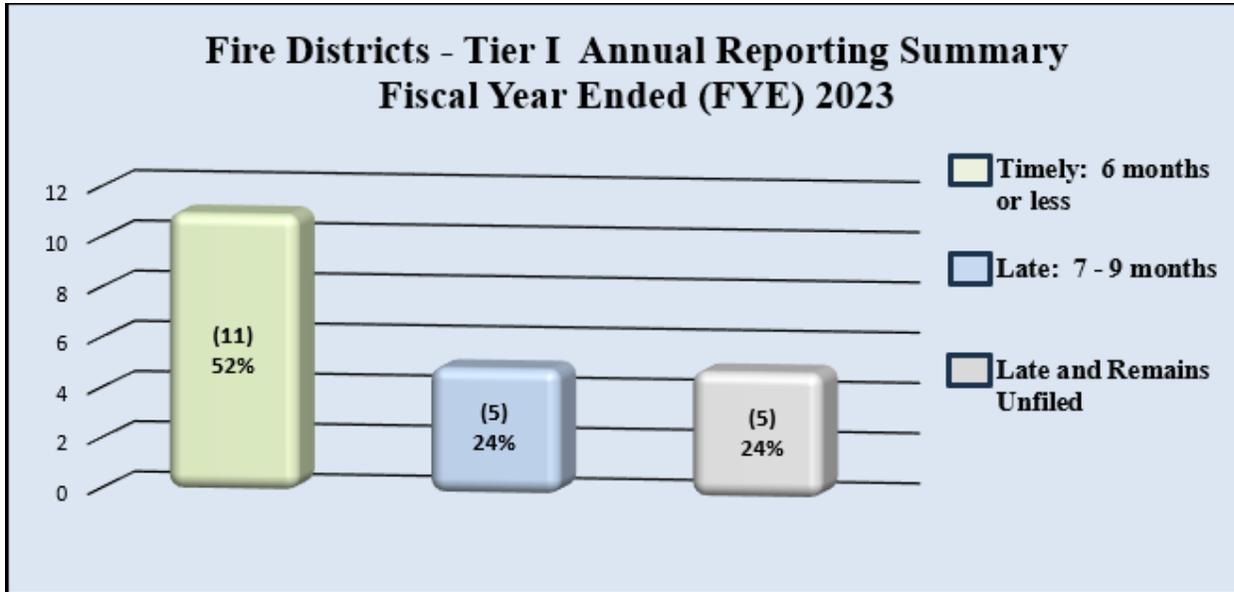
Regional School District	FYE Date	Due Date	Approved Extension	Date Received
Bristol Warren	06/30/23	12/31/23	01/31/24	03/02/24
Chariho	06/30/23	12/31/23		12/14/23
Exeter-West Greenwich	06/30/23	12/31/23	01/31/24	01/02/24
Foster-Glocester	06/30/23	12/31/23	01/31/24	01/31/24



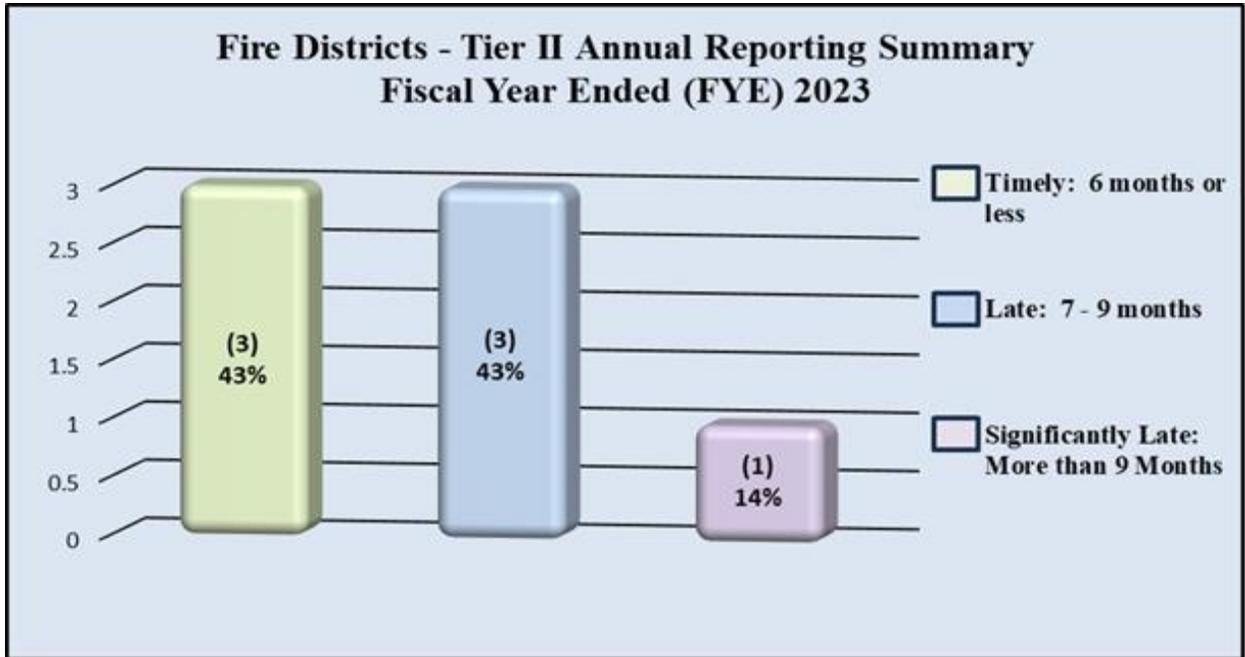
Charter School	FYE Date	Due Date	Date Received or Current Status
Achievement First Rhode Island, Inc. (RI Mayoral Academy)	06/30/23	12/31/23	01/15/24
Beacon Charter School Corporation	06/30/23	12/31/23	01/29/24
Blackstone Academy Charter School, Inc.	06/30/23	12/31/23	01/30/24
Charette Charter School	06/30/23	12/31/23	12/29/23
Excel Academy Rhode Island	06/30/23	12/31/23	12/22/23
Kingston Hill Academy	06/30/23	12/31/23	02/21/24
New England Laborers' / Cranston Public Schools Construction & Career Academy	06/30/23	12/31/23	01/29/24
Nuestro Mundo Public Charter School	06/30/23	12/31/23	3/25/2024
Providence Preparatory Charter School	06/30/23	12/31/23	02/14/24
Rhode Island Nurses Institute Middle College Charter High School	06/30/23	12/31/23	01/31/24
Rhode Island Mayoral Academy Blackstone Valley and Subsidiary	06/30/23	12/31/23	01/02/24
RISE Prep Mayoral Academy	06/30/23	12/31/23	06/14/24
Segue Institute for Learning	06/30/23	12/31/23	12/20/23
Sheila C. "Skip" Nowell Leadership Academy	06/30/23	12/31/23	01/10/24
Southside Elementary Charter School	06/30/23	12/31/23	12/21/23
The Compass School	06/30/23	12/31/23	12/20/23
The Greene School	06/30/23	12/31/23	12/28/23
The Highlander Charter School and Affiliate	06/30/23	12/31/23	01/02/24
The Hope Academy (RI Mayoral Academy)	06/30/23	12/31/23	01/16/24
The International Charter School Corporation	06/30/23	12/31/23	01/02/24
The Learning Community Charter School, Inc.	06/30/23	12/31/23	12/20/23
The Paul Cuffee School	06/30/23	12/31/23	01/02/24
Times <sup>2</sup> Incorporated	06/30/23	12/31/23	01/02/24
Trinity Academy for the Performing Arts	06/30/23	12/31/23	04/15/24
Village Green Charter School	06/30/23	12/31/23	12/29/23



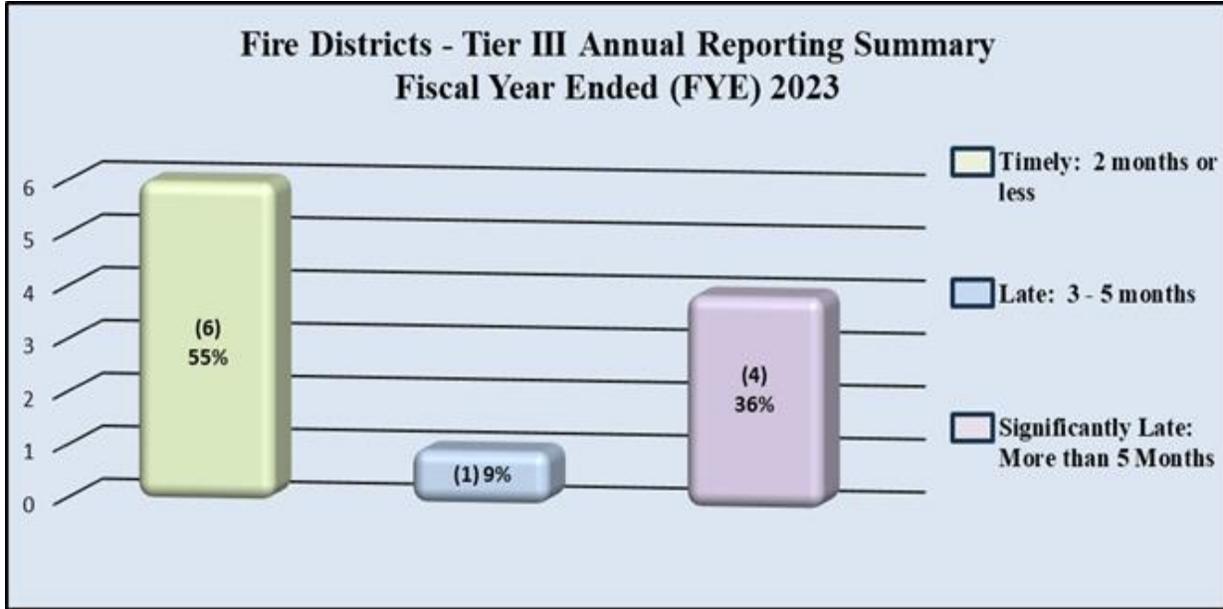
<b>Educational Collaborative</b>	<b>FYE Date</b>	<b>Due Date</b>	<b>Date Received or Current Status</b>
East Bay	06/30/23	12/31/23	04/08/24
Northern Rhode Island	06/30/23	12/31/23	02/13/24
Urban	06/30/23	12/31/23	06/06/24
West Bay	06/30/23	12/31/23	02/29/24
YouthBuild Preparatory Academy	06/30/23	12/31/23	07/16/24



<b>Fire District - Tier I: Annual Audit Report Required</b>	<b>FYE Date</b>	<b>Due Date</b>	<b>Date Received or Current Status</b>
Ashaway	08/31/23	02/29/24	02/01/24
Central Coventry	08/31/23	02/29/24	Unfiled
Charlestown	09/30/23	03/31/24	03/13/24
Coventry	12/31/23	06/30/24	Unfiled
Cumberland	06/30/23	12/31/23	01/02/24
Dunn's Corners	05/31/23	11/30/23	11/17/23
Harrisville	08/31/23	02/29/24	04/18/24
Hope Valley-Wyoming	06/30/23	12/31/23	12/21/23
Hopkins Hill	08/31/23	02/29/24	02/28/24
Kingston	06/30/23	12/31/23	11/02/23
Lime Rock	10/31/23	04/30/24	Unfiled
Lincoln	10/31/23	04/30/24	07/12/24
North Tiverton	04/30/23	10/31/23	09/29/23
Oakland-Mapleville	08/31/23	02/29/24	Unfiled
Pascoag	10/31/23	04/30/24	06/11/24
Portsmouth Water and Fire	04/30/23	10/31/23	10/17/23
Richmond-Carolina	06/30/23	12/31/23	01/02/24
Stone Bridge	04/30/23	10/31/23	Unfiled
Union	06/30/23	12/31/23	01/08/24
Westerly	07/31/23	01/31/24	02/05/24
Western Coventry	02/28/23	08/31/23	08/31/23



<b>Fire District - Tier II: Annual Agreed-Upon Procedures Report &amp; Self-Reporting Template (Form FD-4) Required</b>	<b>FYE Date</b>	<b>Due Date</b>	<b>Agreed-Upon Procedures Report Date Received &amp; Form FD-4 Date Received</b>
Chepachet	06/30/23	12/31/23	12/12/23 & 12/12/23
Exeter	06/30/23	12/31/23	03/15/24 & 03/15/24
Harmony	06/30/23	12/31/23	04/13/24 & 04/13/24
Misquamicut	06/30/23	12/31/23	01/25/24 & 01/25/24
Watch Hill	05/31/23	11/30/23	07/20/23 & 09/19/23
West Glocester	06/30/23	12/31/23	12/12/23 & 12/12/23
Weekapaug	12/31/23	06/30/24	07/11/24 & 07/11/24



<b>Fire District - Tier III: Annual Self-Reporting Template (Form FD-4) Required</b>	<b>FYE Date</b>	<b>Due Date</b>	<b>Date Received</b>
Bonnet Shores	04/30/23	06/30/23	12/07/23
Bradford	08/31/23	10/31/23	09/27/23
Buttonwoods	05/31/23	07/31/23	07/16/23
Indian Lake Shores	06/30/23	08/31/23	12/06/23
Manville	09/30/23	11/30/23	03/25/24
Nasonville	09/30/23	11/30/23	07/21/24
Pojac Point	03/31/23	05/31/23	07/28/23
Quinnville	04/30/23	06/30/23	05/16/23
Quonochontaug Central Beach	12/31/23	02/29/24	02/29/24
Shady Harbor	07/31/23	09/30/23	09/05/23
Shelter Harbor	06/30/23	08/31/23	08/22/23

**General Notes:**

1) For entities with a June 30 fiscal year-end, audit reports received by Tuesday, January 2, 2024, were considered to meet the General Law requirement for timely filing.

2) Fire District Tier Definitions:

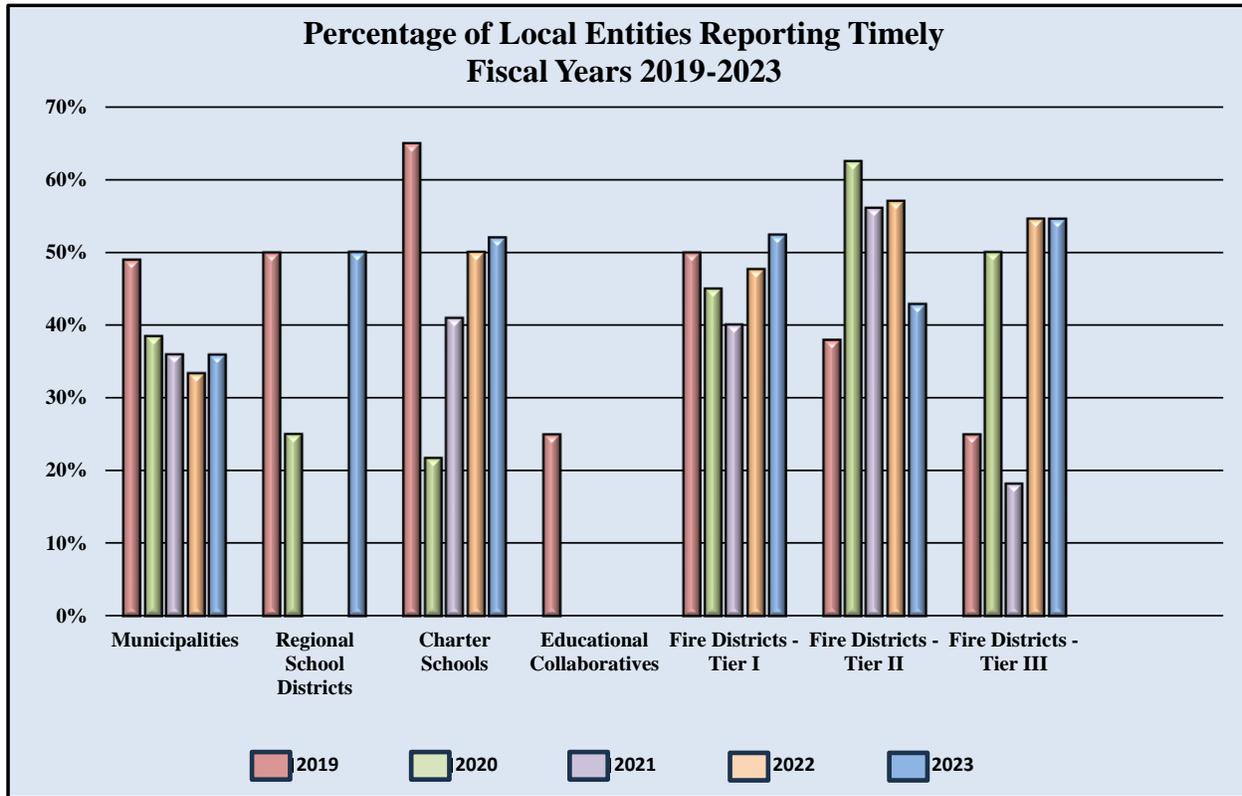
Tier I – Fire district located in Coventry; annual operating expenditures (exclusive of capital outlay) are equal to or more than \$1.5 million; or internal or another external requirement for an audit.

Tier II - Annual operating expenditures (exclusive of capital outlay) are more than \$500,000 but less than \$1.5 million or annual operating expenditures (exclusive of capital outlay) are equal to or less than \$500,000 but outstanding debt is greater than 3 times annual operating expenditures.

Tier III - Annual operating expenditures (exclusive of capital outlay) are equal to or less than \$500,000.

**Compliance Trend Information – Reporting Periods 2019-2023**

The table and chart below show the trend of compliance with statutory reporting requirements by local entity category for the last five reporting periods:



Local Entity	2019	2020	2021	2022	2023
Municipalities	49%	38%	36%	33%	36%
Regional School Districts	50%	25%	0%	0%	50%
Charter Schools	65%	22%	41%	50%	52%
Educational Collaboratives	25%	0%	0%	0%	0%
Fire Districts - Tier I	50%	45%	40%	48%	52%
Fire Districts - Tier II	38%	63%	56%	57%	43%
Fire Districts - Tier III	25%	50%	18%	55%	55%

Our evaluation of compliance percentages for the above five-year reporting periods supports the following:

- 1) Compliance with timely financial reporting requirements continues to be a significant challenge across all entity groups.
- 2) COVID-19, specifically in fiscal 2021, negatively impacted compliance with continued impact into 2022.
- 3) Fiscal 2023 showed some improvement for Municipalities, Regional School Districts, and Charter Schools. Tier I and Tier III Fire Districts remained relatively consistent with prior periods while Tier II Fire Districts showed a slight decline in timeliness. Educational Collaboratives, which represents only five entities, completed audit reports late.

**Summary of Reported Deficits – Local Governmental Entities – Fiscal 2023 Reporting Period**

Rhode Island General Law Sections 45-12-22.2, 45-12-22.3, 16-2-9, and 16-3-11 require Rhode Island municipalities, school districts, regional school districts, and fire districts to provide timely reporting of anticipated General Fund or School Fund deficits to the Auditor General and the Division of Municipal Finance with a corrective action plan to eliminate the fund deficit. Additionally, the Auditor General receives and reviews audited financial statements of educational collaboratives and will follow through on any issues noted that require attention or corrective action.

Fund balance is the accumulation of operating surpluses and deficits since the beginning of the local entity's existence. Reported fund balance (or net position/asset) deficits indicate that local entities have expended more than the resources available for that fund. Deficits can result from a variety of reasons, unexpected expenditures, revenue shortfalls, emergencies, etc. The purpose of the statutory requirements is timely identification of deficits, evaluation of the causes, and corrective actions to address the causes and return the entity to fiscal stability. The table below details anticipated deficits that received attention during the year and, when applicable, the adopted corrective action or status of the issue.

Entity	Fund / Fiscal Year	Net Change in Fund Balance, Net Assets or Net Position	Ending Total Fund Balance, Net Assets or Net Position	Date and Status of Deficit Reduction Plan
Coventry	School Dept. / Unrestricted Fund / 2022	\$ (1,840,469)	\$ (610,036)	Fiscal 2022 projected amounts reported. OAG has been meeting with Town, School Department, and other State Officials since the School Department first reported a deficit for fiscal 2022. Operating results for fiscal 2023 and 2024, along with representations by Town and School officials, suggest that the deficit has increased significantly as of June 30, 2024. A corrective action plan that addresses the anticipated deficit through June 30, 2024 is required.
Johnston	School Dept. / Unrestricted Fund / 2023	\$ (683,470)	\$ (1,555,466)	Deficit reduction plan pending - OAG has been meeting with Town, School Department, and other State Officials since the School Department first started projecting a deficit for fiscal 2021. A corrective action plan from the Town and School Department is currently being developed.
YouthBuild Preparatory Academy	Collaborative / Net Assets / 2023	\$ (129,408)	\$ (123,505)	Negative total net assets - OAG will meet with YouthBuild in August to discuss the fiscal 2023 results and their plan to address the reported deficit.
Urban Collaborative	Collaborative / Net Position / 2023	\$ 488,266	\$ (97,289)	Cumulative net deficit improving due to fiscal 2023 operating surplus. Urban Collaborative continues to pursue recoveries relating to misappropriation of funds through insurance and/or restitution through the continuing legal process. Future recoveries will serve to restore UCAP's net position reserve. No corrective action plan needed due to the nature of the deficit.