

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

**Fiscal Year 2025
Financial Reporting**

Status as of August 31, 2026



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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October 21, 2026

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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 year 2025 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, provides a report introduction and information on overall compliance with timely financial reporting requirements and current school district fund deficits. The

Executive Summary also provides context on the various causes that contribute to late financial reporting and current activities to improve the overall timeliness of local government compliance with financial reporting mandates. Sections beginning on pages 6 and 10, respectively, highlight various instances 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 for municipalities and other local governmental entities.

The schedules included on pages 11-17 detail the specific information regarding adherence to statutory requirements on annual financial reporting by local entities. In addition, page 18 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 pages 19-20 summarizes fund deficits reported during the 2025 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 ensure 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,

A handwritten signature in black ink that reads "David A. Bergantino". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

David A. Bergantino, CPA, CFE
Auditor General

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

Table of Contents

1. Executive Summary	1
2. Municipal Oversight Activities	6
3. Other Local Governmental Entity Oversight Activities.....	10
4. Reporting on Timeliness and Compliance Results	
a. Municipality Results.....	11
b. Regional School District Results	12
c. Charter School Results	13
d. Educational Collaborative Results	14
e. Fire District – Tier I Results.....	15
f. Fire District – Tier II Results	16
g. Fire District – Tier III Results	17
5. Compliance Trend Information – Financial Reporting	
Reporting Periods 2021-2025	18
6. Summary of Reported Deficits.....	19

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 (Auditor General) 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 RI Division of Municipal Finance (DMF) and/or the RI Department of Education (RIDE) in our oversight of these local entities.

Timely Financial Reporting

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 to ensure 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.

Municipalities and school districts continue to be challenged by staffing turnover. In addition, filling financial staffing vacancies often takes time due to a lack of qualified governmental accounting professionals seeking employment and an inability to attract candidates if compensation levels are not competitive.

This same staffing pressure is impacting the small number of independent auditing firms that conduct audits of governmental entities. Over the past year, one of the firms that conducted audits of several municipalities ended its governmental audit practice due to retirement of key staff. This reduced the number of firms performing municipal audits and put additional pressure on the remaining firms. Some firms are beginning to

indicate in their audit proposals that they are unable to commit to meeting the statutorily required issuance timeframe of six months after the fiscal year-end. The lack of qualified governmental finance professionals continues to challenge timely audit completions and increase audit fees.

Illustration 1 shows the average amount of time it has taken for municipalities to issue audited financial statements for fiscal years 2023, 2024, and 2025. The data supports the continued challenge that timely financial reporting represents to most municipalities. While oversight has resulted in progress for individual municipalities, the average length of time needed to issue audited financial statements has not improved as additional municipalities have experienced challenges with timely financial reporting.

Illustration 1

Municipality Average Audit Issuance In Months after Year-End Fiscal Years 2023 - 2025

FY	2023	2024	2025
Avg. Mos.	8.5	9.7	9.7

Note: estimated issuance dates used for unfilled reports

Illustration 2 shows the number of municipalities for fiscal years 2023, 2024, and 2025 that did not have audited financial statements issued within 9 months of the fiscal year-end. The increase in the number of municipalities in recent years is directly attributable to the reasons outlined above. Issuing audited financial statements later than 9 months after the fiscal year-end is of particular concern. This can result in the preparation and adoption of budgets without the benefit of audit results for the preceding fiscal period. Such instances can leave decision-makers unaware of structural deficits during consecutive budget cycles, leading to larger cumulative deficits over time. Discussions with municipalities will continue to focus on the need to realistically evaluate resources, engage outside assistance when necessary, and proper planning to ensure preparation for the annual financial statement audit.

Illustration 2

**Municipality Audit Issuance
Reports Greater than 9 Months
Fiscal Years 2023 - 2025**

FY	2023	2024	2025
# of Muni	11	15	17

These challenges have increased the need and frequency of the Auditor General providing consultation to local entities over the past year. That consultation focuses on:

- 1) improving financial reporting practices and staffing resources to address current challenges;
- 2) promoting the adoption of practices which support consistent and sustainable financial reporting practices in the future; and
- 3) identifying where information delays and technology changes are hampering timely reporting and ways to improve those areas moving forward.

School District Fund Deficits

School districts continue to face challenges that are impacting their ability to avoid operating deficits and ensure timely financial reporting. Federal pandemic assistance has ended, and the loss of the additional resources, coupled with significant inflation in costs, has created fiscal pressure in a variety of ways within local school districts, including:

- 1) The inability of school district revenues to keep pace with expenditure increases. General inflation has been higher and school districts are seeing significant cost increases, most notably in employee health insurance, student transportation, and out-of-district special education placement costs. The periods of additional federal aid provided school districts resources to better manage these increases.
- 2) Operating deficits occurred in instances where pandemic assistance funded allowable current or expanded programmatic expenditures. In these instances, post funding cost reductions

were not realized and/or budgeted cost assumptions did not adequately account for substantial inflation.

- 3) The utilization of school unrestricted fund balance reserves to fund operating deficits has significantly decreased or exhausted fund balance reserves in several districts.

Illustration 3 highlights school districts that have reported cumulative deficits in their school unrestricted funds. The table supports how deficits in one year can often compound in future periods when structural deficits are not addressed timely. Late and inaccurate financial reporting can often contribute to accumulated fund deficits when misstatements in the financial statements are not identified until audits are performed.

Illustration 3

**School Districts Reporting Cumulative
Unrestricted Fund Deficit**

FY 2023	FY 2024	FY 2025
Coventry	Coventry	Coventry
Johnston	Johnston	Johnston
Warwick	Warwick	Tiverton
		Warwick

Significant attention has been devoted to the development of deficit reduction plans (plans) by these municipalities. These plans are critical to ensure that deficits are eliminated and that management has a reasonable plan to maintain fiscal stability in future years. Most effective plans include a combination of achievable cost savings by the school district coupled with additional education aid provided by the municipality.

Of the above school districts, plans have been approved by the Auditor General for Coventry, Warwick, and Tiverton. The Coventry and Warwick plans address those deficits over several fiscal years. The Auditor General has begun quarterly meetings with these municipalities to monitor their respective plans. The success of these plans will depend on the ability of the School Districts to manage their finances and the cooperation of the School District and Municipality to address challenges that may arise

over the plan period. The Tiverton plan resolves the deficit with specific actions and will not require on-going monitoring beyond reviewing annual financial statements.

Johnston continues to make progress on the resolution of its reported School Unrestricted Fund deficit. The Town has shared an outline of a deficit reduction plan that remains in the discussion stages. Next steps will include working with the Town and School Department on a five-year budgetary projection for the School Unrestricted Fund that will serve as a management tool to prepare and manage future School Fund operating budgets.

The Auditor General has also communicated timely warnings to municipalities and school districts where operating deficit trends, if unaddressed, are likely to result in cumulative deficits in the near term. **Illustration 4** shows school districts (Cranston, Glocester, Newport, and North Providence) with operating deficit trends in recent years that are at high risk of exhausting available resources in their respective School Unrestricted Funds. These municipalities are at risk of eliminating available school fund reserves and reporting cumulative fund balance deficits in their School Unrestricted Funds if operating deficits continue in 2026 and 2027.

The Auditor General highlighted these trends to management and governance officials in these municipalities and requested that they address the current structural deficits prior to adopting their 2027 budgets to prevent cumulative fund balance deficits.

The Auditor General has continued to reinforce the importance of municipalities complying with the State's mandated financial reporting with the Division of Municipal Finance. The objectives of mandated financial reporting include:

- Facilitating early identification and notification of potential operating deficits within municipality General and School Funds, and
- Promoting longer-term budgetary planning at the municipal level.

Since a lack of timely financial information for decision-makers has been a common theme across local governments, compliance with mandated financial reporting requirements is something that will be monitored more closely to promote the availability of timely financial information.

Conclusion

In addition to reporting on compliance with statutory requirements for the issuance of timely audited financial statements, this report highlights current local government challenges and the Auditor General's continued monitoring of local government finances. The report also serves to inform the General Assembly about the factors that are driving these local government challenges. While the current environment has made statewide improvements difficult, the Auditor General's continued monitoring and consultation has achieved progress in several municipalities. In addition, the continued monitoring of these challenges ensures that efforts continue until progress is made.

Illustration 4

School Districts At Risk for Cumulative Fund Deficits								
FY	Cranston School Unrestricted Fund		Glocester School Unrestricted Fund		Newport School Unrestricted Fund		North Providence School Unrestricted Fund	
	Operating Surplus (Deficit)	Ending Fund Balance	Operating Surplus (Deficit)	Ending Fund Balance	Operating Surplus (Deficit)	Ending Fund Balance	Operating Surplus (Deficit)	Ending Fund Balance
2023	\$ (651,508)	\$ 7,308,774	\$ (956,958)	\$ 940,658	\$ 528,109	\$ 6,530,383	\$ 1,428,535	\$ 9,046,352
2024	(1,810,008)	5,498,765	(357,495)	583,163	(3,535,385)	2,994,998	(1,291,607)	7,754,745
2025	(3,911,857)	1,586,908	(190,475)	392,688	(2,398,967)	596,031	(5,034,610)	2,720,135

Municipality compliance with statutory requirements for issuing audited financial statements remains a significant challenge. Approximately 28% of municipalities submitted audited financial statements within the mandated 6 months after the fiscal year-end. This represented a slight decrease from the prior year of 31%. Timely financial reporting remains difficult to remedy for many local entities with limited resources. The causes contributing to late reporting continue to include:

- Staffing challenges relating to the hiring and retention of qualified government financial accounting, audit and fiscal staff.
- 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.
- Financial reporting not being prioritized by staff with multiple financial responsibilities. This challenge is common amongst entities without sufficient fiscal personnel.
- Unexpected temporary absences for personnel in key financial reporting positions during the audit preparation and audit fieldwork timeframe. This is particularly challenging in small finance offices.
- Implementation of new government accounting and reporting standards.
- Lack of succession planning for changes in personnel in key financial reporting positions.
- 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.

The Auditor General will continue the following, with the goal of incrementally improving overall compliance with timely financial reporting mandates:

- *Ongoing fiscal close consultation* – For local entities that experienced significant delays in financial reporting for fiscal year 2025, the Auditor General plans to initiate meetings this fall to discuss 1) the status of their 2026 fiscal close, 2) challenges the entity is facing and potential solutions, and 3) the entity's readiness for audit.
- *Continuation of early consultation* – Require local entities to provide a minimum of a 45-day notice if they believe audited financial statements will be issued more than 30 days beyond the statutory 6-month due date. The goal is to ensure that discussions and oversight are started immediately to minimize the length of delays in financial reporting.
- *Encourage use of contracted resources to minimize the impact of staffing shortages* – For local entities experiencing significant delays in financial reporting due to staffing shortages in key financial reporting positions, utilizing contracted resources have assisted those entities in 1) remaining current on transaction processing and account reconciliations, 2) assisting with fiscal closing procedures and preparation for audit, and 3) providing support and aiding transition as permanent staff are onboarded.
- *Continuation of sponsored training events for governmental finance professionals* – The Auditor General continues to organize and offer two sponsored training events annually. These events bring experienced governmental finance trainers to Rhode Island and provide professionals with an

opportunity to receive 16 hours of training at a low cost that would otherwise not be available to them.

- *Expanding audit capacity for local governmental entities* – The Auditor General will approve new firms interested in conducting government audits in Rhode Island provided they meet qualification and licensing requirements if selected through the local government procurement process. In addition, providing the two governmental training events each year provides smaller firms with access to training that meets the continuing professional education (CPE) requirements for auditors of governmental entities. This assists small audit firms currently performing governmental audits in Rhode Island while also aiding other firms that might otherwise not consider performing governmental audits due to the CPE requirements mandated by *Government Auditing Standards*.

The challenges faced by local governmental entities are both varied and complex, with a resolution not easily found in a single fiscal year.

The current challenges being experienced by local governments are not unique to Rhode Island. The Government Finance Officers Association (GFOA), in its 2024 article titled *Why GFOA is Rethinking Financial Reporting*, noted that mean audit times have increased over the last 10 years across all types of governments. GFOA cites expanding requirements (e.g., new accounting standards) for local government financial reporting and decreasing availability of

public finance staff as contributing causes to the decline in timely financial reporting. The article also cites the American Institute of Certified Public Accountants reporting of the declining or stagnating number of accounting degrees (bachelor's and master's degree level) over the last decade as support for the shortage of accounting professionals that are currently in demand by local governments and their audit firms.

The Auditor General continues to support local governmental entities in achieving measurable progress in the timeliness of annual audited financial statements. While much of the ongoing monitoring with these entities is done with finance department officials and the administration, the Auditor General will also routinely provide formal written communications to elected officials or those charged with governance to highlight certain matters and emphasize the importance of addressing issues that may come to light.

With several local governmental entities experiencing budgetary pressures, timely and accurate financial reporting is of even greater importance to ensure that decision-makers have current and accurate information to make informed financial decisions.

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

Municipalities

This section highlights the status of the Auditor General's ongoing monitoring and consultations with various municipalities throughout the State. Statuses provided are limited to those deemed most important to bring to the attention of General Assembly members.

Town of Coventry – Continuity in the Town Manager, Finance Director, and School Director of Finance positions has provided stability and led to significant progress in improving financial reporting accuracy and timeliness. Steady progress and cooperation over a 3-year period allowed Coventry to significantly improve the timeliness of its 2025 audited financial statements.

Coventry's School Unrestricted Fund reported a 2025 operating surplus of approximately \$1.3 million, resulting in a cumulative deficit of approximately \$4.5 million at June 30, 2025. The Town and School Department worked collaboratively on a deficit reduction plan to address the reported school fund deficit. The plan was approved May 7, 2026 and outlines a four-year plan of action to resolve the deficit by June 30, 2029. Quarterly meetings will continue with Coventry to remain updated on the plan's status and to ensure any fiscal challenges are resolved timely.

City of Cranston – Cranston's audited financial statements for the fiscal year ended June 30, 2025 reported operating deficits of \$6.5 million and \$3.9 million for its General Fund and School Unrestricted Fund. In addition, the financial statements reported a fund balance deficit in the internal service funds that administer health insurance costs for employees of the City and School Department of \$11.4 million. This reporting resulted in immediate communication to Cranston's management and governance officials due to the reduction in City reserves at June 30, 2025, and concerns that operating deficits in both funds were probable for fiscal 2026.

The City acted immediately by carefully reviewing its current financial operations and

adopting a 2027 budget with significant cuts and additional revenues to adopt a budget that the City could operate within. The Auditor General continues to meet with the City and School Department quarterly to monitor the City's finances and identify challenges to the adopted budget. This oversight will continue as the City and School Department will have several years of difficult budgets ahead that will need to:

- 1) Operate the City within an adopted budget while rebuilding reserves in the General Fund which have been significantly reduced; and
- 2) Address financial challenges within the School Department which in addition to recent operating deficits caused by a host of cost increases being experienced by school districts (e.g., special education costs, transportation, health insurance), also accounted for the majority of the health insurance internal service fund deficit reported at June 30, 2025.

The Auditor General has begun discussions with the School Department on the development of a 5-year budget projection. This projection will be needed to further discussions with City and School governance officials and will likely become the basis for a comprehensive deficit reduction plan that will be required in the relative near term.

City of East Providence – The Auditor General continued monthly meetings with East Providence (which has an October 31st fiscal year-end) with the goal of incrementally improving the timeliness of issuing audited financial statements. Audited financial statements for the fiscal year ended October 31, 2024 were not issued until late June 2026, twenty months after year-end which is relatively consistent with the prior year issuance timeframe. The audited financial statements for the fiscal year ended October 31, 2025, due April 30, 2026, have not yet been filed. The School Department recently experienced turnover again in the Finance Director position. Despite the turnover, the City's 2025 audit has progressed at an improved pace with the availability of audited financial

statements expected to be significantly improved over prior years. The Auditor General will continue periodic meetings with the City regarding its 2026 audit to ensure that progress continues towards timelier issuance of audited financial statements.

Town of Glocester – After reporting an operating deficit of \$190 thousand for fiscal 2025, the Glocester School Department communicated a projected 2026 operating deficit estimated at \$343 thousand, potentially exhausting fund balance reserves in the School Unrestricted Fund. In response, the Auditor General communicated the need to address the current structural deficit in the School Unrestricted Fund to avoid future operating deficits from resulting in a significant cumulative deficit that would require a corrective action plan to address.

On July 29, 2026, the Auditor General met with the Town Council and School Committee in a joint session to discuss the nature of the current fiscal challenges being faced by Rhode Island School Districts. It was collectively agreed that the Auditor General would hold quarterly meetings to monitor the School Department's ability to operate within the fiscal 2027 adopted budget. In addition, the Town and School Department will begin developing a 5-year budget projection that can be used as a management plan over that period. The goal of the plan would be to provide both the Town and School Department with financial expectations for the costs of operating Glocester's elementary schools (secondary education for Glocester is administered within the Foster-Glocester Regional School District).

Town of Johnston – In the last five years, the Town has been consistently late - averaging nine months after year-end before audited financial statements were available. In addition, the School Unrestricted Fund reported a cumulative deficit of approximately \$5.6 million for the fiscal year ended June 30, 2025.

The Town and School Department continue to work collaboratively on a plan to address the structural deficit in the School Unrestricted Fund. The Town Council and School Committee

approved a Memorandum of Agreement (MOA) which included a supplemental 2026 Town appropriation to the School Department of \$5.4 million. This appropriation from the Town's General Fund reserves was designated to address the projected deficit in the School Department's 2026 budget, the last school year before the opening of the Town's newly constructed consolidated elementary school. The consolidated elementary school is projected to result in operational savings to the district beginning with the 2026-2027 school year. The supplemental appropriation will not be subject to maintenance of effort, as allowed by RIGL Section 16-7-23.2. The MOA requires certain Town financial oversight of the School Department, particularly by the Town Finance Director.

In addition to the MOA, the Town and School Department will need to complete a five-year budgetary projection that supports the anticipated local contribution to education. As part of the deficit reduction plan, the projection will serve as a management tool to provide reasonable assurance that School Unrestricted Fund deficits will not continue in future years. The Auditor General will continue to periodically meet with the Town and School Department until a deficit reduction plan is approved while also monitoring the timeliness of audited financial statements.

Town of Little Compton – Little Compton continues to experience significant delays in the completion of its 2025 audited financial statements. As of August 31, 2026, the 2025 audited financial statements remain unissued fourteen months after year-end. Efforts continue to bring the Town current on outstanding audits with a current expectation that the 2025 financial statements will be issued by the end of November, and auditors will immediately commence the fiscal 2026 audit.

In addition to the challenge with timely financial reporting, preliminary unaudited results and representations from the Town indicate that the General Fund will have an operating deficit of approximately \$1.1 million for the fiscal year ended June 30, 2025. The operating deficit

reflects the budgeted use of fund balance reserves to fund Town operations in fiscal 2025. The utilization of reserves to fund the Town's fiscal 2024 and 2025 budgets significantly depleted its available fund balance.

Balanced budgets adopted by the Town in fiscal 2026 and 2027 without reliance on remaining reserves were positive actions and current projections show an operating surplus for fiscal 2026 that will begin to restore fund balance reserves needed by the Town. The Auditor General will continue to monitor the Town until it is current on financial audits and municipality reserves have returned to a reasonable amount.

City of Newport – Significant operating deficits in Newport's School Unrestricted Fund for fiscal years 2024 and 2025, in addition to a communication from the School Department Superintendent warning of an anticipated operating deficit in fiscal 2026, prompted communication by the Auditor General to City and School officials. The communication requested immediate remediation of the operating deficits in the adoption of the fiscal 2027 budget. The Auditor General will be meeting with City and School officials to discuss corrective actions to eliminate the projected School Unrestricted Fund cumulative deficit at June 30, 2026 and to monitor the fiscal 2027 financial operations of the School Department to determine if the prior year structural budgetary deficits have been addressed.

Town of North Providence – Significant operating deficits in North Providence's School Unrestricted Fund for fiscal years 2024 and 2025, in addition to a communication from the School Department Superintendent warning of an anticipated operating deficit in fiscal 2026, prompted communication by the Auditor General to Town and School officials. The communication stressed the importance of addressing the School Department operating deficits in the fiscal 2027 budget or risk accumulating a significant fund balance deficit that would necessitate the completion and approval of a corrective action plan as required by RI General Laws. The Auditor General will continue to monitor the finances of the school

department and initiate compliance with corrective action requirements if a cumulative deficit is reported in the School Unrestricted Fund at June 30, 2026.

City of Pawtucket – Pawtucket's 2025 audited financial statements were issued September 2026, 15 months after year-end. The Auditor General continued to meet regularly with City and School Department officials and their auditors to monitor the status and progress of the 2025 audit. Finance Director turnover in the School Department in recent years led to significant delays in the fiscal closing and audit timeline. Periodic monitoring will continue until the City returns to more timely financial reporting.

Town of Warren – Warren's audited financial statements for fiscal 2025 remain outstanding more than 15 months after year-end. Warren continues a negative trend of issuing audited financial statements later each year. The Auditor General will continue to monitor Warren until this trend improves.

In addition, the Town moved forward with a \$3.3 million bond issuance during fiscal 2025 which spread certain costs associated with a litigation settlement reached in fiscal 2024. The initial \$5 million settlement payment substantially reduced the Town's fund balance reserves. The bond issuance provided some restoration of fund balance reserves and cash flow improvement for the Town by allowing the remaining settlement costs to be spread over a longer budgetary period.

City of Warwick – Warwick's 2025 audited financial statements were completed in late July 2026, more than twelve months after the fiscal year-end.

Warwick's School Unrestricted Fund reported a cumulative fund balance deficit totaling approximately \$6.8 million for the fiscal year ended June 30, 2025. The City has agreed to fund \$1.2 million of the cumulative deficit balance with a transfer in fiscal 2026. The remaining deficit amount was the focus of a deficit reduction plan adopted by the Warwick Public Schools Budget Commission which was approved by the Auditor General in April 2026. The deficit

reduction plan will be monitored over its 5-year period to ensure that the City and School Department work collaboratively to achieve its objectives.

City of Woonsocket – Woonsocket has not filed timely audited financial statements in the last five years. Currently, the City’s 2024 audited financial statements remain unissued, twenty-seven months after year-end. Progress by the City has been slow due in part to turnover of finance personnel in recent years, in addition to an unexpected change in auditor after the previous auditor withdrew from the 2023 engagement. The 2024 audited financial statements are still several months from being issued. These significant delays have resulted in municipal bond rating agencies withdrawing Woonsocket’s bond ratings until more current audited financial statements are available.

In response to these challenges, the City has contracted additional resources to assist with its fiscal close and audit preparation. Unfortunately, continued staff turnover in the Finance Director position has slowed progress. The Auditor General will continue to meet regularly with

Woonsocket to monitor the progress of the 2024 audit and efforts to significantly improve the City’s financial reporting. In addition to expanding its finance staff, the City will need staffing continuity to address this challenge moving forward.

Other Monitoring – Other municipalities with audited financial statements being issued later than 9 months after year-end for fiscal years 2024 and 2025 include Bristol, Foster, Hopkinton, Lincoln, Middletown, New Shoreham, and Tiverton. The Auditor General continues to meet with these municipalities to monitor their progress in returning to more timely audit completion.

Charter Schools

Rhode Island Mayoral Academy Blackstone Valley (the Academy) – The Academy reported a decrease in net assets (operating loss) of approximately \$877 thousand, \$2.3 million, and \$3.3 million for the fiscal years ended June 30, 2023, June 30, 2024 and June 30, 2025, respectively. As of June 30, 2025, the Academy reported total net assets of approximately \$3.4 million.

The *Independent Auditors' Report* for the fiscal year ended June 30, 2025 included a paragraph entitled “Substantial Doubt about the Organization’s Ability to Continue as a Going Concern.” The *Independent Auditors' Report* emphasizes recurring losses from operations, a significant decrease in net assets, and substantial doubt existing about the ability to continue as a going concern.

Management has cited that the Academy has experienced recurring liquidity challenges and declining financial reserves. Management notes they obtained additional short-term financing to support operating cash needs through the remainder of the 2025-2026 school year and are developing a plan for refinancing these borrowings. Management and the Board of Directors (Board) also detailed several actions taken to improve cash flow and strengthen financial oversight. Plans continue for additional cost reductions and evaluating opportunities to increase certain revenue streams in future periods.

The Auditor General will continue meeting with management to evaluate the Academy’s plan to eliminate its current operating deficit.

Fire Districts

East Burrillville Fire District (EBFD) – Over the past year, EBFD, which has an August 31st fiscal year-end, has made slow progress in issuing prior year audited financial statements (including final financials for the previous Oakland-Mapleville Fire District (OMFD) which was merged with the former Nasonville Fire District to form EBFD). Currently, the OMFD financial audit for the period ending August 31, 2023 (final year prior to merger) is in progress. The Auditor General continues monitoring progress to get EBFD current on financial audits.

Exeter Fire District (EFD) – The Auditor General’s review of EFD’s audited financial statements for the fiscal year ended June 30, 2025 noted adverse and qualified opinions in relation to the District’s financial statements. This prompted a formal request for corrective action that will require follow-up if not addressed in the fiscal 2026 audit report when issued.

Lime Rock Fire District (LRFD) – Over the past year, LRFD, which has an October 31st fiscal year-end, has made progress in issuing prior year audited financial statements. Currently, the audit of the financial statements for the period ending October 31, 2025 is in progress. The Auditor General will continue to monitor LRFD’s 2025 audit completion.

Stone Bridge Fire District (SBFD) – A lack of responsiveness to the Auditor General’s communication in 2025 precipitated follow-up communication in February 2026. SBFD responded to the February communication and has made progress on its fiscal 2024 audit, which has an April 30th fiscal year-end. Progress by SBFD has remained slow with the district unable to provide audited financial statements by its requested extension date of August 31, 2026. The Auditor General will continue to monitor SBFD’s progress until the audit backlog has been cleared and SBFD remains timely with submissions.

Municipality - Annual Audit Submission Summary
Fiscal Year Ended (FYE) 2025

Municipality	FYE Date	Due Date	Date Received or Current Status			
			Timely: 6 months or less	Late: 7 - 9 months	Significantly Late: More than 9 Months	Late and Remains Unfiled
Barrington	06/30/25	12/31/25		03/14/26		
Bristol	06/30/25	12/31/25			06/08/26	
Burrillville	06/30/25	12/31/25	01/02/26			
Central Falls	06/30/25	12/31/25	12/30/25			
Charlestown	06/30/25	12/31/25			05/22/26	
Coventry	06/30/25	12/31/25		02/03/26		
Cranston	06/30/25	12/31/25		01/21/26		
Cumberland	06/30/25	12/31/25		02/18/26		
East Greenwich	06/30/25	12/31/25	12/30/25			
East Providence	10/31/25	04/30/26				Unfiled
Exeter	06/30/25	12/31/25	12/29/25			
Foster	06/30/25	12/31/25			06/12/26	
Glocester	06/30/25	12/31/25		02/12/26		
Hopkinton	06/30/25	12/31/25			06/23/26	
Jamestown	06/30/25	12/31/25	12/31/25			
Johnston	06/30/25	12/31/25		02/05/26		
Lincoln	06/30/25	12/31/25			05/01/26	
Little Compton	06/30/25	12/31/25				Unfiled
Middletown	06/30/25	12/31/25			08/19/26	
Narragansett	06/30/25	12/31/25		03/02/26		
New Shoreham	06/30/25	12/31/25				Unfiled
Newport	06/30/25	12/31/25	12/30/25			
North Kingstown	06/30/25	12/31/25		01/27/26		
North Providence	06/30/25	12/31/25			04/21/26	
North Smithfield	06/30/25	12/31/25		02/01/26		
Pawtucket	06/30/25	12/31/25				Unfiled ¹
Portsmouth	06/30/25	12/31/25	12/22/25			
Providence	06/30/25	12/31/25	12/31/25			
Richmond	06/30/25	12/31/25			06/16/26	
Scituate	06/30/25	12/31/25			07/02/26	
Smithfield	06/30/25	12/31/25	12/29/25			
South Kingstown	06/30/25	12/31/25		02/27/26		
Tiverton	06/30/25	12/31/25			08/05/26	
Warren	06/30/25	12/31/25				Unfiled
Warwick	06/30/25	12/31/25			07/29/26	
West Greenwich	06/30/25	12/31/25	12/29/25			
West Warwick	06/30/25	12/31/25	12/29/25			
Westerly	06/30/25	12/31/25		03/16/26		
Woonsocket	06/30/25	12/31/25				Unfiled

¹ Pawtucket's annual audit was unfiled as of 08/31/26 and subsequently received on 09/30/26

<i>Timely:</i> <i>6 months or less</i>	<i>11</i>	<i>28%</i>
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<i>Late:</i> <i>7 - 9 months</i>	<i>11</i>	<i>28%</i>
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<i>Significantly Late:</i> <i>More than 9 Months</i>	<i>11</i>	<i>28%</i>
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<i>Late and</i> <i>Remains Unfiled</i>	<i>6</i>	<i>16%</i>
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Regional School District Results
Fiscal Year 2025 Reporting Period

Regional School District - Annual Audit Submission Summary
Fiscal Year Ended (FYE) 2025

Regional School District	FYE Date	Due Date	Date Received or Current Status			
			Timely: 6 months or less	Late: 7 - 9 months	Significantly Late: More than 9 Months	Late and Remains Unfiled
Bristol Warren	06/30/25	12/31/25			05/11/26	
Chariho	06/30/25	12/31/25	12/18/25			
Exeter-West Greenwich	06/30/25	12/31/25		01/30/26		
Foster-Glocester	06/30/25	12/31/25	12/17/25			

<i>Timely:</i> <i>6 months or less</i>	<i>2</i>	<i>50%</i>
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<i>Late:</i> <i>7 - 9 months</i>	<i>1</i>	<i>25%</i>
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<i>Significantly Late:</i> <i>More than 9 Months</i>	<i>1</i>	<i>25%</i>
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<i>Late and</i> <i>Remains Unfiled</i>	<i>0</i>	<i>0%</i>
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Charter School - Annual Audit Submission Summary
Fiscal Year Ended (FYE) 2025

Charter School	FYE Date	Due Date	Date Received or Current Status			
			Timely: 6 months or less	Late: 7 - 9 months	Significantly Late: More than 9 Months	Late and Remains Unfiled
Achievement First Rhode Island, Inc. (RI Mayoral Academy)	06/30/25	12/31/25	12/29/25			
Apprenticeship Exploration School	06/30/25	12/31/25	01/02/26			
Beacon Charter School Corporation	06/30/25	12/31/25			06/08/26	
Blackstone Academy Charter School, Inc.	06/30/25	12/31/25		02/19/26		
Charette Charter School	06/30/25	12/31/25	12/31/25			
Excel Academy Rhode Island	06/30/25	12/31/25	12/19/25			
Kingston Hill Academy	06/30/25	12/31/25		01/30/26		
Nuestro Mundo Public Charter School	06/30/25	12/31/25		02/27/26		
Providence Preparatory Charter School	06/30/25	12/31/25		02/06/26		
Rhode Island Mayoral Academy Blackstone Valley and Subsidiary	06/30/25	12/31/25			04/24/26	
Rhode Island Nurses Institute - Middle College Charter High School	06/30/25	12/31/25	12/22/25			
RISE Prep Mayoral Academy	06/30/25	12/31/25		03/03/26		
Segue Institute for Learning	06/30/25	12/31/25	12/24/25			
Southside Elementary Charter School	06/30/25	12/31/25	12/30/25			
The Compass School	06/30/25	12/31/25	12/31/25			
The Greene School	06/30/25	12/31/25		01/23/26		
The Highlander Charter School and Affiliate	06/30/25	12/31/25		02/06/26		
The Hope Academy (RI Mayoral Academy)	06/30/25	12/31/25				Unfiled
The International Charter School Corporation	06/30/25	12/31/25		01/15/26		
The Learning Community Charter School, Inc.	06/30/25	12/31/25	12/30/25			
The Paul Cuffee School	06/30/25	12/31/25	01/02/26			
Times ² Incorporated	06/30/25	12/31/25		01/13/26		
Trinity Academy for the Performing Arts	06/30/25	12/31/25		03/27/26		
Village Green Charter School	06/30/25	12/31/25	12/31/25			

Timely: 6 months or less	11	46%
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Late: 7 - 9 months	10	42%
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Significantly Late: More than 9 Months	2	8%
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Late and Remains Unfiled	1	4%
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Educational Collaborative - Annual Audit Submission Summary
Fiscal Year Ended (FYE) 2025

Educational Collaborative	FYE Date	Due Date	Date Received or Current Status			
			Timely: 6 months or less	Late: 7 - 9 months	Significantly Late: More than 9 Months	Late and Remains Unfiled
East Bay ¹	06/30/25	12/31/25	11/24/25			
Urban	06/30/25	12/31/25		03/04/26		
West Bay	06/30/25	12/31/25		03/31/26		
YouthBuild Preparatory Academy	06/30/25	12/31/25			06/24/26	

¹ The East Bay Educational Collaborative Board of Superintendents approved a Plan of Dissolution in June 2024. The dissolution was effective as of December 31, 2024. The audited financial statements for the fiscal year ended June 30, 2025 were presented on a liquidation basis.

Timely: 6 months or less	1	25%
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Late: 7 - 9 months	2	50%
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Significantly Late: More than 9 Months	1	25%
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Late and Remains Unfiled	0	0%
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Fire District - Tier I - Annual Audit Submission Summary
Fiscal Year Ended (FYE) 2025

Fire District - Tier I: Annual Audit Report Required	FYE Date	Due Date	Date Received or Current Status			
			Timely: 6 months or less	Late: 7 - 9 months	Significantly Late: More than 9 Months	Late and Remains Unfiled
Ashaway	08/31/25	02/28/26	03/03/26			
Central Coventry	08/31/25	02/28/26	03/04/26			
Charlestown	09/30/25	03/31/26		05/29/26		
Coventry	12/31/25	06/30/26				Unfiled ¹
Cumberland	06/30/25	12/31/25	12/31/25			
Dunn's Corners	05/31/25	11/30/25	10/23/25			
East Burrillville	08/31/25	02/28/26				Unfiled
Exeter	06/30/25	12/31/25			04/16/26	
Harrisville	08/31/25	02/28/26			06/11/26	
Hope Valley-Wyoming	06/30/25	12/31/25				Unfiled
Hopkins Hill	08/31/25	02/28/26				Unfiled
Kingston	06/30/25	12/31/25	12/12/25			
Lime Rock	10/31/25	04/30/26				Unfiled
Lincoln	10/31/25	04/30/26				Unfiled
North Tiverton	04/30/25	10/31/25	08/14/25			
Pascoag	10/31/25	04/30/26		06/11/26		
Portsmouth Water and Fire	04/30/25	10/31/25		11/24/25		
Richmond-Carolina	06/30/25	12/31/25	12/23/25			
Stone Bridge	04/30/25	10/31/25				Unfiled
Union	06/30/25	12/31/25			05/11/26	
Westerly	07/31/25	01/31/26	01/12/26			
Western Coventry	02/28/25	08/31/25	09/02/25			

¹ Coventry Fire District's annual audit was unfiled as of 08/31/26 and subsequently received on 09/04/26

Timely: 6 months or less	9	41%
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Late: 7 - 9 months	3	14%
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Significantly Late: More than 9 Months	3	14%
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Late and Remains Unfiled	7	31%
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Fire District - Tier II - Annual Attestation Submission Summary
Fiscal Year Ended (FYE) 2025

			Date Received or Current Status			
Fire District - Tier II: Annual Agreed-Upon Procedures Report & Self-Reporting Template (Form FD-4) Required	FYE Date	Due Date	Timely: 6 months or less	Late: 7 - 9 months	Significantly Late: More than 9 Months	Late and Remains Unfiled
Chepachet	06/30/25	12/31/25	12/12/25			
Harmony	06/30/25	12/31/25	12/16/25			
Misquamicut	06/30/25	12/31/25	12/30/25			
Watch Hill	05/31/25	11/30/25	09/30/25			
Weekapaug	12/31/25	06/30/26	06/24/26			
West Glocester	06/30/25	12/31/25	12/22/25			

Timely: 6 months or less	6	100%
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Late: 7 - 9 months	0	0%
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Significantly Late: More than 9 Months	0	0%
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Late and Remains Unfiled	0	0%
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Fire District - Tier III - Annual Reporting Submission Summary
Fiscal Year Ended (FYE) 2025

Fire District - Tier III: Annual Self-Reporting Template (Form FD-4) Required	FYE Date	Due Date	Date Received or Current Status			
			Timely: 2 months or less	Late: 3 - 5 months	Significantly Late: More than 5 Months	Late and Remains Unfiled
Bonnet Shores	04/30/25	06/30/25		08/12/25		
Bradford	08/31/25	10/31/25	09/24/25			
Buttonwoods	05/31/25	07/31/25	07/20/25			
Indian Lake Shores	06/30/25	08/31/25		09/22/25		
Manville	09/30/25	11/30/25				Unfiled ¹
Pojac Point	03/31/25	05/31/25		07/18/25		
Quinnville	04/30/25	06/30/25		07/10/25		
Quonochontaug Central Beach	12/31/25	02/28/26		03/12/26		
Shady Harbor	07/31/25	09/30/25	08/18/25			
Shelter Harbor	06/30/25	08/31/25		09/08/25		

¹ Manville Fire District's Annual Self-Reporting Template (Form FD-4) was unfiled as of 08/31/26 and subsequently received on 09/07/26

Timely: 2 months or less	3	30%
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Late: 3 - 5 months	6	60%
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Significantly Late: More than 5 Months	0	0%
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Late and Remains Unfiled	1	10%
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General Notes:

- 1) For purposes of determining compliance with the six-month statutory filing requirement, entities were considered timely if the financial statement audit opinion was dated within six months of the fiscal year-end and the report was submitted within 7 business days.

- 2) Fire District Tier Definitions:

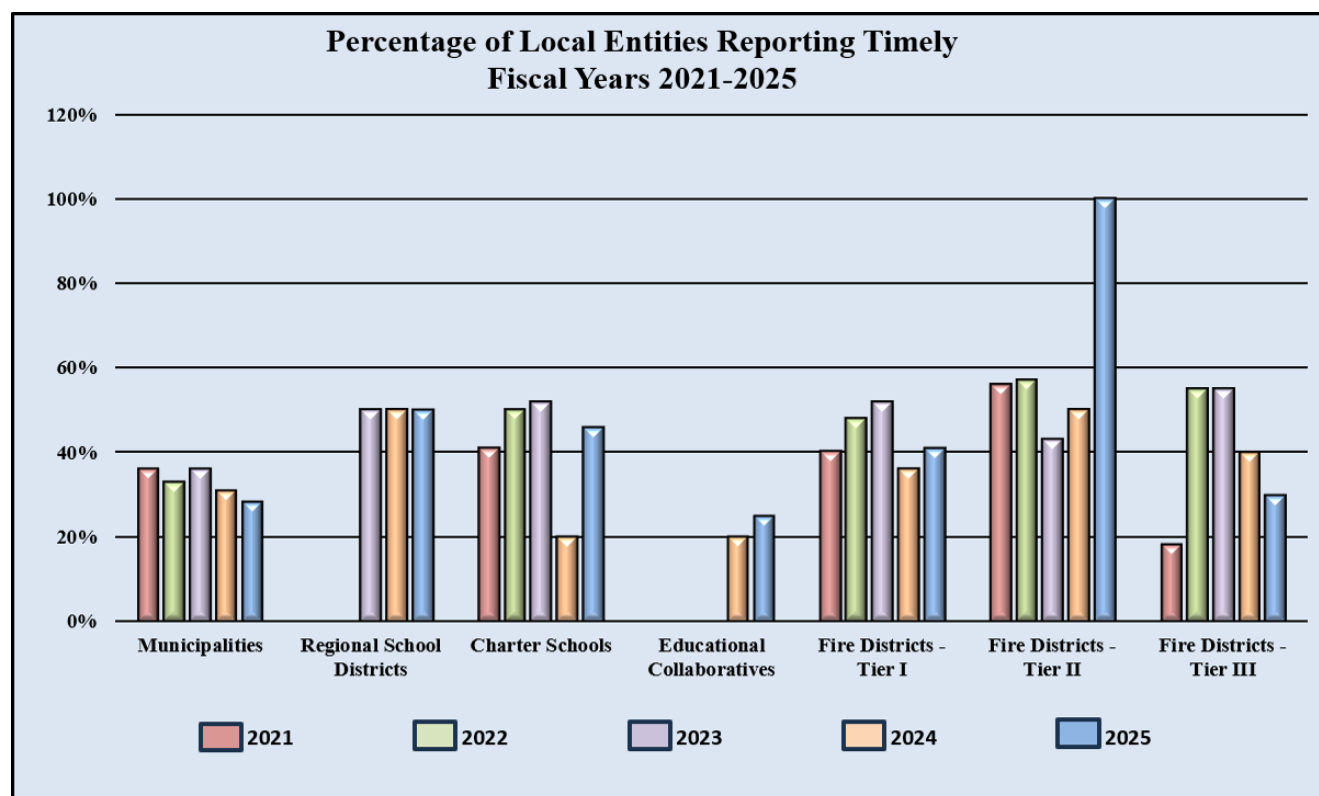
Tier I - Fire district located in Coventry (required to be Tier I by statute); annual operating expenditures (exclusive of capital outlay) are equal to or more than \$1.85 million; or internal or another external requirement for an audit.

Tier II - Annual operating expenditures (exclusive of capital outlay) are more than \$650,000 but less than \$1.85 million or annual operating expenditures (exclusive of capital outlay) are equal to or less than \$650,000 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 \$650,000. Tier III reporting due by districts 2 months after year end.

Compliance Trend Information – Reporting Periods 2021-2025

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	2021	2022	2023	2024	2025
Municipalities	36%	33%	36%	31%	28%
Regional School Districts	0%	0%	50%	50%	50%
Charter Schools	41%	50%	52%	20%	46%
Educational Collaboratives	0%	0%	0%	20%	25%
Fire Districts - Tier I	40%	48%	52%	36%	41%
Fire Districts - Tier II	56%	57%	43%	50%	100%
Fire Districts - Tier III	18%	55%	55%	40%	30%

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

- 1) Municipality compliance continues to decline. Improvements by certain municipalities over time are being offset by declines by other municipalities impacted by the various factors outlined in this report. While improving financial reporting timeliness often takes multiple financial periods, delays in financial reporting can happen quickly, especially due to reliance on key financial staff.
- 2) Fiscal year 2025 showed a decline in timeliness for Municipalities and Tier III Fire Districts; however, Charter Schools, Educational Collaboratives, Tier I Fire Districts, and Tier II Fire Districts showed improvement in timely submissions from the prior year.

Summary of Reported Deficits – Local Governmental Entities – Fiscal Year 2025 Reporting Period

Rhode Island General Law Sections 45-12-22.2, 45-12-22.3, 16-2-9(f), and 16-3-11(e) 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 charter schools and educational collaboratives and will follow up on any issues noted that require attention or corrective action.

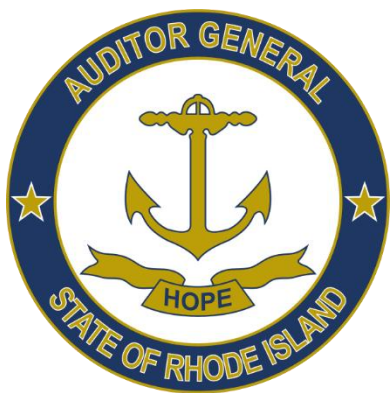
Fund balance is the accumulation of operating surpluses and deficits since the beginning of the local entity's existence. Reported fund balance (or net position/asset) deficits indicate that local entities have expended more than the resources available for that fund. Deficits can result from a variety of reasons including 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 / 2025	\$ 1,344,215	\$ (4,525,495)	Deficit reduction plan approved May 7, 2026. The plan outlines a four-year plan of action to resolve the deficit by June 30, 2029. Quarterly monitoring by the Auditor General.
Johnston	School Dept. / Unrestricted Fund / 2025	\$ (3,287,231)	\$ (5,563,844)	Deficit reduction plan pending - the Auditor General has continued to meet with Town, School Department, and other State Officials. The Town Council and School Committee approved a Memorandum of Agreement (MOA) which included a supplemental 2026 Town appropriation. A formalized plan is required to be submitted to the Auditor General for approval. The Town and School Department continue to work towards formalizing a plan.
Tiverton	School Dept. / Unrestricted Fund / 2025	\$ (1,445,007)	\$ (1,243,427)	Deficit reduction plan approved August 27, 2026. The plan outlines a two-year plan of action to resolve the deficit by June 30, 2027. Monitoring of audited financial statements will continue by the Auditor General.

Continued on next page.

Summary of Reported Deficits
Fiscal Year 2025 Reporting Period

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
Warwick	School Dept. / Unrestricted Fund / 2025	\$ (5,578,008)	\$ (6,800,138)	Deficit reduction plan approved April 6, 2026. The plan outlines a five-year plan of action to resolve the deficit by June 30, 2031. Quarterly monitoring by the Auditor General.
YouthBuild Preparatory Academy	Collaborative / Net Assets / 2025	\$ (203,960)	\$ (363,347)	Negative total net assets - the Auditor General previously met with YouthBuild to discuss their plan to address the reported deficit. With a deficit continuing in fiscal 2025, the Auditor General plans to meet with YouthBuild and the Rhode Island Department of Education to monitor YouthBuild's plan to address the deficit and increase net asset reserves.



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