

Amy Anzalone
Assistant Superintendent
Christopher DeVerna
Director of Finance
Frederik Schockaert
Director of Special Education



Diane Fallon
Human Resource Manager
Russel Hill
Director of Facilities and Transportation
James Murphy
Director of Technology & Information Systems

Don Cowart
Superintendent

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September 10, 2024

Mr. David Bergantino
Auditor General
33 Broad Street
Suite 201
Providence, RI 02903

Re: Coventry Public Schools

Dear Mr. Bergantino:

In order to satisfy the requirements of Rhode Island General Law §16-2-9, please accept this letter as official notice that as the Director of Finance for Coventry Public Schools, I am reporting accumulated deficits for the Coventry Public Schools (“Coventry”) fiscal years ending June 30, 2022, 2023, and 2024.

The FY 2022 Audited Financials are about to be issued. The FY 2023 Audit Fieldwork has been substantially completed and we have preliminary unaudited results for FY2024. With this information, current details are as follows:

Fund Balance as of July 1, 2021:	1,137,499.71
Prior Period Adjustment for Pension Accrual:	<u>(903,061.28)</u>
Fund Balance as of July 1, 2021, as restated:	234,438.43
FY 2022 Deficit:	<u>(1,824,228.93)</u>
FY 2022 Accumulated Deficit:	(1,589,790.50)
Preliminary 2023 Surplus:	24,830.43
Anticipated FY 2023 Adjustment to close FY 2023 deficits of other funds to the General Fund:	(22,647.46)
Anticipated FY 2023 Adjustment to close prior year accumulated deficits of other funds to the General Fund:	<u>(973,356.61)</u>
FY 2023 Accumulated Deficit:	(2,560,964.14)
Preliminary FY 2024 Deficit:	<u>(2,497,192.31)</u>
Anticipated FY 2024 Accumulated Deficit:	(5,058,156.45)

“Working Together To Improve Our Schools”

The Coventry School Department is an Affirmative Action/Equal Opportunity Employer and does not discriminate on the basis of age, color, sex, race, religion, sexual orientation, national origin, or disability

Since our last formal letter to Office of the Auditor General regarding the Coventry Public Schools deficits dated September 14, 2023, we have been working to get the FY 2022 audited financial statements issued, while simultaneously working on the FY 2023 audit and working to close FY 2024 to prepare for the FY 2024 audit. We've worked to strengthen the Finance Office by hiring a Senior Accountant to fill a vacancy. We have also been regularly meeting with the Auditor General's Office, Town Administration, and our auditors in an effort to get caught up on the audits following a period of significant turnover in both School and Town Administration.

During the audits, we discussed the accrued payroll and accrued benefits calculations as well closing accumulated deficit balances from various other funds into the general fund. Ultimately, a decision was made to update the accrued salary and accrued benefits calculations to include teacher's pension amounts paid over the summer. This decision impacted several years as the FY 2022 audited financial statements had yet to be issued. The updated accrual calculations resulted in a prior period adjustment to the School's FY 2022 Beginning Fund Balance. It also led us to post updated accrual entries to FY 2022, FY 2023, and FY 2024. Finally, we have been working to quantify and prepare adjustments to eliminate accumulated deficits in various other funds by consolidating them with the accumulated deficit in the School's general fund.

After reviewing the accumulated deficit that emerged during the 2021-2022 school year and has grown in FY 2023 and FY 2024, we continue to note the most significant categories of unfavorable budget-to-actual results were in the categories of: salaries, benefits, fuel, transportation, and out-of-district tuition costs.

We understand that we will need to update and prepare corrective action plans to address the accumulated deficit. We will work internally and with the Town of Coventry to update and formulate such plans. The School made significant cuts in personnel at the end of FY 2024 (27.3 FTE's from the CTA Union and 12.6 FTE's from the SRP Union). The School has also formed a committee to explore cost-saving opportunities that may be possible through potential consolidation or modification to school configuration. We have been meeting regularly with the Town Administration to provide updates, ensure progress on the financial statement audits, and discuss the school's financial position, including potential opportunities for cost savings. We have also been discussing an RFP for our Health and Dental with the hopes of reducing these costs. The new school administration has been putting in considerable time working on our FY 2025 Budget and understanding the budget shortfalls from recent years.

We look forward to working in a collaborative manner with the Town of Coventry, RIDE, and your office to develop and approve budgets that sufficiently fund the programs of our public schools.

Please do not hesitate to contact me if you have any questions.

Thank you,



Chris DeVerna, CPA
Director of Finance
Coventry Public Schools

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Cc: Coventry Town Council
Daniel Parrillo, Town Manager
Mark Dunham, RIDE
Coventry School Committee
Don Cowart, Superintendent

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