

PROVIDENCE CIVIC CENTER AUTHORITY

Financial Statements - June 30, 1975

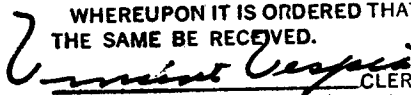
(With Accountants' Report Thereon)

IN CITY COUNCIL

OCT 16 1975

READ:

WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.


CLERK

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
40 WESTMINSTER STREET
PROVIDENCE, RHODE ISLAND 02903

Providence Civic Center Authority
Providence, Rhode Island:

We have examined the balance sheet of the Providence Civic Center Authority as of June 30, 1975, and the related statements of operations and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Providence Civic Center Authority at June 30, 1975, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

August 15, 1975

PROVIDENCE CIVIC CENTER AUTHORITY

Balance Sheet

June 30, 1975Assets

Current assets:

Cash		\$ 114,563
Investments, at cost which approximates market (note 5):		
Repurchase agreements	\$ 45,178	
Commercial paper	<u>198,896</u>	244,074
Accounts receivable, less allowance for doubtful accounts of \$5,000		27,762
Prepaid expenses		<u>15,517</u>
Total current assets		401,916

Property and equipment (notes 2 and 4):

Building and building improvements	13,469,415
Plaza	250,000
Arena equipment	404,505
Office furniture and fixtures	33,905
Telespot	<u>211,675</u>
	14,369,500

Less accumulated depreciation	<u>1,222,850</u>
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Net property and equipment	13,146,650
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\$ <u>13,548,566</u>

See accompanying notes to financial statements.

Liabilities and Deficit

Current liabilities:

Current installments of long-term debt (note 4)	\$ 124,016
4.9% revenue anticipation notes due August 29, 1975	300,000
Construction payable to contractor	15,000
Construction payable to architect	25,000
Accounts payable - trade	84,644
Due to City of Providence (note 5)	244,474
Accrued payroll, taxes and withholdings	32,810
Accrued expenses	30,900
Advance ticket sales receipts and promoters' deposits	14,785
Deferred income	<u>12,333</u>

Total current liabilities 883,962

Long-term debt, excluding current installments
(note 4) 520,029

Contributed capital from the City of Providence
(note 3) 12,921,229

Total liabilities 14,325,220

Deficit:

Accumulated earnings before depreciation	\$ 446,196
Accumulated depreciation charged to operations since inception	<u>(1,222,850)</u>
	<u>(776,654)</u>
	\$ <u>13,548,566</u>

PROVIDENCE CIVIC CENTER AUTHORITY

Statement of Operations and Deficit

Year ended June 30, 1975

Operating revenue:

Arena rent	\$ 616,528
Concession income	200,873
Telespot income	10,154
Interest income	10,552
Advertising and other	<u>66,745</u>

Total operating revenue

\$ 904,852

Operating expenses, excluding depreciation:

Salaries and wages - admissions control	185,905
Salaries and wages - operating	439,636
Salaries and wages - administrative	94,885
Security	4,369
Payroll taxes	32,654
Utilities	138,456
Telephone	17,377
Employee benefits	43,843
Event expenses	127,559
Advertising	959
Professional services	16,912
Insurance	43,578
Auto and truck leasing	2,280
Uniforms	2,988
Travel and entertainment	3,678
Office supplies	11,359
Data processing and credit card service fees	2,480
Maintenance	57,745
Interest	50,607
Miscellaneous	<u>18,654</u>

Gross operating expenses, excluding
depreciation

1,295,924

Less expenses reimbursed by promoters

435,217Total operating expenses, excluding
depreciation860,707

Operating income before depreciation

44,145

Depreciation expense

492,422

Net loss

(448,277)

Deficit at beginning of year

(328,377)

Deficit at end of year

(\$ 776,654)

See accompanying notes to financial statements.

PROVIDENCE CIVIC CENTER AUTHORITY

Statement of Changes in Financial Position

Year ended June 30, 1975

Sources of working capital:

Net loss	(\$ 448,277)
Item which does not use working capital:	
Depreciation	<u>492,422</u>
Working capital provided by operations	44,145
Decrease in other assets	4,061
Proceeds from long-term debt	<u>393,271</u>
	\$ <u>441,477</u>

Uses of working capital:

Additions to property and equipment	33,885
Repayment of long-term debt	124,012
Decrease in working capital deficit	<u>283,580</u>
	\$ <u>441,477</u>

Changes in components of working capital deficit:

Increase (decrease) in current assets:	
Cash	(63,237)
Investments	244,074
Accounts receivable	(9,800)
Prepaid expenses	<u>2,073</u>
	<u>173,110</u>

Increase (decrease) in current liabilities:

Notes payable - demand	(143,000)
Current installments of long-term debt	56,181
Construction payables	(191,919)
Accounts payable - trade	(1,310)
Due to City of Providence	244,474
Accrued payroll, taxes and withholding	(23,775)
Accrued expenses	(5,168)
Advance ticket sales receipts and promoters' deposits	(45,495)
Deferred income	<u>(458)</u>
	<u>(110,470)</u>

Decrease in working capital deficit \$ 283,580

See accompanying notes to financial statements.

PROVIDENCE CIVIC CENTER AUTHORITY

Notes to Financial Statements

June 30, 1975

(1) Summary of Significant Accounting Policies(a) Property and Equipment

It is the policy of the Authority to capitalize expenditures for renewals and betterments and to charge current operating expenses for the cost of normal maintenance and repairs. The Authority provides for depreciation of all fixed assets using the straight-line method based on their estimated useful lives.

(b) Rental Income and Reimbursed Expenses

The Authority leases its facilities to various promoters and groups. Rental income is calculated as a percentage of gross ticket sales or a minimum rental fee, whichever is higher or, occasionally, on a fixed prearranged fee. In addition to rental income, the Authority is reimbursed by lessees for expenses the Authority incurs in connection with the various events.

(c) Advertising Income

The Authority derives income by leasing advertising space within the arena. Four customers have contracted to lease advertising space through October 1977.

(2) Property and Equipment

The following schedule summarizes property and equipment and accumulated depreciation at June 30, 1975:

<u>Description</u>	<u>Cost</u>	<u>Estimated useful life in years</u>	<u>Accumulated depreciation</u>
Building and building improvements	\$ 13,469,415	30	\$ 1,121,077
Plaza	250,000	30	24,998
Arena equipment	404,505	20	60,243
Office furniture and fixtures	33,905	15	4,966
Telespot	211,675	15	11,566
	<u>\$ 14,369,500</u>		<u>\$ 1,222,850</u>

(3) Contributed Capital from the City of Providence

Contributions from the City of Providence are to be repaid from the excess of the Authority's revenues over its expenses in any fiscal year, provided, however, that the Authority may carry forward a working capital reserve in such amount as may be determined by the Authority with the approval of the Mayor. Such working capital reserve has not yet been determined.

PROVIDENCE CIVIC CENTER AUTHORITY

Notes to Financial Statements, Continued(4) Long-Term Debt

A summary of long-term debt follows:

Equipment lease-purchase agreement (Scoreboard), 3.7% interest, \$25,566 payable annually (in- cluding interest) to August 1978	\$ 71,418
Equipment lease-purchase agreement (Telespot), 4.4% interest, \$10,751 payable every four months (including interest) to November 1980	140,358
Equipment lease-purchase agreement (Hockey Dashers), 5.9% interest, \$2,051 payable nine times a year (including interest) to December 1977	38,998
Serial notes, 7.25% interest, \$56,181 payable annually from October 1975 to October 1981 with interest payable semiannually (April and October) each year on the unpaid principal	<u>393,271</u>
	644,045
Less current installments	<u>124,016</u>
	<u>\$ 520,029</u>

The above equipment is pledged as collateral under the lease-purchase agreements.

(5) Due to City of Providence

The balance due to the City of Providence represents a five cents per dollar ticket surcharge enacted by the Rhode Island General Assembly and assessed on all paid admissions to the Providence Civic Center. The proceeds from the surcharge are invested in short-term securities and are to be remitted to the City of Providence.

(6) Pension Plan

The Authority is required to make contributions to the Central Pension Fund of the Stationary Operating Engineers' Union and the National Pension Fund of the Laborers' International Union of North America. The Authority's contribution to these plans is equal to ten cents per hour for each employee in the plan. Total pension costs amounted to \$7,350 for the year ended June 30, 1975.