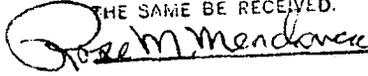


749

IN CITY COUNCIL
DEC 4 1980

READ:
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

 CLERK

PROVIDENCE CIVIC CENTER AUTHORITY

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 1980

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND F. MURPHY & COMPANY

RAYMOND F. MURPHY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

111 WESTMINSTER STREET
PROVIDENCE, RHODE ISLAND

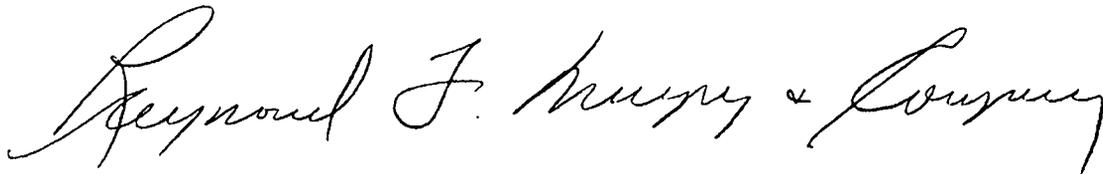
Board of Directors
Providence Civic Center Authority
Providence, Rhode Island

We have examined the balance sheet of the Providence Civic Center Authority at June 30, 1980, and the related statements of operations, changes in financial position and Authority's equity 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.

As described in Note 5 to the financial statements the Authority is contesting an assessment from the Rhode Island Department of Employment Security. The ultimate liability of the Authority for the assessment is not presently determinable and no provision has been made in the financial statements for such assessment.

In our opinion, subject to the effects, if any, on the financial statements of the ultimate resolution of the matter discussed in the preceding paragraph, the financial statements mentioned above present fairly the financial position of the Providence Civic Center Authority at June 30, 1980, 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.

The accompanying supplementary information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, subject to the effects, if any, of the matter mentioned in the second paragraph above, is fairly stated in all respects material in relation to the financial statements taken as a whole.



September 11, 1980

PROVIDENCE CIVIC CENTER AUTHORITY

BALANCE SHEET
June 30, 1980

<u>ASSETS</u>		<u>LIABILITIES AND AUTHORITY'S EQUITY</u>	
Current assets		Current liabilities	
Cash and certificates of deposit, unrestricted	\$ 137,801	Revenue anticipation notes payable	\$ 171,000
Cash and certificates of deposit, restricted (Note 3)	372,064	Accounts payable	126,744
Accounts receivable, less allowance for doubtful accounts of \$10,033	35,978	Due to City of Providence (Note 3)	306,564
Inventory of operating supplies, at cost	38,228	Accrued payroll	29,506
Prepaid expenses	<u>25,361</u>	Accrued expenses	46,637
	\$ 609,432	Advance ticket sales receipts and promoters' deposits (Note 3)	65,500
Plant and equipment (Note 4)		Deferred advertising income	10,958
Building and building improvements	13,832,414	Long-term debt due within one year	<u>75,451</u>
Furnishings and equipment	<u>808,692</u>		\$ 832,360
	14,641,106	Long-term debt (Note 4)	94,228
Less accumulated depreciation	<u>3,744,278</u>	Authority's equity (Notes 5, 6 and 7)	
	10,896,828	Contributed capital from the City of Providence	<u>13,604,858</u>
		Deficit	
		Accumulated earnings before depreciation	724,466
		Accumulated depreciation charged to operations since inception	<u>3,749,652</u>
			<u>(3,025,186)</u>
	<u>\$11,506,260</u>		<u>10,579,672</u>
			<u>\$11,506,260</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended June 30, 1980

Funds provided		
Operations		
Net loss for the year		\$ 489,402
Deduct charges against income not requiring funds, depreciation		<u>516,666</u>
Funds provided from operations		27,264
Additional contributed capital from City of Providence		124,928
Proceeds from long-term borrowings		49,399
Proceeds from sale of equipment		3,278
Decrease in working capital		<u>20,467</u>
		<u>\$ 225,336</u>
Funds used		
Additions to plant and equipment		\$ 141,727
Decrease in long-term debt		<u>83,609</u>
		<u>\$ 225,336</u>

Analysis of Decrease in Working Capital

Increase (decrease) in current assets		
Cash and certificates of deposit, unrestricted	\$ 70,475	
Cash and certificates of deposit, restricted	(89,272)	
Accounts receivable	(4,067)	
Inventory of operating supplies	15,295	
Prepaid expenses	<u>(1,405)</u>	\$ (8,974)
Increase (decrease) in current liabilities		
Revenue anticipation notes payable	71,000	
Accounts payable	(4,196)	
Due to City of Providence	(11,184)	
Accrued payroll	19,278	
Accrued expenses	22,648	
Advance ticket sales receipts and promoters' deposits	(78,088)	
Deferred advertising income	10,958	
Long-term debt due within one year	<u>(18,923)</u>	<u>11,493</u>
Decrease in working capital		<u>\$ (20,467)</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 1980

Note 1: Significant Accounting Policies

Plant and equipment are recorded at cost, except that property under capital leases are recorded at the lower of the present value of the future minimum rental payments or the fair value of the property at the beginning of the lease term. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is recorded in operations. Maintenance and repairs are charged to expense when incurred. Depreciation is provided on the straight-line method over estimated useful lives of assets as follows:

<u>Assets</u>	<u>Life</u>
Building and building improvements	10-30 years
Furnishings and equipment	3-20 years

Note 2: Basis of Presentation

The Authority was created by an Act of the Rhode Island State Legislature in 1971 to provide a public facility for various civic, athletic and cultural events. The facility was built and paid for from the proceeds of bonds sold by the City of Providence and contributed to the Authority. The Authority leases its facilities to various promoters and groups, at rental charges calculated usually as a percentage of gross ticket sales and/or a minimum rental fee. Rental charges for certain events are based upon a fixed fee. In addition to rental income, the Authority is reimbursed by leasees for expenses the Authority incurs in connection with the various events.

Under the Act the Authority is required to pay annually all excess revenues, as defined in the Act, to the City of Providence. Because of original capital funding deficiencies and capital additions since operations began in 1972 no payments have been required under this provision of the Act. The Center and all funds and assets of the Authority shall become the property of the City of Providence upon the payment and retirement of all bonds issued by the City of Providence to fund the Authority. The bonds are scheduled for payment and retirement in 1992.

PROVIDENCE CIVIC CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 1980

Note 3: Restricted Funds

Cash and certificates of deposit, of \$372,064, represent funds restricted by the Authority and equal to the obligation to the City of Providence for funds collected from ticket surcharges of \$306,564 and amounts collected from advance ticket sales and promoters' deposits of \$65,500.

Note 4: Long-term Debt

7.25% serial notes payable to banks, due \$56,300 annually plus interest, payable semi-annually, to October, 1981	\$111,771
6.25% capitalized lease obligation, secured by equipment, with an original capitalized cost of \$49,399, due \$956 monthly, including interest, to 1984	41,241
6.31% note payable to bank, secured by equipment, due \$833 monthly, plus interest, to April, 1982	<u>16,667</u>
	169,679
Less amounts due within one year	<u>75,451</u>
Long-term debt	<u>\$ 94,228</u>

Note 5: Contingent Liability

The Authority is contesting a \$79,000 assessment from the Rhode Island Department of Employment Security for reimbursement from the Authority for unemployment benefits paid to individuals who were alleged employees of the Authority and who received unemployment benefits during 1975 and 1976. The Authority has raised several defenses and has instituted an action, in the Superior Court, to declare these taxes unconstitutional. No provision has been made in the financial statements for this assessment. Counsel for the Authority believes that the action is meritorious and should result in an abatement of the greater portion of the taxes claimed.

PROVIDENCE CIVIC CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended June 30, 1980

Note 6: Prior Period Adjustment

During the current year it was determined that the capital contributed by the City of Providence represents equity contributions rather than long-term liabilities as presented in prior years. Consequently, the financial statements have been restated to give effect to this change resulting in an increase in Authority's equity and a corresponding decrease in long-term liabilities of \$13,479,930 at June 30, 1979.

Note 7: Employment Benefits

The Authority has established a non-contributory, defined contribution retirement plan for all management employees. Contributions for the year were \$15,321 and are based on a percentage of salaries paid. The Authority's policy is to fund all retirement costs accrued.

In addition the Authority has contributed \$23,284 under union sponsored pension and fringe benefit plans.

SUPPLEMENTARY INFORMATION

PROVIDENCE CIVIC CENTER AUTHORITY

SCHEDULE OF OTHER EXPENSES

Year Ended June 30, 1980

Security	\$ 5,771
Payroll taxes	68,139
Utilities	192,461
Telephone	27,087
Employee benefits	74,400
Retirement plan	15,321
Advertising	1,469
Professional services	28,295
Insurance	71,045
Vehicle leasing	4,140
Uniforms	2,543
Travel and entertainment	3,304
Office supplies	8,806
Data processing and credit card fees	13,982
Maintenance	45,760
Miscellaneous	24,569
	<u>\$587,092</u>

FILED
Nov 21 3 25 PM '89
DEPT. OF CITY CLERK
PROVIDENCE, R.I.



RAYMOND F. MURPHY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

111 WESTMINSTER STREET
PROVIDENCE, RHODE ISLAND

October 15, 1980

Mr. Charles J. Toomey, Executive Director
Providence Civic Center Authority
LaSalle Square
Providence, Rhode Island 02903

Dear Mr. Toomey:

In the course of our examination of the financial statements of the Providence Civic Center Authority for the year ended June 30, 1980, we developed the following suggestions which we think will be of benefit to you.

The Authority does not have formal procedures for the collection and write off of overdue accounts receivables. We recommend that the Authority adopt formal procedures for these matters to insure the timely disposition of problem accounts.

The bookkeeper receives the bank statements and cancelled checks directly from the bank. We recommend that the controller review the bank statements and cancelled checks for any unusual items before giving them to the bookkeeper for reconciliation. This will strengthen internal control over the cash disbursement function.

The cash receipt and cash disbursement records are currently being maintained by the same individual. To insure good internal control we recommend that the cash receipts be recorded by an employee not involved in the cash disbursement function.

The Authority has not executed the lease for the land on which the Center is built. We recommend you review the status of this lease with legal counsel.

We would like to acknowledge the assistance and cooperation given to us during the examination by yourself, Bob Hart, members and employees of the Authority.

If you have any questions concerning these suggestions, we would be happy to discuss them with you at your convenience.

Very truly yours,

RAYMOND F. MURPHY & COMPANY


Joseph P. Clune

JPC:smd

cc: Mr. Robert Hart

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF OPERATIONS
Year Ended June 30, 1980

Operating revenue		
Arena rent		\$ 923,204
Concession income		207,215
Interest income		46,230
Advertising and other		<u>39,080</u>
Total operating revenue		<u>1,215,729</u>
Operating expenses, excluding depreciation		
Salaries and wages:		
Admissions control	\$ 201,308	
Operating	703,679	
Administrative	<u>118,367</u>	1,023,354
Event expenses		202,365
Interest		25,873
Other		<u>587,092</u>
Gross operating expenses, excluding depreciation		1,838,684
Less expenses reimbursed by promoters		<u>650,219</u>
Total operating expenses, excluding depreciation		<u>1,188,465</u>
Operating income before depreciation		27,264
Deduct depreciation expense		<u>516,666</u>
Net loss for the year		<u>\$ 489,402</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF AUTHORITY'S EQUITY
Year Ended June 30, 1980

	<u>AUTHORITY'S EQUITY</u>		Total
	<u>Contributed Capital</u>	<u>Deficit</u>	
Balance (deficit) at beginning of year before restatement	\$ -	\$(2,535,784)	\$(2,535,784)
Prior period adjustment (Note 6)	<u>13,479,930</u>	<u>-</u>	<u>13,479,930</u>
Balance (deficit) at beginning of year after restatement	13,479,930	(2,535,784)	10,944,146
Net (loss) for the year	-	(489,402)	(489,402)
Contributions from City of Providence	<u>124,928</u>	<u>-</u>	<u>124,928</u>
Balance at end of year	<u>\$13,604,858</u>	<u>\$ 3,025,186</u>	<u>\$10,579,672</u>

See accompanying notes.