



PROVIDENCE CIVIC CENTER

One LaSalle Square
Providence, Rhode Island 02903
Telephone (401) 331-0700
Charles J. Toomey, Executive Director

September 15, 1976

Mr. Vincent Vespia, City Clerk
City Hall
Kennedy Plaza
Providence, Rhode Island

Dear Mr. Vespia:

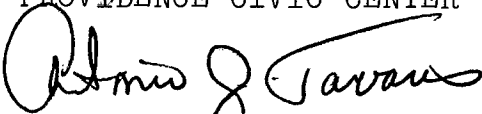
The audited June 30, 1976 financial report for the Authority is enclosed for your review. The results are very encouraging and we are hopeful of continued progress in this fiscal year.

A sincere thanks for your cooperation and patience during the past season.

I am available to answer any questions you or the city council may have regarding the enclosed statement.

Very truly yours,

PROVIDENCE CIVIC CENTER


Antonio G. Tavares
Controller

AGT/cas

Enclosure

Mr. Vespa

PROVIDENCE CIVIC CENTER AUTHORITY

Financial Statements - June 30, 1976

(With Accountants' Report Thereon)

IN CITY COUNCIL

READ: OCT 7 1976
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
Vincent Vespa
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, 1976, 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, 1976, 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 10, 1976

DEPT. OF CITY CLERK
PROVIDENCE, R.I.
SEP 21 11 10 AM '76

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PROVIDENCE CIVIC CENTER AUTHORITY

Balance Sheet

June 30, 1976Assets

Current assets:

Cash (note 5)	\$ 260,137
Certificates of deposit (note 5)	200,000
Accounts receivable, less allowance for doubtful accounts of \$4,008	43,974
Prepaid expenses	<u>21,232</u>

Total current assets 525,343

Property and equipment (notes 2 and 4):

Building and building improvements	\$ 13,451,521
Plaza	250,000
Arena equipment	412,285
Office furniture and fixtures	34,597
Telespot	211,675
Decorating equipment	<u>13,819</u>

14,373,897

Less accumulated depreciation 1,715,137

Net property and equipment 12,658,760

\$ 13,184,103

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 31, 1976	250,000
Accounts payable - trade	76,443
Due to City of Providence (note 5)	273,909
Accrued payroll, taxes and withholdings	46,980
Accrued expenses	26,940
Advance ticket sales receipts and promoters' deposits	87,661
Deferred income	<u>6,692</u>

Total current liabilities 892,641

Long-term debt, excluding current installments
(note 4) 395,690

Contributed capital from the City of Providence
(note 3) 13,074,766

Total liabilities 14,363,097

Deficit:

Accumulated earnings before depreciation	\$ 541,052
Accumulated depreciation charged to operations since inception	<u>(1,720,046)</u>
	<u>(1,178,994)</u>
	\$ <u>13,184,103</u>

PROVIDENCE CIVIC CENTER AUTHORITY
Statement of Operations and Deficit
Year ended June 30, 1976

Operating revenue:		
Arena rent	\$	716,286
Concession income		196,514
Telespot income		3,199
Interest income		16,054
Advertising and other		<u>69,726</u>
Total operating revenue		\$ 1,001,779
Operating expenses, excluding depreciation:		
Salaries and wages - admissions control		193,460
Salaries and wages - operating		481,072
Salaries and wages - administrative		103,632
Security		4,887
Payroll taxes		31,941
Utilities		137,985
Telephone		21,061
Employee benefits		55,369
Event expenses		146,736
Advertising		2,579
Professional services		20,184
Insurance		41,062
Auto and truck leasing		2,460
Uniforms		3,604
Travel and entertainment		1,345
Office supplies		9,125
Data processing and credit card service fees		3,761
Maintenance		52,842
Interest		47,224
Miscellaneous		<u>23,406</u>
Gross operating expenses, excluding depreciation		1,383,735
Less expenses reimbursed by promoters		<u>489,164</u>
Total operating expenses, excluding depreciation and loss on sale of equipment		<u>894,571</u>
Operating income before depreciation and loss on sale of equipment		107,208
Depreciation expense		497,196
Loss on sale of equipment		<u>12,352</u>
Net loss		(402,340)
Deficit at beginning of year		<u>(776,654)</u>
Deficit at end of year		(\$ <u>1,178,994</u>)

See accompanying notes to financial statements.

PROVIDENCE CIVIC CENTER AUTHORITY

Statement of Changes in Financial Position

Year ended June 30, 1976

Sources of working capital:

Net loss	(\$ 402,340)
Items which do not use working capital:	
Depreciation	497,196
Loss on sale of equipment	<u>12,352</u>
Working capital provided by operations	107,208
Increase in contributed capital from City of Providence	153,537
Proceeds from sale of equipment	<u>17,874</u>
	<u>\$ 278,619</u>

Uses of working capital:

Additions to property and equipment	39,532
Repayment of long-term debt	124,339
Decrease in working capital deficit	<u>114,748</u>
	<u>\$ 278,619</u>

Changes in components of working capital deficit:

Increase (decrease) in current assets:	
Cash	145,574
Investments	(244,074)
Certificates of deposit	200,000
Accounts receivable	16,212
Prepaid expenses	<u>5,715</u>
	<u>123,427</u>

Increase (decrease) in current liabilities:

Revenue anticipation notes	(50,000)
Construction payables	(40,000)
Accounts payable - trade	(8,201)
Due to City of Providence	29,435
Accrued payroll, taxes and withholding	14,170
Accrued expenses	(3,960)
Advance ticket sales receipts and promoters' deposits	72,876
Deferred income	<u>(5,641)</u>
	<u>8,679</u>

Decrease in working capital deficit

\$ 114,748

See accompanying notes to financial statements.

PROVIDENCE CIVIC CENTER AUTHORITY

Notes to Financial Statements

June 30, 1976

(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, 1976:

<u>Description</u>	<u>Cost</u>	<u>Estimated useful life in years</u>	<u>Accumulated depreciation</u>
Building and building improvements	\$ 13,451,521	30	\$ 1,567,511
Plaza	250,000	30	33,333
Arena equipment	412,285	20	83,514
Office furniture and fixtures	34,597	15	7,248
Telespot	211,675	15	22,150
Decorating equipment	13,819	5	1,381
	<u>\$ 14,373,897</u>		<u>\$ 1,715,137</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. A reconciliation of capital contributed by the City of Providence is as follows:

Balance at beginning of year	\$ 12,921,229
Additional capital contribution received from the City of Providence	<u>153,537</u>
Balance at end of year	<u>\$ 13,074,766</u>

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 (including interest) to August 1978	\$ 47,612
Equipment lease-purchase agreement (Telespot), 4.4% interest, \$10,751 payable every four months (including interest) to November 1980	112,287
Equipment lease-purchase agreement (Hockey Dashers), 5.9% interest, \$2,051 payable nine times a year (including interest) to December 1977	22,836
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>336,971</u>
	519,706
Less current installments	<u>124,016</u>
	\$ <u>395,690</u>

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

(5) Due to the 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. Cash and certificates of deposit amounting to \$273,909 are restricted for this purpose. During the past year, the City of Providence allowed the Providence Civic Center to retain a portion of the surcharge proceeds to reduce long- and short-term indebtedness. The funds retained have been treated as additional contributed capital from the City of Providence. This policy is expected to continue in future years.

(6) Employee Benefits

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. In addition, the Authority makes fringe benefit contributions to the International Brotherhood of Electrical Workers. The various contribution rates are based on contractual agreements between the respective unions and the Providence Civic Center Authority. Total contributions amounted to \$14,513 for the year ended June 30, 1976.

The Authority is also required to make contributions to the Rhode Island Legal Service Trust for those employees in the Laborers International Union. The total contribution amounted to \$2,700 for the year ended June 30, 1976.

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