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LLOYD W. GRANOFF
Chairman

VINCENT A. CIANCI, JR.
Mayor

Providence Public Buildings Authority

"Building Pride in Providence"

October 10, 2001

Mr. John Lombardi
President
Providence City Council
25 Dorrance Street
Providence, RI 02903

Dear Council President Lombardi:

It is a pleasure to submit our annual report and audit to you. We are very pleased to tell you that with your support we have been able to finance and complete repairs and improvements to public buildings and school facilities, as well as development of the Mall School. You and the City Council should be justifiably proud of the efforts you have made to strengthen the City's infrastructure.

Once again, the PPBA wishes to thank you for the opportunity to serve the people of Providence.

Sincerely,

L. W. Granoff

Lloyd W. Granoff
Chairman

IN CITY COUNCIL
NOV 1 2001
READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.
Michael R. Clement CLERK

400 WESTMINSTER STREET • PROVIDENCE, RHODE ISLAND 02903-3215 • TELEPHONE (401) 351-4300 • FAX 351-9533

CAYER PRESCOTT
CLUNE CHATELLIER

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

PROVIDENCE PUBLIC BUILDINGS AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

PROVIDENCE PUBLIC BUILDINGS AUTHORITY

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JUNE 30, 2001

CAYER PRESCOTT
CLUNE CHATELLIER

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Providence, Rhode Island

INDEPENDENT AUDITORS' REPORT

Board of Directors
Providence Public Buildings Authority
Providence, Rhode Island

We have audited the accompanying general purpose financial statements of the PROVIDENCE PUBLIC BUILDINGS AUTHORITY (a Component Unit of the City of Providence) as of June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the PROVIDENCE PUBLIC BUILDINGS AUTHORITY'S management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the PROVIDENCE PUBLIC BUILDINGS AUTHORITY as of June 30, 2001, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 16, 2001 on our consideration of the PROVIDENCE PUBLIC BUILDING AUTHORITY'S internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

Cayer Prescott Clune & Chatellier, LLP

August 16, 2001

PROVIDENCE PUBLIC BUILDINGS AUTHORITY

COMBINED BALANCE SHEET- ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2000)

	Governmental Fund Types		Fiduciary Fund Types	Account Groups		Totals (memorandum only)	
	General Fund	Capital Projects	Trust and Agency	General Long-Term Debt	General Fixed Assets	2001	2000
ASSETS							
Assets:							
Cash and cash equivalents	$ 2,005,472	$2,598,219	$462,914			$ 5,066,605	$ 25,601,978
Investments	12,450,929	5,200,743				17,651,672	10,756,631
Gate income receivable	485,233					485,233	322,991
Note receivable	1,940,000					1,940,000	2,135,000
Property and equipment					$158,577,509	158,577,509	150,914,568
Amount to be provided for retirement of general long-term debt				$147,557,500		147,557,500	153,065,000
Total assets and other debits	$16,881,634	$7,798,962	$462,914	$147,557,500	$158,577,509	$331,278,519	$342,796,168
LIABILITIES AND FUND EQUITY							
Liabilities:							
Revenue bonds payable				$147,500,000		$147,500,000	$152,950,000
Note payable				57,500		57,500	115,000
Accrued expenditures	$ 431,430	$427,524				858,954	2,489,742
Deferred revenue	1,940,000					1,940,000	2,135,000
Deposits held in custody for others			$462,914			462,914	775,048
Total liabilities	2,371,430	427,524	462,914	147,557,500		150,819,368	158,464,790
Fund equity:							
Investment in general fixed assets					$158,577,509	158,577,509	150,914,568
Fund balances:							
Reserved for debt service	13,720,054					13,720,054	15,205,664
Unreserved	790,150	7,371,438				8,161,588	18,211,146
Total fund equity	14,510,204	7,371,438			158,577,509	180,459,151	184,331,378
TOTAL LIABILITIES AND FUND EQUITY	$16,881,634	$7,798,962	$462,914	$147,557,500	$158,577,509	$331,278,519	$342,796,168

SEE NOTES TO FINANCIAL STATEMENTS.

PROVIDENCE PUBLIC BUILDINGS AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2001 (WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2000)

	Governmental Fund Types		Totals (memorandum only)	
	General Fund	Capital Projects	2001	2000
Revenues:				
Investment income	$ 1,129,909	$ 754,739	$ 1,884,648	$ 2,085,221
Rental income	10,704,542		10,704,542	8,422,649
Net gate and fundraising income	10,749		10,749	129,721
Other income	292,490	58,000	350,490	297,834
Total revenues	12,137,690	812,739	12,950,429	10,935,425
Expenditures:				
Debt service	23,920,040		23,920,040	12,324,651
Capital expenditures		10,368,040	10,368,040	37,314,116
Legal, accounting and other professional fees	96,119	118,309	214,428	350,386
Bond issuance costs	146,189		146,189	1,370,447
Administration	47,215	139,472	186,687	216,700
Arbitrage fees	39,241	2,300	41,541	8,100
Total expenditures	24,248,804	10,628,121	34,876,925	51,584,400
Deficiency of revenue over expenditures	(12,111,114)	(9,815,382)	(21,926,496)	(40,648,975)
Other financing sources:				
Transfer in (out)	(208)	208		
Bond proceeds	10,435,000		10,435,000	58,520,000
Proceeds from note payable				115,000
Bond premium (discount), net	(43,672)		(43,672)	150,040
Total other financing sources	10,391,120	208	10,391,328	58,785,040
Excess (deficiency) of revenue and other financing sources over expenditures	(1,719,994)	(9,815,174)	(11,535,168)	18,136,065
Fund balance, beginning of year	16,230,198	17,186,612	33,416,810	15,280,745
Fund balance, end of year	$14,510,204	$ 7,371,438	$21,881,642	$33,416,810

SEE NOTES TO FINANCIAL STATEMENTS.

1. *SIGNIFICANT ACCOUNTING POLICIES*

Business Purpose and General Information

The Providence Public Buildings Authority (the Authority) was created by an act of the Rhode Island General Assembly and was empowered by resolution of the Providence City Council on August 13, 1987, and by resolution of the Public Finance Board, created under Section 42-10.1-1 of the General Laws of Rhode Island, on February 12, 1988. Under the act, the Authority constitutes a body politic and corporate having a distinct legal existence from the City of Providence, Rhode Island (the City). However, for financial reporting purposes, the Authority is a component unit of the City and, as such, the financial statements of the Authority are included in the City's general purpose financial statements.

The purpose of the Authority is to acquire, construct, maintain, renovate, repair and operate public facilities and public equipment through the use of public financing, for lease to the City in order to provide for the conduct of the executive, legislative and judicial functions of government. The Authority is obligated to pay the principal and interest on any financing solely from the rents, revenues, and receipts derived under the lease agreements with the City or from receipts on the disposition of the assets being financed. Under certain lease agreements the Authority receives, or has the option to request from the City, additional rents to pay administrative expenses.

The accounting policies of the Authority conform to generally accepted accounting principles for governmental units.

Basis of Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained in accordance with the principles of "Fund Accounting." Resources for various purposes are classified for accounting and reporting purposes into funds established and operated in accordance with activities or objectives specified.

The following fund types and account groups are used by the Authority:

Governmental Fund Types - used to account for all general activities. The acquisition, use and balances of expendable financial resources and related liabilities are accounted for through governmental funds using a current financial resources measurement focus whereby only current assets and current liabilities generally are included in the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

General Fund - used to account for all financial resources, except those required to be accounted for in other funds.

Capital Projects Fund - used to account for revenues and expenditures for the acquisition or construction and renovations of the Authority's projects.

Account Groups - the general long-term obligations and general fixed assets account groups are used to account for all long-term obligations and general fixed assets, respectively.

Trust and Agency Fund – used to account for funds that are held in escrow for other parties.

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The financial statements have been prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (for example, when the amount of the transaction can be determined and is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period). Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments, which included money market mutual funds, U.S. treasury notes, and bank investment contracts, are recorded at fair value. The cost of investments sold is determined using the specific identification method.

Property and Equipment

Property and equipment are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are capitalized in the general fixed assets account group. Fixed assets are valued at historical cost. The purchase price for assets acquired from the City of Providence equals the City's latest assessed value and is financed by promissory notes between the Authority and the City. Construction period interest cost is not capitalized. Assets in the general fixed assets account group are not depreciated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Project Acquisition Promissory Notes Payable

The Authority executed project acquisition promissory notes payable to the City for certain properties conveyed by the City to the Authority. The notes bear interest ranging from 6.75% to 10% and are due upon the expiration of the leases for the properties to which they relate. The related lease agreements require the City to make lease payments to the Authority equal to all principal and interest payments due under the notes. Therefore, principal and interest payable under the notes, along with related rental income and debt service expenditures, have not been recorded in the accompanying financial statements. Project acquisition promissory notes payable at June 30, 2001 is $48,330,200.

(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

Comparative totals have been presented in the accompanying financial statements to provide an understanding of changes in financial position and operations. The totals represent the aggregate of the fund types and account groups. No consolidating or other eliminating entries were made in arriving at the totals. Thus, they do not represent consolidated information and are for informational purposes only.

Investment Income

Investment income is recognized in the fund which holds the investment.

Gate and Fundraising Income

Gate and fundraising income relating to zoo admissions, less actual expenses of the zoo are recognized when earned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts for the year ended June 30, 2000 have been reclassified to conform with the presentation of June 30, 2001 amounts.

2. INVESTMENTS

The Authority's investments consist of Federated Investor's Money Market Obligations, Fidelity Institutional Cash Portfolio (money market mutual funds), U.S. Treasury Notes, and bank investment contracts. The various bond documents restrict the types of investments the Authority is permitted to purchase. The Authority's investments at year end are classified into three categories based on the level of risk assumed by the Authority. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Authority's name.

(CONTINUED)

2. INVESTMENTS (Continued)

Description	Category 1	Category 2	Category 3	Total Fair Value	Total Cost Value
U.S. Treasury notes		$ 2,417,479		$ 2,417,479	$ 2,338,024
Bank investment contracts		15,234,193		15,234,193	15,217,308
		$17,651,672			
Investments not subject to categorization:					
Money market mutual funds				5,066,789	5,066,789
Total investments				22,718,461	22,622,121
Less: amounts classified as cash equivalents				5,066,789	5,066,789
TOTAL				$17,651,672	$17,555,332

The carrying value of principal cash of $(184) and investments of $22,718,462 relate to the balance sheet totals as follows:

Principal cash	$ (184)
Add: Investments classified as cash equivalents for financial statement purposes	5,066,789
Cash and cash equivalents per balance sheet	$ 5,066,605
Total investments per footnote	$22,718,461
Less: Investments classified as cash equivalents for financial statements purposes	5,066,789
Investments per balance sheet	$17,651,672

3. PROPERTY AND EQUIPMENT

	Balance 7/1/00	Additions to Authority Owned Assets	Deletions	Balance 6/30/01
Land	$ 13,478,491	$ 285,003		$ 13,763,494
Building and improvements	131,236,065	6,175,852		137,411,917
Furniture and fixtures	6,200,012	1,202,086		7,402,098
Total	$150,914,568	$7,662,941	$-0-	$158,577,509

(CONTINUED)

4. REVENUE BONDS

1990 Series A and Series B

In December 1990, the Authority sold $22,295,000 1990 Series A Revenue Bonds and $14,105,000 1990 Series B Revenue Bonds. These bonds have interest rates ranging from 5.80% to 7.10% and mature through December 15, 2010.

The proceeds from Bond Issue Series A were used to refund certain bond anticipation notes issued to finance the Scituate Reservoir Project, to capitalize interest, to pay costs of issuance and to finance the debt service reserve fund. The 1990 Series B Bonds were issued to provide funds to effect the advance refunding of the 1988 Series A School Administration Building and School Buildings Project General Revenue Bonds.

In March 1996, the Authority advance refunded the 1990 Series A Bonds with the 1996 Series A Bonds. In September 2000 the Authority refunded the 1990 Series B Bonds with the 2000 Series Bonds.

1991 Series

In December 1991, the Authority sold $13,100,000 1991 Series Revenue Bonds. These bonds have interest rates ranging from 6.90% to 7.75% and mature through December 1, 2011.

The proceeds from the bonds were used to repay a line of credit evidenced by the Authority's $4,000,000 Taxable Bond Anticipation Notes, 1991 Series B, issued to finance the initial costs of renovating the Veazie Street School Project and the Modular Classrooms Project, to pay the remaining costs of the Series 1991 Projects, to fund a Debt Service Reserve Fund, to pay costs of issuance, and to provide for capitalized interest.

In March 1996, the Authority advance refunded the 1991 Series Bonds with the 1996 Series A Bonds.

1995 Series B

In June 1995, the Authority sold $7,500,000 1995 Series B Revenue Bonds. These bonds have interest rates ranging from 4.70% to 7.10% and mature through December 15, 2014.

The proceeds from the bonds along with $125,904 received from the City of Providence, were used to refund the Authority's $6,525,000, 1994 Series 2 Notes, which were issued to fund the Feinstein School Project, to pay administrative expenses of the Authority, to finance working capital, to pay costs of issuance, and to fund the Debt Service Reserve Fund for the 1995 Series B Bonds.

(CONTINUED)

4. REVENUE BONDS (Continued)

The annual principal and interest payments required to amortize the 1995 Series B Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	$ 305,000	$ 318,607	$ 623,607
2003	320,000	302,700	622,700
2004	340,000	287,020	627,020
2005	355,000	270,163	625,163
2006	375,000	252,090	627,090
2007	400,000	232,515	632,515
2008	420,000	211,395	631,395
2009	445,000	188,682	633,682
2010	470,000	164,200	634,200
2011	495,000	137,898	632,898
2012	525,000	109,847	634,847
2013	560,000	79,730	639,730
2014	590,000	48,563	638,563
2015	630,000	16,537	646,537
	$6,230,000	$2,619,947	$8,849,947

1996 Series A

In March 1996, the Authority sold $36,225,000 1996 Series A Refunding Revenue Bonds. These bonds have interest rates ranging from 3.50% to 5.40% and mature through December 15, 2011.

The proceeds from the bonds, along with $375,000 received from the City, were used to provide funds to effect the advance refunding of the Authority's outstanding $22,295,000 1990 Series A Bonds and the Authority's outstanding $13,100,000 1991 Series Bonds, to fund the Debt Service Reserve Fund requirement for the 1996 Series A Bonds, and pay costs of issuance.

A payment of $34,509,115 was deposited into an irrevocable trust with an escrow agent to provide for all future debt service on the 1990 Series A and 1991 Bonds. As a result, the 1990 Series A and 1991 Series Bonds are considered defeased and the liability for those bonds has been removed from the general long-term account group. The amount of defeased debt outstanding at June 30, 2001 is $9,465,000.

The annual principal and interest payments required to amortize the 1996 Series A Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	$ 2,065,000	$1,307,545	$ 3,372,545
2003	2,155,000	1,213,627	3,368,627
2004	2,255,000	1,113,275	3,368,275
2005	2,365,000	1,005,833	3,370,833
2006	2,475,000	890,855	3,365,855
2007	2,610,000	767,510	3,377,510
2008	2,725,000	635,440	3,360,440
2009	2,865,000	494,257	3,359,257
2010	3,005,000	344,573	3,349,573
2111	3,115,000	188,512	3,303,512
2012	2,020,000	54,540	2,074,540
	$27,655,000	$8,015,967	$35,670,967

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4. REVENUE BONDS (Continued)

1996 Series B

In December 1996, the Authority sold $21,225,000 1996 Series B Revenue Bonds. These bonds have interest rates ranging from 5.375% to 6.50% and mature through December 15, 2017.

The proceeds from the bonds were used to finance the acquisition, construction, renovation and equipping of various existing buildings for use as public schools, a parent-child center and a day care center, to provide for capitalized interest on the 1996 Series B Bonds, to provide for administrative expenses of the Authority, and to provide for cost of issuance for the 1996 Series B Bonds, and to fund the Debt Service Reserve Fund requirement for the 1996 Series B Bonds.

The annual principal and interest payments required to amortize the 1996 Series B Revenue bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	$ 760,000	$ 972,841	$ 1,732,841
2003	810,000	921,816	1,731,816
2004	855,000	876,254	1,731,254
2005	895,000	835,984	1,730,984
2006	940,000	792,156	1,732,156
2007	990,000	744,611	1,734,611
2008	1,040,000	693,341	1,733,341
2009	1,095,000	638,351	1,733,351
2010	1,155,000	579,274	1,734,274
2011	1,215,000	516,013	1,731,013
2012	1,285,000	448,665	1,733,665
2013	1,355,000	377,385	1,732,385
2014	1,430,000	301,475	1,731,475
2015	1,505,000	220,763	1,725,763
2016	1,600,000	135,375	1,735,375
2017	1,700,000	45,688	1,745,688
	$18,630,000	$9,099,992	$27,729,992

1997 Series A

In December 1997, the Authority sold $1,925,000 1997 Series A Revenue Bonds. These bonds have interest rates ranging from 4.30% to 6.50% and mature through December 15, 2007.

The proceeds from the bonds were used to refund a portion of the outstanding principal balance of the Authority's $4,325,000 Roger Williams Park Zoo "Plains of Africa Exhibit" Project Revenue Bonds, 1992 Series A, to pay administrative expenses of the Authority, to provide for the cost of issuance for the 1997 Series A Bonds, and to fund the Debt Service Reserve Fund requirement for the 1997 Series A Bonds. The remaining principal of the 1992 Series A Bonds was paid from funds provided by the City's Park Department.

(CONTINUED)

4. REVENUE BONDS (Continued)

1997 Series A (Continued)

The annual principal and interest payments required to amortize the 1997 Series A Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	$180,000	$63,418	$243,418
2003	190,000	55,368	245,368
2004	195,000	46,800	241,800
2005	205,000	37,672	242,672
2006	215,000	27,825	242,825
2007	225,000	17,234	242,234
2008	235,000	5,875	240,875
	$1,445,000	$254,192	$1,699,192

1998 Series A

In May 1998, the Authority sold $28,270,000 1998 Series A Revenue Bonds. These bonds have interest rates ranging from 3.85% to 5.10% and mature through December 15, 2018.

The proceeds from the bonds were used to finance the acquisition, construction, expansion, renovation, rehabilitation, repair, improvement, furnishing and equipping of various existing and new buildings for use as public schools, athletic fields at various schools, the administrative offices for the Providence Community Action Program, the Providence Civic Center, and the Providence Hurricane Barrier, to pay administrative expenses of the Authority, to provide for the cost of issuance for the 1998 Series A Bonds, and to fund the Debt Service Reserve Fund requirement for the 1998 Series A Bonds.

The annual principal and interest payments required to amortize the 1998 Series A Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	$ 1,075,000	$ 1,270,024	$ 2,345,024
2003	1,120,000	1,222,540	2,342,540
2004	1,175,000	1,171,463	2,346,463
2005	1,225,000	1,116,850	2,341,850
2006	1,285,000	1,056,550	2,341,550
2007	1,355,000	990,550	2,345,550
2008	1,420,000	921,175	2,341,175
2009	1,495,000	849,421	2,344,421
2010	1,270,000	782,053	2,052,053
2011	1,335,000	717,563	2,052,563
2012	1,400,000	649,188	2,049,188
2013	1,475,000	576,575	2,051,575
2014	1,550,000	498,275	2,048,275
2015	1,635,000	414,669	2,049,669
2016	1,720,000	328,750	2,048,750
2017	1,810,000	240,500	2,050,500
2018	1,905,000	147,625	2,052,625
2019	2,000,000	50,000	2,050,000
	$26,250,000	$13,003,771	$39,253,771

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4. REVENUE BONDS (Continued)

1999 Series A

In July 1999, the Authority sold $39,750,000 1999 Series A Revenue Bonds. These Bonds have interest rates ranging from 4.10% to 5.5% and mature through December 15, 2019.

The proceeds from the bonds were used to finance the acquisition, construction, expansion, renovation, rehabilitation, repair, improvement, furnishing and equipping of a new elementary school, a new middle school complex, the acquisition of the land for a new school, and the repair and renovation of existing public facilities and schools, to pay administrative expenses of the Authority, to pay cost of issuance, to fund the Debt Service Reserve Fund requirement for the 1999 Series A Bonds, and to provide for capitalized interest.

The annual principal and interest payment required to amortize the 1999 Series A Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	$ 1,275,000	$ 1,898,344	$ 3,173,344
2003	1,330,000	1,843,944	3,173,944
2004	1,390,000	1,785,101	3,175,101
2005	1,455,000	1,721,784	3,176,784
2006	1,520,000	1,654,086	3,174,086
2007	1,590,000	1,582,556	3,172,556
2008	1,665,000	1,506,859	3,171,859
2009	1,750,000	1,425,731	3,175,731
2010	1,835,000	1,337,856	3,172,856
2011	1,930,000	1,243,731	3,173,731
2012	2,035,000	1,140,790	3,175,790
2013	2,145,000	1,027,113	3,172,113
2014	2,265,000	911,500	3,176,500
2015	2,380,000	793,888	3,173,888
2016	2,505,000	667,144	3,172,144
2017	2,640,000	532,088	3,172,088
2018	2,785,000	389,681	3,174,681
2019	2,935,000	239,531	3,174,531
2020	3,095,000	81,244	3,176,244
	$38,525,000	$21,782,971	$60,307,971

2000 Series A

In May 2000, the Authority sold $18,770,000 2000 Series A Revenue Bonds. These Bonds have interest rates ranging from 5.5% to 5.8% and mature through December 15, 2020.

The proceeds from the bonds were used to finance the acquisition, construction, expansion, renovation, rehabilitation, repair, improvement, furnishing, and equipping of a new elementary school and school-related facilities in the City, to fund administrative expenses of the Authority, to pay cost of issuance, to fund the Debt Service Reserve Fund requirement for the 2000 Series A Bonds and to provide for capitalized interest.

(CONTINUED)

4. REVENUE BONDS (Continued)

2000 Series A

The annual principal and interest payment required to amortize the 2000 Series A Revenue Bonds are as follows:

Year ended June 30	Principal	Interest	Total
2002	$ 525,000	$ 1,062,015	$ 1,587,015
2003	555,000	1,032,315	1,587,315
2004	585,000	1,000,965	1,585,965
2005	620,000	967,828	1,587,828
2006	655,000	932,765	1,587,765
2007	695,000	895,640	1,590,640
2008	730,000	856,452	1,586,452
2009	775,000	815,065	1,590,065
2010	815,000	771,340	1,586,340
2011	865,000	725,140	1,590,140
2012	910,000	676,328	1,586,328
2013	965,000	624,765	1,589,765
2014	1,020,000	569,668	1,589,668
2015	1,080,000	510,733	1,590,733
2016	1,140,000	447,867	1,587,867
2017	1,210,000	380,590	1,590,590
2018	1,280,000	308,682	1,588,682
2019	1,360,000	229,062	1,589,062
2020	1,445,000	141,406	1,586,406
2021	1,540,000	48,125	1,588,125
	$18,770,000	$12,996,751	$31,766,751

2000 Series B

In September 2000, the Authority sold $10,435,000 2000 Series B Refunding Revenue Bonds. These Bonds have interest rates ranging from 5.25 % to 5.75 % and mature through December 15, 2010.

The proceeds form the bonds were used to refund the Authority's $14,105,000 1990 Series B Revenue Bonds outstanding amount of $10,040,000 and to fund the Debt Service Reserve Fund requirement for the 2000 Series B Bonds and to pay the cost of issuance.

(CONTINUED)

4. REVENUE BONDS (Continued)

2000 Series B (Continued)

The annual principal and interest payments required to amortize the 2000 series B Refunding Revenue Bonds are as follows.

Year ended June 30	Principal	Interest	Total
2002	$ 775,000	$ 540,125	$ 1,315,125
2003	810,000	496,538	1,306,538
2004	860,000	450,613	1,310,613
2005	905,000	402,075	1,307,075
2006	960,000	350,788	1,310,788
2007	1,000,000	296,888	1,296,888
2008	1,075,000	238,481	1,313,481
2009	1,135,000	174,944	1,309,944
2010	1,205,000	107,669	1,312,669
2011	1,270,000	36,513	1,306,513
	$9,995,000	$3,094,634	$13,089,634

All the Revenue Bonds are secured by a pledge of lease rentals to be received from the City pursuant to the lease agreements relating to projects financed by the Authority and leased to the City.

5. LEASES

The Authority leases certain properties to the City under the following terms (the first four leases are incorporated into the consolidated lease agreement entered into under the $36,400,000 1990 Series A and B General Revenue Bonds).

School Administration Building and School Buildings Project

The premises were acquired and/or renovated by the Authority with the proceeds from the $13,000,000 1988 Series A General Revenue Bonds. The lease commenced on December 15, 1988 and terminates on September 15, 2015.

Carousel Project

This project relates to the installation and construction of a carousel at the Roger Williams Park. The project was financed with the initial issuance of $1,500,000 in Revenue Bond Anticipation Notes. The lease commenced on September 6, 1989 and terminates September 15, 2015.

(CONTINUED)

5. LEASES (Continued)

Scituate Reservoir Project

This project relates to the acquisition and maintenance of parcels of land surrounding the Scituate Reservoir. It was financed with portion of the proceeds from the initial issuance of $7,500,000 in Revenue Bond Anticipation Notes. The lease commenced on June 14, 1990 and terminates on September 15, 2015.

Municipal Facilities Project

This project relates to renovations and improvements made to City Hall, renovations to fire stations, repairs to City swimming pools and recreation centers, and repairs and improvements to other municipal buildings and facilities. The project was financed with the initial issuance of $6,500,000 in Revenue Bond Anticipation Notes. The lease commenced on September 13, 1990 and terminates September 15, 2015.

Veazie Street School Project

This project includes constructions, renovation, rehabilitation, improvements, and necessary furnishings and equipping of Veazie Street Elementary School. The lease commenced on December 1, 1991, and terminates on December 1, 2015.

Roger Williams Park Zoo "Plains of Africa Exhibit" Project

This project involved considerable site work, dry and wet moat construction, artificial rock work construction, new landscaping, barrier construction, and educational graphics. It was financed with the proceeds of $4,150,000 in Bond Anticipation Notes, the $4,235,000 1992 Series A Revenue Bonds and the $1,925,000 1997 Series A Revenue Bonds. The lease commenced on July 31, 1991 and terminates on July 20, 2010.

Feinstein School Project

This project consists of the purchase, renovation and equipping of an office building for use as a high school. The lease commenced on June 28, 1994 and terminates on September 15, 2015.

1996 School Projects

These projects consist of acquisition, construction, renovations, rehabilitation, improvement, furnishing and equipping of existing buildings. The lease commenced on December 1, 1996 and terminates on December 15, 2016.

1998 School and Public Facilities Projects

These projects consist of acquisition, construction, renovations, rehabilitation, improvement, furnishing and equipping of existing and new buildings and athletic fields. The lease commenced on May 15, 1998 and terminates on December 15, 2018.

(CONTINUED)

5. LEASES (Continued)

1999 School And Public Facilities Projects

These projects consist of acquisition, construction, expansion, renovation, rehabilitation, repair, improvement and equipping of a new elementary school and a new middle school complex. The lease commenced on July 1, 1999 and terminates on December 15, 2019.

2000 School Projects

These projects consist of acquisition, construction, expansion, renovation, rehabilitation, repair, improvement, furnishing and equipping of a new elementary school and school-related facilities. The lease commenced on May 15, 2000 and terminates on December 15, 2020.

At the expiration of the leases, the City at its option, can purchase the properties from the Authority for a nominal amount.

The lease agreements relating to projects financed by the Authority require, among other things, that the City make annual rental payments that are sufficient to meet the related bond principal and interest requirements and note interest. However, the rents to be paid to the Authority shall be reduced to the extent that such interest and principal payments for any such period are provided from the proceeds of bonds or notes or from the investment earnings of such proceeds and from net gate income relating to the Roger Williams Park Zoo "Plains of Africa Exhibit" Project, received by the Authority.

Also, the obligations of the City to pay rents under the lease agreements is subject to and dependent upon appropriations being made by the City for such purposes. Such appropriations are dependent upon the City's budgetary process and are therefore dependent on the City's general financial resources and factors affecting those resources. Rental income from the City under leases totaled $10,704,542 for the year ended June 30, 2001.

Note 4 presents the estimated future minimum lease payments required for bond principal retirement and interest to be received from the City. However, to the extent that the principal and interest payments are provided for from the proceeds of bonds, or from net gate income or ticket restoration income, the City is not required to make lease payments to the Authority. State aid for school construction is received by the City and is passed on to the Authority as part of City lease payments on related projects.

The Authority is a component unit of the City. As such, all long-term lease obligations and the related fixed assets of the Authority are included in the City's long-term debt and general fixed asset groups of accounts.

6. COMMITMENT AND CONTINGENCIES

The Authority is a defendant in various lawsuits. Although the outcome of most of these lawsuits is not presently determinable, it is the opinion of the Authority's counsel that resolution of these matters which may have a material adverse effect on the financial condition of the government have been appropriately provided for.

The Authority is committed under various other contracts for projects in the amount of $ 454,180 at June 30, 2001.

(CONTINUED)

7. LONG-TERM DEBT

All long-term indebtedness of the Authority is accounted for in the General Long-Term Account Group. The following schedule reflects the change in long-term debt as shown in the General Long-Term Debt Account Group during fiscal year 2000:

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2001
General revenue bonds payable	$152,950,000	$10,435,000	$15,885,000	$147,500,000
Note payable..	115,000		57,500	57,500
Total..	$153,065,000	$10,435,000	$15,942,500	$147,557,500

8. NOTE PAYABLE

In June 2000, the Authority entered into a loan agreement in the amount of $115,000 for the purchase of land related to the Situate Reservoir Project. The interest rate is 5%. The final principal payments of $57,500 plus all outstanding accrued interest is due in January 2002.

9. AGENCY FUND

The Agency fund is used to account for ticket restoration charges held by the Authority on behalf of the Providence Civic Center.

	Balance July 1 2000	Additions	Deductions	Balance June 30 2001
TICKET RESTORATION FUNDS				
Assets				
Cash and cash equivalents	$775,048	$649,824	$961,958	$462,914
Liabilities				
Deposits held in custody for others	$775,048	$649,824	$961,958	$462,914

10. PROVIDENCE CIVIC CENTER PROJECT

As part of the 1998 Series A Revenue Bonds, the Authority issued bonds in the amount of $2,325,000 for the renovation and improvements to the Providence Civic Center. On May 28, 1999, the Providence Civic Center Authority executed a promissory note of $2,325,000 to the Providence Public Buildings Authority. The note matures on December 15, 2008. Interest accrues at rates ranging from 3.85% to 5%. Principal payments are due on December 15, beginning in 1999. The note is secured by an agreement, which pledges ticket restoration charge revenues to the Authority. The balance due the Authority on June 30, 2001 was $1,940,000.

(CONTINUED)

11. RETIREMENT PLAN

The Authority funds a SEP IRA Plan covering all employees under which the Authority is required to contribute 15% of covered payroll. For fiscal year ended June 30, 2001, the Authority contributed $18,048 to the Plan.

(CONCLUDED)

CAYER PRESCOTT
CLUNE CHATELLIER

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS
Providence, Rhode Island

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Providence Public Buildings Authority
Providence, Rhode Island

We have audited the financial general purpose statements of the Providence Public Buildings Authority as of and for the year ended June 30, 2001, and have issued our report thereon dated August 16, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Providence Public Buildings Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Providence Public Buildings Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, and management of the Authority and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Cayer Prescott Clune & Chatellier, LLP

August 16, 2001

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10/16/01
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