

606

IN CITY COUNCIL

NOV 1 1984

READ
WHEREUPON IT IS ORDERED THAT
THE SAME BE RECEIVED.

Deanna CLERK

PROVIDENCE CIVIC CENTER AUTHORITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 1984 AND 1983
WITH
AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

MURPHY & COMPANY, CERTIFIED PUBLIC ACCOUNTANTS

PROVIDENCE CIVIC CENTER AUTHORITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 1984 AND 1983
WITH
AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

MURPHY & COMPANY/CERTIFIED PUBLIC ACCOUNTANTS
111 Westminster Street, Providence, R.I. 02903/401-274-1200

Board of Directors
Providence Civic Center Authority
Providence, Rhode Island

We have examined the accompanying balance sheet of the Providence Civic Center Authority at June 30, 1984 and 1983, and the related statements of operations, Authority's equity and changes in financial position for the years then ended. Our examinations were 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, 1984 and 1983, the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

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.

Murphy + Company

September 21, 1984

PROVIDENCE CIVIC CENTER AUTHORITY

BALANCE SHEET
June 30, 1984 and 1983

ASSETS	<u>1984</u>	<u>1983</u>	LIABILITIES AND AUTHORITY'S EQUITY	<u>1984</u>	<u>1983</u>
Current assets			Current liabilities		
Cash and certificates of deposit, unrestricted	\$ 256,368	\$ 46,585	Revenue anticipation notes payable	\$ 146,000	\$ 196,000
Cash and certificates of deposit, restricted (Note 3)	362,485	471,289	Accounts payable	169,295	65,783
Accounts receivable, less allowance for doubtful accounts (1984 - \$20,000; 1983 - \$17,000)	108,435	77,401	Due to City of Providence (Notes 3 and 4)	249,474	329,688
Inventory of operating supplies, at cost	49,476	49,299	Accrued payroll	31,564	11,475
Prepaid expenses	<u>12,838</u>	<u>13,236</u>	Accrued expenses	58,707	42,015
	<u>789,602</u>	<u>657,810</u>	Advance ticket sales receipts and promoters' deposits (Note 3)	113,011	141,601
Plant and equipment			Deferred income	247,625	11,187
Building and building improvements	13,866,703	13,848,418	Long-term debt due within one year	<u>-</u>	<u>12,750</u>
Furnishings and equipment	<u>931,260</u>	<u>892,507</u>		<u>1,015,676</u>	<u>810,499</u>
	<u>14,797,963</u>	<u>14,740,925</u>	Authority's equity (Notes 5 and 6)		
Less accumulated depreciation	<u>5,867,636</u>	<u>5,313,234</u>	Contributed capital from the City of Providence	14,448,518	14,192,229
	<u>8,930,327</u>	<u>9,427,691</u>	Accumulated deficit (Note 7)	<u>(5,744,265)</u>	<u>(4,917,227)</u>
	<u>\$ 9,719,929</u>	<u>\$10,085,501</u>		<u>8,704,253</u>	<u>9,275,002</u>
				<u>\$ 9,719,929</u>	<u>\$10,085,501</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF AUTHORITY'S EQUITY
Years Ended June 30, 1984 and 1983

	<u>Contributed Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance (deficit) at July 1, 1982	\$13,951,414	\$(4,283,009)	\$ 9,668,405
Net (loss) for the year ended June 30, 1983	-	(634,218)	(634,218)
Contributions from City of Providence (Note 4)	<u>240,815</u>	<u>-</u>	<u>240,815</u>
Balance (deficit) at June 30, 1983	14,192,229	(4,917,227)	9,275,002
Net (loss) for the year ended June 30, 1984	-	(827,038)	(827,038)
Contributions from City of Providence (Note 4)	<u>256,289</u>	<u>-</u>	<u>256,289</u>
Balance (deficit) at June 30, 1984	<u>\$14,448,518</u>	<u>\$(5,744,265)</u>	<u>\$ 8,704,253</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF OPERATIONS
Years Ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Operating revenue		
Arena rent	\$ 942,990	\$ 957,013
Concession income	419,760	250,119
Interest income	23,080	30,293
Advertising and other	96,452	83,984
Total operating revenue	<u>1,482,282</u>	<u>1,321,409</u>
Operating expenses, excluding depreciation		
Salaries and wages:		
Admissions control	254,678	241,056
Operating	924,275	851,976
Administrative	192,572	133,736
Event expenses	239,479	239,398
Interest	16,843	18,432
Other	934,830	743,240
Gross operating expenses, excluding depreciation	<u>2,562,677</u>	<u>2,227,838</u>
Less expenses reimbursed by promoters	<u>807,758</u>	<u>799,735</u>
Net operating expenses, excluding depreciation	<u>1,754,919</u>	<u>1,428,103</u>
Operating loss before depreciation	272,637	106,694
Depreciation expense	<u>554,401</u>	<u>527,524</u>
Net loss for the year	<u>\$ 827,038</u>	<u>\$ 634,218</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Funds used		
Operations		
Net loss for the year	\$ 827,038	\$ 634,218
Deduct charges against loss not requiring funds, depreciation	<u>554,401</u>	<u>527,524</u>
Funds used for operations	272,637	106,694
Additions in plant and equipment	57,037	32,343
Decrease in long-term debt	-	12,750
Increase in working capital	-	89,028
	<u>\$ 329,674</u>	<u>\$ 240,815</u>
Funds provided		
Additional contributed capital from City of Providence	\$ 256,289	\$ 250,815
Decrease in working capital	<u>73,385</u>	<u>-</u>
	<u>\$ 329,674</u>	<u>\$ 240,815</u>

Analysis of Increase (Decrease) in Working Capital

Increase (decrease) in current assets		
Cash and certificates of deposit, unrestricted	\$ 209,783	\$ (8,421)
Cash and certificates of deposit, restricted	(108,804)	(81,368)
Accounts receivable, net	31,034	857
Inventory of operating supplies	177	(2,879)
Prepaid expenses	<u>(398)</u>	<u>3,250</u>
	<u>131,792</u>	<u>(88,561)</u>
Increase (decrease) in current liabilities		
Revenue anticipation notes	(50,000)	-
Accounts payable	103,512	(66,901)
Due to City of Providence	(80,214)	11,429
Accrued payroll	20,089	(16,038)
Accrued expenses	16,692	(13,700)
Advance ticket sales receipts and promoters' deposits	(28,590)	(92,797)
Deferred income	236,438	(434)
Long-term debt due within one year	<u>(12,750)</u>	<u>852</u>
	<u>205,177</u>	<u>(177,589)</u>
Increase (decrease) in working capital	<u>\$ (73,385)</u>	<u>\$ 89,028</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1984 and 1983

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

Deferred income, consisting primarily of advances on concession and advertising income, is amortized to income as earned.

Note 2: Basis of Presentation

The Authority was created by an Act of the Rhode Island State Legislature in 1969 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 lessees for expenses the Authority incurs in connection with the various events.

Under Sec. 10(b) of 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)
June 30, 1984 and 1983

Note 3: Restricted Funds

Cash and certificates of deposit, of \$362,486 and \$471,289 at June 30, 1984 and 1983 respectively, represent funds restricted by the Authority as follows:

	<u>1984</u>	<u>1983</u>
Obligation to the City of Providence (See Note 4)	\$249,474	\$329,688
Collections from advance ticket sales and promoters' deposits	<u>113,011</u>	<u>141,601</u>
	<u>\$362,485</u>	<u>\$471,289</u>

Note 4: Due to the City of Providence

The balance due to the City of Providence represents a 5% ticket surcharge enacted by the Rhode Island General Assembly. This surcharge was created to assist the Authority in the completion of the construction of the premises and also to generate funds sufficient to operate the premises without a deficit. Consequently, the Authority will deduct from the surcharge an amount equal to principal and interest on long and short-term borrowings and also an amount equal to the prior year's deficit (if any) and any capital purchases made during the current year. Such deductions have been added to contributed capital. All remaining funds are to be remitted to the City of Providence.

Note 5: Contingent Liability

The Authority is contesting a \$78,000 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)
June 30, 1984 and 1983

Note 6: Retirement Plan

The Authority has established a non-contributory, defined contribution retirement plan for all management employees. Contributions for the years ended June 30, 1984 and 1983 were \$9,669 and \$12,198 respectively and were based on a percentage of salaries paid. The Authority's policy is to fund all retirement costs accrued.

Note 7: Accumulated Deficit

The deficit at June 30, 1984 and 1983 consisted of the following:

	<u>1984</u>	<u>1983</u>
Accumulated earnings before depreciation	\$ 131,196	\$ 403,833
Accumulated depreciation charged to operations since inception	<u>(5,875,461)</u>	<u>(5,321,060)</u>
	<u>\$ 5,744,265</u>	<u>\$(4,917,227)</u>

SUPPLEMENTARY INFORMATION

PROVIDENCE CIVIC CENTER AUTHORITY

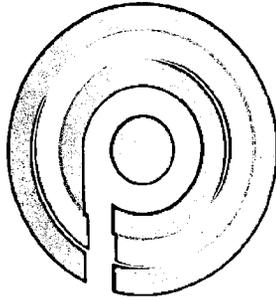
SCHEDULE OF OTHER EXPENSES
Years Ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Security	\$ 14,613	\$ 5,480
Payroll taxes	106,211	94,834
Utilities	260,169	246,278
Telephone	39,824	33,025
Employee benefits	135,129	116,077
Service contracts	14,925	13,287
Professional services	57,639	36,005
Insurance	131,421	74,074
Vehicle leasing	5,112	3,974
Uniforms	566	1,900
Travel and entertainment	9,335	4,583
Office supplies	8,721	5,107
Advertising	14,685	3,262
Postage	4,793	3,440
Dues and subscriptions	3,331	1,065
Administrative miscellaneous	36,817	16,352
Data processing	4,451	3,900
Maintenance	61,946	57,014
Bad debts	12,055	12,315
Miscellaneous	13,087	11,268
	<u>\$934,830</u>	<u>\$743,240</u>

FILED

OCT 19 3 56 PM '84

DEPT. OF CITY CLERK
PROVIDENCE, R.I.



PROVIDENCE
CIVIC
CENTER

One LaSalle Square
Providence, Rhode Island 02903
Telephone (401) 331-0700

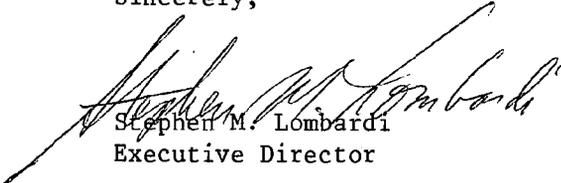
October 19, 1984

Providence City Council
City Hall
25 Dorrance Street
Providence, Rhode Island 02903

Dear Honorable Members:

As per City Charter requirements, enclosed please find the Providence Civic Center Authority's financial statements for the year ending June 30, 1984.

Sincerely,


Stephen M. Lombardi
Executive Director

SML:lc
Enclosures

cc: Rose Mendonca, City Clerk