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CITY COUNCIL

OCT 15 1981

READ WHEREUPON IT IS ORDERED THAT THE SAME BE RECEIVED.

*[Signature]* CLERK

PROVIDENCE CIVIC CENTER AUTHORITY  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 1981 AND 1980  
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, 1981 AND 1980  
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, 1981 and 1980, 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, 1981 and 1980, 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*

August 13, 1981

ASSETS

	<u>1981</u>	<u>1980</u>
Current assets		
Cash and certificates of deposit, unrestricted	\$ 85,011	\$ 171,000
Cash and certificates of deposit, restricted (Note 3)	439, 106	306,564
Accounts receivable, less allowance for doubtful accounts (1981 - \$5,206; 1980 - \$10,033)	60,913	29,506
Inventory of operating supplies, at cost	62,234	46,637
Prepaid expenses	<u>32,839</u>	65,500
	<u>680,103</u>	10,958
		<u>75,451</u>
		832,360
		<u>94,228</u>
Plant and equipment (Note 4)		
Building and building improvements	13,836,858	
Furnishings and equipment	<u>836,422</u>	13,604,858
	14,673,280	
Less accumulated depreciation	<u>4,265,322</u>	(3,025,186)
	<u>10,407,958</u>	<u>10,579,672</u>
	<u>\$11,088,061</u>	<u>\$11,506,260</u>

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF OPERATIONS  
Years Ended June 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Operating revenue		
Arena rent	\$ 878,752	\$ 923,204
Concession income	210,000	207,215
Interest income	42,096	46,230
Advertising and other	60,866	39,080
Total operating revenue	<u>1,191,714</u>	<u>1,215,729</u>
Operating expenses, excluding depreciation		
Salaries and wages:		
Admissions control	198,322	201,308
Operating	716,422	703,679
Administrative	123,489	118,367
Event expenses	202,687	202,365
Interest	23,242	25,873
Other	695,496	587,092
Gross operating expenses, excluding depreciation	1,959,658	1,838,684
Less expenses reimbursed by promoters	<u>669,670</u>	<u>650,219</u>
Total operating expenses, excluding depreciation	<u>1,289,988</u>	<u>1,188,465</u>
Operating income, (loss) before depreciation	(98,274)	27,264
Deduct depreciation expense	<u>521,044</u>	<u>516,666</u>
Net loss for the year	<u>\$ 619,318</u>	<u>\$ 489,402</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION  
Years Ended June 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Funds provided		
Operations		
Net loss for the year		\$489,402
Deduct charges against loss not requiring funds, depreciation		<u>516,666</u>
Funds provided from operations		27,264
Additional contributed capital from City of Providence	\$122,273	124,928
Proceeds from long-term borrowings	4,597	49,399
Proceeds from sale of equipment	-	3,278
Decrease in working capital	<u>77,754</u>	<u>20,467</u>
	<u>\$204,624</u>	<u>\$225,336</u>
Funds used		
Operations		
Net loss for the year	\$619,318	
Deduct charges against loss not requiring funds, depreciation	<u>521,044</u>	
Funds used for operations	98,274	
Additions to plant and equipment	32,174	\$141,727
Decrease in long-term debt	<u>74,176</u>	<u>83,609</u>
	<u>\$204,624</u>	<u>\$225,336</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION (CONTINUED)  
Years Ended June 30, 1981 and 1980

Analysis of Decrease in Working Capital

	<u>1981</u>	<u>1980</u>
Increase (decrease) in current assets		
Cash and certificates of deposit, unrestricted	\$122,215	\$ 70,475
Cash and certificates of deposit, restricted	(107,963)	(89,272)
Accounts receivable	24,935	(4,067)
Inventory of operating supplies	24,006	15,295
Prepaid expenses	<u>7,478</u>	<u>(1,405)</u>
	<u>70,671</u>	<u>(8,974)</u>
Increase (decrease) in current liabilities		
Revenue anticipation notes payable	25,000	71,000
Accounts payable	51,270	(4,196)
Due to City of Providence	(42,463)	(11,184)
Accrued payroll	(7,630)	19,278
Accrued expenses	6,120	22,648
Advance ticket sales receipts and promoters' deposits	109,505	(78,088)
Deferred advertising income	8,664	10,958
Long-term debt due within one year	<u>(2,041)</u>	<u>(18,923)</u>
	<u>148,425</u>	<u>11,493</u>
Decrease in working capital	<u>\$ 77,754</u>	<u>\$ 20,467</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY  
STATEMENT OF AUTHORITY'S EQUITY  
Years Ended June 30, 1981 and 1980

	<u>Contributed Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance (deficit) at July 1, 1979	\$13,479,930	\$(2,535,784)	\$10,944,146
Net (loss) for the year ended June 30, 1980	-	(489,402)	(489,402)
Contributions from City of Providence	<u>124,928</u>	<u>-</u>	<u>124,928</u>
Balance (deficit) at June 30, 1980	13,604,858	(3,025,186)	10,579,672
Net (loss) for the year ended June 30, 1981	-	(619,318)	(619,318)
Contributions from City of Providence	<u>122,273</u>	<u>-</u>	<u>122,273</u>
Balance (deficit) at June 30, 1981	<u>\$13,727,131</u>	<u>\$(3,644,504)</u>	<u>\$10,082,627</u>

See accompanying notes.

PROVIDENCE CIVIC CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
Years Ended June 30, 1981 and 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

Certain expenses in 1980 have been reclassified to conform to the presentation in 1981.

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 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)  
Years Ended June 30, 1981 and 1980

Note 3: Restricted Funds

Cash and certificates of deposit, of \$439,106 and \$372,064 at June 30, 1981 and 1980 respectively, represent funds restricted by the Authority as follows:

	<u>1981</u>	<u>1980</u>
Obligation to the City of Providence for funds collected from advance ticket sales	\$264,101	\$306,564
Collections from advance ticket sales and promoters' deposits	<u>175,005</u>	<u>65,500</u>
	<u>\$439,106</u>	<u>\$372,064</u>

Note 4: Long-term Debt

Long-term Debt at June 30, 1981 and 1980 consisted of the following:

	<u>1981</u>	<u>1980</u>
7.25% serial notes payable to banks, due \$56,300 annually plus interest, payable semi-annually, to October, 1981	\$ 55,471	\$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	32,090	41,241
20.1% capitalized lease obligation, secured by equipment, with an original capitalized cost of \$4,597, due \$519 quarterly, including interest, to 1983	3,831	-
6.31% note payable to bank, secured by equipment, due \$833 monthly, plus interest, to April, 1982	<u>6,667</u>	<u>16,667</u>
	98,059	169,679
Less amounts due within one year	<u>73,410</u>	<u>75,451</u>
	<u>\$ 24,649</u>	<u>\$ 94,228</u>

PROVIDENCE CIVIC CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
Years Ended June 30, 1981 and 1980

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.

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, 1981 and 1980 were \$17,089 and \$15,321 respectively and were based on a percentage of salaries paid. The Authority's policy is to fund all retirement costs accrued.

Note 7: Authority's Equity

The deficit at June 30, 1981 and 1980 consisted of the following:

	<u>1981</u>	<u>1980</u>
Accumulated earnings before depreciation	\$ 626,192	\$ 724,466
Accumulated depreciation charged to operations since inception	<u>(4,270,696)</u>	<u>(3,749,652)</u>
	<u>\$ (3,644,504)</u>	<u>\$ (3,025,186)</u>

SUPPLEMENTARY INFORMATION

PROVIDENCE CIVIC CENTER AUTHORITY

SCHEDULE OF OTHER EXPENSES

Years Ended June 30, 1981 and 1980

	<u>1981</u>	<u>1980</u>
Security	\$ 7,699	\$ 5,771
Payroll taxes	77,604	68,139
Utilities	261,445	192,461
Telephone	27,259	27,087
Employee benefits	83,858	74,400
Retirement plan	17,089	15,321
Service contracts	9,750	4,576
Professional services	26,330	28,295
Insurance	81,397	71,045
Vehicle leasing	4,503	4,140
Uniforms	3,281	2,543
Travel and entertainment	1,463	3,304
Office supplies and expense	24,934	19,801
Data processing and credit card fees	16,177	13,982
Maintenance	43,452	45,760
Miscellaneous	9,255	10,467
	<u>\$695,496</u>	<u>\$587,092</u>

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PROVIDENCE, R.I.