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RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
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JUNE 30, 2015 AND 2014

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Independent Auditors' Report

To the Board of Commissioners
Rhode Island Convention Center Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Rhode Island Convention Center Authority, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Rhode Island Convention Center Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Rhode Island Convention Center Authority as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Authority is dependent upon annual appropriations of lease revenue by the General Assembly of the State of Rhode Island to fund debt service on its outstanding bonds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Rhode Island Convention Center Authority's basic financial statements. The accompanying supplementary information on pages 31 through 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matter

In accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Rhode Island Convention Center Authority as of and for the year ended June 30, 2014 were audited by other auditors who have issued their report thereon dated September 25, 2014, which contained an unmodified opinion on the basic financial statements of the Rhode Island Convention Center Authority and emphasized the fact that the Authority is dependent upon annual appropriation of lease revenue by the General Assembly of the State of Rhode Island to fund debt service on its outstanding bonds. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The Authority's basic financial statements as of and for the year ended June 30, 2014 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015 on our consideration of the Rhode Island Convention Center Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island Convention Center Authority's internal control over financial reporting and compliance.

Blum, Shapiro + Company, P.C.

West Hartford, Connecticut
September 24, 2015

As management of the Rhode Island Convention Center Authority (Authority), a Component Unit of the State of Rhode Island (State), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2015 (FY15) and June 30, 2014 (FY14). The Authority's financial statements, accompanying notes and supplementary information should be read in conjunction with the following discussion.

Introduction

The Authority was created in 1987 by the Rhode Island General Assembly as a public corporation, instrumentality, and agency of the State, having a distinct legal existence from the State and not constituting a department of State government. The Authority was created for the purpose of constructing, managing, and operating a facility to house conventions, trade shows, exhibitions, displays, meetings, banquets, and other events, as well as facilities related thereto such as parking lots and garages, connection walkways, hotels, and office buildings, including any retail facilities that are incidental to and located within any of the foregoing, and to acquire land. The Authority has managed its facilities through third-party management contracts since inception. The powers of the Authority are vested in a Board of Commissioners (Board) having eleven members. The Governor of the State has the power to appoint eight members. The Mayor of the City of Providence has the power to appoint two members and the City Council of the City of Providence has the power to appoint one member. The Chairperson, Vice Chairperson, Secretary, and Treasurer are elected by the members of the Board.

On December 2, 1993, the Rhode Island Convention Center (the Convention Center or RICC) and related garage facilities officially opened. On April 27, 2005, the Authority sold its hotel and adjacent dome office building, which were opened on December 1, 1994. Proceeds of the sale were used to reduce the Authority's bonded indebtedness. The Authority is authorized to lease the Convention Center and the related facilities to the State and to issue its bonds and notes for any of its corporate purposes. The Authority manages the Convention Center and the related facilities pursuant to the terms of a sublease agreement, dated November 1, 1991, as amended, by and between the State, as sublessor, and the Authority, as sublessee (the Sublease).

In 2005, the Authority's enabling legislation was amended to clarify that the Authority could also own, operate, and finance a "civic center." In December 2005, the Authority issued bonds to finance the acquisition of the Dunkin' Donuts Center (DDC) from the City of Providence (City). The DDC is home to the Providence College men's basketball team (the Friars) and the American Hockey League Providence Bruins, the Boston Bruins' highest-level minor league team. The DDC is also the venue for touring family shows, concerts, and other special events. Seating at the DDC is 12,500 for basketball, 11,000 for ice hockey, and 14,500 for center stage events. The Authority completed significant renovations to the DDC in June 2010.

The Authority leases the DDC to the State in an arrangement similar to that for the Convention Center. Rental payments from the DDC lease are applied to payments of bonds initially issued for the acquisition and renovation of the DDC. The DDC is a significant participant in and leader of the overall downtown Providence redevelopment. The renovated DDC represents a tangible and visible demonstration of government commitment to revitalizing the capital city and is a vital economic engine, with many positive and quantifiable multiplier effects on the local and regional economies.

During FY15, the Authority remained relatively flat in comparison to prior years for attendance at each of its venues. Even with an improved economic outlook and decreased gas prices, the Authority realizes that consumers continue to choose their entertainment options cautiously. Additionally, concert activity continues to be severely impacted by area competitors, namely the bordering casinos. Parking continues to be a bright spot as aggressive marketing continues to attract prominent area tenants to each garage facility. The loss of tenants from 38 Studios continues to impact the facility. In FY12, the Authority entered into an agreement with Providence Sports and Entertainment (PSE), a division of the organization that owns and controls the Providence Bruins, whose primary focus is the aggressive marketing of the DDC for all ticketed events, as well as luxury suite sales.

The Providence/Warwick Convention & Visitors Bureau markets Rhode Island to local, regional, national, and international audiences. The Convention Center's marketing partners, including area hotels and restaurants, highlight the renovations/expansions of the Civic Center to attract larger conventions and meetings.

In July 2008, the Authority assumed the management of the Veterans Memorial Auditorium, rebranded as The Vets, from the Veterans Memorial Auditorium Foundation, with the approval of the State's Department of Administration (DOA). The Vets is one of the oldest arts venues in Rhode Island and is on the National Register of Historic Places. Operation of The Vets is shared by the DOA and Professional Facilities Management Inc. of Providence (PFM). When required as-needed ancillary support is supplied by Spectacor Management Group (SMG). PFM manages the marketing, bookings, and box office. The DOA is responsible for utilities, snow removal and other ancillary operational support.

During FY13, the Authority, in concert with the DOA, commenced its renovation plan for The Vets. The first phase of renovations included back of house, and sound and light improvements, providing the opportunity to attract more events as the long-awaited upgrade to Actors Equity Standards was finally achieved. The Authority was also pleased to be awarded a grant to aid in revamping both the interior and exterior marquee with LED lights, which will result in major cost savings. The second phase of renovations commenced in June 2012 and initially suffered from delays related to underground piping, which required considerable remediation efforts, but resulted in a spectacular addition and loading dock designed by Northeast Collaborative. The addition now alters the entire appearance of the venue such that passersby realize what the structure houses. The final phase of the renovation commenced in FY14, highlighted components included the final renovation of the office tower, an enclosed safety egress stairwell, additional concession areas, new HVAC and painting/re-carpeting of the theater. Renovations were completed in the fall of 2014 with procurement of FF&E through the remainder of FY15.

During FY15 the Authority contracted with Convention, Sports and Leisure International to prepare an economic impact for the venues spanning the years 2009 through 2013 - with the final resulting impact of $738M. The City is undergoing tremendous growth with the addition and remodeling of several hotels and the construction of multiple condominium developments. This growth enhances the City's ability to compete as a premier Northeast destination convention and arena city. In light of the current economic conditions worldwide, the next few years will continue to be an exciting and challenging period for the Authority, and will serve to augment the ongoing urban redevelopment and beautification of the City.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements.

The Authority engages only in business-related functions, financed in whole or part by assessments to external stakeholders for goods and services. Consequently, the Authority's financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to the financial statements. These financial statements are intended to provide the reader with a broad overview of the Authority's financial status, similar to private-sector entities.

The statement of net position presents detail on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in the Authority's net position serve as a useful indicator of whether the Authority's financial position is improving or deteriorating. The financial position of the Authority is also affected by external factors, which are discussed under 2015 Economic Factors. The statement of revenues, expenses and changes in net position presents information regarding how the Authority's net position changed during the year.

All assets, liabilities and changes in net position are reported as soon as the underlying event affecting the asset or liability, or deferred inflow or outflow, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position result in cash flows in future periods.

The Authority is dependent upon annual State appropriations of lease revenue by the General Assembly of the State to fund debt service on its outstanding bonds. The Authority requested an appropriation for FY15 of $27,264,481, which included its gross debt service of $22,729,026 and RICAP support from the State of $4,285,455, which includes the final year of The Vets Renovation. During February of FY15 the Authority refunded its 2005 Series which resulted in a reduction in FY15 debt service by $3.5M. The State-approved appropriation was $24,954,695 for FY14, which included its gross debt service of $23,029,695 and State support from the Rhode Island Capital Plan Fund (RICAP) of $1,925,000. The annual allocation for renewal and replacement funding for the DDC is a bond requirement; the Authority continues to request renewal and replacement funding on an annual basis for the Convention Center. Due to the continued lack of funding for renewal and replacement for the Convention Center which was in dire need of critical and preventive maintenance, the Authority was accepted in FY14 to the RICAP program for each of its' venues moving forward. As previously mentioned under the RICAP agreement with the State, the Authority received funding of $925,000 in FY14 and $1,387,500 through FY18. After FY18 this amount will incrementally increase. The Authority received funding for the RICC of $500,000 in FY13 and was approved for annual appropriations of $1,000,000 through FY18. Any unexpended funds from one fiscal year are re-appropriated to the subsequent fiscal year.

2015 Financial Highlights

Total liabilities exceeded total assets by $60,258,170 (net deficit position) at June 30, 2015. Net position totaling ($2,559,121) is unrestricted. Net position totaling $4,711,840 is restricted to be utilized principally for renewal and replacement of capital assets and operating expenditures as reflected in the Authority's bond documentation. The Authority's net deficit position invested in capital assets, net of related debt, totaling ($62,410,889), is attributable to the DDC acquisition and renovation, related long-term outstanding debt, and associated depreciation of the Authority's capital assets.

- Operating loss for FY15 totaled $12,816,160, a decrease of $1,309,653 when compared to the year ended June 30, 2014 (FY14).

- Net deficit position increased by $3,222,125 for FY15 compared to FY14.

- Overall events hosted by the Convention Center totaled 263 for FY15, an increase of 9 events from FY14. During FY15, overall events hosted by the DDC totaled 139, an increase of 4 events from FY14. During FY15, the fifth year of management of The Vets by the Authority, The Vets hosted 71 events, representing an increase of 9 events from FY14.

2014 Financial Highlights

Total liabilities exceeded total assets by $57,036,045 (net deficit position) at June 30, 2014. Net position totaling $(1,657,421) is unrestricted. Net position totaling $5,891,805 is restricted to be utilized principally for renewal and replacement of capital assets and operating expenditures as reflected in the Authority's bond documentation. The Authority's net deficit position invested in capital assets, net of related debt, totaling $(61,270,429), is attributable to the DDC acquisition and renovation, related long-term outstanding debt, and associated depreciation of the Authority's capital assets.

- Operating loss for FY14 totaled $11,506,507, a decrease of $96,554 when compared to the year ended June 30, 2013 (FY13).

- Net deficit position increased by $417,475 for FY14 compared to FY13.

- Overall events hosted by the Convention Center totaled 254 for FY14, a decrease of 16 events from FY13. During FY14, overall events hosted by the DDC totaled 135, an increase of 12 events from FY13. During FY14, the fourth year of management of The Vets by the Authority, The Vets hosted 62 events, representing an increase of 11 events from FY13.

Condensed Comparative Information

The following table reflects a summary of changes in certain balances in the statements of net position, and revenues, expenses and changes in net position (in thousands):

				Increase (decrease)	
	2015	2014	2013	2015 v 2014	2014 v 2013
Net Position					
Current assets	$ 9,486	$ 12,214	$ 14,915	$ (2,728)	$ (2,701)
Capital assets, net	154,115	162,792	170,117	(8,677)	(7,325)
Other noncurrent assets	772	843	914	(71)	(71)
Total assets	164,373	175,849	185,946	(11,476)	(10,097)
Deferred outflows of resources	5,248	6,818	7,649	(1,570)	(831)
Current liabilities	18,916	19,025	18,327	(109)	698
Noncurrent liabilities	210,963	220,678	232,722	(9,715)	(12,044)
Total liabilities	229,879	239,703	251,049	(9,824)	(11,346)
Net Deficit Position	$ (60,258)	$ (57,036)	$ (57,454)	$ (3,222)	$ 418
Changes in Net Position					
Operating revenues	$ 23,768	$ 25,107	$ 22,485	$ (1,339)	$ 2,622
Operating expenses	36,584	36,614	34,088	(30)	2,526
Operating loss	(12,816)	(11,507)	(11,603)	(1,309)	96
Nonoperating revenue (expenses), net	9,594	11,925	9,754	(2,331)	2,171
Change in Net Deficit Position	$ (3,222)	$ 418	$ (1,849)	$ (3,640)	$ 2,267
Components of Net Deficit Position					
Net investment in capital assets	$ (62,411)	$ (61,270)	$ (64,524)	$ (1,141)	$ 3,254
Restricted	4,712	5,892	8,338	(1,180)	(2,446)
Unrestricted	(2,559)	(1,658)	(1,268)	(901)	(390)
Total Net Deficit Position	$ (60,258)	$ (57,036)	$ (57,454)	$ (3,222)	$ 418

2015 Financial Analysis

Total assets of the Authority decreased by $11,475,871 as of June 30, 2015 compared to June 30, 2014. Current assets increased in 2015 by $2,727,830 in comparison to 2014. Net capital assets (depreciated and not depreciated) decreased by $8,677,056, which is primarily attributable to depreciation offset by capital improvements to the RICC and DDC. Noncurrent assets, other than capital assets, decreased by $70,985.

During 2015, the Authority reduced its debt through scheduled principal payments of $3,060,000 on outstanding bonds and note payable offset by deferred losses on refundings and amortization of related bond premiums, discounts, and deferred losses. During 2015, two issues were retired 1993B and the 2005A with principal payments equal to $40,530,000. The 1993 Series was utilized primarily for cost of issuance.

Total liabilities of the Authority at June 30, 2015, exclusive of bonds and note payable, decreased by $717,150 due to a decrease in the amount and change in timing of many vendor advances.

2015 Operating Activity

Operating revenues of the Authority decreased by $1,339,158 compared to 2014. The Convention Center continues to be the mainstay of each of the three venues, even with decreased revenue for 2015.

Total operating expenses decreased by approximately $29,505 due principally to decreased advertising and other expenses commensurate with a decrease in the number of events throughout the complex.

As a result of the above, the operating loss to the Authority was $12,816,160 in 2014 compared to $11,506,507 in 2014.

2014 Financial Analysis

Total assets of the Authority decreased by approximately $10,097,313 during FY14. Current assets decreased in 2014 by approximately $2,700,731 in comparison to 2013. Net capital assets (depreciated and not depreciated) decreased by approximately $7,325,597 which is primarily attributable to depreciation offset by capital improvements to the RICC and DDC. Noncurrent assets, other than capital assets, decreased by approximately $70,985.

During 2014, the Authority reduced its debt through scheduled principal payments of $10,060,000 on outstanding bonds and note payable offset by deferred losses on refundings and amortization of related bond premiums, discounts, and deferred losses.

Total liabilities of the Authority at June 30, 2014, exclusive of bonds and note payable, increased by approximately $608,715 due to an increase in the amount and change in timing of many vendor advances.

2014 Operating Activity

Operating revenues of the Authority increased by approximately $2,622,095 compared to 2013. The Convention Center continues to be the mainstay of each of the venues, exceeding budget expectations.

Total operating expenses increased by approximately $2,525,541 due principally to increased payroll and other expenses to service growing revenue lines, an increased number of events throughout the complex and the new contractual arrangement with PSE.

As a result of the above, the operating loss to the Authority was $11,506,507 in 2014 compared to $11,603,061 in 2013.

2015 Economic Factors and Other Matters

In general, the Authority's operational performance in FY15 continued to be impacted by the Rhode Island economy, which includes capital market uncertainty, an unexpected rebound in the housing market, high unemployment, decreasing fuel prices and a continued slow rebound from the recession. The current expectation for the future is brighter, including the recent restructuring in Rhode Island government, continuing decreases to the current unemployment rate as reported by the Rhode Island Small Business Journal dropped to 6.9% in June. Prior projections expected an unemployment rate to continue to grow through FY15 to 11%. Although all capital market indicators portend an end of the recession, Authority management continues to be concerned about the potential impact to revenue streams for the RICC, DDC and The Vets. The Authority continues to aggressively respond to these external factors by continually evaluating expenditures and strategically exploring opportunities for growth in its revenue streams. Critical to the success of each of the Authority's venues will be the previously mentioned RICAP agreement with the State for capital improvements for each of the venues: the Convention Center, the DDC and The Vets. Lack of preventive and proactive maintenance for each facility will only deter the attractiveness for potential visitors, clients and customers of each building.

Although the fifth year of The Vets' operation continues to be difficult, significant efforts by PFM to entice new events to the venue came to fruition in FY15 and continues moving forward to FY16. The completion of the renovations to the venue will ensure a strong foothold for the future. As previously stated, the renovations were funded by RICAP as part of a grant agreement with the State's DOA, under which the Authority was appropriated $14,800,000 to be provided through June 30, 2014. Additional funding equal to $1,459,819 was granted during June of FY14 to complete the renovation. As indicated previously any unexpended funds will be carried over into FY15. The final "Revised" Budget for The Vets Renovation equaled $16,259,819. The Authority's management agreement relating to the operations of The Vets expire June 30, 2016.

Requests for Information

This financial report is designed as a general overview of the Authority's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Rhode Island Convention Center Authority, One LaSalle Square, Providence, RI 02903.

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents	$ 3,413,901	$ 3,686,342
Cash and cash equivalents, restricted	4,711,840	5,891,805
Accounts receivable, less allowance for doubtful accounts of $89,214 and $88,729 in 2015 and 2014, respectively	826,947	1,118,715
Due from State	60,389	1,072,396
Prepaid expenses and other assets	472,856	444,505
Total current assets	9,485,933	12,213,763
Noncurrent assets:		
Capital assets not being depreciated	46,978,116	46,852,160
Capital assets being depreciated, net	107,136,416	115,939,428
Prepaid expenses and other assets	771,960	842,945
Total noncurrent assets	154,886,492	163,634,533
Total assets	164,372,425	175,848,296
Deferred Outflows of Resources:		
Deferred charge on refunding	5,248,421	6,818,565
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	5,277,020	4,963,181
Unearned advances	2,308,924	3,268,886
Current portion of bonds payable and note payable, related party	11,330,000	10,793,000
Total current liabilities	18,915,944	19,025,067
Noncurrent liabilities:		
Unearned advances, less current portion	519,230	590,257
Bonds payable and note payable, related party, less current portion	210,443,842	220,087,582
Total noncurrent liabilities	210,963,072	220,677,839
Total liabilities	229,879,016	239,702,906
Net (Deficit) Position:		
Net investment in capital assets	(62,410,889)	(61,270,429)
Restricted by bond indentures	4,711,840	5,891,805
Unrestricted	(2,559,121)	(1,657,421)
Total Net Deficit Position	$ (60,258,170)	$ (57,036,045)

The accompanying notes are an integral part of the financial statements

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating Revenues:		
Charges for services	$ 23,312,970	$ 24,686,914
Other	455,142	420,356
Total operating revenues	23,768,112	25,107,270
Operating Expenses:		
Personnel services	14,946,395	15,542,017
Contractual services	3,514,608	3,117,973
Utilities	1,744,036	1,682,208
Repairs and maintenance	991,939	1,015,178
Other supplies and expenses	5,123,983	5,235,729
Depreciation	10,263,311	10,020,672
Total operating expenses	36,584,272	36,613,777
Operating Loss	(12,816,160)	(11,506,507)
Nonoperating Revenues (Expense):		
State appropriations (inclusive of RICAP appropriation of $578,777 and $1,535,683 in 2015 and 2014, respectively)	21,554,825	24,565,378
Interest and investment revenue	82,598	1,278
Interest expense and related financing costs	(12,043,388)	(12,642,674)
Net nonoperating revenues	9,594,035	11,923,982
Change in Net Deficit Position	(3,222,125)	417,475
Net Deficit Position at Beginning of Year, as Restated	(57,036,045)	(57,453,520)
Net Deficit Position at End of Year	$ (60,258,170)	$ (57,036,045)

The accompanying notes are an integral part of the financial statements

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Received from customers	$ 23,028,866	$ 25,397,438
Payments to suppliers for goods and services	(10,448,223)	(11,581,001)
Payments to employees	(15,153,836)	(15,412,055)
Net cash used in operating activities	(2,573,193)	(1,595,618)
Cash Provided by Noncapital Financing Activities:		
Transfer from State	22,566,832	25,351,740
Cash Flows from Capital and Related Financing Activities:		
Proceeds from:		
Bond issuance	31,900,000	
Payment for:		
Capital assets	(1,859,040)	(2,876,118)
Bonds and note payable, related party, principal	(43,633,000)	(10,248,000)
Interest paid on bonds and note payable, related party, net of related financing costs	(7,936,628)	(13,040,707)
Net cash used in capital and related financing activities	(21,528,668)	(26,164,825)
Cash Flows from Investing Activities:		
Interest on investments	82,623	1,304
Net Change in Cash and Cash Equivalents	(1,452,406)	(2,407,399)
Cash and Cash Equivalents at Beginning of Year	9,578,147	11,985,546
Cash and Cash Equivalents at End of Year	$ 8,125,741	$ 9,578,147

The accompanying notes are an integral part of the financial statements

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (12,816,160)	$ (11,506,507)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	10,263,311	10,020,672
Provision for losses on accounts receivable	485	13,970
(Increase) decrease in operating assets:		
Accounts receivable and prepaid expenses	291,258	(455,893)
Prepaid expenses and other assets	42,634	19,852
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	676,268	(419,803)
Unearned advances	(1,030,989)	732,091
Net Cash Used In Operating Activities	$ (2,573,193)	$ (1,595,618)

The accompanying notes are an integral part of the financial statements

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The Rhode Island Convention Center Authority (Authority) is a public corporation and instrumentality created by the General Assembly of the State of Rhode Island and Providence Plantations (State) in 1987. The Authority was created to facilitate the construction and development of a convention center, parking garages and related facilities in a city or town within the State. It is a component unit of the State for financial reporting purposes and, as such, the financial statements of the Authority will be included in the State's comprehensive annual financial report.

In 2005, the Rhode Island House and Senate approved the issuance of bonds to finance the acquisition of the Dunkin' Donuts Center-Providence (DDC). The legislation authorized the Authority to issue $92,500,000 in revenue bonds to finance the acquisition from the City of Providence (City) of the real property and improvements constituting the DDC; the renovation, equipping, improvement, and redevelopment of the facility; and the costs of issuing and insuring the bonds.

In July 2008, the Authority entered into a lease with the State's Department of Administration (DOA) and commenced operations of the Veterans Memorial Auditorium (The Vets). Operation of The Vets is shared by the DOA and two facilities-management groups: Professional Facilities Management Inc. of Providence (PFM), and Spectacor Management Group (SMG). PFM manages the marketing, bookings and box office; SMG assists with the physical plant, mechanical operations and security with volunteer support provided by Johnson & Wales University students. The DOA is responsible for utilities, snow removal and other ancillary operational support.

Financial Statement Presentation, Measurement Focus, and Basis of Accounting

The Authority engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties.

The Authority uses the economic resources measurement focus and accrual basis of accounting.

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Operating expenses include the cost of services provided, administrative expenses, and depreciation expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

Use of Estimates

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

Revenue Recognition

Revenues are recognized on the accrual basis of accounting.

Charges for services consist primarily of the following event-related revenue:

RICC	Rental income, concessions and catering income and parking income.
DDC	Rental income, ticket sales, luxury suite income and concession income.
The Vets	Rental income, ticket sales, and concession sales.

Cash and Cash Equivalents, Restricted

Unexpended proceeds from the sale of revenue bonds and cash reserves whose use is specified or limited by bond resolutions, enabling legislation, laws, or third parties are reported as restricted cash and cash equivalents in the accompanying statements of net position and are classified as either current or noncurrent based on the maturity date of the underlying securities.

Cash and Cash Equivalents

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

Investments

Money market investments having a remaining maturity of one year or less at the time of purchase are reported on the statements of net position at their amortized cost. All other investments are reported at fair value.

The Authority's enabling statute authorizes the Authority to invest in obligations of, or guaranteed by, the United States, or in certificates of deposit or time deposits secured by direct obligations of, or guaranteed by, the United States. The statute also authorizes the Authority to invest proceeds from the sale of any bonds in such obligations, securities, and other investments as provided in the resolutions under which such bonds were authorized, principally commercial repurchase agreements.

Capital Assets and Depreciation

Capital assets are stated at cost. Cost includes direct and indirect project costs, as well as capitalized interest through the date of completion of each component of the Authority's property. The Authority defines capital assets as assets with an initial individual cost of more than $5,000 or repairs in excess of 10% of the asset's original cost and an initial estimated useful life in excess of one year.

Land and easements consist of land and an intangible asset. Land is recorded at cost and it is not depreciated. The intangible asset consists of a perpetual easement agreement and is recorded at fair value and it is not amortized. In accordance to GASB Statement No. 51 intangible assets with indefinite useful life are not subject to amortization.

Equipment consist of facility furniture, fixtures and equipment.

Ordinary maintenance, repairs and replacements are charged directly to operations as incurred.

The Authority provides for depreciation using the straight-line method over the following estimated useful lives of the assets with one-half year of depreciation taken in the fiscal year the asset is placed in service and that of disposal.

Assets	Years
Land	-
Easements	-
Construction in progress	-
Building and facilities	25-30
Equipment	5-15

The Authority evaluates its capital assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Authority did not record any impairment losses during the years ended June 30, 2015 and 2014.

Net Position

The Authority's net position has been segregated into the following three components:

Net Investment in Capital Assets
Represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any

Restricted
Those that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets

Unrestricted
A residual category for the balance of net position

2. CASH AND CASH EQUIVALENTS

Under the "Rhode Island Collateralization of Public Deposits Act," depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions that do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. At June 30, 2015 and 2014, $874,755 and $568,190, respectively, was uninsured and uncollateralized. These deposits were not required to be collateralized based on the criteria set forth in the Rhode Island Collateralization of Public Deposits Act.

Cash and cash equivalents, including restricted amounts, consist of the following:

	2015	2014
Deposits held in Citizens and Santander Banks	$ 635,264	$ 1,432,060
Short-term investments, cash equivalents	7,490,477	8,146,087
	$ 8,125,741	$ 9,578,147

At June 30, 2015 and 2014, the Authority had $7,807,892 and $8,766,720 respectively, on deposit in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC).

Carrying amounts of the Authority's short-term investments, classified as cash equivalents, approximate fair value and consist of the following:

	2015	2014
Money market accounts	$ 5,269,179	$ 6,495,266
Repurchase agreements, Citizens and Santander Banks	2,221,298	1,650,821
	$ 7,490,477	$ 8,146,087

The bank balance of the Authority's cash and cash equivalents, excluding money market accounts, is as follows:

	2015	2014
Bank balance	$ 3,596,053	$ 3,271,454
Bank balance insured by federal and other depository insurance	500,000	500,000
Uninsured balance	3,096,053	2,771,454
Collateralized - collateral held by third-party custodian in the Authority's name	2,221,298	2,203,264
Uninsured or Uncollateralized	$ 874,755	$ 568,190

The Authority's money market accounts are invested in Fidelity Institutional Money Market Government Portfolio Class III as of June 30, 2015 and 2014. Each money market account is held by Bank of New York Mellon Trust Company, N.A., designed to maintain a stable share price of $1.00, and maintains a dollar weighted average maturity of 52 and 56 days as of June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, approximately 99% of the securities in which the funds are invested are backed by the full faith and credit of the United States Government; the remainder is neither insured nor guaranteed by the United States Government. As of June 30, 2015 and 2014, the funds were rated AAAmf by Moody's Investors Services (Moody's) and AAAm by Standard & Poor's (S&P). Fitch Ratings, Ltd. (Fitch) does not provide ratings for these funds.

The overnight repurchase agreements are supported by U.S. Treasury securities held in the name of the respective bank. Under arrangements with Citizens and Santander Banks, excess cash balances are invested daily into overnight repurchase agreements. Each bank sets aside government securities at least equal to the face amount of the repurchase agreement.

Restricted cash equivalents consist of the following:

	2015	2014
Accounts mandated by bond indentures and required uses:		
Renewal and Replacement Account - capital costs and extraordinary costs of maintaining, repairing, replacing, renovating and improving each facility:		
Rhode Island Convention Center (RICC)	$ 105,328	$ 116,666
DDC	86,655	133,556
Operating Reserve Fund (Note 4) - operating and maintenance expenses of the RICC	4,254,291	5,304,285
General Revenue Fund - general operating expenses	147,964	218,121
2006 Series A Revenue Fund - operating expenses of the DDC	2	1,580
Total mandated by bond indentures	4,594,240	5,774,208
Arts Conservation and Maintenance Fund - conservation and maintenance of works of art acquired in prior years; payment of a DDC exterior public art site in conjunction with the Rhode Island State Council on the Arts and General Rebate Account	117,600	117,597
Total Restricted Cash Equivalents	$ 4,711,840	$ 5,891,805

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market value interest rates.

Although it has no established policy, the Authority manages its exposure to declines in fair values by limiting the term of liquid investments to less than 60 days.

Managed investments are subject to interest rate risk. The risk associated with investments maturing beyond 60 days is mitigated by continuous evaluation of the portfolio's performance. The Authority receives monthly investment performance reports from its investment advisor and reviews the reports to determine if market conditions reflect the investment performance policies of the Authority.

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment and is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. Although it has no established policy, the Authority manages its exposure to credit risk by monitoring the ratings assigned to such securities, as applicable.

Concentration of Credit Risk
At June 30, 2015 and 2014, 100% of the Authority's investments were in Fidelity Institutional Money Market Government Portfolio Class III money market accounts. Although it has no established policy, the Authority continually evaluates alternative investment options to diversify its portfolio and maximize interest income.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Authority's deposits and investments may not be returned. The Authority does not have a deposit or investment policy for custodial credit risk. The Authority manages the custodial credit risk of its cash and cash equivalents through analysis and review of the custodians' or counterparties' credit worthiness.

3. CAPITAL ASSETS

	2015			
	Balance, July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land and easements *	$ 46,808,078	$	$	$ 46,808,078
Construction in progress	44,082	170,038	(44,082)	170,038
Total capital assets not being depreciated	46,852,160	170,038	(44,082)	46,978,116
Capital assets being depreciated:				
Buildings and facilities	231,001,337	7,651		231,008,988
Equipment	29,224,617	1,452,648	(362,634)	30,314,631
Total capital assets being depreciated	260,225,954	1,460,299	(362,634)	261,323,619
Less accumulated depreciation for:				
Buildings and facilities	(122,372,994)	(8,173,664)		(130,546,658)
Equipment	(21,913,532)	(2,089,647)	362,634	(23,640,545)
Total accumulated depreciation	(144,286,526)	(10,263,311)	362,634	(154,187,203)
Total capital assets being depreciated, net	115,939,428	(8,803,012)	-	107,136,416
Capital Assets, Net	$ 162,791,588	$ (8,632,974)	$ (44,082)	$ 154,114,532

	2014			
	Balance, July 1, 2013	**Increases**	**Decreases**	**Balance June 30, 2014**
Capital assets not being depreciated:				
Land and easements *	$ 46,808,078	$	$	$ 46,808,078
Construction in progress	445,475	889,738	(1,291,131)	44,082
Total capital assets not being depreciated	47,253,553	889,738	(1,291,131)	46,852,160
Capital assets being depreciated:				
Buildings and facilities	231,001,337			231,001,337
Equipment	26,259,204	3,094,812	(129,399)	29,224,617
Total capital assets being depreciated	257,260,541	3,094,812	(129,399)	260,225,954
Less accumulated depreciation for:				
Buildings and facilities	(114,200,986)	(8,172,008)		(122,372,994)
Equipment	(20,195,923)	(1,847,008)	129,399	(21,913,532)
Total accumulated depreciation	(134,396,909)	(10,019,016)	129,399	(144,286,526)
Total capital assets being depreciated, net	122,863,632	(6,924,204)	-	115,939,428
Capital Assets, Net	$ 170,117,185	$ (6,034,466)	$ (1,291,131)	$ 162,791,588

** as restated*

Substantially all capital assets at both June 30, 2015 and 2014, are pledged as collateral for the revenue bonds (see Note 4).

4. BONDS AND NOTE PAYABLE, RELATED PARTY

The Authority's bond indebtedness at June 30, 2015 and 2014, is as follows:

	2015	**2014**
Bonds Payable:		
Refunding Revenue Bonds:		
1993 Series B	$ -	$ 7,485,000
2005 Series A	-	33,045,000
2009 Series A	67,210,000	68,035,000
2013 Series A	37,135,000	37,335,000
2015 Series A	31,900,000	-
Revenue Bonds, 2006 Series A	78,965,000	81,000,000
Total Bonds Payable	$ 215,210,000	$ 226,900,000

The Authority is limited to the issuance of bonds or notes in an aggregate principal amount of $305,000,000. At June 30, 2015 and 2014, outstanding bond and note indebtedness totals $215,210,000 and $226,943,000, respectively.

During August 1993, the Authority issued Refunding Revenue Bonds, 1993 Series B, in the original aggregate principal amount of $182,395,000. The bonds bear interest at rates ranging from 5% to 5.25% and were to mature in varying installments beginning May 15, 1994 through May 15, 2020. During June 2003, all bonds maturing after 2015, in the amount of $61,640,000, were in-substance defeased (see below) and were called and retired during August 2003. During May 2005, certain bonds maturing between 2006 and 2015, in the amount of $24,910,000, were in-substance defeased. At June 30, 2015 and 2014, the outstanding amount of this in-substance defeased debt totaled $-0- and $3,095,000, respectively. During March 2013, certain bonds maturing in 2013, in the amount of $460,000, were called and retired.

The final principal and interest payment for the 1993 Series B Bonds occurred May 15, 2015, tied to the refunding Revenue Bonds 2015 Series A and 2005 Series A retirement.

During November 2001, the Authority issued Refunding Revenue Bonds, 2001 Series A (2001 Series A Bonds), which were called and refunded in June 2005 and March 2009. Concurrent with the issuance of the 2001 Series A Bonds, the Authority entered into a fixed interest rate swap agreement (Swap Agreement). In March 2009, concurrent with the refunding of the 2001 Series A Bonds, the Swap Agreement was terminated for a fee of $7,980,000. In accordance with accounting guidance pertaining to derivative instruments, the termination fee was included in deferred loss on advance debt refunding in the 2014 statement of net position, a deferred outflow of resources, and is being amortized over eighteen years using the effective interest method.

During June 2003, the Authority issued Refunding Revenue Bonds, 2003 Series A, in the original aggregate principal amount of $58,285,000. The bonds bore interest at 5% and were due to mature in varying installments beginning May 15, 2016 through May 15, 2020. During May 2005, certain bonds maturing between 2016 and 2020, in the amount of $16,970,000, were in- substance defeased. During March 2013, all remaining bonds, in the amount of $41,315,000, were called and retired.

During August 2005, the Authority issued Refunding Revenue Bonds, 2005 Series A (2005 Series A Bonds), in an aggregate principal amount of $34,610,000, for the purpose of refunding certain of the Authority's bonds that are no longer outstanding. The 2005 Series A Bonds matured between 2006 and 2023 and bore an interest at rates ranging from 3.5% to 5%. The Authority issued its Refunding Revenue Bonds 2015 Series A in an aggregate amount of $31,900,000 for the purpose of refunding the Authority's outstanding Refunding Revenue Bonds, 2005 Series A and refunding a portion of the Authority's outstanding Refunding Revenue Bonds, 1993 Series B and to pay costs of issuance. The final principal and interest payment for the 1993 Series B occurred on May 15, 2015.

During June 2006, the Authority issued Civic Center Revenue Bonds, 2006 Series A (federally taxable) (2006 Series A Bonds), in an aggregate principal amount of $92,500,000 for the purpose of (i) financing or refinancing the acquisition, renovation, equipping, improvement and redevelopment of the DDC, (ii) redeeming the $33,000,000 Civic Center Revenue Bonds, 2005 Series A, previously issued by the Authority, (iii) paying the costs of issuance, and (iv) paying capitalized interest on the 2006 Series A Bonds. The bonds mature between 2008 and 2035 and bear interest at rates ranging from 5.59% to 6.06%.

During March 2009, the Authority issued Refunding Revenue Bonds, 2009 Series A (2009 Series A Bonds), in an aggregate principal amount of $70,735,000 for the purpose of (i) redeeming the outstanding $59,210,000, 2001 Series A Bonds, (ii) financing the termination of the Swap Agreement, (iii) purchasing debt service reserve insurance and bond insurance under a financial guaranty policy, and (iv) paying the costs of issuance. The bonds mature between 2011 and 2027 and bear interest at rates ranging from 3.00% to 5.50%.

Concurrent with the issuance of the 2009 Series A Bonds, a financial guaranty insurance policy was issued by Assured Guaranty Corp. (AGC). The policy provides maximum coverage for principal and interest payments on the 2009 Series A Bonds of $127,472,366. Coverage under the policy expires on May 15, 2027. In August 2014, AGC was rated by Moody's and S&P as A3 and AA, respectively. Fitch no longer provides ratings of AGC.

During March 2009, the Authority issued Refunding Revenue Bonds, 2009 Series B (2009 Series B Bonds) (federally taxable), in an aggregate principal amount of $485,000 for the purpose of (i) purchasing debt service reserve insurance, and (ii) paying the costs of issuance. The bonds matured in 2014 and bore interest at 7.49%.

Simultaneous with the issuance of the 2009 Series A and Series B Bonds (2009 Series Bonds), a Debt Service Reserve Fund Facility (the Facility) was issued by Assured Guaranty Municipal Corp., formerly Financial Security Assurance, Inc. (FSA) to meet the Debt Service Reserve Fund requirement. The Facility provides maximum coverage of $16,230,945. Coverage under the Facility expires at the earlier of May 15, 2027 or the date upon which the 2009 Series Bonds are no longer outstanding. In August 2014, FSA was rated by Moody's and S&P as A2 and AA, respectively. Fitch no longer provides ratings of FSA.

During March 2013, the Authority issued Refunding Revenue Bonds, 2013 Series A, in an aggregate principal amount of $37,335,000 for the purpose of refunding the Authority's outstanding Refunding Revenue Bonds, 2003 Series A, refunding a portion of the Authority's Refunding Revenue Bonds, 1993 Series B, and to pay costs of issuance. The bonds bear interest at rates ranging from 2% to 5.25% and mature in varying installments beginning May 15, 2015 through May 15, 2020. The debt service prior to refunding was $53,325,950 while the debt service subsequent to the refunding was $46,426,283; therefore, the refunding resulted in savings of $6,899,667, the present value of which was $6,444,627.

During April, 2015, the Authority issued its Refunding Revenue Bonds 2015 Series A in an aggregate amount of $31,900,000 for the purpose of refunding the Authority's outstanding Refunding Revenue Bonds, 2005 Series A and refunding a portion of the Authority's outstanding Refunding Revenue Bonds 1993 Series B and to pay costs of issuance. The final principal and interest payment for the 1993 Series B occurred on May 15, 2015. The bonds mature between 2015 and 2023 and bear interest at rates ranging from 2.00% to 5.00%. This refunding resulted in savings in debt service in FY15 equal to $3,452,078.

All outstanding indebtedness is subject to optional and mandatory redemption provisions. Mandatory redemption is required for certain bonds over various years through 2027 at the principal amount of the bonds. Certain bonds may be redeemed early, at the option of the Authority, at amounts ranging from 100% to 102% of the principal balance.

Outstanding indebtedness is collateralized by all rents receivable (if any) under a lease and agreement between the Authority and the State covering all property purchased by the Authority for the site (see Note 6), all other revenues and receipts from the project, a mortgage on constructed facilities, land financed by proceeds of the bonds, and amounts held in various accounts into which bond proceeds were deposited. In addition, outstanding indebtedness is insured under certain financial guaranty insurance policies.

Each of the bond resolutions contains certain restrictive covenants. During the years ended June 30, 2015 and 2014, the Authority was unable to fund the Operating Reserve requirement and the Renewal and Replacement component of the restrictive covenants for the RICC and the DDC pursuant to the indentures.

During July 2013, the Authority and the DOA entered into two agreements that provide for total appropriations from the Rhode Island Capital Plan Fund (RICAP) of $6,475,000 for the purpose of funding the renewal and replacement requirement included in the 2006 Series A Bonds (DDC) and $5,500,000 for the purpose of funding renovations and repairs to the RICC. The RICAP agreement continues not only as originally planned through June 30, 2018 but at this juncture is ongoing and additionally includes The Vets - post renovation. Under the agreement for the DDC, the Authority was authorized to receive funding of $925,000 in FY14 and annual appropriations of $1,387,500 through FY2019, with a subsequent increase to $1,850,000 through FY21. (The current six year Capital Plan). Under the agreement for the RICC, the Authority was authorized to receive funding of $500,000 in FY13, $1,000,000 in FY14, and will receive annual appropriations of $1,000,000 through FY2021. Under the agreement for the Vets, post renovation, the Authority was authorized to receive $250,000 through FY21. Any unexpended funds from one fiscal year will be recommended to be reappropriated to the subsequent fiscal year. During FY15, the Authority received appropriations for the DDC totaling $26,334 and for the RICC totaling $552,443, which both included carryover funding from the prior fiscal year. These funding allocations are included in nonoperating revenues in the accompanying 2015 and 2014 statement of revenues, expenses and changes in net position.

At June 30, 2015, aggregate scheduled principal and interest payments due on the Authority's bonds through maturity are as follows:

Year Ending June 30,	Principal	Interest
2016	$ 11,330,000	$ 11,638,434
2017	11,440,000	11,024,562
2018	11,110,000	10,463,464
2019	11,660,000	9,905,776
2020	12,240,000	9,312,244
2021-2025	77,030,000	35,983,464
2026-2030	51,355,000	15,354,394
2031-2035	29,045,000	5,487,028
	215,210,000	$ 109,169,366
Bond premium	7,648,862	
Bond discount	(1,085,020)	
Bonds payable	$ 221,773,842	

Changes in bonds and note payable, related party during the years ended June 30, 2015 and 2014, were as follows:

	2015				
	Balance, July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Bonds payable:					
Revenue bonds	$ 226,900,000	$ 31,900,000	$ (43,590,000)	$ 215,210,000	$ 11,330,000
Bond premium	5,212,427	4,790,628	(2,354,193)	7,648,862	
Bond discount	(1,274,845)		189,825	(1,085,020)	
Total bonds payable	230,837,582	36,690,628	(45,754,368)	221,773,842	11,330,000
Note payable, related party	43,000		(43,000)	-	
Total	$ 230,880,582	$ 36,690,628	$ (45,797,368)	$ 221,773,842	$ 11,330,000

	2014				
	Balance, July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Bonds payable:					
Revenue bonds	$ 236,960,000	$	$ (10,060,000)	$ 226,900,000	$ 10,750,000
Bond premium	6,571,170		(1,358,743)	5,212,427	
Bond discount	(1,472,565)		197,720	(1,274,845)	
Total bonds payable	242,058,605	-	(11,221,023)	230,837,582	10,750,000
Note payable, related party	231,000		(188,000)	43,000	43,000
Total	$ 242,289,605	$ -	$ (11,409,023)	$ 230,880,582	$ 10,793,000

Surety Bonds

The Authority maintains an agreement with AMBAC Indemnity Corporation (AMBAC) under which AMBAC provides the Authority with surety bond coverage to meet Debt Service Reserve Fund requirements. The surety bond provides a maximum coverage of $15,200,000. Coverage under the surety bond expires on May 15, 2023.

The Authority maintains additional agreements with AMBAC under which AMBAC provides the Authority with separate surety bond coverages to meet Debt Service Reserve Fund and Operating Reserve Fund requirements, respectively. The surety bond relating to the Debt Service Reserve Fund requirements replaced mandated investments and provides a maximum coverage of approximately $8,755,000. The surety bond relating to the Operating Reserve Fund requirements also replaced mandated investments and provides a maximum coverage of approximately $3,895,000. Coverage under both surety bonds expires on May 15, 2027.

The Debt Service and Operating Reserve Fund Facilities are required to have a credit rating in one of the three highest categories by Moody's and S&P. As of June 30, 2015 and 2014, AMBAC's credit rating did not meet the aforementioned requirement.

Debt Compliance

The Authority is required by the Internal Revenue Service, as well as its various bond resolutions, to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Authority must comply with various restrictions on investment earnings from bond proceeds.

Note Payable, Related Party

In a prior year, the Authority entered into a Scoreboard and Advertising Rights Agreement (Scoreboard Agreement) with SMG, the Authority's management services provider, to procure and install a scoreboard for the DDC. In accordance with the Scoreboard Agreement, which expires in October 2016, SMG purchased and oversaw installation of the new scoreboard on behalf of the Authority. The Authority retains title to the scoreboard and recorded a noninterest-bearing note payable to SMG of $1,500,000, to be repaid in quarterly installments totaling $188,000 annually over a period of eight years, provided SMG remains the Authority's management company. From the Scoreboard Agreement's inception through November 30, 2010, the first $125,000 of annual advertising income was retained by SMG with any income in excess of the aforementioned amount retained by the Authority. Effective December 1, 2010, all advertising income is retained by the Authority. SMG is granted a security interest in the scoreboard through the date upon which the $1,500,000 is paid in full in FY15. However, if requested by the Authority, SMG can subordinate its lien on the collateral in favor of subsequent financing.

5. OTHER COMMITMENTS AND RELATED PARTY TRANSACTIONS

Collective Bargaining Agreements

At June 30, 2015, SMG has several collective bargaining agreements, which expire at various dates through April 2016, covering approximately 66% of SMG's labor force. There are no agreements expiring prior to June 30, 2015.

SMG contributes to several union-sponsored multi-employer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multi-employer plans differ from single-employer plans. The potential risks include, but are not limited to, the use of SMG's contributions to provide benefits to employees of other participating employers, SMG becoming obligated for other participating employers' unfunded obligations, and, upon SMG's withdrawal from a plan, SMG being required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. SMG has no intention of withdrawing from the plans.

Contributions are payable monthly and are determined on the basis of the number of hours worked by the respective employees. The union pension plans do not account for plan assets and liabilities separately for participating employers. Accordingly, information regarding the plans' assets, liabilities and pension benefit obligations applicable to SMG is not available.

The Authority's legal counsel has determined that is it possible that the Authority could be responsible for funding the unfunded pension obligations attributable to SMG's labor force, past and present, who are beneficiaries of the union-sponsored multi-employer defined benefit plans to which SMG contributes, although the weight of the case law on this question would favor the Authority's position that it is not responsible for these obligations if it were to seek to avoid paying any actual withdrawal liability claim.

RICC and DDC Management Agreements

The Authority has a management agreement with SMG, the initial term of which expired on June 30, 2012, under which SMG provides various services relating to the operations of the RICC, its parking facilities and the DDC. The management agreement was extended through June 30, 2025. Contemporaneous with the extension of the management agreement, the Authority also extended agreements with certain other vendors through June 30, 2025. Based on the terms of the management agreement, the Authority funds payroll and related costs of SMG's labor force, which have been included in personnel services on the statements of revenues, expenses and changes in net position. For the years ended June 30, 2015 and 2014, SMG personnel services totaled $13,995,676 and $14,626,767, respectively.

The Authority pays SMG an annual base management fee of $375,000 for the RICC and its parking garages and $100,000 for the DDC. Management fees are imbedded in the operating budgets of both entities and are requested in a monthly funding format. Both fees are adjusted annually by the annual percentage change in the "Consumer Price Index for all Urban Consumers, U.S. City Average All Items" (CPI), to a maximum of three percentage points (CPI Adjustment).

In addition to the base management fees, the Authority pays incentive compensation consisting of both quantitative and qualitative components. There is no quantitative element for the RICC. The quantitative component for the DDC is conditional upon the DDC achieving break-even results. Prior to break-even results, this fee equals 15% of the improvement over a net operating loss of approximately $300,000. Following break-even results, this fee equals 25% of the amount, if any, that exceeds the DDC's break-even number.

The qualitative portion of the incentive fee cannot exceed $25,000 annually for the DDC, adjusted annually by the CPI Adjustment. The qualitative incentive fee for the RICC cannot exceed 5% of its annual base management fee. At the end of FY15, the Authority has not compensated either venue for incentive fees.

The base management fees incurred for the years ended June 30, 2015 and 2014, totaled $743,705 and $483,550, respectively. During 2014, The Vets reflected management fees in their budgets. The Authority advances funds to SMG to pay operating expenses of the RICC and the DDC.

The Authority advances funds to SMG to pay operating expenses of the RICC and the DDC.

Concurrent with the extension of the management agreement, SMG is committed to advance $750,000 in two equal installments to the Authority for operation and maintenance of the RICC, its parking garages, and the DDC. The first installment was advanced in October 2011 and the second is due in October 2016. The Authority's repayment of SMG's advances is forgiven ratably during the term of the agreement. Upon termination of the management agreement, any unforgiven balance shall be paid by the Authority to SMG within 30 days of expiration.

The Vets Management Agreement

The Authority has a management agreement with PFM, which expires on June 30, 2016, relating to the operations of The Vets. The agreement with PFM provides for annual payments of $125,000 for management services and $125,000 for centralized operating services.

Providence/Warwick Convention & Visitors Bureau (CVB)

Pursuant to an agreement between the Authority and the CVB, the CVB provides marketing and other services to the Authority; annual fees for these services were $630,000 and $585,000 for the years ended June 30, 2015 and 2014. The agreement was renewed effective July 1, 2013 through June 30, 2016 and provides for annual fees of $585,000 for the year ended June 30, 2014 and $630,000 thereafter.

6. LEASE REVENUE FROM STATE

The Authority maintains a Lease and Agreement, dated November 1, 1991 and amended July 1, 1993 (the Agreement), with the State. The Agreement establishes provisions for the Authority, as lessor, to lease the RICC and related facilities (including the land on which the sites are located) to the State. The State has the option to purchase the leased property at any time during the lease term for the sum of all obligations of the Authority then outstanding plus one dollar ($1). The lease term extends until such time as all outstanding indebtedness (see Note 4) is paid in full.

Minimum annual lease payments from the State are equal to the debt service costs of the Authority. In the event of an operating deficit (excluding depreciation), annual lease payments may be increased by the amount of the deficit. The obligation of the State to pay such rentals is subject to and dependent upon annual appropriations of such payments being made by the Rhode Island General Assembly for such purpose. Those appropriations are made in connection with the State’s annual budgetary process and are therefore dependent upon the State’s general financial resources and factors affecting such resources. The Authority was appropriated $19,526,948 and $23,029,696 for the years ended June 30, 2015 and 2014, respectively, from the State, exclusive of working capital advances.

The State-approved appropriation original request equaled $22,979,026 for the year ended June 30, 2015 and represents the anticipated gross debt service for the RICC and DDC. However, attributed to the 2015 Refunding bonds during the spring of 2015, subsequently reduced its debt service request to the State. The Authority’s ability to continue operations is dependent upon receipt of the annual State appropriation of lease revenue.

The Authority has entered into a sublease agreement with the State, for a term equal to the term of the above Lease and Agreement, whereby the Authority subleases the RICC and related facilities from the State for one dollar ($1) per year.

7. COMMITMENT AND CONTINGENCIES

In 2010, the Authority entered into a grant agreement with the DOA in which the Authority was appropriated funds authorized from the RICAP, for the purpose of undertaking renovations and repairs to The Vets. The initial grant equaled $14,800,000. The project did not officially commence until FY12. A subsequent revised funding equal to $1,459,819 was further allocated to complete the renovation during the fiscal year.

Under the terms of this agreement, the Authority is responsible for vendor payments for which the DOA must reimburse the Authority using RICAP funds.

The Authority serves as the Project Manager for The Vets renovations; accordingly, the RICAP renovations and repairs to The Vets are not reported as capital assets or expenses in the accompanying financial statements. Such amounts, which totaled $1,224,901 and $5,876,478 for the years ended June 30, 2015 and 2014, respectively, are reported in the financial statements of the State.

The Authority is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Authority's financial position or results of operations.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, errors and omissions, property casualty and liability, and workers' compensation claims for which the Authority carries commercial insurance. Management believes the Authority has access to sufficient funds for potential claims, if any, that are subject to deductibles or are in excess of stated coverage maximums. The Authority is not aware of any potential claims. During the past five years, claims settled have not exceeded the Authority's coverage, and there have been no significant reductions in insurance coverage. Accordingly, the Authority has not recorded a reserve for potential claims.

9. RETIREMENT PLANS

The Authority sponsors two retirement plans: a defined contribution 401(a) plan and a deferred compensation 457(b) plan. The retirement plans allow for employee and discretionary employer contributions and cover substantially all full-time employees who meet the eligibility requirements. In both 2015 and 2014, the Authority contributed approximately $39,000 to the 457(b) and 401(a) plans.

10. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

During fiscal year ended June 30, 2015, the Authority evaluated the classification and reporting of intangible assets and the application of GASB Statement No. 51 - *Accounting and Financial Reporting for Intangible Assets*. As a result of this evaluation, the Authority reclassified intangible assets previously reported as other assets and amortized, as capital assets, net of depreciation. As a result, capital assets and net position were restated. Capital assets were increased by $1,250,000, which represents the value of the Skybridge Easement. The net position was restated for the amount of accumulated amortization recognized in the prior fiscal years. The following restatements were recorded to the beginning of year net position of the Authority:

Net position balance at June 30, 2013, as previously reported	$ (58,028,520)
Adjustment:	
Accumulated amortization on intangible assets	575,000
Net Position Balance at July 1, 2013, as Restated	$ (57,453,520)

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

Payee	Purpose	Amount	Amount
Rhode Island Convention Center Authority (Authority)			
James Bennett	Tour of Outdoor Stadium in Saratoga for potential opportunity for RICCA	$ 688	
James Bennett	Meeting with General Growth Partners	318	
James Bennett	Varied Business Opportunities	398	
	Subtotal - Authority		$ 1,404
Rhode Island Convention Center (RICC)			
Lawrence Lepore	Dallas, TX - GM Meeting - Hotel, Taxi	989	
Lawrence Lepore	New York, NY - Billboard Conference - Hotel, Parking & Tolls	552	
Lawrence Lepore	Irving, TX - Airfare - Trip Cancelled - Jul'14	300	
Lawrence Lepore	Nashville, TN - Pollstar Conference - Airfare - Trip Cancelled	377	
Nancy Beauchamp	Chicago, IL - Director of Finance Meeting - Airfare, Hotel	518	
John McGinn	Los Angeles, CA - IAEE Expo! Expo! - Airfare	530	
John McGinn	Los Angeles, CA - IAEE Expo! Expo! - Hotel, Taxi, Parking	1,404	
John McGinn	Expo! Expo! - Airfare - May'15	343	
John McGinn	Orlando, FL - NACS Show - Airfare	968	
John McGinn	Orlando, FL - NACS Show - Hotel Deposit	235	
John McGinn	Orlando, FL - NACS Show - Taxi, Hotel, Parking	949	
Arlene Oliva	Nashville, TN - ASAE Conference - Hotel, Airfare, Taxi, Parking	1,707	
Arlene Oliva	Las Vegas, NV - IMEX America Tradeshow - Airfare, Hotel, Taxi, Parking	1,894	
Arlene Oliva	Orlando, FL - NACS Show - Taxi, Hotel, Parking	1,684	
Melissa Avedisian	Las Vegas - TEAMS - Airfare	540	
Melissa Avedisian	Las Vegas - TEAMS - Hotel, Taxi, Baggage Fee	890	
Diane Richards	Atlanta, GA - Rejuvenate - Airfare, Hotel, Taxi, Parking, Mileage	1,613	
Diane Richards	Mt. Pleasant, SC - K'next Sales 2 - Airfare, Hotel, Taxi, Parking, Mileage	1,256	
Breana Quinn	Las Vegas, NV - Teams Conference - Hotel, Baggage Fee, Taxi	920	
Breana Quinn	Las Vegas, NV - Teams Conference - Airfare	540	
Amanda Wilmouth	Irving, TX - Operations Meeting - Hotel	731	
Shannon Licygiewicz	Irving, TX - Airfare, Hotel, Taxi, Baggage	1,277	
Rachel Martelly	Charleston, SC - K'Next Training - Alyssa Oliveira - Hotel, Taxi, Parking	900	
Rachel Martelly	Charleston, SC - K'Next Training - Alyssa Oliveira - Airfare	664	
Jillian Cosgrove	Charleston, SC - K'Next Training - J Cosgrove & Stephanie Donofrio - Airfare	634	
Kathleen Masino	Long Beach, CA - Food & Beverage Meeting - Hotel, Taxi, Airfare	1,684	

(Continued on next page)

Payee	Purpose	Amount	Amount
Omni Hotel & Resorts	Providence, RI - L Lepore - Room for Snowstorm	$ 359	
Omni Hotel & Resorts	Providence, RI - Food & Beverage - Staff Rooms for Snowstorm	719	
Omni Hotel & Resorts	Providence, RI - Operations - Staff Rooms for Snowstorm	1,437	
Omni Hotel & Resorts	Providence, RI - Parking Staff - Room for Snowstorm	359	
Travel Resource	L Lepore - TEAMS Conference	540	
Travel Resource	A Wilmouth - TEAMS Conference	540	
Travel Resource	A Wilmouth - Flight Change TEAMS Conference	300	
Lawrence Lepore	B & M Catering - Team Building Cookout	1,050	
Lawrence Lepore	Dallas, TX - SMG Meetings - Brio Tuscan Grille, L Lepore, A Wilmouth, S Licygiewicz, R Lauro	220	
Lawrence Lepore	Twin Oaks - Bob Duteau & Keith Miller - LIN/WME Nashville - FGL/Paisley	289	
Lawrence Lepore	G Pub - R Martelly, J Cosgrove, J McGinn, S Donofrio - Event Staff Meeting	233	
Lawrence Lepore	Flemings - M Roulx - Hasbro, J Saccoccio-JS Design, C Cohen, P Bacon, A Wilmouth - Ice Kingdom	882	
John McGinn	Pot Au Feu-AACC-B Ford, M DeSalvo-SER Expo, K Cerseritti-PWCVB	287	
John McGinn	Las Angeles - Expo! Expo! - Meals	234	
Arlene Oliva	Las Vegas, NV - IMEX America Tradeshow - Meals	334	
Amanda Wilmouth	Bob's Chop House - Irving TX - S Dunn, J Moughan-DCU Wocester, R Lauro, S Licygiewicz, A Wilmouth, T Bechert GM-Verizon Wireless Center	572	
Amanda Wilmouth	Gracies - J Pierce - Asst GM Irving TX Convention Center	230	
Melissa Avedisian	Las Vegas, NV - Teams Conference - Meals	377	
Breana Quinn	Las Vegas, NV - Teams Conference - Meals	311	
Rachel Martelly	Charleston, NC, K'next Training - Meals	396	
Kathleen Masino	Long Beach, CA - Food & Beverage Meeting - Meals	244	
Melissa Lasko O'Connor	Jim Demers - Chef Ho's - Security Staff Lunch Meeting	263	
Sportservice	TSO - Catering for Client Event -	11,660	
Sportservice	Fleetwood Mac - Catering for Client Event - White Family-Taco, Alex & Ani, NE Turfgrass	2,230	
Sportservice	Neil Diamond - Catering for Client Event - CVB, Hasbro, Providence City Officials, FOP	1,674	
Flemings	Directors - X-Mas Luncheon - 7 People	350	
Omni Hotel	Meals - Snow Storm Staff	396	
Various	Miscellaneous Amounts Under $200	3,586	
			$ 54,172
Dunkin' Donuts Center-Providence (DDC)			
Travel			
Debra Polselli	Nashville, TN - Pollstar Conference - Airfare, Hotel, Taxi, Baggage	1,735	
Debra Polselli	Nashville, TN - Pollstar Conference - Airfare	406	
Cheryl Cohen	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Airfare	514	
Cheryl Cohen	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Taxi, Hotel, Parking	517	
Cheryl Cohen	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Car Rental	220	
Cheryl Cohen	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Airfare - Susan Catanzaro	514	

(Continued on next page)

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Payee	Purpose	Amount	Amount
Dunkin' Donuts Center-Providence (DDC) (continued)			
Travel			
Cheryl Cohen	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Hotel - Susan Catanzaro	$ 387	
John Ciolfi	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Airfare	671	
John Ciolfi	Los Angeles, CA - SMG Mtg & EAMC Marketing Conference - Taxi, Hotel, Baggage Fee	1,491	
Travel Resources	Dallas, TX - Operations Meeting - Airfare	613	
Robert Lauro	Dallas, TX - Operations Meeting - Hotel, Taxi	771	
Robert Lauro	Snowstorm - Hilton Hotel Providence - Hotel	269	
Various	Miscellaneous Amounts Under $200	346	
		8,454	
Entertainment			
B & M Catering	Team Building Get Together	1,050	
Flemings Prime Steakhouse	Providence, RI - Directors X-Mas Lunch	350	
A Izzo Boat Charter	K Miller - Wm Morris Agency, Bob Duteau - Livenation, Josh Turner - Country Music Artist	5,000	
Deborah Polselli	Nashville, TN - Pollstar Conference - B Blumenreich , A Lynch- Miller Entertainment, Bob's Chophouse - Potential Events	248	
Cheryl Cohen	Corporate Dinner - Cosentinos - J Bolton, M Dirdah, C Cohen, D Polselli, J Ciolfi	340	
Cheryl Cohen	Los Angeles, CA - Osteria - AEG - Booking Events - D Debendetto, Jenny, C Cohen D Polselli	331	
Cheryl Cohen	Los Angeles, CA - SMG & EAMC Meeting - Meals	272	
Bareboat Charters	Newport Harbor - Wm Morris Agency - K Miller	3,250	
Various	Miscellaneous Amounts Under $200	1,018	
		11,859	
			$ 20,313
Veterans Memorial Auditorium Arts and Cultural Center (VMA)			
Travel			
Dan Schwartz	General Manager		3,855
	Grand Total		$ 79,744

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
JUNE 30, 2015

Statement of Net Position **Attachment B**

Assets:		
Current assets:		
Cash and cash equivalents	$	3,413,901
Investments		
Receivables, net		826,947
Restricted assets:		
Cash and cash equivalents		4,711,840
Investments		
Receivables, net		
Other assets		472,856
Due from primary government		60,389
Due from other component units		
Due from other governments		
Inventories		
Other assets		
Total current assets		9,485,933
Noncurrent assets:		
Investments		
Receivables, net		
Restricted assets:		
Cash and cash equivalents		
Investments		
Receivables, net		
Other assets		
Capital assets - nondepreciable		46,978,116
Capital assets - depreciable, net		107,136,416
Other assets, net of amortization		771,960
Total noncurrent assets		154,886,492
Total assets		164,372,425
Deferred Outflows of Resources:		
Accumulated decrease in fair value of hedging derivatives		
Deferred loss on advance debt refunding		5,248,421
Other deferred outflows of resources		
Total deferred outflows of resources		5,248,421

Statement of Net Position (Continued) **Attachment B**

Liabilities:		
Current liabilities:		
Cash overdraft	$	
Accounts payable		5,277,020
Due to primary government		
Due to other component units		
Due to other governments		
Unearned revenue		2,308,924
Other current liabilities		
Current portion of long-term debt		11,330,000
Total current liabilities		18,915,944
Noncurrent liabilities:		
Due to primary government		
Due to other component units		
Due to other governments		
Net pension liability		
Net OPEB obligation		
Unearned revenue		519,230
Notes payable		
Loans payable		
Obligations under capital leases		
Compensated absences		
Other liabilities		
Bonds payable		210,443,842
Total noncurrent liabilities		210,963,072
Total liabilities		229,879,016
Deferred Inflows of Resources:		
Accumulated increase in fair value of hedging derivatives		
Deferred gains on refunding		
Other deferred inflows of resources		
Total deferred inflows of resources		-
Net Position:		
Net investment in capital assets		(62,410,889)
Restricted for:		
Debt		
Other		4,711,840
Nonexpendable		
Unrestricted		(2,559,121)
Total Net Position	$	(60,258,170)

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
JUNE 30, 2015

Statement of Activities	**Attachment C**
Expenses	$ 48,627,660
Program Revenues:	
Charges for services	23,312,970
Operating grants and contributions	21,554,825
Capital grants and contributions	
Total program revenues	44,867,795
Net (expenses) revenues	(3,759,865)
General Revenues:	
Interest and investment earnings	82,598
Miscellaneous revenue	455,142
Total general revenues	537,740
Special items	
Extraordinary items	
Change in net position	(3,222,125)
Total Net Deficit Position - Beginning, as Restated	(57,036,045)
Total Net Deficit Position - Ending	$ (60,258,170)

Attachment D

Schedule of Debt Service to Maturity
Long-Term Debt

Bonds Payable

Fiscal Year Ending June 30	Principal	Interest
2016	$ 11,330,000	$ 11,638,434
2017	11,440,000	11,024,562
2018	11,110,000	10,463,464
2019	11,660,000	9,905,776
2020	12,240,000	9,312,244
2021-205	77,030,000	35,983,464
2026-2030	51,355,000	15,354,394
2031-2035	29,045,000	5,487,028
2036-2040		
2041-2045		
2046-2050		
2051-2055		
2056-2060		
	$ 215,210,000	$ 109,169,366

RHODE ISLAND CONVENTION CENTER AUTHORITY
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATE OF RHODE ISLAND REQUIRED FORMAT
JUNE 30, 2015

Attachment E

Schedule of Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds payable	$ 226,900,000	$ 31,900,000	$ (43,590,000)	$ 215,210,000	$ 11,330,000	$ 203,880,000
Net unamortized premium/discount	3,937,582	4,790,628	(2,164,368)	6,563,842		6,563,842
Bonds payable	230,837,582	36,690,628	(45,754,368)	221,773,842	11,330,000	210,443,842
Notes payable	43,000		(43,000)	-		
Loans payable						
Obligations under capital leases						
Net OPEB obligation						
Net pension liability						
Due to primary government						
Due to component units						
Due to other governments and agencies						
Unearned revenue	3,859,143		(968,996)	2,890,147	2,308,924	519,230
Compensated absences						
Reported as other liabilities:						
Arbitrage rebate						
Pollution remediation						
Items not listed above						
Other liabilities	-	-	-	-	-	-
	$ 234,739,725	$ 36,690,628	$ (46,766,364)	$ 224,663,989	$ 13,638,924	$ 210,963,072

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Rhode Island Convention Center Authority

We have audited, in accordance with the 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, the financial statements of the Rhode Island Convention Center Authority, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Rhode Island Convention Center Authority's basic financial statements, and have issued our report thereon dated September 24, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rhode Island Convention Center Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rhode Island Convention Center Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rhode Island Convention Center Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rhode Island Convention Center Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* During the year ended June 30, 2015, the Rhode Island Convention Center Authority was unable to fund the Operating Reserve and Renewal and Replacement components of its restrictive covenants pursuant to the bond indentures. The Rhode Island Convention Center Authority will fund the Operating Reserve and Renewal Replacement Components noted above provided there is sufficient cash flow.

The Rhode Island Convention Center Authority's Response to Findings

The Rhode Island Convention Center Authority's response to the finding identified in our audit is described above. The Rhode Island Convention Center Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Rhode Island Convention Center Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rhode Island Convention Center Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
September 24, 2015