

***EAST PROVIDENCE WATERFRONT
SPECIAL DEVELOPMENT
DISTRICT COMMISSION***

**Financial Statements
For the Fiscal Year Ended June 30, 2009**

**Including Independent Audit Report of
Certified Public Accountants**

***EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009***

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Commission Members

EAST PROVIDENCE WATERFRONT SPECIAL DEVELOPMENT DISTRICT COMMISSION

VOTING MEMBERS

William J. Fazioli – Chairman
John Gregory
Jonathan Killian
Jacob Harpootian
Bruce B. Chick
Steven Hardcastle
Luis Torrado
John Pesce

EX-OFFICIO MEMBERS

Richard Brown, City Manager
Jeanne Boyle, Executive Director
Steve Coutu, Director of Public Works
William Parsons, Economic Development Corporation (Director's designee)
Terrance Gray, Asst. Director, Rhode Island Department of Environmental
Management (Director's designee)
Bernard Frezza, Rhode Island Department of Transportation (Director's designee)

FINANCIAL SECTION

To the Honorable Members of the
East Providence Waterfront Special
Development District Commission

We have audited the accompanying statement of financial position of the East Providence Waterfront Special Development District Commission (the Commission) as of June 30, 2009 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the East Providence Waterfront Special Development District Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Providence Waterfront Special Development District Commission as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2010 on our consideration of East Providence Waterfront Special Development District Commission internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Parmelee Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
February 24, 2010

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**

Statement of Net Assets

June 30, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$	203,527
Total Current Assets		<u>203,527</u>

LIABILITIES

Current Liabilities

Accounts payable		13,788
Accrued salaries		6,691
Total Current Liabilities		<u>20,479</u>

NET ASSETS

Unrestricted		183,048
Total Net Assets	\$	<u>183,048</u>

See auditors' report and accompanying notes to these financial statements

**EAST PROVIDENCE WATERFRONT
DEVELOPMENT DISTRICT COMMISSION**

**Statement of Revenues, Expenses
and Changes in Net Assets**

For the Fiscal Year Ended June 30, 2009

Operating revenues	
Private Application Fees	\$ 71,853
Operating expenses	
Salaries	56,690
Website Hosting	385
Consultants (design, architectural, TIF)	24,090
Other Professional Fees	4,200
Legal Fees	26,150
Printing & Advertising	1,026
Reporting/Steno Services	1,375
Delivery Services	185
Insurance	3,325
Other	2,618
Total operating expenses	<u>120,044</u>
Operating (loss)	<u>(48,191)</u>
Non-operating revenues	
Grant Revenue (State)	43,000
Grant Revenue (Federal)	5,020
Investment Income	869
Total non-operating revenues	<u>48,889</u>
Change in Net Assets	698
Total net assets - July 1, 2008	<u>182,350</u>
Total net assets - June 30, 2009	<u>\$ 183,048</u>

See auditors' report and accompanying notes to these financial statements

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009

Cash flows from operating activities	
Cash received from application fees	\$ 71,853
Cash received from funding sources for prior year revenue	49,534
Cash payments to suppliers for goods and services	(60,660)
Cash payments to employees	(63,500)
Net cash provided by (used for) operating activities	(2,773)
 Cash flows from non-capital financing activities	
Grant revenue	48,020
Net cash provided by (used for) non-capital financing activities	48,020
 Cash flows from capital and related financing activities	
Interest received	869
Net cash provided (used for) capital and related financing activities	869
 Net increase (decrease) in cash and cash equivalents	 46,116
 Cash and cash equivalents at beginning of year	 157,411
Cash and cash equivalents at end of year	\$ 203,527
 Reconciliation of operating income to net cash provided by operating activities	
Operating income (Loss)	\$ (48,191)
 Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	49,534
Increase (decrease) in accounts payable	2,694
Increase (decrease) in accrued expense	(6,810)
Total adjustments	45,418
 Net cash provided by operating activities	 \$ (2,773)

See auditors' report and accompanying notes to these financial statements

Notes to Financial Statements

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the East Providence Waterfront Special Development Commission, (an Independent Rhode Island entity), have been prepared in conformity with generally accepted accounting principles (GAAP). The entities significant accounting policies are described below.

Reporting Entity

The East Providence Waterfront Special Development District Commission was created by Rhode Island State Law Chapter 345 enacted on 7/17/2003. The Commission was created to oversee, plan, implement and administer the development of the areas within the District as outline in the charter established by the State of Rhode Island and the City of East Providence. The Commission functions and conducts its business and activities in a manner consistent with plans approved for the district by the City and the Commission, and as appropriate or necessary, by the Rhode Island Economic Development Corporation.

The Commission is made up of nineteen members as follows: five members appointed by the City Council with a 4 year term; five members appointed by the Governor, one with an expertise in the following areas: architecture, planning, labor, finance, and commercial real estate for a 4 year term; the Mayor and Governor jointly appoint one member who acts as chairperson for a 4 year term; there is eight ex officio, non-voting members as follows: the City Manager, the City Planning Director, the Publics Works Director, the Executive Director of the RI Economic Development Corp., the Director of the Department of Transportation, the Director of the Department of Environmental Management or an associate director designated by the director.

BASIS OF ACCOUNTING

Measurement Focus

The Commission's financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Cash Equivalents

For the purpose of the Statement of Net Assets, the Commission considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Revenues and Expenses

Revenues for the Commission are recorded when the application fees are earned. The Grant revenue from the RI Economic Development Corporation is recognized when expenses relating to grant income are incurred. Expenses for the Commission are recorded when the related liability is incurred.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 2 - CASH DEPOSITS

Deposits are in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents". A summary of bank balances and carrying amounts is as follows:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Insured (Federal depository insurance funds)	\$ 203,527	\$ 203,527
Uninsured or un-collateralized	<u>-0-</u>	<u>-0-</u>
TOTAL DEPOSITS	<u>\$ 203,527</u>	<u>\$ 203,527</u>

Under Rhode Island general law, 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 (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, \$-0- of the Commission's balance of \$203,527 was uninsured and uncollateralized.

NOTE 3 - DISCLOSURE OF SIGNIFICANT COMMITMENTS & CONTINGENCIES

In the ordinary course of business, the Commission becomes involved in various commitments and contingencies. Management does not expect any of these to result in a material change to the financial position of the commission.

NOTE 4 - RELATED PARTIES

The Commission reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2009.

***EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION***

***AUDITOR'S REPORTS AS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS***

**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 Honorable Members of the
East Providence Waterfront Special
Development District Commission

We have audited the financial statements of East Providence Waterfront Special Development District Commission (Commission) as of and for the year ended June 30, 2009, and have issued our report thereon dated February 24, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

This report is intended solely for the information and use of East Providence Waterfront Special Development District Commission management, others within the Commission, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Parmelee, Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
February 24, 2010

**East Providence Waterfront Special Development District Commission
Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2009**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors report issued:

Unqualified

Internal control over financial reporting:

Significant deficiency (ies) identified?

 yes X no

Significant deficiency (ies) identified that are
considered material weaknesses?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

 yes X none

East Providence Waterfront Special Development District Commission
Schedule of Findings and Responses
For The Fiscal Year Ended June 30, 2009
(Continued)

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

A. Significant Deficiency in Internal Control

None Reported

B. Compliance

None Reported