

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

**Financial Statements  
For the Fiscal Year Ended June 30, 2010**

**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, 2010***

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## **INTRODUCTORY SECTION**

This Section Contains the Following Subsections:

List of Commission Members

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

*As of June 30, 2010*

## **VOTING MEMBERS**

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

## **EX-OFFICIO MEMBERS**

Orlando A. Andreoni, 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**

# Baxter Dansereau & Associates LLP

Certified Public Accountants

*Partners*

William J. Baxter Jr., CPA  
Paul L. Dansereau, CPA

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of net assets of the East Providence Waterfront Special Development District Commission (the Commission) as of June 30, 2010 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, 2010, 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 August 15, 2011 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.



Baxter Dansereau & Associates, LLP

August 15, 2011

**EAST PROVIDENCE WATERFRONT SPECIAL  
DEVELOPMENT DISTRICT COMMISSION**

**Statement of Net Assets**

**June 30, 2010**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 145,319
Cash restricted	190,929
Due from City of East Providence, RI	8,450
<b>Total Current Assets</b>	<u>344,698</u>

**LIABILITIES**

**Current Liabilities**

Accounts payable	11,446
Accrued salaries	5,773
Due to City of East Providence, RI	190,929
<b>Total Current Liabilities</b>	<u>208,148</u>

**NET ASSETS**

Unrestricted	136,550
<b>Total Net Assets</b>	<u>\$ 136,550</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, 2010

<b>Operating revenues</b>	
Private Application Fees	\$ 17,841
<b>Operating expenses</b>	
Salaries	38,320
Website Hosting	385
Consultants (design, architectural, TIF)	17,352
Other Professional Fees	4,500
Legal Fees	16,389
Printing & Advertising	1,547
Reporting/Steno Services	275
Delivery Services	114
Insurance	3,325
Other	340
<b>Total operating expenses</b>	<u>82,547</u>
<b>Operating (loss)</b>	<u>(64,706)</u>
<b>Non-operating revenues</b>	
Grant Revenue (State)	15,000
Investment Income	45
<b>Total non-operating revenues</b>	<u>15,045</u>
<b>Change in Net Assets</b>	(49,661)
<b>Total net assets - July 1, 2009</b>	183,049
<b>Prior period adjustment see note 6</b>	3,162
<b>Total net assets - July 1, 2009 restated</b>	186,211
<b>Total net assets - June 30, 2010</b>	<u><u>\$ 136,550</u></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, 2010**

<b>Cash flows from operating activities</b>	
Cash received from application fees	\$ 17,841
Cash payments to suppliers for goods and services	(55,018)
Cash payments to employees	(39,238)
<b>Net cash provided by (used for) operating activities</b>	<u>(76,415)</u>
<b>Cash flows from non-capital financing activities</b>	
Grant revenue	15,000
<b>Net cash provided by (used for) non-capital financing activities</b>	<u>15,000</u>
<b>Cash flows from capital and related financing activities</b>	
Interest received	45
<b>Net cash provided (used for) capital and related financing activities</b>	<u>45</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(61,370)
<b>Cash and cash equivalents at beginning of year</b>	206,689
<b>Cash and cash equivalents at end of year</b>	<u>\$ 145,319</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
<b>Operating income (Loss)</b>	\$ (64,706)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
<b>Changes in assets and liabilities:</b>	
(Increase) decrease in accounts receivable	(8,450)
Increase (decrease) in accounts payable	(2,341)
Increase (decrease) in accrued expense	(918)
<b>Total adjustments</b>	<u>(11,709)</u>
<b>Net cash provided by operating activities</b>	<u>\$ (76,415)</u>

***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, 2010**

***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, 2010**

**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)	\$ 336,248	\$ 336,879
Uninsured or un-collateralized	-0-	-0-
TOTAL DEPOSITS	<u>\$ 336,248</u>	<u>\$ 336,879</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, 2010, \$-0- of the Commission's balance of \$336,248 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, 2010.

**NOTE 5 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 15, 2011, the date the financial statements were available to be issued. As a result of this review, no material subsequent events were noted.

**NOTE 6 - PRIOR PERIOD ADJUSTMENT**

During the audit it was discovered that the Commission had a bank account with Bank of America that was not presented in the prior years financial statements. This entry was made to recognize this account as an asset of the Commission.

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

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

# Baxter Dansereau & Associates LLP

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Certified Public Accountants

## 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, 2010, and have issued our report thereon dated August 15, 2011. 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 opinions 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 *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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

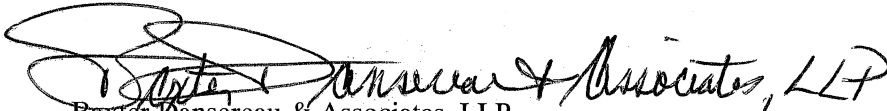
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

We noted certain other matters that we reported to management of the Commission in a separate letter dated August 15, 2011.

This report is intended solely for the information and use of management, the Commission, and 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.



Baxter Dansereau & Associates, LLP  
August 15, 2011

**East Providence Waterfront Special Development District Commission  
Schedule of Findings and Responses  
For The Fiscal Year Ended June 30, 2010**

***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, 2010**  
**(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