

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
MEETING OF THE
AUDIT COMMITTEE**

September

24,

2013

A meeting of the Audit Committee of the Rhode Island Convention Center Authority (hereinafter referred to as “Authority”, the “CCA” or the “Board”) was held on September 24, 2013 pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Jeffrey Hirsh, James Bennett, George Nee and Patrick Butler.

Also in attendance were Jim McCarvill and Betty Sullivan, RICCA; Tim Muldoon and Nancy Beauchamp, RICC; Larry Lepore, DDC; Susan Johnson, Michael Crawley and Lauren Florio; LGC&D; Bruce Leach, Legal Counsel and Eileen Smith, recording secretary.

Mr. Hirsh called the meeting to order at 12:10 p.m.

Mr. Hirsh asked Ms. Johnson, Mr. Crawley and Ms. Florio to address the committee. Ms. Johnson thanked all those individuals that assisted in the successful completion of this year’s audit. Ms. Johnson distributed the Audit Report and began the presentation.

She asked Mr. Crawley to explain the scope of services that were performed and the auditor's required communications with the Authority. Mr. Crawley noted that the audited financial statements received and unqualified opinion letter and that there were no material weaknesses or significant deficiencies to report. Mr. Crawley stated that there was some non-compliance with certain debt covenants. Michael Crawley continued the presentation with an overview of the Authority's net assets. Mr. Crawley presented that Statement of Revenues, Expenses and Changes in Net Asset Deficiency Overview. Ms. Florio stated that there have been no changes in significant accounting policies. Ms. Florio stated that the adjustments requested by management a net increase to a net loss. Reclassifications that were requested by management had no impact on net loss. Mr. Nee asked Ms. Florio to explain the reclassifications. Ms. Florio said that the reclassifications moved some debt service from the current portion to long term debt. Ms. Florio noted that the Authority is not in compliance with the amount in reserve to pay debt service. Mr. Nee asked what the consequences are of being in default. Ms. Florio stated that the consequences of being in default are few and that the Authority relies on the State for to fund debt service.

Discussion ensued regarding Renewal & Replacement. Mr. McCarvill noted that we are now utilizing RICAP funds which are mandated asset protection funds. Ms. Johnson stated that any amount over the budgeted amount can be carried forward to the next fiscal year.

Mr. Crawley noted that LGC&D offered some business advice in the letter to management. Ms. Johnson stated that the advice is only that and not necessarily imperative. She said that one area where she suggests improvement is expense reimbursement. Mr. Nee stated that there is legislation being discussed to more closely monitor expenses and that it would be prudent to get out in front on this prior to legislation. Discussion ensued regarding the establishment of guidelines to approve expenses. Ms. Johnson suggested that we seek the approval of two commissioners for minor expense reimbursement and Board approval if the amount is over a certain dollar threshold. She said that LGC&D would develop an expense reimbursement form for use by the Authority.

Ms. Johnson stated that the pension responsibility needs to be spelled out more clearly. Mr. McCarvill said that our vendors are responsible for this clarification and not the Authority. Mr. Bennett asked if the audit incorporates any vendor selling in this facility. Ms. Johnson answered that the audit is not at that level although the Authority can request an audit of those vendors.

Mr. Crawley asked if there were any more questions or comments. He thanked Ms. Sullivan and the accounting staffs for their hard work and their help in completing the audit. Ms. Sullivan also thanked everyone for another year of an audit with no adjustments. She said that the staff had done an outstanding job throughout the year to

make this possible.

Mr. Hirsh asked if there were any additional comments or questions. Hearing none, Mr. Hirsh thanked LGC&D and asked for a motion to recommend to the Board acceptance of the 2013 Audited Financial Statements. Upon a motion duly made by Mr. Nee and seconded by Mr. Bennett it was unanimously

VOTED: to recommend acceptance of the Audited Financial Statements pending approval of the Auditor General.

Upon a motion duly made by Mr. Nee and seconded by Mr. Bennett it was unanimously

VOTED: adjourn at 12:55 p.m.