



FYE 11/30/23 Budget

Budget Review and Adoption

October 19, 2022

Budgeting 2023

- Thanks to Finance Committee: Chair Muchow and Director Olson
- Support from 2021 and 2022 continues to be critical to our success in 2023
- 2023: Appears solid due to past stimulus, more cyclical after 2023 due to inflation and greater risk of recession
 - Record revenues
 - Supply constraints are easing
 - Input costs are stabilizing
 - Labor shortages (cost and availability)
 - Cost management remains key with inflation

Budget Comments – Governmental Fund

- Record revenues with 3% increase budgeted
- Can ADR and occupancy maintain?
- Increase to marketing and consulting
- Budget does not include any support for Aquatics as amount is to be determined
- No change to stabilization fund

Projected Cash Balances (000's)			
End of August 2022		\$	21,926,003
District Net Cash In (Sept-Nov 2022)		\$	2,424,000
BC Remaining Transfers for 2022		\$	(2,946,000)
Aquatics Remaining Transfers for 2022		\$	(1,880,000)
Cash Ending Balance 11/30/2022		\$	19,524,003
Net Cash In(Out) 2023		\$	251,175
Ending Cash 2023		\$	19,775,178
Stabilization Fund		\$	(6,000,000)
Additional Capital Needs		\$	(10,000,000)
Lease Fund		\$	(250,000)
Available to Invest FYE 2022		\$	3,525,178



Budget Comments – Proprietary Fund Boise Centre

- **District support continues for Boise Centre (operations, capital and lease payments)**
- **Economic rebound within the industry reflected in 2022 and 2023**
- **Budgeted 8% increase in revenues due to inflation**
- **Product mix (more conventions) resulting in a declining gross margin**
- **Boise Centre general expenses up by \$1 million due to increasing labor (wages, 20% increase in medical insurance) and marketing costs due to increasing revenues. Other increases include property insurance, condo fees, utility rate increases, and software as a service costs.**
- **Ongoing capital expenditures of \$1.6 million to support aging facilities of Boise Centre West and East. \$355K in capital projects postponed from 2022 to 2023 due to lack of staff and supply chain issues (Acoustical Panels, Phone System, Copier, Escalator Cleaning)**

Budget Comments – Proprietary Fund Aquatics Center

- **Aquatics budget reflects rental income for the 12 months**
- **Incidental expenses of \$10K, plus depreciation, budgeted**
- **No additional support budgeted**

BUDGET

		Forecast	Forecast	Forecast	Forecast		Budget	Budget	Budget	Budget		Change			
		District	Centre	Aquatics	Combined		District	Centre	Aquatics	Combined		District	Centre	Aquatics	Combined
		2022	2022	2022	2022		2023	2023	2023	2023		Forecast 2022 to Budget 2023			
Revenues	District Revenues	\$ 9,385,957			\$ 9,385,957		\$ 9,757,806			\$ 9,757,806		\$ -	\$ -	\$ -	\$ -
	Boise Centre Revenues		\$ 7,990,414		\$ 7,990,414			\$ 8,673,276		\$ 8,673,276		\$ 371,849	\$ -	\$ -	\$ 371,849
	Aquatics Revenue			\$ 93,912	\$ 93,912				\$ 350,004	\$ 350,004		\$ -	\$ -	\$ 256,092	\$ 256,092
Total Revenues		\$ 9,385,957	\$ 7,990,414	\$ 93,912	\$ 17,470,283		\$ 9,757,806	\$ 8,673,276	\$ 350,004	\$ 18,781,086		\$ 371,849	\$ 682,862	\$ 256,092	\$ 1,310,803
Cost of Goods Sold												\$ -	\$ -	\$ -	\$ -
	Direct Labor		\$ 4,961,991		\$ 4,961,991			\$ 5,927,621		\$ 5,927,621		\$ -	\$ 965,630	\$ -	\$ 965,630
	Direct Costs		\$ 1,812,596		\$ 1,812,596			\$ 1,965,188		\$ 1,965,188		\$ -	\$ 152,592	\$ -	\$ 152,592
	Total Cost of Goods Sold		\$ 6,774,587	\$ -	\$ 6,774,587			\$ 7,892,809	\$ -	\$ 7,892,809		\$ -	\$ 1,118,222	\$ -	\$ 1,118,222
Gross Profit		\$ 9,385,957	\$ 1,215,827	\$ 93,912	\$ 10,695,696		\$ 9,757,806	\$ 780,467	\$ 350,004	\$ 10,888,277		\$ 371,849	\$ (435,360)	\$ 256,092	\$ 192,581
Sales, General and Administrative Expenses															\$ -
	Marketing and Sales		\$ 1,423,503		\$ 1,423,503			\$ 1,698,427		\$ 1,698,427		\$ -	\$ 274,924	\$ -	\$ 274,924
	Building		\$ 650,818		\$ 650,818			\$ 678,755		\$ 678,755		\$ -	\$ 27,937	\$ -	\$ 27,937
	Employee Related Expenses		\$ 317,657		\$ 317,657			\$ 326,225		\$ 326,225		\$ -	\$ 8,568	\$ -	\$ 8,568
	Labor Expenses		\$ 1,809,752		\$ 1,809,752			\$ 2,169,255		\$ 2,169,255		\$ -	\$ 359,503	\$ -	\$ 359,503
	General and Administrative Expenses		\$ 410,227		\$ 410,227			\$ 601,098		\$ 601,098		\$ -	\$ 190,871	\$ -	\$ 190,871
	Professional Fees		\$ 82,144		\$ 82,144			\$ 159,104		\$ 159,104		\$ -	\$ 76,960	\$ -	\$ 76,960
	Utilities		\$ 230,992		\$ 230,992			\$ 256,409		\$ 256,409		\$ -	\$ 25,417	\$ -	\$ 25,417
	District General and Administrative Expenses	\$ 320,524			\$ 320,524		\$ 563,120			\$ 563,120		\$ 242,596	\$ -	\$ -	\$ 242,596
	Aquatics General Expenses			\$ 3,770					\$ 10,000	\$ 10,000		\$ -	\$ 6,230	\$ -	\$ 10,000
Total Sales, General and Administrative Expenses		\$ 320,524	\$ 4,925,093	\$ 3,770	\$ 5,245,617		\$ 563,120	\$ 5,889,273	\$ 10,000	\$ 6,462,393		\$ 242,596	\$ 964,180	\$ 6,230	\$ 1,216,776
Revenues in Excess of Expenditures		\$ 9,065,433	\$ (3,709,266)	\$ 90,142	\$ 5,446,309		\$ 9,194,686	\$ (5,108,806)	\$ 340,004	\$ 4,425,884		\$ 129,253	\$ (1,399,540)	\$ 249,862	\$ (1,020,425)
Other Revenues			\$ 25,281		\$ 25,281			\$ 857		\$ 857			\$ (24,424)		\$ (24,424)
Expansion Costs		\$ -			\$ -					\$ -		\$ -	\$ -	\$ -	\$ -
Interest, Depreciation and Amortization			\$ 3,505,490		\$ 3,505,490			\$ 3,948,429	\$ 51,565	\$ 3,999,994			\$ 442,939	\$ 51,565	\$ 494,504
Revenues in Excess of Expenditures and Expansion		\$ 9,065,433	\$ (7,189,475)	\$ 90,142	\$ 1,966,100		\$ 9,194,686	\$ (9,056,378)	\$ 288,439	\$ 426,747		\$ 129,253	\$ (1,866,903)	\$ 198,297	\$ (1,539,353)

Transfers

Transfers														
Transfers														
Operating Transfers	\$ (3,742,433)	\$ 3,742,433	\$ -	\$ -		\$ (5,619,687)	\$ 5,619,687		\$ -		\$ (1,877,254)	\$ 1,877,254		\$ -
Stabilization Fund											\$ -	\$ -		\$ -
Total Operating Funds	\$ (3,742,433)	\$ 3,742,433	\$ -	\$ -		\$ (5,619,687)	\$ 5,619,687		\$ -		\$ (1,877,254)	\$ 1,877,254		\$ -
Lease Payment Transfers	\$ (1,723,824)	\$ 1,723,824		\$ -		\$ (1,723,824)	\$ 1,723,824		\$ -		\$ -	\$ -		\$ -
		\$ -					\$ -							
Capital Transfers-Aquatics	\$ (5,125,000)		\$ 5,125,000	\$ -					\$ -		\$ 5,125,000	\$ -	\$ (5,125,000)	\$ -
Capital Transfers-Boise Centre	\$ (1,600,000)	\$ 1,600,000		\$ -		\$ (1,600,000)	\$ 1,600,000		\$ -		\$ -	\$ -	\$ -	\$ -
Total Capital Transfers	\$ (6,725,000)	\$ 1,600,000	\$ 5,125,000	\$ -		\$ (1,600,000)	\$ 1,600,000	\$ -	\$ -		\$ 5,125,000	\$ -	\$ (5,125,000)	\$ -
Total Cash (Operating, Lease and Capital) Transfers	\$ (12,191,257)	\$ 7,066,257	\$ 5,125,000	\$ -		\$ (8,943,511)	\$ 8,943,511	\$ -	\$ -		\$ 3,247,746	\$ 1,877,254	\$ (5,125,000)	\$ -
Revenues in Excess of Expenditures, Expansion and Transfers	\$ (3,125,824)	\$ (123,218)	\$ 5,215,142	\$ 1,966,100		\$ 251,175	\$ (112,867)	\$ 288,439	\$ 426,747		\$ 3,376,999	\$ 10,351	\$ (4,926,703)	\$ (1,539,353)

Comments Color Key

Comments	
Overall, cash balances remain stable after investment in aquatic center in 2022; ending cash \$19.8 million; Stabilization fund remains at \$6 million	
Tax revenues increasing based on current trends	
Boise Centre revenue increases to record levels, assuming staff are available to support events	
Positive gross profit budgeted in 2022, with a 9% gross margin, compared to a forecasted (15%) gross margin in 2022, efforts focused on improving gross profit by increasing revenues and pricing (room rates, menu prices and service charges) while controlling costs, challenges continue with escalating labor costs along with availability, and product mix	
District expenses increase due to HR consulting services	
Marketing and sales increased due to additional digital advertising and additional publications added, increased sponsorships, CVB contract also has additional increases for performance	
Building expenses increase with increased revenues and change in capitalization policy added \$41K; insurance and condo association reserve	
Employee related expenses due to increased medical costs	
Wage and hiring freezes lifted; budgeting for old and new positions and pay adjustments to market based on compensation study; special project position added	
General increase due to increased revenues and staffing; computer support and internet expense; printing	
Consulting and legal fees increase with staffing levels and HR matters; additional control reviews	
Utilities increase with more events and 10% increase in power costs	
Losses increased in Boise Centre due to increasing convention revenues with lower gross margins	
Operating transfers increase with losses in the Centre	
Aquatics Center does not have any capital needs projected for 2023 as of 10/12/2022	

BUDGET - COMBINED

Projections reflect record level revenues with a positive ending balance on a combined basis, before any support for Aquatics

	District	Centre	Aquatics	Total
Revenues	9,757,806	8,673,276	350,004	18,781,086
Expenses	563,120	17,730,511	61,565	18,355,196
Total	9,194,686	(9,056,378)	288,439	426,747

2023 CAPITAL EXPENDITURES

\$1,600,000

ITEMS => \$50,000

Carpet*	\$600,000
Bollard Assessment	\$300,000
Carpet	\$600,000
Wall Coverings*	\$180,000
Window Coverings	\$150,000
Carpet Extractors	\$100,000
Tilt Skillet	\$ 90,000
Interior Signage	\$ 80,000
Employee Lockers	\$ 60,000


CASH BALANCES –GOVERNMENTAL FUND FYE 2023

Projected Cash Balances (000's)		
End of August 2022		\$ 21,926,003
District Net Cash In (Sept-Nov 2022)		\$ 2,424,000
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Additional Capital Needs		\$ (10,000,000)
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Available to Invest FYE 2023		\$ 3,525,178




Sixth full year
\$1,723,824

DEBT COVENANTS



Additional Debt Covenant:

Tax Receipts (lowest of last three years) 2020*	\$5,544,304
2.0 times debt service	3,447,950
Maximum annual debt service coverage	Yes



Budget: 5.66X
Bonding Capacity**: \$14 million
*Bonding Capacity will decline if increasing interest rates affect market expectations for municipal bond yields

*2021 revenues of \$8.2 million will replace \$5.5 million from 2020 in 2024 which should increase bonding capacity

MOTION FOR APPROVAL OF FYE 11/30/2023 BUDGET AND RENEWAL OF ANNUAL LEASE

Director Olson

I move to:

- 1) Approve the FYE 11/30/2023 District, Centre and Aquatics operating budgets, as presented,**
- 2) Approve the renewal of the Annual Appropriation Lease for the Boise Centre East building**
- 3) Authorize the Board Chairman and the Executive Director to take all necessary steps to affect the renewal of the Boise Centre East Annual Appropriation Lease.**
- 4) Approve to change designated committed funds as follows:**

	FYE 11/30/2020	FYE 11/30/2021	Change
Operating	\$ 3,742,433	\$ 5,619,687	\$ (1,877,254)
Capital	1,600,000	1,600,000	0
Lease Payment	1,723,824	1,723,824	0
Aquatics	3,125,000	TBD	TBD*
Stabilization	6,000,000	6,000,000	0
Total	<u>\$16,191,257</u>	<u>\$16,191,257</u>	<u>\$ (1,877,254)</u>

Director Erkins

Motion for Second

Thank
You

For your time and attention!