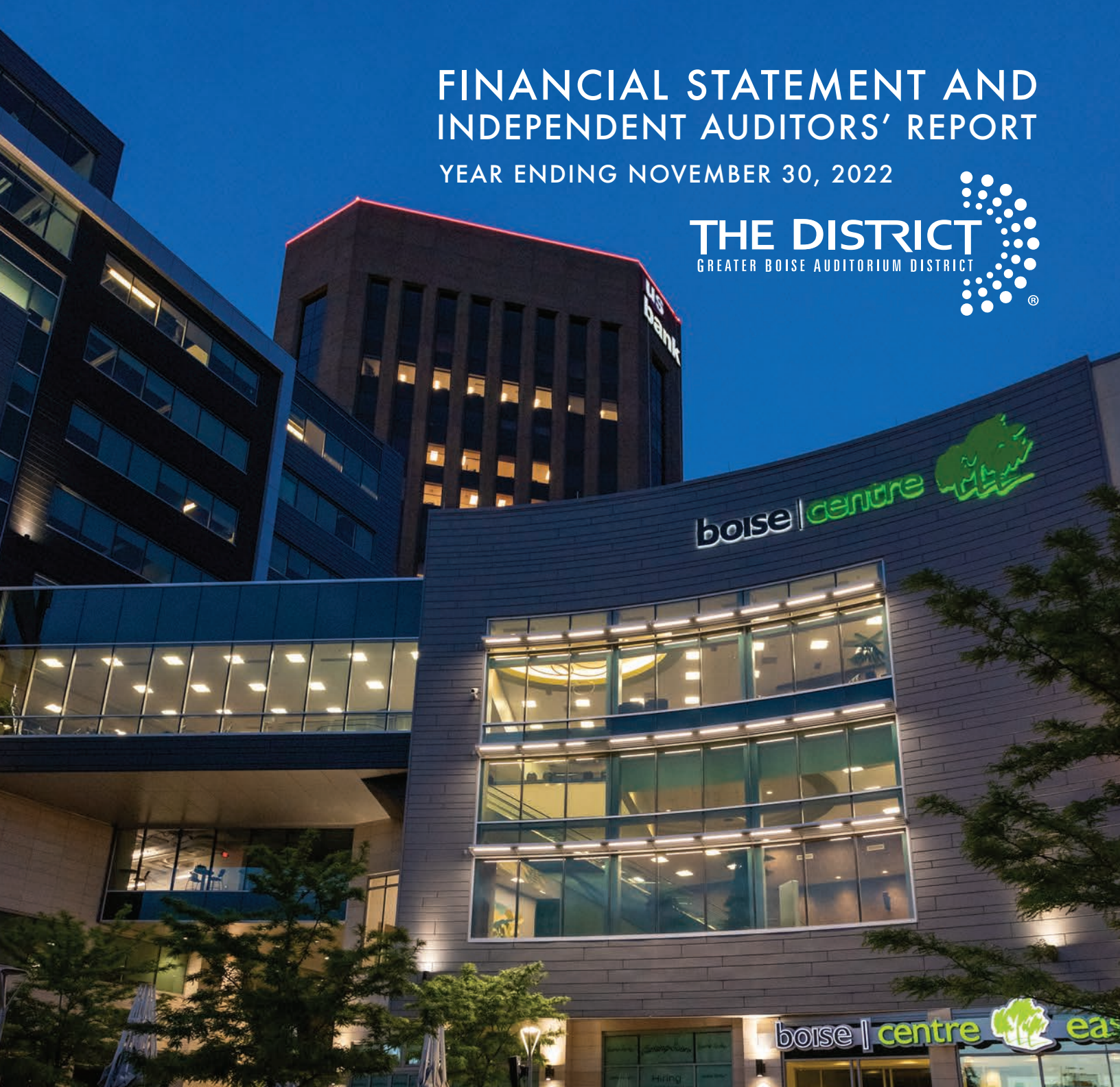


FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT

YEAR ENDING NOVEMBER 30, 2022

THE DISTRICT
GREATER BOISE AUDITORIUM DISTRICT





Financial Statements
Fiscal Year Ended November 30, 2022
Greater Boise Auditorium District

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Independent Auditor's Report

To the Board of Directors
Greater Boise Auditorium District
Boise, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Greater Boise Auditorium District (the District) as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Greater Boise Auditorium District, as of November 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Boise Auditorium District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 9 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended November 30, 2022. The adoption of this standard has no net impact on the business-type activities and the Aquatics Center Fund net position as of December 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-27 and page 50, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 opinions on the financial statements that collectively comprise the Greater Boise Auditorium District's basic financial statements. The Budgetary Comparison Statement – Boise Centre Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 Budgetary Comparison Statement – Boise Centre Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2023 on our consideration of the District'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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.



Boise, Idaho
April 17, 2023



Board of Directors

Kristin Muchow, Jim C. Walker, Jody B. Olson, Chase Erkins, Tiam Rastegar

March 16, 2023

The following represents the audited financial statements for the Greater Boise Auditorium District, and the operating entity Boise Centre, effective year end 2022.

Of note is the increase in commitment to Idaho Competitive Aquatics for construction of a new aquatics facility from \$5 million to \$9.6 million. As predicted in the advisory report from Convention Sports and Leisure, dramatic increases in costs, especially materials and labor, caused a substantial negative impact to original projections. In addition, delays in the permitting process extended the estimated date of completion. With the District's added financial support the aquatics facility is due to open by May 2023 and be ready for two large regional meets in July and August.

The negative impact of the COVID DELTA variant was significant from October to December 2021 with only 6 events taking place in the month of December 2021 (the first month of the Districts fiscal year). However, in February 2022 through the remainder of the year Boise outpaced most of the rest of the nation as it relates to the hospitality industry.

Room tax revenues reached record highs because of substantial increases in average rates and year over year demand. However, Q4 did see a decline in demand while average rates continued to be higher than 2021.

Boise Centre achieved revenues not seen in the history of the building. In just ten months, February through November, not only did the revenues rebound from being well behind budget the first two months but also achieved two "million-dollar months" in October and November helping the year end at \$9.0 million, a record revenue year. In addition, this was done with fewer Team Members than pre-Covid and with decisions made to restrict bookings for several months due to the staffing shortage.

However, both labor and supply costs went up substantially resulting in pressure on gross margins. Rate increases on food, beverages and other services began to be reflected as the year ended.

The financial reports are a positive reflection of:

- District Board support of management decision making,
- Strong post Covid market recovery,
- Aggressive hiring and retention practices,
- Tight controls on expenses,
- Stricter evaluation of revenue management policies for events balancing conventions with local events based on revenue projections and economic impact, and
- Longevity of the Team, especially among the full-time members

December 2022 set another revenue record for both the District and Boise Centre. Barring unforeseen circumstances, especially any rebound of Covid variants and the continued threat of a recession or major disruption in international affairs this may be another record year.

The District and Boise Centre continue to be proud partners in helping the positive economic growth seen in the Treasure Valley, and especially the downtown core.

Patrick D. Rice, Executive Director

As management of the Greater Boise Auditorium District (“District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended November 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements and notes which follow this section to gain a complete understanding of the District’s finances.

Financial and Operational Highlights

<ul style="list-style-type: none"> • Tax revenues in eleven of the months were a record for the same period prior years, resulting in record revenues of \$10.5 million for the fiscal year. 	<ul style="list-style-type: none"> • The District’s financed purchase debt decreased by \$1 million. No additional long-term debt was incurred. Debt covenants were in compliance with tax receipts exceeding debt service by six times.
<ul style="list-style-type: none"> • Boise Centre revenues also hit record levels in six of the months for the same period prior years. For the first time ever, two months exceeded \$1 million in revenues, despite restricted bookings due to staffing shortages. 	<ul style="list-style-type: none"> • Cash and investments of the governmental fund decreased \$1 million to \$21 million (95% of net position) after funding \$11 million in transfers to the proprietary funds.
<ul style="list-style-type: none"> • Aggressive hiring and retention practices supported record revenues. Boise Centre continues its commitment to heightening cleaning protocols with its “Clean and Safe” program. 	<ul style="list-style-type: none"> • The District has investments in capital assets and commitments for the Aquatics Center of \$9 million.
<ul style="list-style-type: none"> • Boise Centre operating losses decreased by \$1 million and EBITDA improved by 28% from prior year. 	<ul style="list-style-type: none"> • Operating transfers before lease payments to the Boise Centre Proprietary Fund decreased by \$1 million due to lower losses.
<ul style="list-style-type: none"> • Unrestricted net position of the governmental fund decreased slightly ending the year at \$22 million (40% of total net position). This declined from 45% in the prior year due to the investment in the Aquatics Center, which increased the net investment in capital assets. 	<ul style="list-style-type: none"> • The convention and event industry suggests a strong kick in 2023 while the Boise Centre experienced an earlier recovery in 2022 due to actions taken to promote Boise Centre despite the impacts of COVID-19.
<ul style="list-style-type: none"> • The District remains fiscally sound with its assets exceeding its liabilities (net position) by \$54 million, an increase of \$3.5 million. 	<ul style="list-style-type: none"> • Boise Centre received “Smart Stars” award for Best Conference Center for the fourth consecutive year and 2022 Top Work Places.

Introduction

District

Pursuant to the authority of Title 67, Chapter 49, Idaho Code, the Greater Boise Auditorium District ("District") was created by the overwhelming support through a public vote in 1959. The District is subject to Idaho statutes and has the powers of a public or quasi-municipal corporation. Boundaries include approximately 115 square miles of the northeast portion of Ada County and encompasses the City of Boise and surrounding areas.

The District's purpose is to serve the public need and promote the prosperity, security, and general welfare of its residents. Its authority is to build, operate, maintain, market and manage public auditoriums, exhibit halls, convention centers, sports arenas, and similar facilities. Within this authority, the District promotes economic activity and growth within its boundaries.

Board members are publicly elected officials, serving six-year terms. Elections are held every two (odd) years. The Board governs and guides the District, and oversees its operating entities, Boise Centre ("Centre") and the Aquatics Center ("Aquatics").

As established by state statute, the District has the power to assess a tax on lodging room rentals located within its boundaries. The rate is set at the discretion of the Board of Directors and, as limited by state statute, cannot exceed 5.0%. The rate is currently at 5.0%. The District does not have any other taxing authority and none of its revenues come from property tax, sales tax, levies, fees, or bonds paid by taxpayers.

Boise Centre

In 1990, the District completed construction of Boise Centre— Idaho's largest convention and event facility. Boise Centre is the community's premier provider of public gathering places. The collection of distinct, high quality spaces is essential to our community's ability to engage and prosper. Throughout the years, Boise Centre has proven to be a vital part of the city's economic health, annually drawing thousands of visitors, who spend monies for hotels, restaurants, and transportation. Tourists also actively engage in entertainment, retail, and recreational activities.

Boise Centre West started with 45,000 square feet of flexible meeting space. Then, between September of 2016 and July 2017, the District celebrated the opening of Boise Centre East which included a ballroom, meeting rooms on the fourth floor of the Clearwater building, and renovation of Boise Centre West adding a total of 41,000 square feet, for a total of 86,000 square feet of rentable space. The added meeting rooms allow Boise Centre to hold multiple conventions and other events simultaneously or combine both facilities to accommodate larger groups.

Aquatics Center

The Aquatics Center was started in 2021, with the acquisition of 3.7 acres for the development of a competitive pool facility in conjunction with a private organization. The property and pool are leased and funded by a third party organization, with the construction to be completed in 2023.

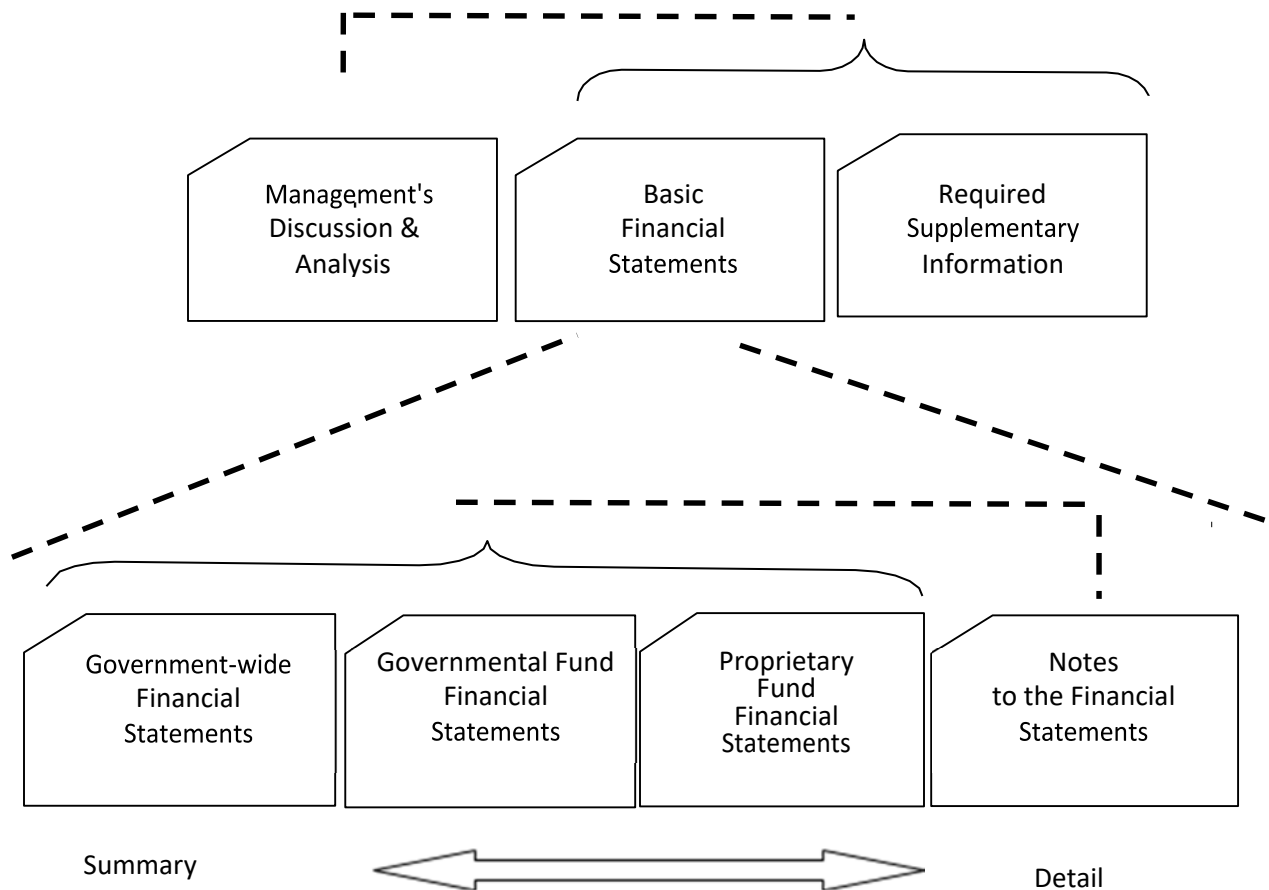
Overview of the Financial Statements

Basic Financial Statements

In general, the purpose of financial reporting is to provide users of financial statements with information that will help them make decisions or reach conclusions about a reporting entity. Outside parties use the District's financial statements, however, they do not always use them for the same purpose. In order to address the needs of financial statement users, the District, in accordance with generally accepted accounting principles (GAAP) and as prescribed by Governmental Accounting Standards Board (GASB) presents four parts: (1) management's discussion & analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplementary information. The format of this report allows the reader to examine combined financial statements to view the District as a whole (government-wide) as well as information separately on the governmental fund and proprietary fund.

Viewing governmental activity both as a whole and by fund gives the reader a broader perspective, increases the District's accountability and provides a more complete picture of the financial health and activities of the District. Figure A illustrates how the required parts of this annual report are arranged and relate to one another.

Figure A – Required Components of Annual Financial Report



Government-Wide Statements

The government-wide financial statements focus on the District's overall financial position and activities and include the statement of net position and the statement of activities. These financial statements report on the primary government and its business-type activities.

The purpose of the statement of net position is to report the District's assets and liabilities, with the difference reported as net position. This statement presents information about the nature and amounts of investment in resources (assets) and the obligations to creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. It also provides the basis for assessing the liquidity and financial flexibility of the District.

The purpose of the statement of activities is to present the District's revenues and expenses. The difference between revenues and expenses is reported as a "change in net position". All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flows in future fiscal periods (for example, uncollected taxes.)

The statement of activities demonstrates the degree to which expenses of governmental functions and business-type activities are offset by lodging room tax and program revenues. Governmental activities include the District's basic functional services which are generally funded through taxes. Business-type activities include enterprise operations which are funded by charges to customers who purchase, use or directly benefit from goods or services provided by Boise Centre and the Aquatics Center. Such fees may not cover all the costs of the operations and may be subsidized by the District's taxes.

Fund Financial Statements

Unlike the government-wide financial statements, the fund financial statements focus on specific District activities rather than the District as a whole. Specific funds are established to maintain managerial control over resources or to comply with legal requirements established by external parties, governmental statutes or regulations. A fund is a self-balancing set of accounts that is used to keep track of specific revenues and expenditures related to certain activities or objectives.

The District presents the following fund types:

Governmental Fund

Financial statements of the Governmental Fund consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances. These statements are prepared using a basis of accounting which differs from that used to prepare the government-wide statements. Financial statements of governmental funds focus primarily on the sources, uses and balances of current financial resources and uses the modified accrual basis of accounting. (Meanwhile, government-wide financial statements focus on all of the District's economic resources and use the full accrual basis of accounting.) Financial statements of governmental funds have a short-term emphasis and measure and account for cash and other assets that can easily be converted to cash. As such these statements present the District's financial position at the end of the fiscal year and how the governmental activities were financed during the year.

The balances and activities accounted for in governmental funds are also reported in the governmental activities' column of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences in the totals presented in the financial statements. Therefore, an analysis presented at the bottom of the balance sheet of the governmental funds reconciles the total fund balances to the amount of net position presented in the governmental activities' column of the statement of net position. In addition, there is an analysis following the statement of revenues, expenditures, and changes in fund balances that reconciles the total net change in fund balances for governmental funds to the change in net position as reported in the governmental activities' column of the government-wide statement of activities.

The Governmental Fund presents all financial resources of the District except those required to be presented in another fund. The Governmental Fund consists of the General Fund of the District, which is used to present all operating activity and financial resources. There are no other governmental funds used by the District.

Proprietary Funds

Financial statements of the proprietary funds consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These statements are prepared using the full accrual basis of accounting similar to that used to prepare the government-wide financial statements. The statements focus on the flow of economic resources measurement. Under this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on their respective statements of net position. The net position of the proprietary funds is segregated into net investment in capital assets, restricted and unrestricted components. Under the full accrual basis of accounting, revenues are recognized in the fiscal year earned and expenses are recognized in the fiscal year incurred. The related operating statements of the proprietary funds present increases (revenues) and decreases (expenses) in net position.

Proprietary funds classify revenues and expenses as either operating or nonoperating. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary funds' principal ongoing operations.

The Proprietary Funds present the business-type activities separately from the Governmental Fund. The financial statements of the District's Proprietary Funds present the changes in financial position and condition of the District's major proprietary funds, Boise Centre and Aquatics Center.

Notes to the Financial Statements

The notes to the financial statement present additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Readers are encouraged to read the notes to better understand the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also contains information concerning the performance of the funds in comparison to the budget and other information that is considered useful to the reader. The comparison of budget to actual for Boise Centre is not required as supplemental information.

Overview of the District's Financial Position and Operations

The District's overall financial position, which was impacted by the effects of COVID-19 on tax revenues and operations, remains stable. The District's financial position and operations are summarized for the past two years in the following tables.

Financial Highlights and Analysis (in 000's)

Condensed Combined Statement of Net Position - Primary Government								
	Governmental Activities		Business-type Activities		Total Primary Government		Total Primary Government	
	2021	2022	2021	2022	2021	2022	Change	% Change
Assets								
Current and other assets	\$ 23,003	\$ 22,476	\$ 1,324	\$ 2,019	\$ 24,327	\$ 24,495	\$ 168	1%
Capital assets	-	-	47,535	50,362	47,535	50,362	2,827	6%
Total assets	<u>23,003</u>	<u>22,476</u>	<u>48,859</u>	<u>52,381</u>	<u>71,862</u>	<u>74,857</u>	<u>2,995</u>	<u>4%</u>
Liabilities								
Current liabilities	6	16	2,891	3,463	2,897	3,479	582	20%
Financed purchase payable	-	-	18,019	16,884	18,019	16,884	(1,135)	-6%
Total liabilities	<u>6</u>	<u>16</u>	<u>20,910</u>	<u>20,347</u>	<u>20,916</u>	<u>20,363</u>	<u>(553)</u>	<u>-3%</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>46</u>	<u>46</u>	<u>100%</u>
Net Position								
Net investment in capital assets	-	-	28,417	32,342	28,417	32,342	3,925	14%
Restricted	250	250	-	-	250	250	-	0%
Unrestricted	<u>22,747</u>	<u>22,210</u>	<u>(468)</u>	<u>(354)</u>	<u>22,279</u>	<u>21,856</u>	<u>(423)</u>	<u>-2%</u>
	<u>\$ 22,997</u>	<u>\$ 22,460</u>	<u>\$ 27,949</u>	<u>\$ 31,988</u>	<u>\$ 50,946</u>	<u>\$ 54,448</u>	<u>\$ 3,502</u>	<u>7%</u>

Greater Boise Auditorium District
Management's Discussion and Analysis
November 30, 2022

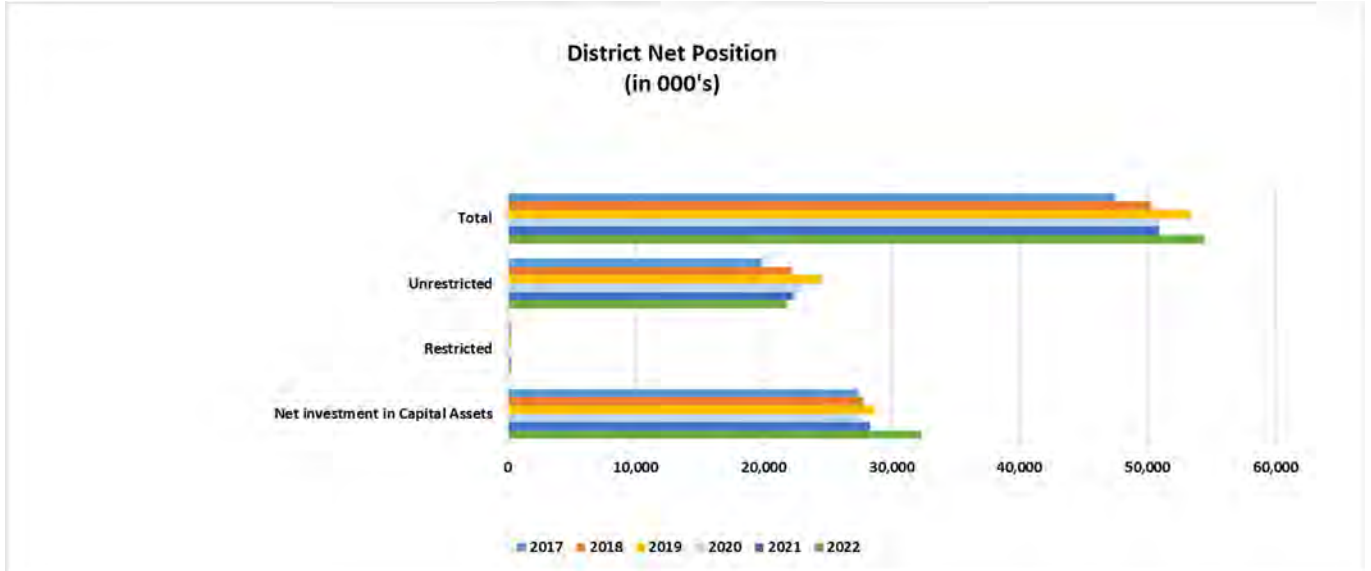
Condensed Statement of Activities - Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government		Total Primary Government	
	2021	2022	2021	2022	2021	2022	Change	% Change
Revenues								
Program Revenues								
Convention activities	\$ -	\$ -	\$ 3,402	\$ 8,931	\$ 3,402	\$ 8,931	\$ 5,529	163%
Rental income	-	-	8	91	8	91	83	0%
General Revenues								
District taxes	8,246	10,479	-	-	8,246	10,479	2,233	27%
Investment earnings	22	(252)	-	-	22	(252)	(274)	-1245%
Other	-	-	39	40	39	40	1	3%
Total revenues	<u>8,268</u>	<u>10,227</u>	<u>3,449</u>	<u>9,062</u>	<u>11,717</u>	<u>19,289</u>	<u>7,572</u>	<u>65%</u>
Expenses								
Convention activities	-	-	11,275	15,518	11,274	15,518	4,244	38%
Aquatics activities	-	-	-	12	-	12	12	0%
Governmental activities	<u>381</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>381</u>	<u>257</u>	<u>(124)</u>	<u>-33%</u>
Total expenses	<u>381</u>	<u>257</u>	<u>11,275</u>	<u>15,530</u>	<u>11,655</u>	<u>15,787</u>	<u>4,132</u>	<u>35%</u>
Change in Net Position								
Before Transfers	7,888	9,970	(7,826)	(6,468)	62	3,502	3,440	5548%
Transfers, net	<u>(8,328)</u>	<u>(10,507)</u>	<u>8,328</u>	<u>10,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Change in Net Position	<u>\$ (440)</u>	<u>\$ (537)</u>	<u>\$ 502</u>	<u>\$ 4,039</u>	<u>\$ 62</u>	<u>\$ 3,502</u>	<u>\$ 3,440</u>	<u>5548%</u>

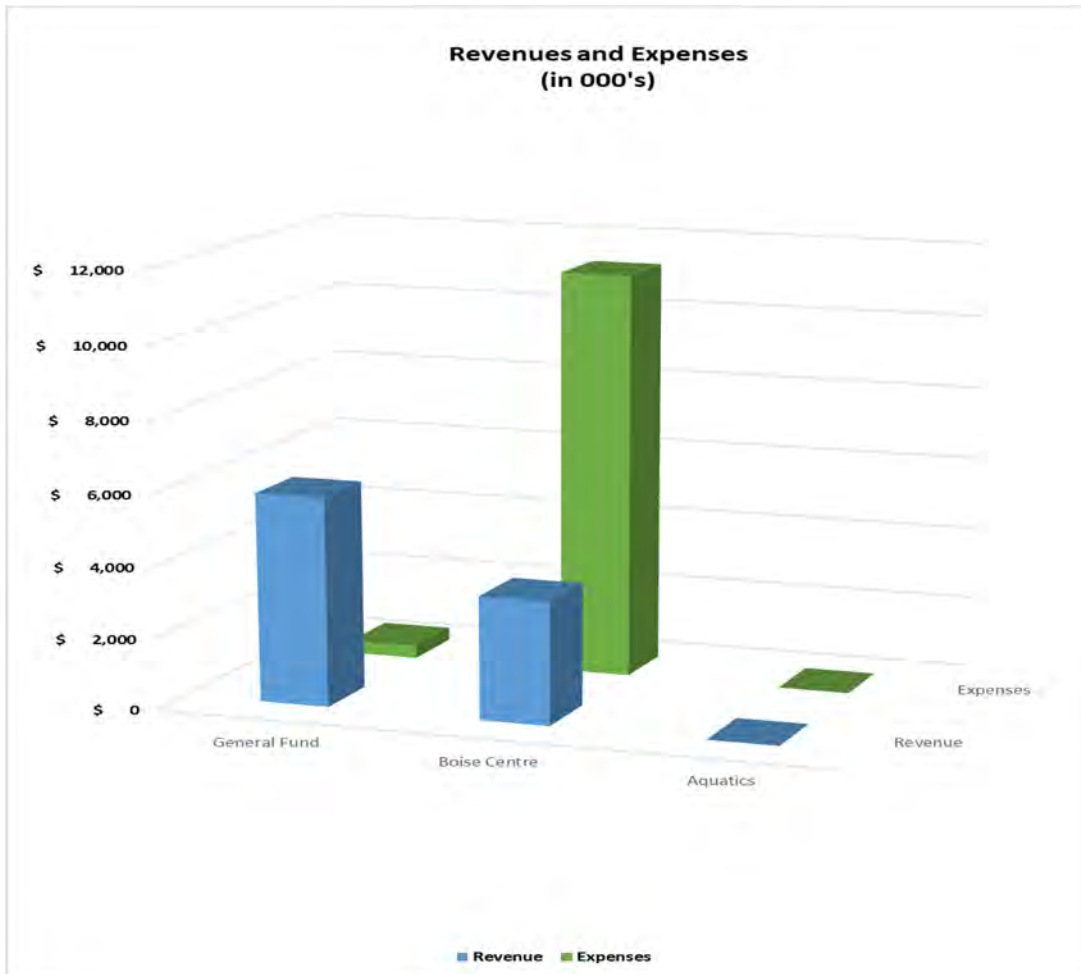
Financial Analysis of the Government as a Whole

Current and other assets consist of cash and cash equivalents, investments, receivables, deposits, prepaid expenses, inventory and intangible assets. Capital assets consist of land, buildings and improvements, furniture and equipment, and capital projects, net of respective depreciation. Liabilities consist of accounts payable, event deposits, accrued expenses and a financed purchase. Such amounts may vary from prior years due to capital projects, Boise Centre contracted events, and events in process.

The District's combined assets exceeded its liabilities by \$54 million. The largest portion of the District's net position is held in cash, investments and other current assets, which represents 45% of the total net position. The remaining portion of the District's net position is invested in capital assets, committed projects, operating needs, and third-party restrictions. The increase in the net position is due to the record tax revenues combined with the recovery after COVID.



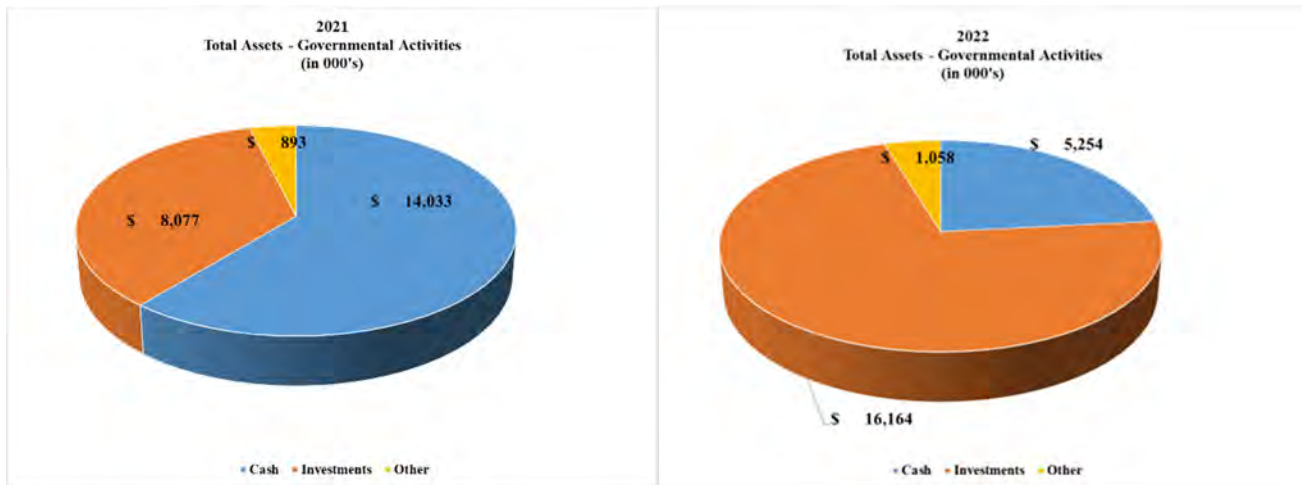
Revenues are generated from lodging taxes, interest on investments and proprietary fund operations, which consist of charges for room rental and event services of Boise Centre and rent for the Aquatics property. Expenditures consist of operating expenses of the general fund and the proprietary funds, debt service, and capital projects. Expenditures in excess of revenues for Boise Centre are funded from transfers from the District. Once completed, it is anticipated that the Aquatics Center will be operationally self-funding except for any additional capital improvements.



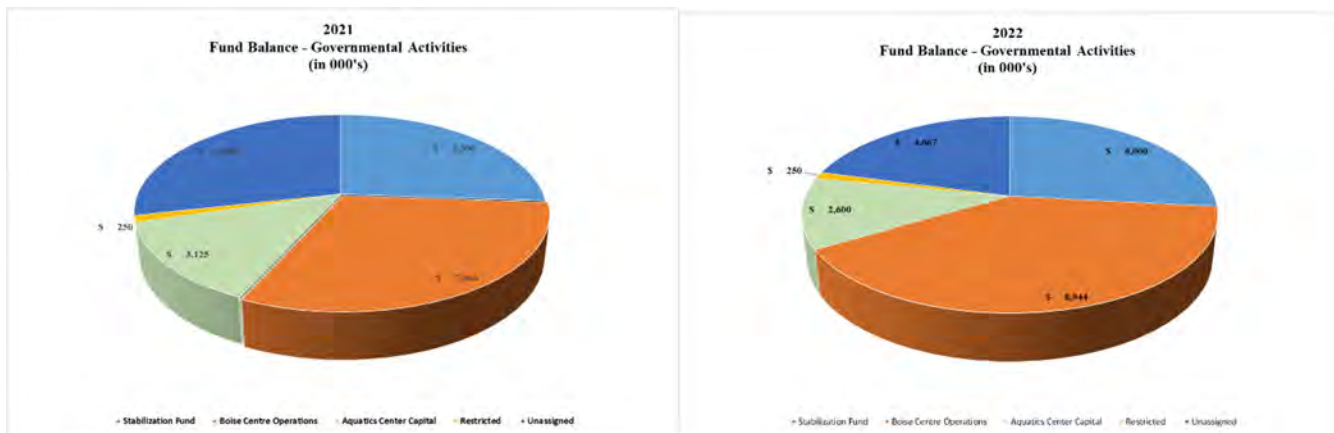
Governmental Activities (District)

Current and other assets consist of cash and cash equivalents, investments, lodging room tax and interest receivables, and expense reimbursements. Other liabilities consist of accounts payable, intercompany payables and accrued expenses. These amounts may vary from prior years due to District projects.

The District’s net position is composed primarily of cash and investments, which is 95% of the total net position. Investment balances increased due to strategic asset allocation decisions resulting in higher yielding assets.

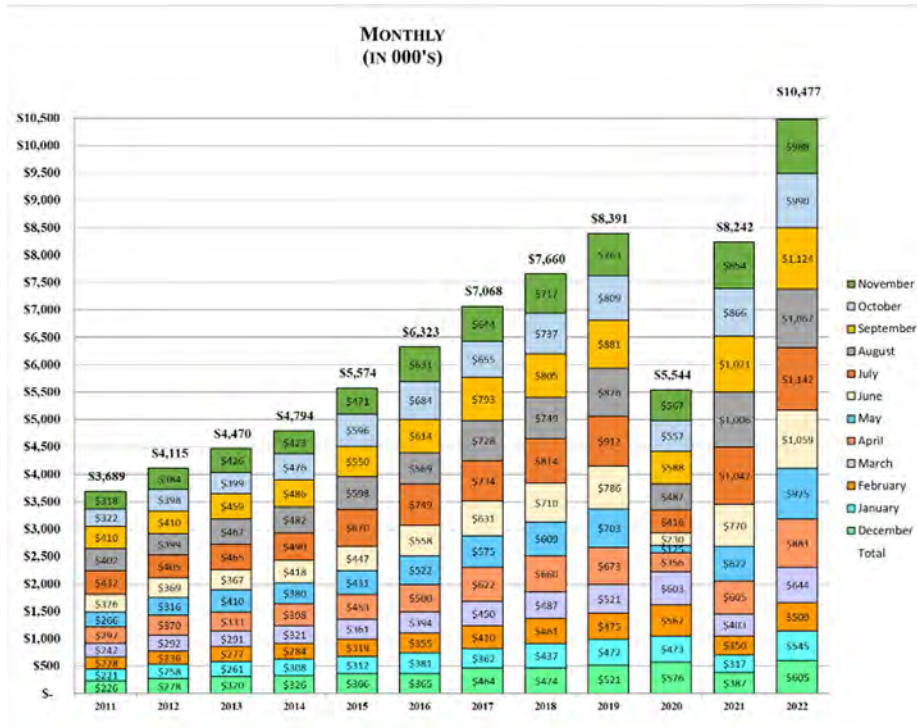


The Governmental Activities assets exceed its liabilities by \$22 million. The slight decrease in the net position over the prior year is due to the investment in the Aquatics Center to purchase land and construct a building and pools. The fund balance is split between restricted, committed and unassigned funds. Committed funds consist of the amounts committed to fund the Boise Centre’s operating, capital and debt needs, the Aquatics Center building project, and funds set aside to ensure stability; a small, restricted amount is also related to the financed purchase.



From 2009 through 2019, the District’s yearly lodging tax receipts steadily climbed to reach record high levels in response to individual’s preferences to stay in vibrant downtown Boise. This continued through the first quarter of 2020. Due to COVID-19, lodging tax revenues declined dramatically in the second quarter, and then proceeded to improve from the low point in May 2020. Revenues rebounded in part due to extremely aggressive leisure market advertising to spur the market by the Boise Convention and Visitor’s Bureau. The results of this advertising continued through 2022.

The fourth fiscal quarter of 2022 exceeded the same fourth quarter prior year by 13% with record lodging tax revenues. 2022 reflects 11 months of record revenues, continuing the trend from the last five months of 2021.



Room demand within the District rebounded, with two of the top ten months on record occurring in June and August due to leisure and convention travel.



Source: STR Trend Report, November 2022, Group 1

In the same time frame, occupancies stabilized while average daily rates continued to increase, achieving record highs. In the fourth fiscal quarter 2022, demand was finally affected, declining below prior year, as hotels increased rates to lower occupancies to address staff shortages.

Tax revenues were positively affected by the record average daily rates. As tax revenues increased, accounts receivable increased.



Source: STR Trend Report, November 2022, Group 1

Boise and Idaho’s strong business environment, location, climate, and outdoor amenities contribute to continued population growth. Boise, Idaho continues to be nationally recognized as one of the best places to live, work and play with over 100 unique downtown restaurants and Division I sports teams. Boise is ranked in the top 20 by US News as one of the Best Places to Live, Fastest-Growing Places, Safest Places to Live, and Best Places to Live for Quality of Life.

Interest income increased due to rising interest rates and yields on investments as maturing investments were reinvested. Expenses for the District remained stable.

Decisions to participate in future projects are based on the District’s statutory authority and boundaries, financial sustainability, and economic impact. As the District’s ability to fund losses created by Boise Centre operations is solely reliant on the lodging tax revenues, a stabilization fund policy was created in 2017 and the fund is maintained at \$6 million. This fund helps ensure that liquidity is sufficient to fund operating needs, capital projects, lease payments, economic downturns, and unanticipated cash needs. No funds were used in the stabilization fund as tax revenues covered needed transfers.

Business-Type Activities (Boise Centre)

Current assets of Boise Centre consist of cash, accounts receivable, prepaid expenses, and food and beverage inventory for events. Net capital assets declined due to reduced investments in capital projects and depreciation. Accounts receivable increased as revenues increased in the fourth quarter. Current liabilities consist of accounts payable, deposits on events, other accrued expenses, and current portion of long-term debt. Event deposits increased over 2021, due to changes in the event deposit requirements. With the unknown impact of COVID-19 and the potential for recession, credit standards were tightened which resulted in higher upfront deposits prior to the event. The long-term portion of the financed purchase debt decreased by \$1 million while the net position decreased by \$1 million due to depreciation of capital assets.

Impact of Coronavirus 19 (COVID-19)

The epidemic of COVID-19 has impacted nearly every industry and almost everyone around the world. The impact to the hospitality industry was unprecedented. During the spring of 2020, as lockdown restrictions, shelter-in-place orders and regulations were put into effect, businesses were prohibited from operating. Business and leisure travel were impacted, and the impacts continued to be felt in the first three quarters of 2021.

COVID-19 presented Boise Centre with significant challenges for the last three quarters of 2020 and continued into the first three quarters of 2021. In the fourth quarter of 2021, events began to re-emerge, fueled by vaccine distribution. As a result, the revenue trend was generally upward with the fourth fiscal quarter of 2022 revenues ending 59% higher than the same period of 2021. Overall, fiscal year end 2022 revenues were 162% higher than 2021.

Higher revenues resulted in improved gross margin which positively impacted earnings (losses) before interest, taxes, depreciation and amortization (EBITDA), as reflected below.

in 000's	Fourth Quarter 2021 3 months	Fourth Quarter 2022 3 months	% Change	FYE 2021 12 months	FYE 2022 12 months	% Change
Operating Revenues	\$ 1,978	\$ 3,148	59%	\$ 3,402	\$ 8,931	162%
EBITDA	\$ (710)	\$ (526)	(26)%	\$ (4,205)	\$ (3,044)	(28)%

During the COVID-19 period, the Boise Centre management team made the decision to retain key employees. This decision was fully supported by the Board and yielded results in 2021 and 2022 as events returned. Other convention centers across the country were unable to fully open due to lack of staffing while the Boise Centre was open for business.

Event Activity

In 2021, revenues rebounded in the fourth quarter. The first quarter of 2022 was slow however the rest of the year rebounded and filled the gap.

Overall, conventions are increasing with three conventions contracted for 2023 and 2024 with over 4,900 room nights. With the addition of hybrid events which have on-site and on-line attendees, Boise Centre can accommodate larger conventions with more on-line attendees than prior to COVID-19. In addition, with the retained staff and investments in audio visual, Boise Centre was able to ramp up faster than other competitors. As a result, the economic impact increased by 206% in 2022, resulting in a record economic impact. Part of this increase is due to a change in the economic impact calculator which resulted in an estimated increase in the economic impact of 13%. The remainder of the increase is a result of increasing activity and product mix. Below is a comparison for the past two years:

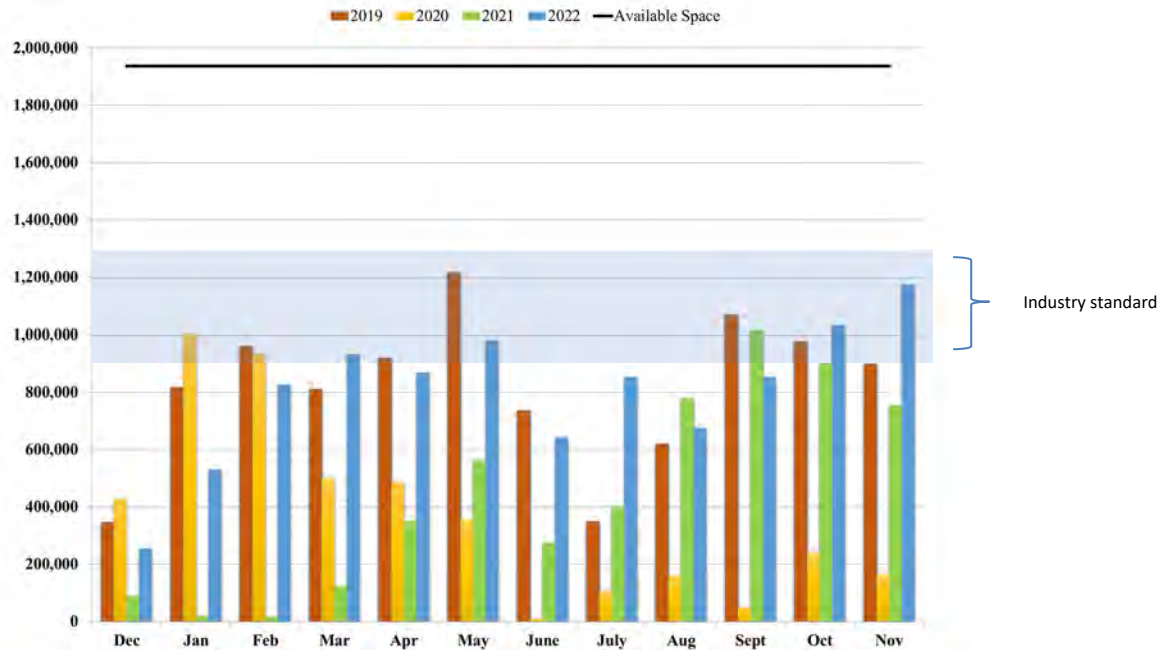
	2021	2022	% increase
Event Days*	316	439	39%
# of Events	169	254	50%
Attendance	47,432	145,198	206%
Economic Impact	8,724,605	26,682,686	206%
Conventions	42	65	55%
Non-Conventions	127	189	49%
Local Attendees	36,752	120,946	229%
Non-local Attendees	10,680	24,252	127%

**Multiple events may be held on any given day, which can result in event days exceeding 365 days.

Utilization

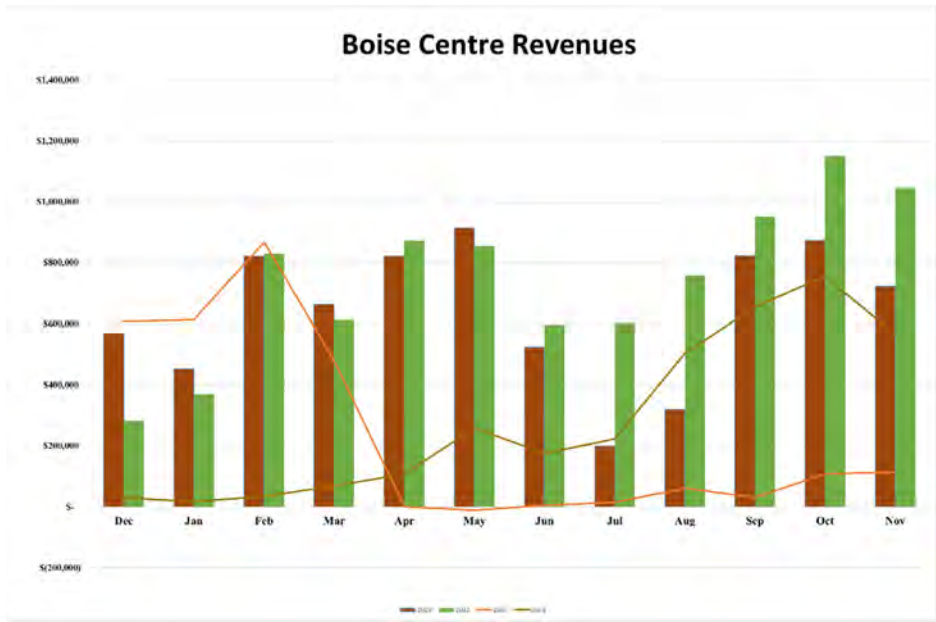
Utilization for 2022 increased 82%, from 24% utilization in 2021 to 43% utilization in 2022. Utilization has increased due to an increase in events. Based on a CSL Feasibility Study dated March 2010, targeted utilization for the hospitality industry ranges from 50%-70% (light blue shaded area in chart on following page). Convention facilities tend to fall in the lower range of the target area and targeted utilization is lower than available space due to move in and move out days, holidays, holiday weeks, Sundays, and high tourism months which result in lower meeting and convention demand. The availability of room blocks for larger conventions also limits the number of conventions.

The following chart reflects utilization for 2022, indicating solid trends in utilization. 2023 is also on a solid level.



Focus remains on identifying additional revenue opportunities, product mix, pricing strategies and cost controls to reduce losses. Below is a revenue chart which reflects the impact on operating revenues throughout 2022. The graph reflects how 2022 equaled or surpassed 2019 beginning in February in every month but April. (2019 was the last record year.)

March 2020 through January 2022 reflects the effects of COVID-19 on revenues. Beginning in June 2022, revenues consistently exceeded 2019. (The lines represent 2020 and 2021, while the bar graphs represent 2019 and 2022.)



Despite the status as a quasi-governmental entity, the District was not eligible for any federal emergency funding. The District also has business interruption insurance; however, the claim was denied as there was not a physical tangible alteration to the insured property. As a result, all expenses incurred were covered by tax and operating revenues. In 2022, as a % of revenue, direct labor decreased while direct costs increased due to inflation. The gross profit increased \$1.9 million compared to a small loss in 2021. The increase in the gross profit was sufficient to offset increases in sales, general and administrative expenses, which includes utilities, insurance, and building expenses.

Staffing

The Centre is managed by an executive team, consisting of the Executive Director, Director of Finance, Director of Human Resources, Director of Sales, Director of Marketing, Assistant Executive Director, Director of Operations and the Director of Food and Beverage. The Centre employs full-time and part-time staff to meet its varying needs for staffing based on event numbers organized in the above departments. Investments in training and development of employees remain a priority to ensure that guest experiences are among the best in the industry. Employees are certified in various programs such as first aid/CPR, TIPS, Serve Safe, software and other industry specific training. Additionally, managers are encouraged to attend seminars and conventions for further professional development and to keep pace with industry trends and knowledge.

In 2021, as business demands improved, full time and part time staff increased, ending the year with 66 and 91 employees, respectively. As demand improved, staffing increased to 71 full time employees and 136 part time employees. Labor supply remains tight across the economy, with unemployment at 3.6%. To offset this shortage, wages were increased and performance/retention bonuses are used to retain and obtain employees. This has also increased labor costs. Management has increased rates and prices to partially offset some of the increases while remaining competitive in the industry.

Boise Centre remains committed to its Wowgistics™ program, which was originated to maintain a desirable workplace, and help with recruitment and retention. This program has been successful in the retention of key employees which helps reduce training and recruitment costs while ensuring our guests received our famous five-star service.

Transfers – Boise Centre

Due to historical as well as budgeted operating losses before depreciation, certain operating and capital requirements for Boise Centre are funded by the District. Operating transfers in 2022 were lower than the previous year due to lower losses. Capital transfers for Boise Centre were stable while transfers increased for Aquatics Center for construction. Please refer to the Capital Asset section of the report on page 22.

Transfers			
In 000s	2021	2022	Change
Operating Transfers	\$3,893	\$3,068	(\$825)
Lease Payment Transfers	1,722	1,714	(7)
Capital – Boise Centre	835	888	52
Capital – Aquatics Center	1,878	4,836	2,959
Total Transfers to Proprietary Fund	\$8,328	\$10,507	\$2,179

Business-Type Activities (Aquatics Center)

The Aquatics Center was formed in 2021 as a proprietary fund within the District and acquired 3.7 acres of bare land at the cost of \$2 million. In 2022, the District invested another \$5 million with an additional commitment of \$3 million in 2023. The District and ICA have entered into a lease agreement for the land and building, which expires on July 31, 2051. Rental income is based on 5% of the cost of the project. The rent was budgeted to increase in 2022 upon the completion of the building. However, the completion was delayed due to increased construction costs and availability of materials. Once the project is complete (estimated for May 2023), rent will increase. Any ongoing expenses will be related to the capital needs of the facility, once constructed, and any legal and consulting costs on the District's behalf.

Significant Budget Variances

General Fund (District)

Revenues

District lodging room taxes are \$10 million and 27% higher than prior year, and 29% above budget due to significant and unanticipated increases in lodging demand, occupancy, and average daily rate. Increased leisure travel created an unanticipated and continued rebound from 2021 after COVID-19 ravaged the hospitality industry.

Operating and Expansion Expenses

Operating and expansion expenses for the District were stable, and 45% below budget due to controlled marketing costs.

Transfers

Operating transfers were under budget, as the Boise Centre losses were less than budgeted. Capital transfers were also lower than budget due to delays caused by material and labor shortages as well as timing. The District continues to participate in the Aquatics Center project and capital transfers to that fund were slightly lower than budget due to timing of funding.

Proprietary Fund (Boise Centre)

Revenues

The Centre gross operating revenues were over budget by \$1 million, a 10% positive variance, and \$5 million over prior year. The increases were due to increased demand and higher attendance, combined with increased average attendance, average revenue per event and average revenue per attendee. More events and conventions resulted in higher equipment rental and operations income, which offset food revenue which was under budget. Changes were also made to the discount policy which resulted in fewer room night discounts. Last, but not least, service charge percentages were increased to meet industry standards.

Cost of Sales (Labor – conventions and meetings and Convention and meetings costs)

Direct labor and costs, which are largely variable costs, were over budget in dollars due to the significant increase in revenues. As a percentage of revenue, costs were under budget, with a cost of goods sold of 79% compared to the budget of 81%.

- As sales increased, more part-time staff was used, as compared to prior year, where core employees assumed the duties of part time employees which increased per hour labor costs.
- As a percentage of sales, direct costs were within budget. The percentage decrease was a result of increased revenues which helped offset fixed costs. (maintenance contracts, internet expense, computer support, security, etc.)
- 2022 continued to require a complex blend of managing labor costs while retaining key employees. Retention of key employees is critical due to labor shortages in the Boise market. As a business in the hospitality industry, our employees and our service culture are vital to distinguish us within the industry.

Operating Expenses (Operating expenses excluding cost of sales above)

Operating expenses were \$1 million and 11% below budget (actual to budget variance as a % of budget), with positive variances noted in most expense areas. Employee related expenses and general expenses were over budget due to employee search expenses and insurance costs increased due to increasing revenue, real estate values and cyber-risk insurance. Management controlled costs in other areas to offset the increases.

Transfers

Please refer to comments above under Governmental Fund, Proprietary Funds and the footnotes for further discussion of transfers.

Capital Assets

Boise Centre employs a rolling 20-year capital plan, which is updated annually. While the capital plan is subject to change, depending upon cash flow demands, the capital plan reflects anticipated improvements and replacements. The plan is intended to maintain the facilities with modern design aesthetics, state of the art technology and security to optimize the guests' experiences, and full-service catering and beverage services to deliver world-class culinary creations.

Capital spending in 2022 was budgeted at \$1.6 million and focused on replacing operable walls, the boiler, and air purifying systems and renovation of the ceiling grid in the ballroom to support client demands and expectations. With lower attendance and use, the condition of the ballroom remains up to standard and was postponed. Investments also continue in projects to elevate the competitive position of the Boise Centre, as this is an area that is critical to product differentiation, enhancing the look and feel, the guest appeal and the event experience.

Long-Term Debt

Boise Centre has a financed purchase for the lease purchase of the ballroom portion of Boise Centre East. The building is currently owned by the Capital City Development Corporation and financed through the issuance of lease revenue bonds (Series 2016 due 12/15/2036 issued for the Greater Boise Auditorium District). The bond's rating was downgraded in 2020 from an "A+" to an "A-" by Standards & Poor's Rating Services due to the industry trends related to COVID-19.

A rating review occurred in August 2022 and the outlook was revised from negative to stable. The credit highlights stated that the credit fundamentals had improved however the rating was not upgraded. The ratings affirmed the strong economic fundamentals, strong coverage and ample liquidity. Debt covenants were in compliance with tax receipts exceeding debt service by six times.

Conditions with Expected Future Impact

State of Idaho

Idaho is ranked as the eighth "safest state in the nation" by ConsumerAffairs. It is the only state outside of the Northeast in the top nine rankings. According to the US Census Bureau, the State of Idaho ranked second in the nation for percent growth in 2022, at 1.8%, growing nearly four times faster than the national growth rate of 0.4%. The State of Idaho has record surpluses and strong economic fundamentals combined with record tax relief on income taxes, property taxes and unemployment insurance taxes.

City of Boise

The City of Boise remains the economic cornerstone in the Treasure Valley. Boise, Idaho is on the map and the Community Planning Association of Southwest Idaho estimates a 37% population growth region wide through 2024 with over 1 million people in Ada and Canyon counties.

Real Estate

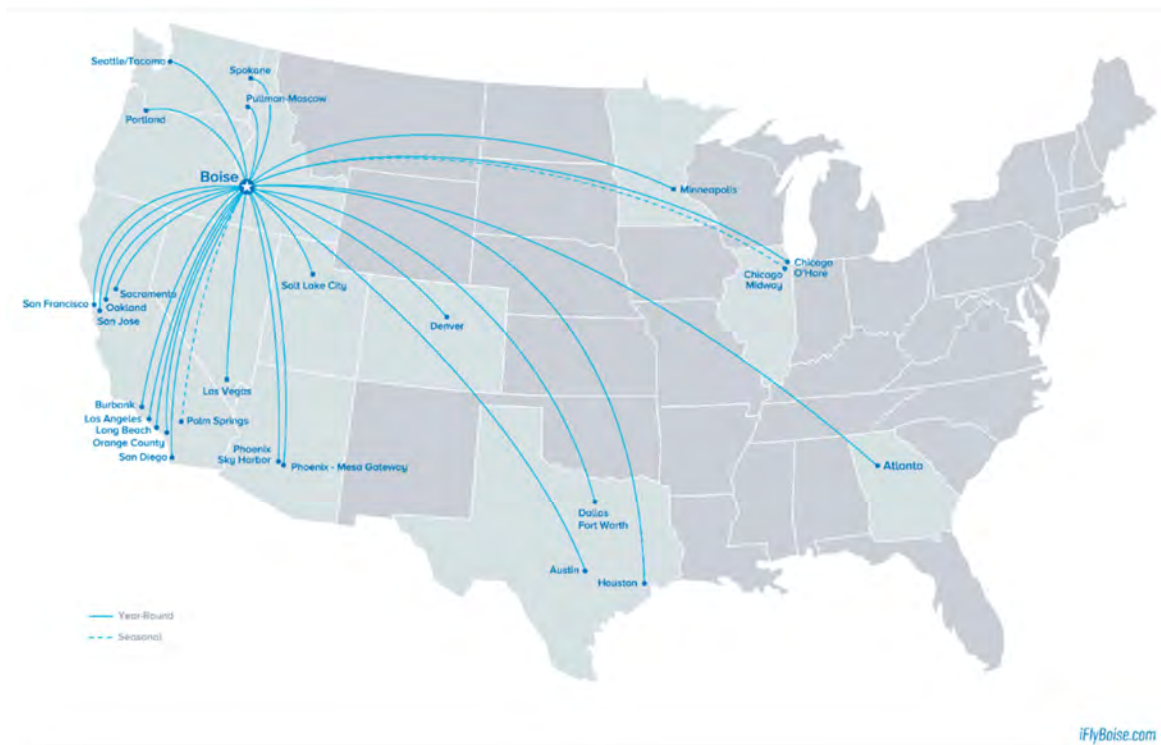
With rising interest rates and the recession risk, the real estate market is cooling. Home prices are down 8.6% compared to prior year and days to sell increased from 11 days last year to 68 days. Homes sold in February 2023 declined from 241 to 205. Homes sold above list price are also down 19 points from prior year. Affordable housing is critical for staffing and the City is also working on higher density housing and downtown housing.

Labor

Labor force supply limitations remains a long-term challenge. The low unemployment rate may continue to restrict hiring levels. Staffing challenges due to an extraordinarily tight labor market may affect the size and number of future events. The price of housing, increasing interest rates and parking costs may also continue to reduce the pool of candidates. Efforts continue to retain existing permanent staff while rebuilding the pool for temporary event staff. This continues to require additional hiring and training resources.

Airports

Smooth running airports are also integral to attracting larger conventions. There are 26 nonstop destinations, served by eight airlines with connecting flights to thousands of cities worldwide.



Industry

According to The American Hotel & Lodging Association “AHLA’s State of the Hotel Industry 2022”, the hotel industry is projected to surpass pre-pandemic levels of demand, room revenues, and tax revenues. Staffing challenges and economic factors will replace COVID-19 as the industries’ top concerns. The sector performed better than expected in 2022 and it is expected that meeting activity will exceed 2022 levels in 2023. Bleisure (business leisure) travel also grew as organizations adopted more flexible remote working policies. Sixty one percent of event planners also expect to have larger budgets in 2023. The funds will be used to increase attendee engagement. Meeting space layout and technology drive venue selection, followed by service level expectations. Room revenues are also forecasted to reach or exceed pre-pandemic levels.

As indicated by last year’s success, event organizers and attendees want to have events at the Boise Centre and want to come to Boise, Idaho. However, if the COVID-19 virus surges again, events will need to be rescheduled further out, and there may not be availability within the booking calendar to accommodate all of the events, which will further impact revenues. This may also impact District lodging tax receipts. Despite the uncertain nature of this virus, management is actively pursuing strategies to ensure that Boise Centre remains present in the market, staff is retained, and the building is maintained to provide our excellent standard of service and quality.

Economic Uncertainty

The economic outlook is certainly cloudy: the Russian invasion of Ukraine, Chinese lockdowns potentially impacting supply chains, increasing interest rates and inflation affecting the cost of goods and services. There is recent data that indicates that consumer and business spending is weakening.

Inflation

Inflation, while slowing, continues to affect costs. Protein markets, while improving, are still strained due to high feed costs, volatile demand and low inventories. To compensate for these challenges, strategies may include adjusting menu choices, smaller portions, flexible choices, and/or adjustments to prices as needed to best manage costs. Pricing for paper and fiber-based items also continues to be volatile. Price increases for small wares and equipment are also expected, as well as increases in energy, insurance, maintenance, and freight rates, to name a few. Increases in transportation prices may also result in events picking locations closer to the venue to reduce costs. It is unknown at what point price increases will affect demand for services. The Federal Reserves "Beige Book" shows that retailers are increasingly seeing consumers resisting higher prices.

Weather

California growing regions have been hit hard with significant rain. This has resulted in very poor-quality produce of late. Pricing on lettuce, cabbage, and some root vegetables have increased as availability is down. Other regions, such as the Midwest, Idaho, and the West Coast have all been too wet for farmers to plant which has impacted the availability of produce.

Hotel Update

The following hotels opened in fiscal year 2022 within the District's boundaries:

- Fairfield Inn and Suites in Boise, Idaho with 106 rooms
- Hyatt Place in Meridian, Idaho with 120 rooms
- Woodspring Suites in Meridian, Idaho with 122 rooms

Additional hotels under construction or in planning are as follows:

- Woodspring Suites in Boise, Idaho with 121 rooms – Construction to start Spring/Summer 2023



- Renegade with 122 rooms – Coming 2024. \$66 million boutique hotel on the parking lot of The Owhyee apartments on the corner of 11th and Grove streets.



- Avery Hotel with 39 rooms – Spring 2023



- The Sparrow – reuse of existing, closed Safari Inn. 60 rooms, Fall 2023



Currently Known Facts

The District is involved in legal matters arising in the normal course of our activities. There are currently no known major legal proceedings pending with the District. In the opinion of management, the ultimate disposition of matters, other than disclosed above, will not have a materially adverse effect on the District's financial position, revenues, expenditures, or changes in fund balance.

Retirement of Executive Director

The Executive Director for the District will retire in 2023. Executive Director Rice will be retained to assist with the transition.

Greater Boise Auditorium District
Statement of Net Position
November 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 5,004,062	\$ 571,197	\$ 5,575,259
Investments	16,164,235	-	16,164,235
Receivables			
Lodging room taxes	987,003	-	987,003
Accounts	-	936,280	936,280
Lease	-	46,345	46,345
Interest	70,962	-	70,962
Prepaid expenses	-	363,922	363,922
Inventories	-	80,983	80,983
Cash, restricted	250,000	-	250,000
Other assets	-	20,545	20,545
Parking reservation rights, net	-	87,730	87,730
Capital assets, net	-	50,273,698	50,273,698
	<u>22,476,262</u>	<u>52,380,700</u>	<u>74,856,962</u>
Total assets			
Liabilities			
Accounts payable	-	53,936	53,936
Accrued expenses	15,967	1,090,327	1,106,294
Events deposits	-	1,184,023	1,184,023
Financed purchase payable			
Due within one year	-	1,135,661	1,135,661
Due in more than one year	-	16,883,562	16,883,562
	<u>15,967</u>	<u>20,347,509</u>	<u>20,363,476</u>
Total liabilities			
Deferred Inflows of Resources			
Leases	-	45,579	45,579
Net Position			
Net investment in capital assets	-	32,342,205	32,342,205
Restricted	250,000	-	250,000
Unrestricted	22,210,295	(354,593)	21,855,702
	<u>\$ 22,460,295</u>	<u>\$ 31,987,612</u>	<u>\$ 54,447,907</u>
Total net position			

Greater Boise Auditorium District
Statement of Activities
Year Ended November 30, 2022

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position		
			Primary Government		Total
			Governmental Activities	Business- type Activities	
Primary Government					
General government	\$ 257,389	\$ -	\$ (257,389)	\$ -	\$ (257,389)
Business-type activities					
Convention activities	14,894,166	8,931,311	-	(5,962,855)	(5,962,855)
Interest on financed purc	624,312	-	-	(624,312)	(624,312)
Aquatics activities	11,538	91,470	-	79,932	79,932
Total Primary Government	<u>\$ 15,787,405</u>	<u>\$ 9,022,781</u>	<u>(257,389)</u>	<u>(6,507,235)</u>	<u>(6,764,624)</u>
General Revenues:					
District taxes			10,479,010	-	10,479,010
Investment earnings			(251,610)	-	(251,610)
Other			-	39,452	39,452
Transfers, net			(10,506,657)	10,506,657	-
Change in Net Position			(536,646)	4,038,874	3,502,228
Net Position, Beginning of Year			<u>22,996,941</u>	<u>27,948,738</u>	<u>50,945,679</u>
Net Position, End of Year			<u>\$ 22,460,295</u>	<u>\$ 31,987,612</u>	<u>\$ 54,447,907</u>

Greater Boise Auditorium District
Balance Sheet – General Fund
November 30, 2022

Assets		
Cash and cash equivalents	\$	5,254,062
Investments		16,164,235
Receivables		
Lodging room taxes		987,003
Interest		70,962
		<u>70,962</u>
Total assets		<u>\$ 22,476,262</u>
Liabilities		
Accrued expenses	\$	15,967
Total liabilities		<u>15,967</u>
Fund Balance		
Restricted funds		250,000
Committed		
Stabilization fund		6,000,000
Centre transfers		8,943,511
Aquatics transfers		2,600,000
Unassigned		4,666,784
		<u>4,666,784</u>
Total fund balance		<u>22,460,295</u>
Total liabilities and fund balance		<u>\$ 22,476,262</u>

There are no adjustments between the net position for governmental activities reported in the statement of net position and the fund balance reported for the general fund. The fund balance for the general fund equals the net position for governmental activities.

Greater Boise Auditorium District
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year Ended November 30, 2022

Revenues	
Lodging room taxes	\$ 10,479,010
Investment loss	<u>(251,610)</u>
Total revenues	<u>10,227,400</u>
Expenditures	
General government	<u>257,389</u>
Total expenditures	<u>257,389</u>
Excess of Revenues over Expenditures	9,970,011
Other Financing Uses	
Operating transfers	(4,782,429)
Capital transfers	<u>(5,724,228)</u>
Net change in fund balance	(536,646)
Fund Balance, Beginning of Year	<u>22,996,941</u>
Fund Balance, End of Year	<u><u>\$ 22,460,295</u></u>

There are no adjustments between the net position for governmental activities reported in the statement of net position and the fund balance reported for the general fund. The fund balance for the general fund equals the net position for governmental activities.

Greater Boise Auditorium District
Statement of Net Position – Proprietary Funds
November 30, 2022

	Boise Centre	Aquatics	Total
Assets			
Cash and cash equivalents	\$ 480,156	\$ 91,041	\$ 571,197
Accounts receivable	936,280	-	936,280
Lease receivable	-	46,345	46,345
Prepaid expenses	301,145	-	301,145
Inventories	80,983	-	80,983
Other assets	20,545	-	20,545
Total current assets	1,819,109	137,386	1,956,495
Prepaid expenses - long-term	62,777	-	62,777
Parking reservation rights, net	87,730	-	87,730
Capital assets, net	43,559,094	6,714,604	50,273,698
Total long-term assets	43,709,601	6,714,604	50,424,205
Total assets	45,528,710	6,851,990	52,380,700
Liabilities			
Accounts payable	53,936	-	53,936
Accrued expenses	1,088,662	1,665	1,090,327
Event deposits	1,184,023	-	1,184,023
Financed purchase payable - current portion	1,135,661	-	1,135,661
Total current liabilities	3,462,282	1,665	3,463,947
Financed purchase payable - long-term	16,883,562	-	16,883,562
Total liabilities	20,345,844	1,665	20,347,509
Deferred Inflows of Resources			
Leases	-	45,579	45,579
Net Position			
Net investment in capital assets	25,627,601	6,714,604	32,342,205
Unrestricted	(444,735)	90,142	(354,593)
Total Net Position	\$ 25,182,866	\$ 6,804,746	\$ 31,987,612

Greater Boise Auditorium District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended November 30, 2022

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Operating Revenues			
Conventions and meetings	\$ 8,931,311	\$ -	\$ 8,931,311
Rental revenue	-	91,470	91,470
Total operating revenues	<u>8,931,311</u>	<u>91,470</u>	<u>9,022,781</u>
Operating Expenses			
Labor - conventions and meetings	5,075,953	-	5,075,953
Labor - office and general	2,027,044	-	2,027,044
Employee related	128,311	-	128,311
Convention and meetings costs	1,973,889	-	1,973,889
Office and general	432,627	11,538	444,165
Marketing and sales	1,374,824	-	1,374,824
Utilities	224,671	-	224,671
Building repairs and maintenance	690,876	-	690,876
Professional fees	83,357	-	83,357
Depreciation and amortization	2,882,670	-	2,882,670
Total operating expenses	<u>14,894,222</u>	<u>11,538</u>	<u>14,905,760</u>
Operating Income (Loss)	<u>(5,962,911)</u>	<u>79,932</u>	<u>(5,882,979)</u>
Nonoperating Revenues (Expenses)			
Other income, net	27,852	-	27,852
Gain on disposition of capital assets	56	-	56
Interest income	8,392	3,208	11,600
Interest expense	(624,312)	-	(624,312)
Total nonoperating revenues (expenses)	<u>(588,012)</u>	<u>3,208</u>	<u>(584,804)</u>
Income (Loss) before Transfers	<u>(6,550,923)</u>	<u>83,140</u>	<u>(6,467,783)</u>
Operating transfers	4,782,429	-	4,782,429
Capital transfers	887,864	4,836,364	5,724,228
Change in Net Position	<u>(880,630)</u>	<u>4,919,504</u>	<u>4,038,874</u>
Net Position, Beginning of Year	<u>26,063,496</u>	<u>1,885,242</u>	<u>27,948,738</u>
Net Position, End of Year	<u>\$ 25,182,866</u>	<u>\$ 6,804,746</u>	<u>\$ 31,987,612</u>

Greater Boise Auditorium District
Statement of Cash Flows – Proprietary Funds
Year Ended November 30, 2022

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Operating Activities			
Receipts from customers	\$ 8,679,764	\$ -	\$ 8,679,764
Cash received on lease receivables	-	91,470	91,470
Payments to suppliers	(4,583,422)	(20,443)	(4,603,865)
Payments to and on behalf of employees	<u>(7,190,661)</u>	<u>-</u>	<u>(7,190,661)</u>
Net Cash from (used for) Operating Activities	<u>(3,094,319)</u>	<u>71,027</u>	<u>(3,023,292)</u>
Noncapital Financing Activities			
Operating transfers	4,782,429	-	4,782,429
Other revenue	<u>27,852</u>	<u>-</u>	<u>27,852</u>
Net Cash from Noncapital Financing Activities	<u>4,810,281</u>	<u>-</u>	<u>4,810,281</u>
Capital and Related Financing Activities			
Acquisition of capital assets	(872,687)	(4,836,364)	(5,709,051)
Cash received for interest	8,392	2,442	10,834
Principal payments on financed purchase	(1,098,851)	-	(1,098,851)
Interest payments on financed purchase	(624,312)	-	(624,312)
Capital transfers	<u>887,864</u>	<u>4,836,364</u>	<u>5,724,228</u>
Net Cash from (used for) Capital and Related Financing Activities	<u>(1,699,594)</u>	<u>2,442</u>	<u>(1,697,152)</u>
Net Change in Cash and Cash Equivalents	16,368	73,469	89,837
Cash and Cash Equivalents, Beginning of Year	<u>463,788</u>	<u>17,572</u>	<u>481,360</u>
Cash and Cash Equivalents, End of Year	<u>\$ 480,156</u>	<u>\$ 91,041</u>	<u>\$ 571,197</u>

Greater Boise Auditorium District
Statement of Cash Flows – Proprietary Funds
Fiscal Year Ended November 30, 2022

	<u>Boise Centre</u>	<u>Aquatics</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities			
Operating income (loss)	\$ (5,962,911)	\$ 79,932	\$ (5,882,979)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation and amortization expense	2,882,670	-	2,882,670
Changes in assets and liabilities			
Accounts receivable	(493,419)	-	(493,419)
Prepaid expenses	(34,813)	-	(34,813)
Inventories	(30,432)	-	(30,432)
Other assets	(920)	-	(920)
Accounts payable	3,120	-	3,120
Accrued expenses	300,514	(8,905)	291,609
Event deposits	241,872	-	241,872
Net Cash from (used for) Operating Activities	<u>\$ (3,094,319)</u>	<u>\$ 71,027</u>	<u>\$ (3,023,292)</u>
Supplemental Disclosure of Cash Flow Information			
Noncash investing, capital and financing activities			
Loss on disposal of capital assets	\$ (56)	\$ -	\$ (56)
Lease receivable and deferred inflow of resources recognized on lessor lease transaction	\$ -	\$ 136,737	\$ 136,737

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

Financial Reporting Entity

The financial reporting entity consists of the Greater Boise Auditorium District (District), Boise Centre, and the Aquatics Center. The District has no other organizations for which it is legally accountable for or who are fiscally dependent.

District

The District is a public body organized and operating pursuant to Title 67, Chapter 49, of the Idaho Code. An elected five-member Board of Directors governs the District. The purpose of the District is to build, operate, maintain, and manage for public, commercial and/or industrial purposes by any available means, public auditoriums, exhibition halls, convention centers, sports arenas and facilities of a similar nature.

The District is located in and conducts all of their activities from Boise, Idaho and within Ada County, Idaho.

Boise Centre

Boise Centre is a premier convention center for meetings, conferences and social events located in Boise, Idaho. Boise Centre offers 86,000 square feet of exhibition/meeting space and food service.

Aquatics Center

The Aquatics Center is being designed and developed to construct a comprehensive aquatic facility to allow individuals in the Treasure Valley to participate in a variety of aquatic programming and events.

Government-Wide Statements

Activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. There are no internal services funds or fiduciary funds within the District.

The statement of net position presents all of the District's assets and liabilities, with the difference between the two reported as net position. This statement presents information about the nature and amounts of investment in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the District.

The statement of activities demonstrates the degree to which expenses of governmental functions and business-type activities are offset by program revenues. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by Boise Centre and the Aquatics Center. The difference between expenses and program revenues is the net cost of the business-type activity subsidized by the District's lodging room taxes. Lodging room taxes and other revenue sources that are not attributable to specific programs are presented as general government revenues.

Fund Financial Statements

Separate fund financial statements are presented for the governmental and proprietary funds.

Governmental Fund:

General Fund

The General Fund presents all operating activity and financial resources of the District except those required to be presented in another fund. There are no additional governmental funds utilized by the District.

Proprietary Funds:

Boise Centre Fund

The Boise Centre Fund is a major proprietary fund and presents the operational activities of Boise Centre.

Aquatics Fund

The Aquatics Fund is a major proprietary fund and presents the operational activities of the Aquatics Center.

Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. Any internal activity between funds is eliminated in the government-wide statements to reduce the grossing up effect of internal transactions.

Separate fund statements are issued for governmental and proprietary funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within 30 days generally or soon enough thereafter to pay liabilities of the current period. District taxes are considered available when in the possession of the intermediary collecting government. Expenditures are recognized when the related liability is incurred.

The proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. Operating and nonoperating activities are presented separately on the operating statements. Operating transactions generally occur if they directly result from the provision of goods or services to customers or are otherwise directly related to usual business activity of the fund. All other activity is nonoperating.

Budgets and Budgetary Accounting

The District adopts a budget annually at a regular Board of Directors meeting. Budgets are reviewed and revised throughout the fiscal period.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts; cash on hand; cash in transit; and short-term investments that have a maturity of three months or less at the date of purchase. See Note 7 for discussion on the portion of cash that is restricted.

Investments

Funds may be invested in the securities and investments expressly described in subsection (a) through (m) of the Idaho Code Section 67-1210 and are generally described as securities backed by:

- the U.S. Government,
- certain federal agencies, including mortgages,
- the State of Idaho and
- Municipalities of the State of Idaho.

Investments are presented at fair value based on quoted market prices. Interest income earned from investment activities is recognized as earned in the fund that holds the investments.

Receivables

Receivables in the General Fund consist primarily of District lodging room taxes. Receivables in the proprietary funds consist primarily of amounts due from customers. The allowance for doubtful accounts reflects our best estimate of probable losses of accounts receivable. Management has determined the allowance based on known troubled accounts, historical experience and other available evidence. As of November 30, 2022, there was no allowance considered necessary.

Prepaid Expenses

Prepaid expenses represent amounts paid in the current period for services that will benefit future periods.

Inventories

Inventories in the Boise Centre Fund consist of food and beverage purchased for resale and are valued at the lower of cost (first-in, first-out method) or market.

Other Assets

Other assets in the Boise Centre Fund include amounts paid for deposits on future projects.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and consists of parking reservation rights. Intangible assets are amortized on straight-line basis over the expected period of benefit, which is thirty years for parking reservation rights.

Interfund Balances

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one fund within the District to another. At November 30, 2022, there was no interfund balance outstanding.

Capital Assets, Net

Capital assets, in the proprietary funds, include land, buildings, improvements, furniture and equipment. Capital assets with a cost of \$5,000 or more are capitalized. Cost includes expenditures for major improvements and replacements that extend the useful lives of assets. Expenditures for repairs and maintenance are expensed as incurred.

Buildings, improvements, furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of depreciable assets are generally:

Buildings	30-45 years
Improvements	7-39 years
Furniture and equipment	3-20 years

Property and equipment may be sold or disposed. The sale or disposal of property and equipment is recorded by removing cost and accumulated depreciation and recognizing the resulting gain or loss.

Event Deposits

Event deposits in the Boise Centre Fund include nonrefundable advance deposits for scheduled events. The deposits are applied to the receivable when the event is invoiced, upon completion of the event.

Annual Leave

Full time employees of Boise Centre earn vacation leave according to policy. All vacation leave is accrued after ninety days of employment and is included in the proprietary fund financial statements. Effective January 1, 2020, the annual leave policy was changed to convert existing and eligible employees' unused sick leave to an accrued Family Medical Leave (FML) balance, which vests over a period of 15 years. Accrued amounts are classified as current obligations.

Net Position

The Statement of Net Position presents the net position of the Governmental Activities and Business-Type Activities. Net position is classified and displayed in three components: net investment in capital, restricted and unrestricted.

Net investment in capital assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding related debt.

Restricted

Restricted net position results when third parties, constitutional provisions or enabling legislation impose constraints on net position use. The District does not have a policy regarding the preferred first usage of unrestricted or restricted net position.

Unrestricted

Unrestricted net position is the residual classification of net position that do not meet the criteria to be classified in the other net position classifications. Unrestricted net position may have constraints or designations placed upon them by management however, these constraints or designations may be unilaterally removed.

Fund Balance

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The District's policy is to use externally restricted resources first for purposes intended, then committed, assigned, and unassigned resources in that order.

Nonspendable – nonspendable fund balance consists of resources that cannot be spent because they are in nonspendable form, such as prepaid items or they are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balance at November 30, 2022.

Restricted – restricted fund balances have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or law, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation and can only be used for specific stated purposes.

Committed - committed fund balances are amounts that can be used only for specific purposes determined by formal action of the Board, the District's highest level of decision-making authority.

The committed amounts cannot be used for any other purposes unless the Board makes formal action to change or remove the specific purposes.

Assigned - assigned fund balances are intended to be used for specific purposes, however, do not meet the criteria to be classified as restricted or committed. The Executive Director or Assistant Executive Director of Boise Centre may assign amounts up to the parameters set by the annual operating budget, approved by the Board of Directors.

Unassigned - unassigned fund balance is the residual classification and includes all spendable amounts not classified in the other fund balance classifications.

Stabilization Arrangement

As the District's ability to fund losses created by Boise Centre operations is solely reliant on lodging tax revenues, a stabilization fund policy was created by the Board of Directors in 2017. The stabilization fund is maintained at \$6 million, and funds set aside for the stabilization fund may only be established, changed, or spent by formal action of the Board of Directors.

Fund Transfers

Fund transfers are recognized as operating and capital transfers and are included in the results of operations of both governmental and proprietary Funds.

District Taxes

The District has the power to assess a tax on all lodging rooms located in the District's boundaries. The rate is set at the discretion of the Board of Directors and may not exceed 5.0%. The tax rate is currently 5.0%. District taxes are reported to and collected by the Idaho State Tax Commission. The collections are sent to the District by the fifteenth of the next month.

Implementation of GASB Statement No. 87

As of December 1, 2021 the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 9 and the additional disclosures required by this standard is included in Note 10.

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 contingent assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Due to uncertainties inherent in assumptions, it is possible actual amounts may vary from estimates. Revisions are recognized in the period such revisions are known and can be reasonably estimated.

Note 2 - Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows as of November 30, 2022:

Cash and cash equivalents	\$ 5,575,259
Investments	16,164,235
Cash, restricted	<u>250,000</u>
	<u><u>\$ 21,989,494</u></u>

Cash and investments reflected above are classified as the following for disclosures as of November 30, 2022:

Cash deposits	\$ 5,825,259
Investments	<u>16,164,235</u>
	<u><u>\$ 21,989,494</u></u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash deposits are maintained in local financial institutions and are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per custodian per financial institution. The bank ledger balance for cash deposits at November 30, 2022 is \$3,964,852, of which \$250,000 is FDIC insured, and \$3,714,852 is fully collateralized by a letter of credit issued by a financial institution and collateral securities in possession of a third-party custodian.

The board committed funds of \$17,543,511 for future projects, stabilization and transfers to Boise Centre are invested in cash and cash equivalents as well as securities backed by federal agencies and municipalities of the State of Idaho.

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 interest rates. The District monitors the interest rate risk inherent in its investments portfolio by measuring the weighted average maturity of its investment portfolio. The maximum maturity for investments is limited to five years except for investments subject to mandatory put provisions or secure interest rate reset at par within five years.

Investments were as follows as of November 30, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 - 5	More than 5
Federal agency bonds and notes	\$ 3,692,333	\$ 3,692,333	\$ -	\$ -
U.S. Treasury obligations	12,471,902	5,773,023	6,698,879	-
	<u>\$ 16,164,235</u>	<u>\$ 9,465,356</u>	<u>\$ 6,698,879</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's, Standard and Poor's, and Fitch's.

Investment ratings per Moody's were as follows as of November 30, 2022:

Investment Type	Fair Value	Quality Ratings			
		Aaa	Aa	A	Unrated
Federal agency bonds and notes	\$ 3,692,333	\$ 3,692,333	\$ -	\$ -	\$ -
U.S. Treasury obligations	12,471,902	12,471,902	-	-	-
	<u>\$ 16,164,235</u>	<u>\$ 16,164,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. Governments should provide, by amount and issuer, investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the US government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At November 30, 2022, the District held 12% of their investments in investments issued by the Federal Home Loan Bank System (FHLB). The District does not have any other investments in any one issuer that represent 5% or more of total investments as of November 30, 2022.

Investment Policy

The District has adopted an investment policy which identifies authorized investment instruments, issuer diversification, maturity constraints and investment ratings. Pursuant to the District’s investment policy, investments are subject to the following limitations:

Investment Type	Maximum % per Investment Type	Maximum % per Individual Security	Maximum Maturity	Minimum Rating
U.S. Government Obligations	100%	20%	5 years	N/A
Federal agency bonds and notes	100%	20%	5 years	N/A
Federal agency mortgage-backed obligations	0%	N/A	N/A	N/A
Idaho municipal obligations	50%	10%; 25% per issuer	5 years	A3/A-/A-

GASB 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets and the highest priority; Level 2 inputs are significant observable inputs, other than quoted prices for identical assets; Level 3 inputs are significant unobservable inputs and the lowest priority.

Fair values for investments are determined by reference to observable data such as contractual terms and other relevant information generated by market transactions. Fair value for certificates of deposit is valued at amortized cost, which approximates fair value.

The District’s investments’ fair value measurements at November 30, 2022 are as follows:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal agency bonds and notes	\$ 3,692,333	\$ -	\$ 3,692,333	\$ -
U.S. Treasury obligations	12,471,902	-	12,471,902	-
Total investments measured at fair value	<u>\$ 16,164,235</u>	<u>\$ -</u>	<u>\$ 16,164,235</u>	<u>\$ -</u>

Note 3 - Parking Reservation Fee

In December 2000, the District paid \$329,000 to Capital City Development Corporation for the right to reserve exclusive use of up to 300 parking spaces. The cost of this agreement is being amortized on a straight-line basis over the agreement term of 30 years. Amortization expense was \$10,967 for the year ended November 30, 2022.

Note 4 - Capital Assets, Net

Capital asset activity for business-type activities for the year ended November 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Not depreciated				
Construction in progress	\$ -	\$ 4,848,804	\$ -	\$ 4,848,804
Land	1,878,240	-	-	1,878,240
Depreciated				
Building and improvements	38,763,855	538,757	(3,014)	39,299,598
Furniture and equipment	6,925,546	321,547	-	7,247,093
Convention facility	22,604,090	-	-	22,604,090
	70,171,731	5,709,108	(3,014)	75,877,825
Less accumulated depreciation				
Buildings and improvements	(14,321,439)	(1,551,942)	3,014	(15,870,367)
Furniture and equipment	(4,500,894)	(562,405)	-	(5,063,299)
Convention facility	(3,913,104)	(757,357)	-	(4,670,461)
	(22,735,437)	(2,871,704)	3,014	(25,604,127)
Capital Assets, net	\$ 47,436,294	\$ 2,837,404	\$ -	\$ 50,273,698

Note 5 - Interfund Transfers

The following amounts were transferred from the governmental fund to the proprietary funds for the year ended November 30, 2022:

Operating Transfers	
Funds transferred for operations to Boise Centre	\$ 3,067,715
Funds transferred for financed purchase payments	1,714,714
	4,782,429
Funds transferred for capital	5,724,228
	\$ 10,506,657

Note 6 - Fund Balance – Governmental Fund

Committed Funds

The Board of Directors has committed, through formal action, the following as of November 30, 2022:

Funds committed for stabilization fund	\$ 6,000,000
Funds committed for Centre transfers	8,943,511
Funds committed for Aquatics transfers	<u>2,600,000</u>
	<u>\$ 17,543,511</u>

These funds are maintained in accounts owned exclusively by and titled exclusively in the name of the District. Funds set aside for a stabilization fund may only be established, changed, or spent by formal action of the Board of Directors.

Note 7 - Commitment and Contingencies

Insurance/Risk Management

The District is exposed to various risks of loss related to damage to assets and to errors and omission by employees, claims and theft. These risks are insured with third-party insurance carriers.

Marketing Contract

The Centre maintains a marketing agreement with The Boise Convention and Visitors Bureau, Inc. for marketing services utilized to promote Boise Centre and its convention activities. The Centre renews this contract on an annual basis contingent on certain conditions. As of November 30, 2022, the marketing expense paid under the contract was \$802,204. Subsequent to fiscal year end, the Centre entered into the fiscal year 2023 agreement for a commitment of up to \$860,208.

Financed Purchase Payable

On April 29, 2016, Capital City Development Corporation (CCDC) authorized the issuance of Lease Revenue Bonds, Series 2016 (Greater Boise Auditorium District Expansion Project), in the aggregate principal amount of \$23,085,000. The proceeds of the bonds were used to expand and improve the existing convention center and public event facility in downtown Boise operated by the District which included a new ballroom and kitchen facilities and related equipment for operations. The Series 2016 bonds were issued at a fixed rate range from 3.00% to 5.00%.

In December 2015, CCDC and the District entered into an agreement that provided the District the right to assign its rights to purchase the expansion project from the developer, to CCDC. Simultaneously with the issuance of the Series 2016 Bonds, CCDC exercised its right to purchase, and CCDC and the District entered into a lease agreement for the use of the facilities.

Beginning on December 1, 2016, the District is obligated to pay an annually appropriated lease payment not to exceed \$1,723,975 with monthly lease payments due on the first of each month. Unless the District affirmatively acts in a public meeting to renew and extend for another year, the appropriated lease will expire at the end of the current fiscal year (i.e., November 30th). If not renewed and extended, the District has no further obligation or exposure to penalty or recourse, except that it surrenders possession of the expansion project.

During the lease term, the District is to budget and restrict \$250,000 to be held as the sole source of payment for reasonable costs incurred by CCDC as a result of any claims made against CCDC that arise from the negligent acts of the District. The \$250,000 has been classified as restricted cash.

The lease may be renewed for a total of twenty consecutive one-year terms commencing December 1 and ending November 30, expiring November 2036.

The District also has an option to purchase the expansion project following full payment or defeasance of the Series 2016 bonds, issued by CCDC and secured by a first lien on the expansion project, fixtures, and assignment of leases and rents. In addition, the District pledged tax receipts for lease payments. The District is only allowed to enter into additional parity lien debt as described in the lease agreement.

The beginning balance at December 1, 2021 was \$19,118,074. Principal payments for the year ended November 30, 2022 totaled \$1,060,842.

The future anticipated minimum payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,135,661	\$ 587,497	\$ 1,723,158
2024	1,170,723	550,394	1,721,117
2025	1,212,046	508,904	1,720,950
2026	1,251,498	467,619	1,719,117
2027	1,294,793	424,949	1,719,742
2028-2032	7,180,570	1,432,489	8,613,059
2033-2036	4,773,932	244,005	5,017,937
	<u>\$ 18,019,223</u>	<u>\$ 4,215,857</u>	<u>\$ 22,235,080</u>

Note 8 - Defined Contribution Plan

Boise Centre maintains a defined contribution plan for salaried and hourly employees who have met certain service requirements. Participants may contribute up to 100% of their salary subject to the limitation imposed under the Internal Revenue Code.

Matching contributions are established at the discretion of the Board of Directors. Matching contributions are 100% of the participant's elective deferral up to 1% of the participant's compensation. Additionally, discretionary matching contributions may be established at the discretion of the Board of Directors. Vesting in matching contributions occurs at the rate of 20% per year of service, upon reaching normal or early retirement date, or upon death, disability or certain other circumstances. Total matching contributions were \$234,211 for the year ended November 30, 2022.

Note 9 - Adoption of New Standard

As of December 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The impact of the District retroactively adopting the provisions of GASB Statement No. 87 is shown below.

	Statement of Net Position Business-type Activities	Proprietary Fund - Aquatics
	<u> </u>	<u> </u>
Net position at November 30, 2021, as previously reported	\$ 27,948,738	\$ 1,885,242
Add lease receivable under GASB 87 Statement No. 87 at November 30, 2021	136,737	136,737
Add deferred inflow of resources - leases under GASB 87 Statement No. 87 at November 30, 2021	<u>(136,737)</u>	<u>(136,737)</u>
Net position at December 1, 2021	<u>\$ 27,948,738</u>	<u>\$ 1,885,242</u>

In the Boise Centre Proprietary Fund, the arrangement with CCDC discussed in Note 7 was reported as a capital lease in the financial statements for the year ended November 30, 2021. In accordance with the provisions of GASB Statement No. 87, the arrangement is reported as a financed purchase in the financial statements for the year ended November 30, 2022.

Note 10 - Lease Receivable

During 2021, the Aquatics Center and an outside party, Idaho Competitive Aquatics, LLC (ICA), entered into a lease agreement. The agreement provides that ICA shall pay monthly rental fees to the Aquatics Center of \$7,800 per month through the completion of construction, and, upon completion of the facility, shall pay fees of 5% of the total cost of land acquisition costs and cost of construction. Total cost of construction is not yet finalized and therefore is not included in the measurement of the lease receivable. Construction is anticipated to be completed in May of 2023 at which point the lease receivable will be modified through the ending date of July 31, 2051.

Upon adoption, the District recorded a \$136,737 lease receivable and deferred inflows of resource for this arrangement, which will be recognized as revenue over the term of the lease. The District used an interest rate of 3.4% based on the rates available to finance real estate over the same time period. During the fiscal year, the District recognized \$91,470 in lease revenue and \$3,208 in interest revenue related to this agreement. At November 30, 2022, the lease receivable balance totaled \$46,345 and the deferred inflows of resources totaled \$45,579.



Required Supplementary Information
November 30, 2022

Greater Boise Auditorium District

Greater Boise Auditorium District
 Budgetary Comparison Schedule – General Fund
 Fiscal Year Ended November 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Lodging room taxes	\$ 8,094,000	\$ 8,094,000	\$ 10,479,010	\$ 2,385,010
Other income	36,000	36,000	(251,610)	(287,610)
Total revenues	<u>8,130,000</u>	<u>8,130,000</u>	<u>10,227,400</u>	<u>2,097,400</u>
Expenditures				
Insurance	10,800	10,800	5,657	5,143
Professional fees	153,140	153,140	102,401	50,739
Membership dues	6,000	6,000	6,000	-
Office expense	20,220	20,220	18,638	1,582
Investment expense and fees	12,600	12,600	23,522	(10,922)
Marketing	203,600	203,600	97,208	106,392
Travel	10,000	10,000	2,730	7,270
Expansion costs	48,000	48,000	1,233	46,767
Total expenditures	<u>464,360</u>	<u>464,360</u>	<u>257,389</u>	<u>206,971</u>
Excess of Revenues over Expenditures	7,665,640	7,665,640	9,970,011	2,304,371
Other Financing Uses				
Operating and capital transfers	<u>(12,191,257)</u>	<u>(12,191,257)</u>	<u>(10,506,657)</u>	<u>1,684,600</u>
Net Change in Fund Balance	<u>\$ (4,525,617)</u>	<u>\$ (4,525,617)</u>	(536,646)	<u>\$ 3,988,971</u>
Fund Balance, Beginning of Year			<u>22,996,941</u>	
Fund Balance, End of Year			<u>\$ 22,460,295</u>	

Note 1 - Budgetary Basis of Accounting

The budget is prepared based upon the method used for accounting transactions of governmental fund types as described in Note 1 to the financial statements. Under this method, revenue is budgeted based upon when it is expected to be available to pay liabilities of the period. District taxes are considered available when in the possession of the intermediary collecting government. Expenditures are budgeted based upon when the related liability is expected to be incurred.



Other Supplementary Information
November 30, 2022

Greater Boise Auditorium District

Greater Boise Auditorium District
 Budgetary Comparison Statement – Boise Centre Fund
 Fiscal Year Ended November 30, 2022

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Conventions and meetings	\$ 8,138,948	\$ 8,138,948	\$ 8,931,311	\$ 792,363
Total operating revenues	<u>8,138,948</u>	<u>8,138,948</u>	<u>8,931,311</u>	<u>792,363</u>
Operating Expenses				
Labor - conventions and meetings	4,789,171	4,789,171	5,075,953	(286,782)
Labor - office and general	2,120,602	2,120,602	2,027,044	93,558
Employee related	107,255	107,255	128,311	(21,056)
Convention and meetings costs	1,796,583	1,796,583	1,973,889	(177,306)
Office and general	396,330	396,330	432,627	(36,297)
Marketing and sales	1,593,810	1,593,810	1,374,824	218,986
Utilities	253,053	253,053	224,671	28,382
Building repairs and maintenance	699,423	699,423	690,876	8,547
Professional fees	125,154	125,154	83,357	41,797
Depreciation and amortization	3,612,960	3,612,960	2,882,670	730,290
Total operating expenses	<u>15,494,341</u>	<u>15,494,341</u>	<u>14,894,222</u>	<u>600,119</u>
Operating Income (Loss)	(7,355,393)	(7,355,393)	(5,962,911)	1,392,482
Nonoperating Revenues (Expenses)				
Other income, net	40,584	40,584	27,852	(12,732)
Gain on disposition of capital assets	-	-	56	56
Interest income	-	-	8,392	8,392
Interest expense	(627,982)	(627,982)	(624,312)	3,670
Total nonoperating expenses	(587,398)	(587,398)	(588,012)	(614)
Loss before Transfers	(7,942,791)	(7,942,791)	(6,550,923)	1,391,868
Operating transfers	5,466,257	5,466,257	4,782,429	(683,828)
Capital transfers	1,600,000	1,600,000	887,864	(712,136)
Change in Net Position	<u>\$ (876,534)</u>	<u>\$ (876,534)</u>	(880,630)	<u>\$ (4,096)</u>
Net Position, Beginning of Year			<u>26,063,496</u>	
Net Position, End of Year			<u>\$ 25,182,866</u>	



Independent Auditor’s 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 Directors
Greater Boise Auditorium District
Boise, Idaho

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Greater Boise Auditorium District (the District), as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated April 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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 a 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 a 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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*.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
April 17, 2023



THE DISTRICT
GREATER BOISE AUDITORIUM DISTRICT



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