

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

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GREENVILLE ARENA DISTRICT

Greenville, South Carolina

Established

1940

Board of Trustees

Neetu Patel, Chairperson

Dante Russo, Vice Chairperson

Barry Formanack, Treasurer

Amber Drummond, Secretary

Kerry Lightner

Brittany Moore

Buddy Dyer

Neil Smith

Open Seat



INDEPENDENT AUDITOR’S REPORT

Board of Trustees
Greenville Arena District
Greenville, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Greenville Arena District, South Carolina (the “District”), as of and for the years ended June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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* (“*Government Auditing Standards*”), issued by the Comptroller General of the United States. 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 opinion. 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, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules of general and administrative expenses – Proprietary Fund are presented for purposes of additional analysis and are 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 schedules of general and administrative expenses – Proprietary Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the miscellaneous tax information, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2024, 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.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 26, 2024

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**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

This management's discussion and analysis ("MD&A") of the Greenville Arena District's ("District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2024 ("FY 2024" or "2024"). Our analysis includes comparisons of 2024 information with the years ended June 30, 2023 ("FY 2023" or "2023") and 2022 ("FY 2022" or "2022") information.

The intent of this MD&A is to look at the District's financial performance as a whole; readers should also review the financial statements, notes to the financial statements, and the supplementary information to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities (net position) at June 30, 2024, 2023, and 2022 by approximately \$34,243,000, \$29,647,000, and \$25,832,000, respectively. The District's unrestricted net position at June 30, 2024 was approximately \$14,243,000, compared to approximately \$12,394,000 at June 30, 2023, and approximately \$8,613,000 at June 30, 2022. Net position increased in 2024 by approximately \$4,596,000, compared to an increase of approximately \$3,815,000 in 2023, and an increase of approximately \$8,132,000 in 2022.
- ◆ The District's operating revenues increased approximately \$1,411,000, or 9%, in 2024 primarily due to an increase in net event income of approximately \$1,614,000 and an increase in club seats, suites and sponsor fees of approximately \$260,000, partially offset by a decrease in property tax revenues of approximately \$166,000 and a decrease in other income of approximately \$257,000. The increase in net event income is primarily due to increase in the number of events compared to the prior year, combined with the mix of events producing more profitable results. For more details on the changes in operating revenues see "2024 Results Compared to 2023 and 2022 Results" section later in this MD&A.
- ◆ The District's 2024 operating expenses increased approximately \$1,035,000, or 10% primarily due to an increase in general and administrative expenses of approximately \$1,101,000, partially offset by a decrease in depreciation expense of approximately \$66,000. For more details on the changes in operating expenses see "2024 Results Compared to 2023 and 2022 Results" section later in this MD&A as well as Note VIII in the Notes to the Financial Statements.
- ◆ Net capital assets increased approximately \$485,000 in 2024, compared to a decrease of approximately \$2,470,000 in 2023. The primary reason for the increase in 2024 was due to capital additions of approximately \$3,903,000, partially offset by depreciation expense of approximately \$3,418,000. The primary reason for the decrease in 2023 was due to depreciation expense of approximately \$3,484,000, partially offset by capital additions of approximately \$1,014,000. For more details on the changes in capital assets see "Capital Asset and Debt Administration – Capital Assets" section later in this MD&A.
- ◆ The District's debt decreased in 2024 by approximately \$2,700,000 due to scheduled principal payments. The District's debt decreased in 2023 by approximately \$2,630,000 due to scheduled principal payments.

This annual report consists of two parts – the *financial section* and the *compliance section*.

The financial statements provide short-term and long-term information about the District's overall financial status. The financial statements also show the entire function of the District is intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the District include operating and managing the Bon Secours Wellness Arena (sports and entertainment arena).

The District follows governmental accounting principles generally accepted in the United States of America. We present our financial statements on an accrual basis of accounting that is similar to the accounting basis used by most private-sector companies. Under the accrual basis, the current year's revenues earned and expenses incurred are accounted for in the Statement of Activities regardless of when cash is received or paid.

All of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statements of Net Position. Net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether our financial health is improving or deteriorating. However, other factors such as changes in operating revenues (i.e. net event income, ancillary income, etc.) should also be considered in order to assess the District's overall health.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The possible funds that the District can use are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Of these categories, the District utilizes only proprietary funds.

The District maintains one type of proprietary fund – an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the financial statements. The District uses the Greenville Arena District enterprise fund to account for all of the operations of the District.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

The schedules of general and administrative expenses provided as supplementary information are included to reflect the financial activity of the District's enterprise activities. The schedules can be found as listed in the table of contents of this report.

Proprietary Fund

The primary business activity of the Greenville Arena District Fund is operating/managing the Bon Secours Wellness Arena (the "Arena"), a 15,000 seat capacity sports and entertainment venue located in Greenville, South Carolina. The primary purpose of the Arena is to provide quality entertainment to the residents of the Upstate of South Carolina. The District generates revenue primarily through:

- ◆ Building rental/event promotion, food, beverage, merchandise sales, parking fees, taxes, ticketing surcharges, and event sponsorships (event income, net).
- ◆ Property tax and accommodation fee revenue.
- ◆ Premium seating and sponsorship sales.
- ◆ Other income (i.e. intergovernmental revenues, naming right revenues, management fees, etc.)

A portion of the Arena's revenues consists of net event income. The Arena generates net event income by renting the building to acts and/or promoters for events and through its own event promotion. Under the rental scenario, the Arena will lease the building to an act/promoter for an event for a set rental fee plus show expenses, and the Arena is not financially at risk. At times, the Arena will promote or co-promote events. This means that the Arena is responsible for all aspects of the show and that the Arena is at risk financially. The management of the Arena evaluates each event and pursues the financial model that is believed to enhance revenue for the building.

The Arena also engages in the selling of premium seating at the venue by means of club seats and suites. The Arena enters into sales agreements with patrons and businesses for these club seats and suites and the terms of these agreements are anywhere from one (1) to five (5) years. Also, the Arena generates revenue through the selling of sponsorships to local, regional, and national businesses. Sponsorship sales can range from the right to advertise via signage in the building to being an exclusive provider of food and beverage products for the building during events.

The operating expenses of the Arena consist primarily of payroll and benefits, utilities and communications, repairs and maintenance, and insurance. Many of the expenses of the building are non-discretionary and are subject to an annual budget process that is performed each fiscal year and is subject to approval by the District's Board of Trustees.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

2024 RESULTS COMPARED TO 2023 AND 2022 RESULTS

The Arena hosted 139 events for 2024, compared to 116 events for 2023, and 121 events for 2022. Net event income for 2024, 2023, and 2022 was approximately \$9,320,000, \$7,706,000, and \$8,079,000, respectively. Net event income increased approximately \$1,614,000, or 21%, in 2024 primarily due to the increased number of events compared to 2023. Net event income decreased approximately \$373,000, or 5%, in 2023 primarily due to six rescheduled events that were postponed until FY 2022 due to the COVID pandemic combined with a historically normal event schedule in FY 2022 on top of the six rescheduled events.

Greenville County (“County”) collects the District’s property tax revenues, and the County and the City of Greenville (“City”) collect the District’s accommodation fees. Net accommodation fees for the years ended June 30, 2024, 2023, and 2022, were approximately \$2,022,000, \$2,063,000, and \$2,077,000, respectively. Net accommodations fees decreased in 2024 by approximately \$41,000 and decreased in 2023 by approximately \$14,000 respectively, as the amount retained by the District is only those amounts that are sufficient to cover the debt service required for the Series 2012 B and 2013 A debt (with all remaining amounts being annually refunded back to the County and City). As of June 30, 2024, 2023 and 2022, the District had excess accommodations fees owed to the City and County (in excess of debt service requirements) of approximately \$2,359,000, \$2,008,000, and \$1,557,000, respectively.

Each year in March, the District remits the excess accommodations fees back to the City and County. The following table represents the amounts remitted back to the City and County in 2024, 2023, and 2022:

	Excess Accommodations Fees Paid Back by the District		
	2024	2023	2022
City	\$ 3,809,798	3,174,127	\$ 1,814,683
County	587,531	428,058	501,954
Total	\$ 4,397,329	3,602,185	\$ 2,316,637

Property and merchandise inventory tax revenues for the years ended June 30, 2024, 2023, and 2022, were approximately \$894,000, \$1,060,000, and \$1,008,000, respectively. Property tax revenues decreased slightly in 2024 due to a decrease in millage. Property tax revenues increased slightly in 2023 due to higher assessed values and collections by the County. The millage rate is adjusted periodically by the County to provide funds sufficient to meet the debt service requirements on the Arena’s general obligation debt.

Club seats, suites, and sponsor fees for the Arena were approximately \$3,078,000, \$2,817,000, and \$2,656,000, for 2024, 2023, and 2022, respectively. The increase in 2024 is primarily due to the increase in one-night suite rentals in FY 2024 combined with new sponsors. The increase in 2023 is primarily due to the addition of new sponsors in FY 2023.

Other income was approximately \$1,197,000, \$1,454,000, and \$1,454,000 for the years ended June 30, 2024, 2023, and 2022, respectively. Other income decreased in 2024 primarily due to the expiration of the naming rights agreement and adjustments to the naming rights agreement related to business interruptions during COVID. The District signed a renewed and restated naming rights agreement. For more details on the naming rights agreement, see Note IX in the Notes to the Financial Statements. Other income remained consistent in 2023.

The District’s operating expenses were approximately \$11,789,000 in 2024, \$10,754,000 in 2023, and \$9,826,000 in 2022. General and administrative expenses increased 15%, or approximately \$1,101,000 in 2024 primarily due to an increase in wages and benefits expense of approximately \$530,000, an increase in food and beverage management and operations expense of approximately \$164,000, an increase in advertising expenses of approximately \$196,000, an increase in communications expense of approximately \$129,000, an increase in utilities expense of approximately \$63,000, and an increase in repairs and maintenance of approximately \$41,000, partially offset by a decrease in dues and subscriptions of approximately \$43,000. Depreciation expense decreased 2%, or \$66,000, in 2024. General and administrative expenses increased 12%, or approximately \$792,000 in 2023 primarily due to an increase in wages and benefits expense of approximately \$359,000, an increase in food and beverage management and operations expense of approximately \$258,000, an increase in advertising expenses of approximately \$136,000, an increase in repairs and maintenance of approximately \$117,000, an increase in dues and subscriptions of approximately \$65,000, and an increase in miscellaneous expenses of approximately \$69,000, partially offset by a decrease in legal, accounting, and professional fees of approximately \$105,000. Depreciation expense increased 4%, or \$136,000, in 2023.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

2024 RESULTS COMPARED TO 2023 AND 2022 RESULTS (CONTINUED)

Net non-operating revenues and expenses increased approximately \$405,000 in 2024 compared to a decrease of approximately \$3,216,000 in 2023. The increase in 2024 was primarily due to an increase in interest income of approximately \$329,000. The decrease in 2023 was primarily due to a decrease in federal grant revenue of approximately \$3,505,000.

FINANCIAL ANALYSIS OF THE DISTRICT

As of June 30, 2024, 2023, and 2022, the District's net position was approximately \$34,243,000, \$29,647,000, and \$25,832,000, respectively. See Table 1 below for more details.

Table 1 - Net Position

	Business-Type Activities		
	2024	2023	2022
Assets and Deferred Outflows of Resources			
Current and other assets and deferred outflows of resources	\$ 30,234,577	27,168,130	\$ 23,338,721
Capital assets, net	30,885,835	30,400,645	32,871,105
Total Assets and Deferred Outflows of Resources	<u>61,120,412</u>	<u>57,568,775</u>	<u>56,209,826</u>
Liabilities			
Long-term liabilities	12,190,000	14,960,000	17,660,000
Other liabilities	14,687,298	12,961,738	12,717,811
Total Liabilities	<u>26,877,298</u>	<u>27,921,738</u>	<u>30,377,811</u>
Net Position			
Net investment in capital assets	18,916,938	15,937,540	15,918,338
Restricted	1,082,974	1,315,673	1,300,656
Unrestricted	14,243,202	12,393,824	8,613,021
Total Net Position	<u>\$ 34,243,114</u>	<u>29,647,037</u>	<u>\$ 25,832,015</u>

The increase in total assets and deferred outflows of resources of approximately \$3,552,000 in 2024 was primarily due to an increase in cash and investments of approximately \$3,851,000 and an increase in capital assets as current year additions for 2024 exceeded depreciation expense, partially offset by a decrease in receivables of approximately \$650,000. The increase in total assets and deferred outflows of resources of approximately \$1,359,000 in 2023 was primarily due to an increase in cash and investments of approximately \$4,481,000, offset by a decrease in capital assets as depreciation exceeded current year additions for 2023 and a decrease in accounts receivable of approximately \$674,000.

Long-term liabilities generally consist of the District's debt. Total liabilities decreased by approximately \$1,044,000 in 2024 primarily due to a decrease in long term obligations, as the District made regularly scheduled principal payments, partially offset by increases in accounts payable and advance show and sales deposits. Total liabilities decreased by approximately \$2,456,000 in 2023 primarily due to a decrease in long term obligations, as the District made regularly scheduled principal payments, partially offset by an increase in accrued expenses.

Governmental accounting principles require the District to classify its net position in three categories as follows:

- ◆ Net Investment in Capital Assets – This represents amounts invested in capital assets, less accumulated depreciation and amortization on those assets, and less any liabilities that are attributable to the construction, acquisition, and/or improvement of those assets. At June 30, 2024, 2023, and 2022, the amount of net investment in capital assets was approximately \$18,917,000, \$15,938,000, and \$15,918,000, respectively. The increase in the current year and prior year was primarily due to non-debt capital asset additions and principal payments exceeding depreciation expense.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

- ◆ Restricted – This represents the portion of net position with attached constraints on the use of assets. The constraints are externally imposed by such means or parties, such as debt covenants, laws, agreements, and the District’s Board of Trustees. The District’s restricted net position as of June 30, 2024, 2023, and 2022 was approximately \$1,083,000, \$1,316,000, and \$1,301,000, respectively. This restricted net position for all years was for debt service.
- ◆ Unrestricted – This represents the portion of net position that can be used to finance daily operations of the District and on which no restrictions are imposed. Unrestricted net position as of June 30, 2024, 2023, and 2022, was approximately \$14,243,000, \$12,394,000, and \$8,613,000, respectively. See “2024 Results Compared to 2023 and 2022 Results” section earlier in this MD&A for details on the District’s change in net position for 2024, 2023, and 2022.

The District’s change in net position for the years ended June 30, 2024, 2023, and 2022, was approximately \$4,596,000, \$3,815,000, and \$8,132,000, respectively. See Table 2 below for more details.

Table 2 - Changes in Net Position

	Revenues	Business-Type Activities		
		2024	2023	2022
Revenues:				
Operating revenues		\$ 16,511,871	15,101,009	\$ 15,274,469
Nonoperating revenues		468,604	139,636	3,510,874
Total revenues		<u>16,980,475</u>	<u>15,240,645</u>	<u>18,785,343</u>
	Expenses			
Expenses:				
Operating expenses		11,789,180	10,754,306	9,826,073
Nonoperating expenses		595,218	671,317	826,897
Total expenses		<u>12,384,398</u>	<u>11,425,623</u>	<u>10,652,970</u>
Changes in net position		4,596,077	3,815,022	8,132,373
Total net position, beginning of year		<u>29,647,037</u>	<u>25,832,015</u>	<u>17,699,642</u>
Total net position, end of year		<u>\$ 34,243,114</u>	<u>29,647,037</u>	<u>\$ 25,832,015</u>

See “2024 Results Compared to 2023 and 2022 Results” section earlier in this MD&A for details on the District’s change in net position for 2024, 2023, and 2022.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist of land, buildings, improvements, vehicles and equipment. The District had approximately \$30,886,000 in capital assets as of June 30, 2024, compared to approximately \$30,401,000 and \$32,871,000 as of June 30, 2023 and 2022, respectively. See Table 3 below for details of the District's capital assets as of June 30, 2024, 2023, and 2022:

Table 3 - Capital Assets at June 30,

	Business-Type Activities		
	2024	2023	2022
Land	\$ 2,420,017	2,420,017	\$ 2,420,017
Construction in progress	1,124,764	279,660	231,009
Buildings and improvements	69,563,442	67,225,562	66,555,962
Vehicles and equipment	9,304,578	9,242,891	9,000,852
	<u>82,412,801</u>	<u>79,168,130</u>	<u>78,207,840</u>
Less: accumulated depreciation	(51,526,966)	(48,767,485)	(45,336,735)
Capital assets, net	<u>\$ 30,885,835</u>	<u>30,400,645</u>	<u>\$ 32,871,105</u>

Net capital assets for the District changed as follows:

- ◆ Capital assets increased by approximately \$485,000 during 2024. The primary reason for the increase in 2024 was due to capital asset additions (i.e. suite renovations, construction on a new roof, and elevator upgrades) related to the Capital Improvement Plan of approximately \$3,903,000, partially offset by depreciation expense of approximately \$3,418,000.
- ◆ Capital assets decreased by approximately \$2,470,000 during 2023. The primary reason for the decrease in 2023 was due to depreciation expense of approximately \$3,484,000, partially offset by capital asset additions (i.e. fire alarm system, locker room showers, boiler room upgrades, etc.) related to the Capital Improvement Plan of approximately \$1,014,000.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Debt Administration

The District has issued various debt to provide funds for the acquisition and construction of the Arena facilities. The District's long-term debt consists of General Obligation Refunding Bonds ("GORB"), Accommodations Fee Revenue Refunding and Improvement Bond ("AFRRIB"), and Accommodations Fee Revenue Bond ("AFRB"). As of June 30, 2024, 2023, and 2022, the District's outstanding balance on its long-term debt (including current portion) was approximately \$14,960,000, \$17,660,000, and \$20,290,000, respectively. Table 4 shows the components of the District's debt as of June 30, 2024, 2023, and 2022:

Table 4 - Outstanding Debt, at June 30,

	Business-Type Activities		
	2024	2023	2022
Debt:			
Series 2012 B - AFRRIB	\$ 5,015,000	6,605,000	\$ 8,105,000
Series 2013 - AFRB	825,000	1,085,000	1,385,000
Series 2016 C - GORB	9,120,000	9,970,000	10,800,000
Total Debt	<u>\$ 14,960,000</u>	<u>17,660,000</u>	<u>\$ 20,290,000</u>

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The outstanding balance on the District's debt changed as follows:

- ◆ The outstanding balance on the District's debt decreased by approximately \$2,700,000 in 2024, which was due to scheduled principal payments.
- ◆ The outstanding balance on the District's debt decreased by approximately \$2,630,000 in 2023, which was due to scheduled principal payments.

More detailed information about the District's long-term obligations is presented in the notes to the financial statements.

OPERATING OUTLOOK FOR 2025 AND CURRENT EVENTS

The District anticipates profitable financial results for the year ending June 30, 2025 ("FY 2025" or "2025"). The District has continued to see unprecedented demand from artists and shows going back out on the road post-pandemic, as well as demand from patrons both from ticket buying and ancillary spending. The same strong demand continued through FY 2024 through all genres of music, family shows, sporting events, and hockey. The District will continue to have a diverse lineup of events in FY 2025 and consumer confidence continues to be strong. Given the current economic conditions with high inflation, the District is continuing to monitor all revenue streams and continues to be mindful from an expenditure standpoint. The District is in an advantageous financial position as they enter FY 2025 with a healthy cash balance and a solid schedule of confirmed events that will continue to increase as the year progresses.

The District approved a FY 2025 operating budget for the Arena consisting of 125 events. The Arena's operating revenues are projected to decrease 11%, or \$1,521,000, to \$12,420,000 compared to FY 2024 actual results, excluding accommodations fees, property and merchandise inventory tax, while expenditures are projected to increase 7%, or \$584,000 to \$8,877,000, excluding depreciation, amortization, and interest expense. Operating income is projected to be \$3,543,000. Series 2016C debt service requirement in FY 2025 is \$1,152,000, with tax revenue projections indicating there will be sufficient funds to cover debt obligations.

Total event income (direct, plus ancillary) is projected to decrease from prior year actuals approximately 15%, or \$1,389,000, primarily due to the District hosting less events in FY 2025 compared to FY 2024 combined with a different mix of events and artists compared to FY 2024. Sponsor, suite and club seat income is projected to increase approximately 3%, or \$82,000, due to the District securing new sponsors. Renewals and retention will be a focus supported by an aggressive strategy to retain our partners as well as an evaluation of new sellable inventory. Naming rights revenue is projected to increase in FY 2025 due to a COVID year adjustment in FY 2024. The Naming Rights renewal, secured in FY 2024 effective in FY 2025, will provide an increase in naming rights revenue through September 2029. Projections for other revenue in FY 2025 see an increase in Interest Income on Arena Cash with other miscellaneous streams remaining relatively flat compared to the prior year. All revenue streams are available for the Series 2016 C debt service payments.

Cash flow management will continue to be a focus in 2025 after great years in 2024, 2023, 2022, 2021, and 2019 which has improved cash available to the District for operations and for the Series 2016 C debt service. Arena management will continue to focus on capital investment to further the Arena's relevancy within the industry, timely replacement of the Arena's mechanical systems, as well as focusing on preparation for potential renovation phases through a Master Plan that is currently underway.

The District renovated all 32 suites throughout the Arena in 2024. The renovations provided enhancements to the spacing of the suites, increased refrigeration space, enhanced food display areas and displays, and new finishes. These enhancements and reinvestment into the suites was a necessary component of the retention strategy to continue to have the suites all contracted on multi-year agreements, delivering approximately \$1,500,000 per year in contracted revenue.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2024 AND 2023

OPERATING OUTLOOK FOR 2025 AND CURRENT EVENTS (CONTINUED)

In FY 2024, the District engaged with an arena expert design group to develop a master plan for renovation and expansion of the Arena and the campus footprint. The Arena is in decent condition mechanically for its age but has not had a major renovation since opening in 1998. The master plan should provide avenues for advancement throughout all levels of the building as well as technological and premium advances along with revenue generation avenues. The District will seek multiple outlets of funding with State and local government partners as well as contributing Arena available revenues into the projects. In FY 2024, the District secured State funding of \$5,000,000 to contribute to renovations and will seek additional funds from the State. The master plan is scheduled to be completed in FY 2025.

The approved 2025 operating budget only includes revenues and expenses generated from the Arena and does not include revenues from accommodations fees or property taxes (since these revenues are restricted for debt service for the District's general obligation and accommodation revenue bonds).

The District's Board of Trustees ("Board") approved the 2025 operating budget at the July 2024 Board meeting which includes \$9,745,000 in Capital Projects. These projects will be completed with a combination of funds generated from operating profit earned in previous years, profits earned in the current fiscal year, as well as possible short or long-term financing, and State funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Finance Office at (864) 250-4918.

BASIC FINANCIAL STATEMENTS

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2024 AND 2023

	Business-Type Activities - Enterprise Fund	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,214,965	\$ 13,805,979
Restricted cash and cash equivalents	3,989,594	3,610,327
Investments	6,326,963	6,051,515
Restricted cash and investments held by county treasurer	302,895	515,381
Taxes receivable, net	25,310	25,310
Accounts receivable - other	513,306	876,554
Accounts receivable - concessions agreement	211,032	406,781
Accommodations fees receivable	488,575	579,756
Prepaid expenses	89,754	168,876
Other assets	104,932	60,339
Total current assets	<u>29,267,326</u>	<u>26,100,818</u>
Noncurrent assets:		
Capital assets, net	<u>30,885,835</u>	<u>30,400,645</u>
TOTAL ASSETS	<u>60,153,161</u>	<u>56,501,463</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred losses on refunding debt	<u>967,251</u>	<u>1,067,312</u>
LIABILITIES		
Current liabilities:		
Accounts payable	885,567	386,596
Current portion of long-term debt	2,770,000	2,700,000
Accrued expenses	2,819,153	2,541,364
Unearned premium seat income and deposits	1,265,125	1,211,619
Unearned sponsor income	390,054	375,464
Unearned naming rights	375,000	122,796
Unearned concessions agreement	461,538	538,462
Advance show and sales deposits	5,720,861	5,085,437
Total current liabilities	<u>14,687,298</u>	<u>12,961,738</u>
Long-term liabilities:		
Long-term debt, less current portion	<u>12,190,000</u>	<u>14,960,000</u>
TOTAL LIABILITIES	<u>26,877,298</u>	<u>27,921,738</u>
NET POSITION		
Net investment in capital assets	18,916,938	15,937,540
Restricted for debt service	1,082,974	1,315,673
Unrestricted	<u>14,243,202</u>	<u>12,393,824</u>
TOTAL NET POSITION	<u>\$ 34,243,114</u>	<u>\$ 29,647,037</u>

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

YEARS ENDED JUNE 30, 2024 AND 2023

	Business-Type Activities - Enterprise Fund	
	2024	2023
OPERATING REVENUES		
Event income, net	\$ 9,320,490	\$ 7,706,142
Accommodation fees, net	2,022,172	2,062,854
Property and merchandise inventory tax	894,297	1,060,448
Club seats, suites and sponsor fees, net	3,077,571	2,817,291
Other income	1,197,341	1,454,274
TOTAL OPERATING REVENUES	16,511,871	15,101,009
OPERATING EXPENSES		
General and administrative	8,371,654	7,270,392
Depreciation	3,417,526	3,483,914
TOTAL OPERATING EXPENSES	11,789,180	10,754,306
Operating income	4,722,691	4,346,703
NONOPERATING REVENUES (EXPENSES)		
Interest income	468,604	139,636
Interest expense	(495,158)	(571,257)
Amortization expense	(100,060)	(100,060)
TOTAL NONOPERATING REVENUES (EXPENSES)	(126,614)	(531,681)
Change in net position	4,596,077	3,815,022
Net position, beginning of year	29,647,037	25,832,015
Net position, end of year	<u>\$ 34,243,114</u>	<u>\$ 29,647,037</u>

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND

YEARS ENDED JUNE 30, 2024 AND 2023

	Business-Type Activities - Enterprise Fund	
	2024	2023
Cash flows from operating activities		
Cash received from customers	\$ 14,988,606	\$ 12,495,311
Cash received from accommodations tax authority	2,113,353	2,002,756
Cash received from property tax authority	894,297	1,060,448
Cash payments to suppliers for goods and services	(4,774,505)	(4,645,104)
Cash payments to employees	(2,717,564)	(2,371,939)
Net cash provided by operating activities	<u>10,504,187</u>	<u>8,541,472</u>
Cash flows from capital and related financing activities		
Acquisition and/or construction of capital assets	(3,902,716)	(1,013,454)
Principal paid on bonds, notes, and lease obligations	(2,700,000)	(2,630,000)
Interest paid on bonds, notes, and lease obligations	(518,860)	(594,339)
Net cash used in capital and related financing activities	<u>(7,121,576)</u>	<u>(4,237,793)</u>
Cash flows from investing activities		
Short term investments and amounts held by county treasurer, net	212,486	37,293
Investment income	468,604	139,636
Net purchase of investments	(275,448)	(6,051,515)
Net cash provided by (used in) investing activities	<u>405,642</u>	<u>(5,874,586)</u>
Net increase (decrease) in restricted and unrestricted cash and cash equivalents	3,788,253	(1,570,907)
Restricted and unrestricted cash and cash equivalents, beginning of year	<u>17,416,306</u>	<u>18,987,213</u>
Restricted and unrestricted cash and cash equivalents, end of year	<u>\$ 21,204,559</u>	<u>\$ 17,416,306</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,722,691	\$ 4,346,703
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	3,417,526	3,483,914
Changes in assets and liabilities:		
Accounts receivable - other	363,248	603,689
Accounts receivable - concessions agreement	195,749	70,051
Accommodations fees receivable	91,181	(60,098)
Prepaid expenses	79,122	(98,193)
Other assets	(44,593)	(1,606)
Accounts payable	498,971	24,137
Accrued expenses	301,492	327,405
Unearned premium seat income and deposits	53,506	(26,196)
Unearned sponsor income	14,590	21,524
Advance show and sales deposits	635,424	(75,343)
Unearned naming rights	252,204	2,408
Unearned concessions agreement	(76,924)	(76,923)
Net cash provided by operating activities	<u>\$ 10,504,187</u>	<u>\$ 8,541,472</u>

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Greenville Arena District (“District”) is a special purpose district created by the General Assembly of the State of South Carolina in 1940. The District is governed by a Board of Trustees (“Board”) consisting of nine members who are appointed by the Governor upon recommendation by Greenville County Council. The District’s primary function is to oversee the management of its facilities in providing an educational, cultural, athletic, and convention center to serve the citizens of the District (the “Bon Secours Wellness Arena” or “BSWA”).

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

As required by GAAP, the District’s financial statements must present its financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity’s governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity’s resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the fiscally independent conditions described above if excluding it would cause the District’s financial statements to be misleading.

Blended component units, although legally separate entities, are combined with data of the primary government in the financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the criteria above, the District did not have any component units for the years ended June 30, 2024 and 2023.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity/activity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained to keep the accounts consistent with legal and managerial requirements. The District uses only the following fund type:

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The District does not have any internal service funds and has one enterprise fund.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one major Enterprise Fund:

The **Greenville Arena District Fund** is used to account for all of the operations of the District. All activities to provide such services are accounted for in this fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Revenues, Expenses and Equity

Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

Investments

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Revenues, Expenses, and Equity (Continued)

Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash investment objectives are preservation of capital, liquidity and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices. The District currently or in the past two years has used the following investments:

- Open ended treasury money market funds which are primarily invested in short term obligations of the United States and related agencies.
- U.S. treasury notes are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, U.S. treasury securities are considered the safest of all investments.
- Cash and Investments held by the County Treasurer are either property taxes collected to service the District's bonded debt or proceeds received from bond issuances that are restricted for specified purposes (in accordance with the bond documents). The County Treasurer serves as the District's fiscal agent in these matters. The County Treasurer invests these funds in investments authorized by state statute as outlined above and are carried at either amortized cost or fair value (as applicable). This is a pooled account and all interest and other earnings gained are added back to the District's account based on its outstanding balance (as a percentage of all balances).

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and are updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000 for land, buildings and improvements, vehicles and equipment, and intangible assets. Individual assets under \$5,000 that are included in one project that exceeds \$75,000 in aggregate, can be capitalized given the useful life of the completed project exceeds one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Revenues, Expenses, and Equity (Continued)

Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated. Construction projects are depreciated once they are complete and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives as follows:

Description	Estimated Lives
Buildings and improvements	10-40 years
Vehicles and equipment	3-15 years

Deferred Losses on Refunding of Debt

The District's reacquisition price on refunded debt exceeded its net carrying value which resulted in deferred losses on refunding debt. Deferred losses are being amortized on the straight-line method over the shorter of the term of the refunded debt or the new debt.

Unearned Income/Revenue

Unearned premium seat income and unearned sponsor income represent advance payments or billings from the respective parties. Income from these arrangements is recognized over the life of the respective agreement. Advance show sales and deposits are recognized as income upon the completion of the respective event.

Unearned Naming Rights

The District recognizes naming right income each year related to the period of time for which each naming right payment covers (as this amount approximates the straight-line basis).

Unearned Concessions Agreement

On September 1, 2020, the District entered into a new 10-year concessions service agreement with Levy Premium Foodservice Limited Partnership ("Levy"). In this agreement, Levy has agreed to invest \$750,000 for development, design, construction, fixturing, equipping and finishing of Foodservice Facilities and to generate incremental revenue at the Arena. Unearned concessions agreement revenue represents revenue over the life of the agreement with Levy. The District recognized an unearned revenue in the amount of \$750,000 for the full amount of the agreement and recognizes revenue on a straight-line basis over the life of the agreement. For the years ended June 30, 2024 and June 30, 2023, the District recognized approximately \$77,000 and \$77,000 in concessions revenue, respectively. See Note VIII for further details.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The District has only one type of deferred outflows of resources that qualifies for reporting in this category. Accordingly, the item, *deferred losses on refunding debt*, is deferred and recognized/amortized as an outflow of resources (expense) over the life of the debt.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Revenues, Expenses, and Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not currently have any deferred inflows of resources.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources (if any). Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Revenues

The District's net event income is comprised of (a) direct ticket sales and event rental revenue less direct event expenses and (b) ancillary income which is comprised primarily of food, beverage and merchandise sales, parking fees, ticketing surcharges, taxes, and event sponsorships. The District's other income is comprised primarily of intergovernmental revenues, naming right revenues, signing bonuses, and management fees.

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:
 - Quoted prices for similar assets and liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted market prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:
 - Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Revenues, Expenses, and Equity (Continued)

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain items in the prior year have been reclassified to conform with current year presentation.

II. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024, none of the District's bank balances of approximately \$17,144,000 (with a carrying value of approximately \$17,215,000) were exposed to custodial credit risk. As of June 30, 2023, none of the District's bank balances of approximately \$13,730,000 (with a carrying value of approximately \$13,806,000) were exposed to custodial credit risk.

Investments

As of June 30, 2024, the District had the following investments as defined by GASB:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Percentage of Total Investments	Weighted Average Maturity	
					< 1 Year	1 - 3 Years
Cash and investments held by county treasurer	NR	N/A	\$ 302,895	2.8%	\$ 302,895	\$ -
Open ended treasury money market funds	AAAm, Aaa-mf, AAAmmf	Level 1	4,033,430	38.0%	4,033,430	-
U.S. treasury notes	NR, Aaa, NR	Level 1	6,283,127	59.2%	1,516,077	4,767,050
Total			<u>\$ 10,619,452</u>		<u>\$ 5,852,402</u>	<u>\$ 4,767,050</u>

^ If available, credit ratings are for Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

(1) See Note I.C for details of the District's fair value hierarchy.

NR – Not rated.

N/A – Not applicable.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

II. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2023, the District had the following investments as defined by GASB:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Percentage of Total Investments	Weighted Average Maturity	
					< 1 Year	1 - 3 Years
Cash and investments held by county treasurer	NR	N/A	\$ 515,381	5.1%	\$ 515,381	\$ -
Open ended treasury money market funds	AAAm, Aaa-mf, AAAMmf	Level 1	4,156,579	40.8%	4,156,579	-
U.S. treasury notes	NR, Aaa, NR	Level 1	5,505,263	54.1%	1,500,293	4,004,970
Total			<u>\$ 10,177,223</u>		<u>\$ 6,172,253</u>	<u>\$ 4,004,970</u>

^ If available, credit ratings are for Standard & Poor's, Moody's Investors Service, and Fitch Ratings.

(1) See Note I.C for details of the District's fair value hierarchy.

NR – Not rated.

N/A – Not applicable.

Interest Rate Risk: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024 and 2023, none of the District's investments were exposed to custodial credit risk.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a policy for investment credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

II. DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation to the Financial Statements

A reconciliation of cash, cash equivalents, and investments as of June 30, 2024 and 2023 as shown in the Statement of Net Position is as follows:

Description	2024	2023
Carrying amount of deposits	\$ 17,214,965	\$ 13,805,979
Fair value of investments	10,619,452	10,177,223
Total deposits and investments	\$ 27,834,417	\$ 23,983,202
Statement of net position:		
Cash and cash equivalents	\$ 17,214,965	\$ 13,805,979
Cash and cash equivalents, restricted	3,989,594	3,610,327
Investments	6,326,963	6,051,515
Cash and investments held by county treasurer, restricted	302,895	515,381
Total cash, cash equivalents, and investments	\$ 27,834,417	\$ 23,983,202

Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2024 and 2023:

	2024	2023
Unrestricted:		
Operating and petty cash accounts	\$ 17,214,652	\$ 13,805,672
Reserve account	313	307
Total unrestricted cash and cash equivalents	17,214,965	13,805,979
Restricted:		
Excess accommodation fees and debt sinking funds	3,989,594	3,610,327
Total restricted cash and cash equivalents	3,989,594	3,610,327
Total unrestricted and restricted cash and cash equivalents	\$ 21,204,559	\$ 17,416,306

The County Treasurer serves as the District’s fiscal agent related to bonded debt (general obligation debt). Cash and investments held by the County Treasurer consisted of the following at June 30, 2024 and 2023:

	2024	2023
Restricted for debt service	\$ 302,895	\$ 515,381
Total cash and investments held by the County Treasurer	\$ 302,895	\$ 515,381

III. PROPERTY TAXES AND OTHER RECEIVABLES

Greenville County, South Carolina (the “County”) is responsible for levying and collecting sufficient property taxes to meet funding obligations for the District’s general obligation refunding bonds. This obligation is established each year by the District Council and does not necessarily represent actual taxes levied or collected. Property taxes are levied and billed by the County on real and personal properties on October 1 based on a millage rate of 0.3 mills for 2024 and 0.4 mills for 2023. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection cost

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

III. PROPERTY TAXES AND OTHER RECEIVABLES (CONTINUED)

Current year real and personal property taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Other receivables as of June 30, 2024 primarily consist of amounts due from events of approximately \$111,000, premium seating of approximately \$402,000, concessions agreement of approximately \$211,000, and accommodation fees of approximately \$489,000.

Property taxes receivable includes an allowance for uncollectibles of approximately \$22,000 and \$22,000 as of June 30, 2024 and 2023, respectively. Allowance for uncollectibles was not necessary for the other receivable accounts.

IV. CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, non-depreciable:					
Land	\$ 2,420,017	-	-	-	\$ 2,420,017
Construction in progress	279,660	1,304,698	-	(459,594)	1,124,764
Total capital assets, non-depreciable	<u>2,699,677</u>	<u>1,304,698</u>	<u>-</u>	<u>(459,594)</u>	<u>3,544,781</u>
Capital assets, depreciable:					
Buildings and improvements	67,225,562	2,161,326	185,065	361,619	69,563,442
Vehicles and equipment	9,242,891	436,692	472,980	97,975	9,304,578
Total capital assets, depreciable	<u>76,468,453</u>	<u>2,598,018</u>	<u>658,045</u>	<u>459,594</u>	<u>78,868,020</u>
Less: accumulated depreciation for:					
Buildings and improvements	41,362,559	2,493,053	185,065	-	43,670,547
Vehicles and equipment	7,404,926	924,473	472,980	-	7,856,419
Total accumulated depreciation	<u>48,767,485</u>	<u>3,417,526</u>	<u>658,045</u>	<u>-</u>	<u>51,526,966</u>
Total capital assets, depreciable, net	<u>27,700,968</u>	<u>(819,508)</u>	<u>-</u>	<u>459,594</u>	<u>27,341,054</u>
Total capital assets, net	<u>\$ 30,400,645</u>	<u>485,190</u>	<u>-</u>	<u>-</u>	<u>\$ 30,885,835</u>

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

IV. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, non-depreciable:					
Land	\$ 2,420,017	-	-	-	\$ 2,420,017
Construction in progress	231,009	317,311	-	(268,660)	279,660
Total capital assets, non-depreciable	<u>2,651,026</u>	<u>317,311</u>	<u>-</u>	<u>(268,660)</u>	<u>2,699,677</u>
Capital assets, depreciable:					
Buildings and improvements	66,555,962	400,940	-	268,660	67,225,562
Vehicles and equipment	9,000,852	295,203	53,164	-	9,242,891
Total capital assets, depreciable	<u>75,556,814</u>	<u>696,143</u>	<u>53,164</u>	<u>268,660</u>	<u>76,468,453</u>
Less: accumulated depreciation for:					
Buildings and improvements	39,035,887	2,326,672	-	-	41,362,559
Vehicles and equipment	6,300,848	1,157,242	53,164	-	7,404,926
Total accumulated depreciation	<u>45,336,735</u>	<u>3,483,914</u>	<u>53,164</u>	<u>-</u>	<u>48,767,485</u>
Total capital assets, depreciable, net	<u>30,220,079</u>	<u>(2,787,771)</u>	<u>-</u>	<u>268,660</u>	<u>27,700,968</u>
Total capital assets, net	<u>\$ 32,871,105</u>	<u>(2,470,460)</u>	<u>-</u>	<u>-</u>	<u>\$ 30,400,645</u>

Depreciation expense of approximately \$3,418,000 and \$3,484,000 was charged to the business-type operations of the District in 2024 and 2023, respectively.

V. DEFERRED LOSSES ON REFUNDING DEBT

Deferred losses on refunding debt consisted of the following at June 30, 2024 and 2023:

	2024	2023
Deferred losses on refunding debt	\$ 1,801,088	\$ 1,801,088
Less: accumulated amortization	(833,837)	(733,776)
Deferred losses on refunding debt, net	<u>\$ 967,251</u>	<u>\$ 1,067,312</u>

Amortization expense was approximately \$100,000 and \$100,000 for the years ended June 30, 2024 and 2023, respectively.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

VI. LONG-TERM OBLIGATIONS

The District issued various bonds and certificates of participation to provide funds for the acquisition and construction of the BSWA facilities. General Obligation Refunding Bonds (“GORB”) are direct obligations and pledge the full faith and credit of the District. The Accommodations Fee Revenue Refunding and Improvement Bond (“AFRRIB”) and Accommodations Fee Revenue Bond (“AFRB”) obligations are considered special obligations of the District. The full faith, credit, and taxing powers of the District are not pledged for the payment of these obligations nor the interest thereon. The District’s long-term debt obligations outstanding at June 30, 2024, consisted of the following:

- Series 2012 B: \$9,995,000 AFRRIB issued by the District in December 2012 were used to (i) currently refund a small portion of the remaining balance on the Series 2009 B RCOP; (ii) finance (a) the acquisition, construction, renovation, installation, furnishing and equipping of capital improvements to the Arena and related facilities and (b) the acquisition of various items of equipment related thereto; and (iii) pay for related costs of issuance. The interest rate is 2.81% per annum and is payable semi-annually on March 1st and September 1st of each year and the AFRRIB will mature in successive annual installments on March 1st of each year through March 2027 ranging from \$80,000 to \$1,720,000.
- Series 2013: \$4,005,000 AFRB issued by the District in January 2013 were used to (i) finance (a) the acquisition, construction, renovation, installation, furnishing and equipping of capital improvements to the Arena and related facilities and (b) the acquisition of various items of equipment related thereto and (ii) pay for related costs of issuance. The interest rate is 2.81% per annum and is payable semi-annually on March 1st and September 1st of each year and the AFRB will mature in successive annual installments on March 1st of each year through March 2027 ranging from \$95,000 to \$380,000.
- Series 2016 C: \$13,830,000 GORB (taxable) issued by the District in March 2016 were used to (i) advance refund all or a portion of the callable maturities of the Series 2009 C General Obligation Refunding and Improvement Bonds, including accrued interest, (ii) establish a debt service reserve fund, and (iii) pay for costs of issuance. Interest ranging from 2.60% to 3.40% per annum is payable semi-annually on April 1st and October 1st of each year and the bonds will mature in successive annual installment on April 1st of each year through April 2033 ranging from \$195,000 to \$1,185,000.

The District has pledged the revenues of the BSWA to pay the debt service of these bonds. To the extent that such revenues are insufficient to meet the debt service payments, the District will next use the debt service reserve fund (“DSRF”) and once that is depleted will use a tax levy to provide ad valorem taxes sufficient to cover any remaining debt service shortfall (as the full faith, credit, and taxing power of the District has been pledged). Should the District use any portion of the DSRF, the District must replenish the DSRF and further, if the DSRF is not replenished at the time the County Auditor levies annual ad valorem taxes, then an ad valorem tax would have to be levied to replenish the DSRF. The DSRF for the Series 2016 C was approximately \$1,241,000 and \$1,259,000 at June 30, 2024 and at June 30, 2023, respectively.

The District’s reacquisition price on the refunded debt (Series 2009 C) exceeded its net carrying value which resulted in a deferred loss on refunding of approximately \$1,801,000.

The District has assigned its rights to receive the City of Greenville (“City”) and Greenville County’s (“County”) accommodations fees to the trustee to satisfy the debt service related to the accommodation fee bonds (i.e. AFRRIB and AFRB). Any accommodations fees received from the City and County in a given year in excess of the annual debt service requirement (as defined) must be refunded to the City and County each year within twenty days after March 1st. The District had approximately \$2,749,000 and \$2,351,000 in restricted cash and cash equivalents (remaining accommodation fees available to be either (a) refunded to the City and County or (b) for the payment of future debt service) at June 30, 2024 and 2023, respectively. All accommodation fee bonds are direct placements and contain an event of default that could change the timing of repayment of outstanding amounts to become immediately due if the District is unable to make payment.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

VI. LONG-TERM OBLIGATIONS (CONTINUED)

Changes in the District's long-term obligations for the year ended June 30, 2024, were as follows:

	June 30, 2023	Additions	Reductions	June 30, 2024	Due Within One Year
General Obligation Bonds:					
Series 2016 C- GORB	\$ 9,970,000	-	850,000	9,120,000	\$ 875,000
Total General Obligation Bonds	<u>9,970,000</u>	<u>-</u>	<u>850,000</u>	<u>9,120,000</u>	<u>875,000</u>
Debt from direct borrowings and direct placements:					
Series 2012 B - AFRRIB	6,605,000	-	1,590,000	5,015,000	1,625,000
Series 2013 - AFRB	1,085,000	-	260,000	825,000	270,000
Total debt from direct borrowings and direct placements	<u>7,690,000</u>	<u>-</u>	<u>1,850,000</u>	<u>5,840,000</u>	<u>1,895,000</u>
Total debt	17,660,000	-	2,700,000	14,960,000	2,770,000
Total long-term obligations	<u>\$ 17,660,000</u>	<u>-</u>	<u>2,700,000</u>	<u>14,960,000</u>	<u>\$ 2,770,000</u>

Changes in the District's long-term obligations for the year ended June 30, 2023, were as follows:

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
General Obligation Bonds:					
Series 2016 C- GORB	\$ 10,800,000	-	830,000	9,970,000	\$ 850,000
Total General Obligation Bonds	<u>10,800,000</u>	<u>-</u>	<u>830,000</u>	<u>9,970,000</u>	<u>850,000</u>
Debt from direct borrowings and direct placements:					
Series 2012 B - AFRRIB	8,105,000	-	1,500,000	6,605,000	1,590,000
Series 2013 - AFRB	1,385,000	-	300,000	1,085,000	260,000
Total debt from direct borrowings and direct placements	<u>9,490,000</u>	<u>-</u>	<u>1,800,000</u>	<u>7,690,000</u>	<u>1,850,000</u>
Total debt	20,290,000	-	2,630,000	17,660,000	2,700,000
Total long-term obligations	<u>\$ 20,290,000</u>	<u>-</u>	<u>2,630,000</u>	<u>17,660,000</u>	<u>\$ 2,700,000</u>

The District's maturities for long-term debt of the business-type activities of the District at June 30, 2024, are as follows:

Year Ended June 30,	General Obligation Bonds		Debt from direct borrowings and direct placements		Totals
	Principal	Interest	Principal	Interest	
2025	\$ 875,000	277,273	1,895,000	164,105	\$ 3,211,378
2026	905,000	251,023	1,940,000	110,855	3,206,878
2027	935,000	223,873	2,005,000	56,341	3,220,214
2028	965,000	199,563	-	-	1,164,563
2029	1,000,000	173,025	-	-	1,173,025
2030-2033	4,440,000	374,359	-	-	4,814,359
Totals	<u>\$ 9,120,000</u>	<u>1,499,116</u>	<u>5,840,000</u>	<u>331,301</u>	<u>\$ 16,790,417</u>

The State limits the amount of general obligation debt that the District can issue to 8% of the assessed value of all taxable property within the District's corporate limits. The District is allowed by state statute to exceed the legal debt margin of 8% if citizens of the District approve such additional debt. The District's outstanding general obligation debt is below this state-imposed limit.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

VII. ACCRUED EXPENSES

Accrued expenses consisted of the following at June 30, 2024 and 2023:

	2024	2023
Accrued interest	\$ 124,019	\$ 147,723
Accrued admission tax	-	32,838
Accrued payroll	56,071	222,376
Excess accommodation fees payable	2,358,624	2,007,901
Miscellaneous accruals	280,439	130,526
	<u>\$ 2,819,153</u>	<u>\$ 2,541,364</u>

VIII. LEVY CONCESSIONS AGREEMENT

On September 1, 2020, the District entered into a new 10-year concession service agreement with Levy, whereby Levy has agreed to invest \$750,000 for development, design, construction, fixturing, equipping and finishing of Foodservice Facilities and to generate incremental revenue at the Arena. Under the terms of the agreement, the District will retain 94% of the net receipts from concession operations with Levy receiving the remaining 6%. Of the 94%, Levy withholds 1% on behalf of the District as a capital reserve. As of June 30, 2024 and June 30, 2023, this capital reserve of approximately \$105,000 and \$60,000, respectively, has been recorded as an other asset on the Statement of Net Position.

In addition to the concession operations net receipts split with Levy noted above, over the life of this agreement, the District will recognize revenue using the straight-line method over 10-years. As of June 30, 2024 and June 30, 2023, the District's unearned concessions agreement revenue balances were approximately \$462,000 and \$538,000, respectively. The District is also showing a receivable for the total amount of the contracted agreement less any proceeds spent by Levy on behalf of the agreement. As of June 30, 2024 and June 30, 2023, the District's accounts receivable concessions agreement balances were approximately \$211,000 and \$407,000, respectively. Any amount spent by Levy on behalf of the agreement is expensed as if the District spent this amount since the District would have to make these purchases if there was no concessions agreement with Levy.

In the contract, Levy has agreed to pay \$750,000 over the course of 10-years. If for any reason the contract is terminated, Levy will have to pay the District for any amount of revenue recognized over the amount that Levy has actually paid, or the District will have to pay back Levy for any amount that Levy has paid over the amount of revenue that has been recognized.

IX. OTHER SIGNIFICANT CONTRACTS

License and Naming Rights

Effective October 1, 2013, the District entered into a 10-year naming rights agreement with Bon Secours St. Francis Health System, Inc. ("Bon Secours"). The District recognizes naming rights income each year related to the period of time for which each naming right payment covers. The District had unearned naming rights income of approximately \$123,000 at June 30, 2023. This agreement expires at the end of September 2024.

In February 2023, the District entered into a new naming rights agreement effective October 1, 2024 with Bon Secours for \$3,875,000. The District received \$375,000 from Bon Secours during the fiscal year ended June 30, 2024, which has been deferred at June 30, 2024 and shown as unearned naming rights income in the Statement of Net Position.

Hockey Team

In March 2015, the District entered into a five-year agreement with Chestnut Street Sports, LLC for the continued use of the Bon Secours Wellness Arena for their minor league hockey team ("Team") tenant. In March 2020, the Team was purchased by Spire Sports and Entertainment ("Spire") under the same agreement terms. This agreement expired at the end of August 2020 but was extended through annual addendums through August 2024. In April 2024, an amended agreement, which commences on September 1, 2024, was signed to extend the expiration date of the agreement through August 2029.

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

X. RETIREMENT PLAN, RISK MANAGEMENT, AND LITIGATION

Retirement Plan

In 2011, the District established the Greenville Arena District Eligible 457 Plan (“Plan”) for the benefit of its employees. The Plan is an eligible deferred compensation plan described under §457(b) of the Internal Revenue Code with the District serving as its Plan Sponsor. The investment trust for the plan is with First Citizens, who is a non-discretionary Trustee and provides third-party administrative services to the District. The District has established the Greenville Arena District Retirement Committee to make all decisions regarding the Plan, Trust, and investment design and administration.

In accordance with provisions of the Plan, participants make tax-deferred salary reduction contributions, through payroll deduction. The Plan allows for the IRS maximum, the lesser of 100% of participants’ includible compensation, or the elective deferral limit of \$23,000 for the year ended June 30, 2024 and \$22,500 in 2023. Participants age 50 or over may contribute an additional \$7,000 for the year ended June 30, 2024 and \$6,500 for the year ended June 30, 2023. Employees are eligible to participate in the Plan immediately if employed prior to the effective date of the Plan. If employed after the effective date of the Plan, employees are eligible to participate after completing 90 days of continuous service. Participation is open to employees who are anticipated to work over 1,000 hours per year.

The Plan permits discretionary matching contributions currently set at 50% of an employee’s contributions, up to 6% of pay, to the extent allowed by IRS regulations. For the years ended June 30, 2024 and 2023, employee contributions were approximately \$144,000 and \$87,000, respectively, and employer matching contributions were approximately \$44,000 and \$38,000, respectively. All contributions are allocated to the investment trust following each pay date.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees’ and natural disasters. The District purchases commercial insurance to cover these liabilities and to cover employee health insurance benefits (insured plans). There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

In addition, the District provides a health insurance program for its employees. The District pays a monthly premium to the insurer for its health coverage (insured plan) with the insurer being responsible for claims.

Litigation

Various lawsuits, claims, and proceedings have been or may be instituted or asserted against the District, including those pertaining to environmental, product liability, illegal acts, and safety and health matters. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial position of the District.

XI. RELATED PARTY TRANSACTIONS

From time to time, the District receives funds from VisitGreenvilleSC (“VGSC”), a not-for-profit, accredited Destination Marketing Organization serving the City and County of Greenville, South Carolina. The General Manager of the BSWA is the Board Chair at VGSC. The District received approximately \$142,000 and \$117,000 from VGSC during the years ended June 30, 2024 and June 30, 2023, respectively, for four events in fiscal year 2024 and two events in fiscal year 2023 held at the BSWA.

XII. SUBSEQUENT EVENTS

In July 2024, the District entered into a contract with Trane U.S. Inc. to purchase two chillers for approximately \$1,531,000.

SUPPLEMENTARY INFORMATION

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	2024
Wages	\$ 2,717,564
Contract labor	29,600
Employee benefits	322,996
Payroll taxes	197,610
Insurance	472,891
Repairs and maintenance	933,981
Equipment rental	1,191
Meals and entertainment	41,975
Travel	17,422
Supplies	129,603
Postage	1,050
Communications	334,048
Dues and subscriptions	53,851
Utilities	617,735
Legal, accounting, and professional fees	105,886
Training and development	30,635
Advertising	398,026
Premium seat and sponsors	29,012
Printing	6,346
Bank charges	11,528
Miscellaneous	182,202
Food and beverage management - Levy	1,013,935
Food and beverage operations - Levy	692,355
Food and beverage repairs and maintenance - Levy	30,212
	8,371,654
Total general and administrative expenses	\$ 8,371,654

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2023

	2023
Wages	\$ 2,371,939
Contract labor	11,405
Employee benefits	274,251
Payroll taxes	172,398
Insurance	380,942
Repairs and maintenance	892,738
Equipment rental	1,642
Meals and entertainment	28,566
Travel	2,717
Supplies	112,465
Postage	1,153
Communications	205,254
Dues and subscriptions	96,388
Utilities	555,122
Legal, accounting, and professional fees	107,973
Training and development	18,556
Advertising	201,527
Premium seat and sponsors	23,688
Printing	5,205
Bank charges	1,954
Miscellaneous	155,222
Food and beverage management - Levy	960,300
Food and beverage operations - Levy	581,645
Food and beverage repairs and maintenance - Levy	37,291
Food and beverage concessions agreement - Levy	70,051
	<hr/>
Total general and administrative expenses	<u><u>\$ 7,270,392</u></u>

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OTHER INFORMATION

**GREENVILLE ARENA DISTRICT
GREENVILLE, SOUTH CAROLINA**

OTHER INFORMATION - MISCELLANEOUS TAX INFORMATION

YEAR ENDED JUNE 30, 2024

Greenville Arena District, South Carolina, Taxable General Obligation Refunding Bonds, Series 2016C, \$13,830,000, Dated: March 1, 2016

Greenville Arena District, South Carolina, General Obligation Refunding Bonds, Series 2009A, \$8,315,000, Dated: July 13, 2009 **Matured 04/01/2020**

The following tables and information are for bond disclosure purposes only. These amounts represent Greenville County-wide property tax information and do not reflect the District's portion. For the District's portion of Ad Valorem taxes, refer to the "Statements of Revenues, Expenses, and Changes in Net Position – Proprietary Fund" as listed on the table of contents.

Series 2016C, 2009A

Ad Valorem Property Tax Collections for the Preceding Fiscal Year

<u>Fiscal Year</u>	<u>Current Amount Levied</u>	<u>Current Taxes Collected</u>	<u>Current Percentage Collected</u>	<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Percentage Collected</u>
2019	\$ 1,833,242,727	\$ 1,741,666,967	95%	\$ 55,030	\$ 1,741,721,997	95%
2020	\$ 1,915,614,354	\$ 1,803,635,034	94%	\$ 49,952	\$ 1,803,684,986	94%
2021	\$ 1,999,295,695	\$ 1,902,323,265	95%	\$ 56,527	\$ 1,902,379,792	95%
2022	\$ 2,205,465,978	\$ 2,106,956,030	96%	\$ 55,972	\$ 2,107,012,002	96%
2023	\$ 2,299,011,442	\$ 2,203,198,552	96%	\$ 55,052	\$ 2,203,253,604	96%

Series 2016C, 2009A

Assessed Values of Property for the Preceding Fiscal Year

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
2019	\$ 32,726,919,180	\$ 2,265,500,140	\$ 34,992,419,320
2020	\$ 34,368,911,611	\$ 2,284,931,652	\$ 36,653,843,263
2021	\$ 35,925,261,523	\$ 2,346,000,596	\$ 38,271,262,119
2022	\$ 40,225,030,393	\$ 2,365,689,168	\$ 42,590,719,561
2023	\$ 42,536,943,975	\$ 2,239,427,751	\$ 44,776,371,726

Series 2016C

Ten Largest Taxpayers in the District for the Preceding Fiscal Year

<u>Taxpayer</u>	<u>2023 Taxes</u>	<u>2022 Taxes</u>	<u>2021 Taxes</u>	<u>2020 Taxes</u>	<u>2019 Taxes</u>
Duke Energy	\$ 16,904,705	\$ 15,926,164	\$ 14,714,790	\$ 12,890,040	\$ 13,788,723
Piedmont Natural Gas	\$ 3,779,914	\$ 2,827,960	\$ 2,373,151	\$ 2,372,098	\$ 2,053,166
Verizon Wireless	\$ 3,226,147	\$ 3,246,107	\$ 3,438,130	\$ 3,340,332	\$ 3,150,132
Greenridge Shops	\$ 2,389,626	\$ 2,359,034	\$ 2,151,707	\$ 2,152,312	\$ 2,113,619
Simon Haywood	\$ 1,958,767	\$ 1,933,691	\$ 2,130,321	\$ 2,130,920	\$ 2,092,611
Magnolia Park	\$ 1,756,967	\$ 1,734,474	\$ 1,971,213	\$ 1,971,767	\$ 2,084,759
Mid-America Apartments	\$ 1,289,518	\$ 1,273,009	\$ -	\$ -	\$ -
District West LLC	\$ 1,283,720	\$ 1,267,285	\$ 1,329,287	\$ 1,428,222	\$ -
AGI Acquisitions LLC	\$ 1,264,067	\$ 1,247,884	\$ -	\$ -	\$ -
Camperdown Apartments LLC	\$ 1,248,652	\$ -	\$ -	\$ -	\$ -
Bellsouth Communications	\$ -	\$ 1,777,157	\$ 2,046,531	\$ 2,478,912	\$ 3,031,413
3M Company	\$ -	\$ -	\$ 1,345,617	\$ 1,495,000	\$ 1,523,414
Walmart Real Estate	\$ -	\$ -	\$ 1,218,505	\$ -	\$ 1,183,413
Michelin North America	\$ -	\$ -	\$ -	\$ 1,280,837	\$ 1,480,611



**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***

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Greenville Arena District
Greenville, South Carolina

We have audited, in accordance with the 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 Greenville Arena District, South Carolina (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 26, 2024.

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 opinion 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 were not 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.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 26, 2024