

**WASHINGTON STATE MAJOR LEAGUE BASEBALL
STADIUM PUBLIC FACILITIES DISTRICT**

Financial Statements

For the Year Ended December 31, 2021

Table of Contents

	Page
Independent Accountant's Compilation Report	1
Management's Discussion and Analysis	2 - 5
Financial Statements:	
Balance Sheet	6
Statement of Revenues, Expenses and Change in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 13

Independent Accountant's Compilation Report

To the Board of Directors
Washington State Major League Baseball Stadium
Public Facilities District
Seattle, Washington

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington State Major League Baseball Stadium Public Facilities District (the District) as of and for the year ended December 31, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, on pages 2 through 5, be presented to supplement the basic financial statements. Such information, 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. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Clark Nuber P.S.

Certified Public Accountants
July 8, 2022



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Management's Discussion and Analysis
December 31, 2021**

The Management's Discussion and Analysis of Washington State Major League Baseball Stadium Public Facilities District (the District) is designed to:

- Assist the reader in focusing on significant financial issues.
- Provide an overview of the District's financial activity.
- Identify changes in the District's financial position and their ability to meet future challenges.

The Management's Discussion and Analysis focuses on the current year's activities, resulting changes and currently known facts. Therefore, it should be read in conjunction with the District's financial statements.

Reporting Entity

The District is governed by a seven-member board of directors. Four directors are appointed by the King County Executive subject to confirmation by the King County Council, while the remaining three directors are appointed by the Governor based on one recommendation each from the Speaker of the House and the Majority Leader of the Senate. The mission of the District is to maintain and enhance the baseball park in order to promote the success of Major League Baseball in the State of Washington, enhance fan enjoyment and contribute to an economically successful, safe, desirable, innovative, and walkable stadium neighborhood.

Overview of the Financial Statements

The District's financial statements consist of Management's Discussion and Analysis (this section), and financial statements required by the Governmental Accounting Standards Board (GASB). The financial statements include the District's financial statements and notes to the financial statements.

- The financial statements provide information about the District's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the balance sheet, statement of revenues, expenses, and change in net position, and the statement of cash flows.
- The financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the District's financial statements.

The District's financial statements report information about the organization as a whole using accounting methods substantially similar to those used by private sector companies and private nonprofit corporations. The balance sheet includes all of the District's assets, deferred outflows, liabilities, deferred inflows and net position. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position regardless of when cash is received or paid.

Fund Financial Statements - The fund financial statements are the traditional reporting format for governments. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. The District only has one fund type, proprietary funds.

Proprietary funds are used by governments to account for their business-type activities and use the same basis of accounting utilized in private industry. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services rendered.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Management's Discussion and Analysis
December 31, 2021**

The District has one type of proprietary funds, enterprise funds. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services.

Financial Highlights

- The District's net position decreased by \$3,811,033. Total operating revenues of \$1,554,934 and nonoperating revenues \$9,726,934 were not adequate to cover total operating expenses of \$15,092,901.
- The District's total capital assets increased by \$15,567,733, primarily due to Baseball Stadium additions of \$15,559,460. Annual depreciation expense totaled \$14,080,942.

Financial Analysis

Overall Analysis - The District's overall financial position changed due to operating revenues not covering operating expenses.

Balance Sheet As of December 31,	<u>2021</u>	<u>2020</u>
Current assets	\$ 11,664,439	\$ 11,249,569
Net capital assets	<u>319,566,814</u>	<u>318,080,023</u>
Total Assets	<u>\$ 331,231,253</u>	<u>\$ 329,329,592</u>
Current liabilities	<u>\$ 9,389,335</u>	<u>\$ 3,676,641</u>
Total Liabilities	9,389,335	3,676,641
Net investment in capital assets	312,796,787	318,080,023
Restricted for capital expenditure fund	3,024,790	3,096,694
Unrestricted	<u>6,020,341</u>	<u>4,476,234</u>
Total Net Position	<u>321,841,918</u>	<u>325,652,951</u>
Total Liabilities and Net Position	<u>\$ 331,231,253</u>	<u>\$ 329,329,592</u>

Total Assets - Total assets increased by \$1,901,661 during 2021. The most significant components of this increase were the increase to the Baseball Stadium of \$15,559,460 offset by \$14,080,942 of depreciation.

Total Liabilities - Total liabilities increased by \$5,712,694 during 2021 and was related to outstanding accounts payable balance at year end. The majority of the outstanding accounts payable balance was related to ballpark capital improvements. There was no new debt obligation.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Management's Discussion and Analysis
December 31, 2021**

Financial Analysis (Continued)

Net Position - Increases and decreases in net position categories are as follows:

Net Investment in Capital Assets - Balance decreased by \$5,283,236 during 2021. The decrease is primarily due to the capital expenditures paid by debt totaling \$6,770,027 and addition of capital assets totaling \$15,567,733, which was partially offset by depreciation to capital assets totaling \$14,080,942.

Restricted for Capital Expenditure Fund - Balance decreased \$71,903 during 2021. This decrease is primarily due to \$7,234,623 in reimbursements made to the Marines for capital improvements which exceeded \$7,162,720 in additions to the capital expenditure fund from restricted admissions tax revenue.

Unrestricted - Unrestricted net position increased from \$4,476,234 at December 31, 2020, to \$6,020,341 at December 31, 2021.

Statements of Revenues, Expenses and Change in Net Position
For the Years Ended December 31,

	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 1,554,934	\$ 1,534,099
Operating expenses	<u>(15,092,901)</u>	<u>(14,817,506)</u>
Total Operating Loss	(13,537,967)	(13,283,407)
Nonoperating revenues	<u>9,726,934</u>	<u>4,264,311</u>
Total Nonoperating Revenues	<u>9,726,934</u>	<u>4,264,311</u>
Change in Net Position	(3,811,033)	(9,019,096)
Net position, beginning of year	<u>325,652,951</u>	<u>334,672,047</u>
Net Position, End of Year	<u>\$ 321,841,918</u>	<u>\$ 325,652,951</u>

Operating Revenues - During 2021, operating revenues increased \$20,835 due to an increase in Ballpark Rent.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Management's Discussion and Analysis
December 31, 2021**

Financial Analysis (Continued)

Operating Expenses - Operating expenses of the District consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Depreciation	\$ 14,080,942	\$ 14,179,099
Professional fees	474,360	432,399
Personnel	293,152	178,267
Other	228,994	27,259
Insurance	<u>15,453</u>	<u>482</u>
Total Operating Expenses	<u>\$ 15,092,901</u>	<u>\$ 14,817,506</u>

Total operating expenses reflected an increase of \$275,395 in 2021 primarily due to an increase in other expenses of \$201,735 and an increase of \$114,885 in personnel expenses. Other expenses is primarily made up of \$158,583 LID Assessment expense.

Nonoperating Revenues - During 2021, nonoperating revenues increased \$5,468,917 primarily due to less Covid-19 restrictions, as a result more games were played in 2021 than 2020. This results in an increase of admission tax revenue of \$5,322,082, and an increase in parking tax revenue of \$215,490.

Capital Contribution - During the year ended December 31, 2021, there was \$3,368,000 in capital contributions from the Mariners.

Budget

The District's operating results are consistent with its operating budgets.

Net Capital Assets and Long-Term Debt Activity

The District's capital assets include the baseball stadium, parking garage, related land, and furniture, fixtures and equipment. The baseball stadium and parking garage are under a long-term lease with the Mariners. In 2021, the District's total capital assets balance increase by \$15,559,460 from the prior year primarily due to improvements made to the baseball stadium.

There was no new debt obligation in 2021.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the District at P.O. Box 94445, Seattle, WA 98124.

WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT

Balance Sheet
December 31, 2021

Assets

Current Assets:

Cash and cash equivalents (Note 5)	\$ 11,598,836
Accounts receivable	35,892
Other receivables	8,048
Prepaid expenses	21,663

Total Current Assets **11,664,439**

Capital Assets Net of Accumulated Depreciation (Note 2):

Baseball stadium	546,340,061
Parking garage	24,873,877
Furniture, fixtures and equipment	69,427

Less accumulated depreciation (290,140,956)

281,142,409

Capital Assets Not Being Depreciated (Note 2):

Land	<u>38,424,405</u>
------	-------------------

Net Capital Assets **319,566,814**

Total Assets **\$ 331,231,253**

Liabilities and Net Position

Current Liabilities:

Accounts payable	\$ 9,371,226
Wages and vacation payable	18,109

Total Current Liabilities **9,389,335**

Net Position:

Net Investment in capital assets	312,796,787
Restricted for capital expenditure fund (Note 4)	3,024,790
Unrestricted	6,020,341

Total Net Position **321,841,918**

Total Liabilities and Net Position **\$ 331,231,253**

See accompanying notes and independent accountant's compilation report.

WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT

Statement of Revenues, Expenses and Change in Net Position
For the Year Ended December 31, 2021

Operating Revenues:	
Ballpark rent (Note 6)	\$ 1,554,934
Total Operating Revenues	1,554,934
Operating Expenses:	
General and administrative	1,011,959
Depreciation	14,080,942
Total Operating Expenses	15,092,901
Total Operating Loss	(13,537,967)
Nonoperating Revenues and Expenses:	
Admission tax revenue (Note 6)	5,958,602
Parking tax revenue (Note 6)	283,140
Interest earnings	87,759
Unrealized investment gain	29,433
Capital contribution	3,368,000
Total Nonoperating Revenues	9,726,934
Change in Net Position	(3,811,033)
Net position, January 1, 2021	325,652,951
Net Position, December 31, 2021	\$ 321,841,918

See accompanying notes and independent accountant's compilation report.

WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT

Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows From Operating Activities:

Cash receipts from ballpark rent	\$ 1,554,934
Cash payments for operating expenses	<u>1,567,726</u>

Total Cash Provided by Operating Activities **3,122,660**

Cash Flows From Investing Activities:

Interest earnings	<u>116,608</u>
-------------------	----------------

Total Cash Provided by Investing Activities **116,608**

Cash Flows From Capital and Related Financing Activities:

Cash receipts from admission tax revenue	5,958,602
Cash receipts from parking tax revenue	247,248
Payment for capital assets	<u>(12,443,912)</u>

Total Cash Used in Capital and Related Financing Activities **(6,238,062)**

Net Change in Cash and Cash Equivalents **369,206**

Cash and cash equivalents, January 1, 2021 11,229,630

Cash and Cash Equivalents, December 31, 2021 **\$ 11,598,836**

Reconciliation to Operating Loss:

Operating loss	\$ (13,537,967)
Adjustment to reconcile net cash provided by operating activities-	
Depreciation	14,080,942
Changes in assets/liabilities-	
Accounts payable	2,574,140
Wages payable	14,733
Prepaid expenses	<u>(9,188)</u>

Total Cash Provided by Operating Activities **\$ 3,122,660**

Noncash Capital and Related Financing Activities:

Capital asset purchases in accounts payable	\$ 6,770,027
---	--------------

See accompanying notes and independent accountant's compilation report.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Notes to Financial Statements
For the Year Ended December 31, 2021**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Washington State Major League Baseball Stadium Public Facilities District (the District) conform to accounting principles generally accepted in the United States of America as applicable to special purpose governments. The following is a summary of the most significant policies.

The Reporting Entity - The District was created through the passage of Engrossed House Bill 2115 and King County Ordinance 12000, which was approved by the Metropolitan King County Council on October 24, 1995. The Washington State Governor and King County Executive appoint the District board members. The Governor and King County Council may remove District board members whom they have appointed or ratified. The District operates as a municipal corporation of the State of Washington and was formed to site, design, build and operate a major league baseball park.

Basis of Accounting - The District uses the accrual basis of accounting. Expenses are recorded at the time liabilities are incurred and revenues are recorded when earned.

Operating and Nonoperating Activity - Operating activities represent revenues and expenses related to the lease, including Mariner revenue sharing. Nonoperating activities are the revenues and expenses related to investments and debt, including restaurant tax, admission tax and parking tax revenues.

Cash and Cash Equivalents - For the purpose of reporting cash flows, the District considers all highly liquid instruments purchased with an original maturity of three months or less and investments in the King County Treasury Division's Investment Pool to be cash equivalents. The King County Treasury Division Manager pools and invests all short-term cash surpluses not otherwise invested by individual funds of the County. Earnings from these pooled investments are allocated to the District based upon the District's proportionate share in the pooled investments.

Receivables - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Based on prior experience, management has determined that expected losses on balances outstanding are immaterial at December 31, 2021. Accordingly, no allowance for doubtful accounts has been recorded.

Capital Assets - Capital assets include land, the baseball stadium and furniture, fixtures and equipment. The baseball stadium includes all costs associated with the development and construction of the ballpark project. Furniture, fixtures and equipment include items with a cost greater than or equal to \$500 and an estimated useful life greater than one year.

Capital assets are valued at historical costs, and depreciated on a straight-line basis based over their estimated useful lives. Furniture, fixtures and equipment are depreciated over three or five years. The baseball stadium is depreciated over 40 years from the date it was placed in service.

Net Position - Net position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets - Consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Notes to Financial Statements
For the Year Ended December 31, 2021**

Note 1 - Continued

Restricted - Consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - Consists of all other assets that are not included in the other categories previously mentioned.

Risk Management - The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for risk of loss. The District did not settle any claims in excess of its commercial insurance coverage during the year ended December 31, 2021.

Compensated Absences Payable - District employees earn one hour of paid sick leave for every forty (40) hours worked, up to forty (40) hours in any given year. Unused paid sick leave by the end of the calendar year may be carry over up to forty (40) hours to the following year. District employees also earn 12 to 15 days of vacation per year, depending on the employee's length of service. An employee leaving the employment of the District is entitled to be paid for all unused vacation. Unused sick leave is forfeited upon termination of employment. There were two employees employed by the District at December 31, 2021. There was an accrual of \$17,759 for unused vacation in the accompanying statement of net position.

Subsequent Events - The District has evaluated subsequent events through July 8, 2022, the date on which the financial statements were available to be issued. Subsequent events include certain events that occur between the date of the financial statements and the date they are issued must be disclosed.

Reclassifications - Certain reclassifications have been made to the 2020 amounts to conform to the 2021 presentation. The reclassifications have no effect on the previously reported total assets, liabilities, or net position for 2020.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Notes to Financial Statements
For the Year Ended December 31, 2021**

Note 2 - Capital Assets

The following is a summary of changes in capital assets:

	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 38,424,405	\$ -	\$ -	\$ 38,424,405
Total Capital Assets Not Being Depreciated	38,424,405			38,424,405
Capital Assets Being Depreciated:				
Capital assets cost-				
Baseball stadium	530,780,601	15,559,460		546,340,061
Parking garage	24,873,877			24,873,877
Furniture, fixtures and equipment	82,967	8,273	(21,813)	69,427
	555,737,445	15,567,733	(21,813)	571,283,365
Accumulated depreciation-				
Baseball stadium	(262,940,073)	(13,457,182)		(276,397,255)
Parking garage	(13,058,787)	(621,847)		(13,680,634)
Furniture, fixtures and equipment	(82,967)	(1,913)	21,813	(63,067)
	(276,081,827)	(14,080,942)	21,813	(290,140,957)
Total Capital Assets Being Depreciated, Net	279,655,618	1,486,791		281,142,409
Total Capital Assets, Net	\$ 318,080,023	\$ 1,486,791	\$ -	\$ 319,566,814

Note 3 - Employee Benefit Plans

All employees of the District can participate in the Washington State Major League Baseball Stadium Public Facilities District 457(b) Plan (the Plan). Employer contributions are paid by the District in accordance with rate specified by the Plan.

Washington State Major League Baseball Stadium Public Facilities District 457(b) Plan - During 2020 the District established the 457(b) retirement plan for eligible employees. The District and employees through salary reductions can contribute to the Plan. No contributions by participants are required and rollover contributions are not permitted. The District's matching contributions are discretionary. All contributions to the Plan vest immediately. One District employee participated in the Plan during 2021. The District match was \$4,800 in 2021 and will be paid in 2022. An accrual was set up to reflect this company match.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Notes to Financial Statements
For the Year Ended December 31, 2021**

Note 4 - Contributed Capital

Under King County Ordinance 12000, the County issued five series of general obligation bonds for the purpose of funding the construction of the baseball park and related parking facilities. Total par value of \$336,000,000 less any costs related to bond issuance were contributed to the District. During the year ended December 31, 2020, the Mariners contributed \$3,321,500. The contributed capital is included in the net position restricted for capital expenditure fund. During the year ended December 31, 2021, the Mariners contributed \$3,368,000.

Note 5 - Deposits With Financial Institutions and Investments

The King County Treasurer is the ex-officio treasurer for the District. In this capacity, the County Treasurer receives deposits and transacts investments on the District's behalf. The District's deposits are covered entirely by federal depository insurance or uninsured but collateralized under the Public Deposit Protection Commission of the State of Washington (PDPC) collateral pool. The PDPC's agent in the name of the pool holds pledged securities under the PDPC pool.

Statutes authorize the District to: 1) deposit in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in this state, if the institution has been approved by the PDPC to hold public deposits; and 2) invest in obligations of the United States Treasury and instrumentalities, banker's acceptances issued in the secondary market, commercial paper, primary certificates of deposits issued by PDPC qualified public depositories, and the State Treasurer's Investment Pool. The District is also authorized to enter into repurchase and reverse repurchase agreements.

All of the District's investments during the year and at year end were insured or registered, or were held by the District or its agent in the District's name. The District does not have a custodial credit risk policy.

Note 6 - Significant Revenues

The District's total revenues are primarily comprised of the following:

Operating Revenues:

Ballpark Rent - The original lease between the District and the Mariners, which expired on December 31, 2018, was amended and restated effective January 1, 2019. The amended 25 year lease calls for a minimum annual base rent of \$1,500,000 for each lease year during the term, with an annual CPI index adjustment. The lease has two renewal periods, each with a term of three lease years. Rent income for the 2021 season was \$1,554,934.

Nonoperating Revenues:

Revenue Sharing - The revenue sharing provision calls for a 1.5% tax on the first \$100 million in revenue subject to the admissions tax, then 2% of all revenue subject to the admissions tax above \$100 million with no minimum and no cap. The \$100 million revenue threshold will be adjusted every year by CPI escalation. The District will contribute 100% of the annual revenue share to the capital expenditure fund.

Admission Tax Revenue - This represents tax on ballpark admissions authorized by RCW 36.38.010.

Parking Tax Revenue - This represents tax on parking facility charges authorized by RCW 36.100.220.

**WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM
PUBLIC FACILITIES DISTRICT**

**Notes to Financial Statements
For the Year Ended December 31, 2021**

Note 7 - Stewardship, Compliance and Accountability

There have been no material violations of finance-related, legal or contractual provisions.