



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Everett Public Facilities District

For the period January 1, 2023 through December 31, 2023

*Published August 5, 2024*

Report No. 1035306



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**Office of the Washington State Auditor  
Pat McCarthy**

August 5, 2024

Board of Directors  
Everett Public Facilities District  
Everett, Washington

**Report on Financial Statements**

Please find attached our report on the Everett Public Facilities District's financial statements.

We are issuing this report in order to provide information on the District's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

### 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*

#### Everett Public Facilities District January 1, 2023 through December 31, 2023

Board of Directors  
Everett Public Facilities District  
Everett, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Everett Public Facilities District, a component unit of the City of Everett, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 29, 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 District'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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly legible.

Pat McCarthy, State Auditor

Olympia, WA

July 29, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Everett Public Facilities District January 1, 2023 through December 31, 2023

Board of Directors  
Everett Public Facilities District  
Everett, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of the Everett Public Facilities District, a component unit of the City of Everett, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Everett Public Facilities District, as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Matters of Emphasis

As discussed in Note 7 to the financial statements, in 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and*

*Public-Public Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- 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; and
- 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 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 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 29, 2024

## **FINANCIAL SECTION**

### **Everett Public Facilities District January 1, 2023 through December 31, 2023**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2023

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2023

Statement of Revenues, Expenses and Changes in Net Position – 2023

Statement of Cash Flows – 2023

Notes to the Financial Statements – 2023

Everett Public Facilities District  
Management's Discussion and Analysis

## **Introduction to the Financial Statements**

The operations of the Everett Public Facilities District (EPFD) are grouped into one business type fund for financial reporting purposes. The statements are presented for the 12 months ended December 31, 2023. Our discussion and analysis of the EPFD financial performance provides an overview of the EPFD's financial activities for the fiscal year ended December 31, 2023, with comparisons to 2022.

## **Financial Highlights**

The EPFD was created by statute in 2001 to oversee the construction and operation of what is now known as the Everett Events Center in Everett, Washington. The Everett Events Center (EEC) was completed in September 2003, and operations commenced with an inaugural event on October 4, 2003. In 2017, a new naming rights sponsorship agreement was executed with the Stillaguamish Tribe of Indians and the arena is now known as Angel Of The Winds Arena.

The EPFD is governed by a five-member Board of Directors appointed by the Everett City Council. The Directors serving in 2023 were:

Michael Swanson, President  
Teresa Johnson, Vice-President  
Julio Cortes, Secretary  
Scott Murphy, Treasurer  
Ryan Crowther

## **Using this Annual Report**

This annual report consists of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and accompanying Notes to the Financial Statements that, collectively, provide information about the activities and finances of the EPFD as a whole and about its activities in a way that helps communicate the financial condition of the EPFD.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position are prepared using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's earned revenues and incurred expenses are taken into account regardless of when cash is received or paid. These two statements report the EPFD's net position and changes in net position. The EPFD's net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. It is one way to measure the EPFD's financial position. Over time, increases or decreases in the EPFD's net position are one indicator of whether its financial condition is improving or deteriorating.

## Everett Public Facilities District

The Statement of Cash Flows reflects the EPFD's sources and uses of cash. This statement includes a reconciliation of Operating Income from the accrual basis statements to the Net Cash Provided by Operating Activities. Non-financial factors should also be considered, such as changes in the EPFD's funding structures and the condition of the EPFD's operating assets, to assess the overall health of the EPFD.

### Condensed Statement of Net Position as of December 31:

	2023	2022	Year to Year Variances
Assets:			
Capital Assets	34,023,582	34,181,553	(157,970)
Restricted Assets	1,398,776	1,398,776	0
Other Assets	10,274,398	7,273,468	3,000,930
Total Assets	45,696,757	42,853,797	2,842,960
Deferred outflow of resources	7,248,429	43,365	7,205,064
Combined Assets and Deferred Outflows of Resources	52,945,186	42,897,162	10,048,024
Liabilities and Net Position:			
Liabilities:			
Current Liabilities	5,374,992	3,038,876	2,336,116
Long-term Liabilities	48,160,814	40,973,026	7,187,788
Total Liabilities	53,535,807	44,011,902	9,523,904
Deferred Inflows of resources	2,163,980	2,447,949	(283,969)
Net Position:			
Net Investment in Capital Assets	(7,553,802)	(7,393,108)	(160,694)
Restricted	1,398,776	1,398,776	0
Unrestricted	3,400,428	2,431,644	968,784
Total Net Position	(2,754,598)	(3,562,688)	808,090

### Capital Assets

Capital Assets are those assets that are not expected to be converted to cash within one year's period of time. These assets are presented net of accumulated depreciation and decreased \$505,033 in 2023. In 2023, depreciation expense totaled \$1,649,528 which was offset with capital additions in the amount of \$1,565,238 consisting of payments towards a LED Ribbon, an Ice Plant replacement and the Ice Rink Wall which were finalized in 2023. Further, we paid for a Zamboni, an Arena Deck, a Lactation Pod, Rolling Stage Frames, a Trash Compactor, an electronic Gate and Suite Flooring. We retired a number of assets that are no longer in service.

Details regarding Capital Assets may be found in Notes 1-E-3 and 5 to the financial statements.

### Current Assets – Restricted

Restricted assets are held in the Local Government Investment Pool (LGIP) with the State of Washington and represent the required debt service reserves in support of the Limited Tax General Obligation (LTGO) Refunding Bonds 2018A and 2018B.

### **Other Assets**

Other Assets are comprised of unrestricted Current and Non-Current Assets.

### **Current Assets - Unrestricted**

Current Assets - Unrestricted are those assets which are cash or are expected to be converted to cash within one year. These assets increased \$3,168,771 from December 31, 2022 to December 31, 2023, due to more ticket funds in the bank accounts as well as increased revenues from events, sponsorships and lease agreements. These funds are maintained to provide liquidity for day-to-day operations, debt service requirements, and capital replacements.

### **Non-Current Assets - Unrestricted**

Non-Current Assets - Unrestricted are Lease Receivables to be received in future years. These assets decreased \$167,841 from December 31, 2022 to December 31, 2023, due to Lease Revenue recognition in 2023. Details about Lease Receivables may be found in Notes 1-F and 6 to the financial statements.

### **Current Liabilities**

Current liabilities, comprised primarily of current portion of long-term debt, trade payables and event revenues collected in advance, increased \$2,336,116 in 2023 mainly due to higher event ticket revenues held at the end of 2023 and higher event related liabilities.

### **Long-term Liabilities**

Non-current liabilities as of December 31, 2023 represent the long-term debt outstanding on financing completed in November 2018 and November 2019. Details of long-term debt are provided in Note 4 to the financial statements and under Debt Administration below.

In 2018, the EPFD refinanced its outstanding 2007 Limited Sales Tax Bonds which had a remaining balance of \$16,630,000 using a combination of Tax Exempt and Taxable Bonds.

In 2019, the City of Everett refinanced its outstanding 2014 LTGO Bonds, which were passed through an interlocal agreement to the EPFD. Based on the financing schedule provided by the City (which will replace the prior financing schedule upon the parties' execution of a conforming amendment to the interlocal agreement), the refunding resulted in a new EPFD balance as of December 31, 2019 of \$18,865,800 and as of December 31, 2023 of \$17,975,000. A Principal Payment of \$590,000 was made in 2023.

Details regarding modifications and additions to the Major Agreements with the City of Everett and the refinance terms may be found in Notes 2 and 4 to the financial statements.

The EPFD has an interlocal agreement with the City of Everett for an operating lease of the ground on which the EEC is located. The agreement, dated February 28, 2002, and subsequently amended, was for 35 years, and has since been extended to end on December 1, 2041. This ground lease arrangement falls under the provisions of the new Public-Private and Public-Public Partnerships (PPP) which came into effect for 2023. The EPFD added a Long-Term Liability of \$7,617,032 which represents the asset values net of depreciation at the end of the ground lease term.

### **Deferred Outflows and Inflows of Resources**

Deferred inflows of resources are associated with the renewed Spectra Venue Management agreement further described in Note 1-E-5 and Note 7 to the financial statements and Lease Revenues in future years due to lease contracts. Both Lease Revenues and Lease Liabilities are further discussed in Note 6 Leases.

Deferred outflows of resources consist of the loss on refunding of 2007 bonds that is being amortized over eight years, and deferred outflow for the asset value at the end of a PPP agreement with the City of Everett. All three are further discussed in Note 1-E-5, Lease Payable are also further discussed in Note 6 and the deferred outflow in regard to the PPP agreement is further discussed in Note 7.

### **Net Position**

The EPFD's Net Position at December 31, 2022 and 2023 was \$(3,562,688) and \$(2,754,598), respectively, an improvement of \$808,090. Excluding the impact of accumulated depreciation of \$27,760,409 through December 31, 2023, Net Position as of December 31, 2023 would be \$25,005,811.

**Condensed Statements of Revenues, Expenses and Changes in  
Net Position as of December 31:**

	<b>2023</b>	<b>2022</b>	<b>Year to Year Variances</b>
Revenues:			
Operating Revenue -			
Event Revenue	3,440,330	3,518,200	(77,870)
Contractually Obligated Income	715,253	675,089	40,164
Lease Revenue	453,225	407,250	45,975
Concessions and Catering Revenue	1,064,795	959,696	105,099
Ticketing Fees	1,086,991	990,037	96,954
Community Rink Revenue	997,877	886,454	111,423
Other Revenue	529,330	441,093	88,237
Total Operating Revenues	8,287,800	7,877,819	409,981
Non-Operating Revenue -			
Intergovernmental Revenues -			
Sales Tax Rebate	2,674,130	2,503,145	170,985
Admission Tax	433,962	413,921	20,041
Operating Grants and Contributions	1,392,410	668,270	724,140
Interest Revenue	361,949	100,848	261,101
Total Non-Operating Revenue	4,862,452	3,686,184	1,176,268
			0
Total Revenues	13,150,252	11,564,003	1,586,249
Expenses:			
Operating Expenses -			
Event Expenses	2,551,950	2,616,078	(64,128)
Lease Expense	78,640	42,370	36,271
Ticketing Expenses	509,611	482,745	26,866
Community Rink Expenses	35,870	27,517	8,352
Indirect Operating Expenses	7,091,595	6,333,498	758,096
Total Operating Expenses	10,267,666	9,502,208	765,458
Non-Operating Expenses -			
Interest	1,673,600	1,662,524	11,076
Amortization Expense of PPP Assets	400,896	0	400,896
Loss on disposition of Fixed Assets			
Total Non-Operating Expenses	2,074,496	1,662,524	411,972
Total Expenses	12,342,162	11,164,732	1,177,429
Revenues in Excess of Expenses (Expenses in Excess of Revenues)	808,090	399,271	408,820
Net Position, Beginning of Year	(3,562,688)	(3,961,959)	399,271
Net Position, End of Year	(2,754,598)	(3,562,688)	808,090

## **Operating Revenues**

Operating Revenues earned during 2022 and 2023 were \$7,877,819 and \$8,287,800 respectively, for an increase of \$409,981.

2023 Event Revenue was \$77,870 lower than 2022 due to a lower number of events. Ticketing Fees increased by \$96,954 and Concessions and Catering Revenues increased by \$105,099.

Contractually Obligated Income, comprised primarily of advertising and premium seating income, increased by \$40,164 from 2022 to 2023. Suite Lease Revenues over one year that are reflected in Lease Revenue increased 45,975.

Community Rink Revenue increased by \$111,423 in 2023 mainly due to increases in the Learn to Skate programs, the number of Adult Leagues and General Admission revenues.

The difference in Other Revenues between 2022 and 2023 is largely attributed to a Boingo Contract with an initial payment of \$50,000 and higher contract payments by EHT totaling \$175,000 in 2023 versus \$150,000 in 2022, resulting in an increase of \$88,237.

## **Operating Expenses**

Operating expenses for 2022 and 2023 were \$9,502,208 and \$10,267,666 respectively.

The difference in Operating expenses of \$765,458 between 2022 and 2023 is largely attributed to an increase of \$758,096 in Indirect Expenses and an increase of \$36,271 in Lease Expenses, which was offset in part by a decrease in Event Expenses of \$64,128 due to a lower number of events.

Ticketing expenses increased between 2022 and 2023 by \$26,866 due to future events on sale.

Indirect Operating Expenses increased between 2022 and 2023 by \$460,045 due to hired personnel and wage increases, \$33,012 increased Insurance Premiums and \$67,591 due to management fee increase including accrued Corporate Incentives, as well as an increase in Depreciation Expense of \$112,921 due to new Capital Assets being added.

## **Non-Operating Revenues**

The EPFD's rebate from the State of Washington on Sales Taxes paid within the City of Everett increased from \$1,445,925 in 2022 to \$1,537,659 in 2023.

In January 2006, the EPFD began collecting the 5% Admission Tax allowed by statute. This revenue stream is critical to the EPFD's financial projections and is used to offset the cost of its tax backed bonds. In 2023, the event ticket sales revenue was slightly higher than the prior year and resulted in an increase of \$20,041 in Admission Tax revenues.

Intergovernmental Revenues from the City of Everett include a Hotel/Motel Tax Grant of \$100,000.

The Snohomish County Public Facilities District (SCPFD) funds the EPFD in two tiers, one fixed, and the other variable. Tier I funds are received monthly, at \$529,640 per year. Tier II funds are



discretionary, paid as funds are available. Tier II funds received in 2022 and 2023 were \$527,580 and \$606,831 respectively.

Increased interest revenue was due to higher cash balances and increasing interest rates in 2023. Interest Revenue increased by \$261,101 in 2023.

In 2022, a new Hotel-Motel Tax Fund Agreement went into effect between Snohomish County and the EPFD. The purpose of this Agreement is to establish the parameters for reimbursing the EPFD in an annual amount that, when combined with the amount dedicated annually to funding Everett Memorial Stadium bonds, will equal the amount committed from the County Council to Lynnwood Public Facilities District for Debt Service, beginning in 2022 and continuing through 2034, for debt service for the Facility. In 2023 the EPFD received \$229,910. The maximum contract amount is not to exceed \$10,528,934.

In 2023, the EPFD received 562,500 of ARPA (American Rescue Plan Act) funds as a pass through grant from Snohomish County.

### **Debt Administration**

In 2017, the Washington State Legislature passed Engrossed House Bill 1201, which extended the term of the State Sales Tax Revenue allocated for existing local Public Facilities Districts from twenty-five to forty years. This action will greatly benefit the EPFD cash flow in future years, as the SCPFD determined that the EPFD would receive 30.4% of the available revenues during the statutorily extended period from 2026 to 2041. This allowed the refunding of the EPFD fixed rate Limited Sales Tax and Interlocal Revenue Bonds to extend and reduce annual principal payments scheduled between 2018 and 2026.

At the end of 2018 the EPFD refunded the 2007 Limited Sales Tax and Interlocal Revenue Bonds. This was done issuing \$19,625,000 in LTGO refunding bonds. These Bonds carry maturities which began in December, 2019, and conclude on December 1, 2041.

In 2019, the City refinanced its outstanding 2014 LTGO Bonds, replacing variable interest LTGO Bonds to LTGO Bonds with a fixed interest rate, which resulted in a decrease of interest expense in 2022 regarding the Bond Interest. The ability of the City to secure a favorable fixed interest rate for the life of the debt removes volatility to the interest expense for the EPFD. Based on the financing schedule provided by the City, the fixed interest amount will decrease year by year.

In 2020 Snohomish County Council approved a funding agreement from Hotel/Motel tax proceeds in an amount not to exceed \$10,528,934 paid throughout the years 2022 through 2034, to assist the EPFD with its debt service payments. The Hotel-Motel Tax Fund Agreement outlining the distribution of funds throughout the term was signed on March 22<sup>nd</sup>, 2022. We received a payment of \$229,910 in 2023.

### **Overall Analysis of Financial Position and Result of Operations**

The EPFD continues ongoing planning with the City of Everett to enhance its earnings capacity and to retire its construction debt. In 2007, agreements were rendered with the City of Everett to restructure the EPFD's Ground Lease, to provide an additional annual payment of \$500,000 specified for reduction of debt (commencing in 2007) and an extension of the annual Hotel/Motel Tax pledge of \$100,000 through 2033.

In 2023 the EPFD made the final payments to the City of Everett to retire the Scoreboard Loan that the City granted the EPFD in 2015. The Scoreboard Loan was officially paid off on April 14, 2023. After the Scoreboard Loan was retired in 2023, the EPFD began making payments against the Deficiency Loan as general funds allowed. The EPFD paid \$500,000 in 2023 to the City to reduce the Deficiency Loan balance owed.

The EPFD has been working to reduce operating losses through enhanced revenues and reduced expenses. Event activity remained strong in 2023 and the EPFD has continued focus on driving growth in event related revenues including food & beverage and ticketing. Additionally, growth in sponsorship and premium seating plus ice rink revenues have continued growth of operating revenues. In 2023 Sales Tax proceeds continued to be strong and return on investment rates in the LGIP accounts continued to be high. Even with the posting of the PPP Agreement due to a new GASB provision the EPFD managed to significantly improve its Net Position.

Furthermore, the Sales and Use Taxes imposed under RCW 82.14.390, which provide a significant benefit to the EPFD through the Snohomish County PFD, were extended from a maximum term of 25-years to 40-years, and accordingly the EPFD has amended its interlocal agreement between the EPFD, City of Everett, Snohomish County and the Snohomish County Public Facilities District to extend its allocations through 2041 which will also positively impact the EPFD's net position.

### **Fund Analysis**

The EPFD's Net Position is segregated into three categories – Net Investment in Capital Assets, Restricted for Debt Service Reserves, and Unrestricted. The debt service reserve requirements are detailed in Note 4. In addition, the Interlocal Agreement with the City of Everett requires a restricted Capital Replacement Fund. An improved monetary position has put the EPFD in the position to fund the Capital Replacement Fund on an annual basis based on the Capital Budget approved by the EPFD Board starting with Capital Funds for the year 2023. The Interlocal Agreement with the City of Everett further requires the EPFD to make payments on the Repayment Deficiency Loans. After retiring the Scoreboard Loan the EPFD has started to make payments on the Repayment Deficiency Loans as General Revenue Funds permit.

### **Economic Factors**

The Everett Silvertips closed the 2022-2023 season with several sellout and near sellout games. Attendance at the start of the 2023-2024 season was above the prior season as well.

Ancillary revenue streams related to ticketing fees and concessions revenues are a continued growth area as the facility strives to increase per-person spending while attending events.

There was an increased interest from businesses in advertising and in entertaining and hosting their staff and clients, which allowed the facility to bring on several new partners for sponsorship and suite leases.

2023 was a robust year for the live events industry, which was capitalized on by the EPFD. Concert revenues remained strong and the event income was the highest in the facility's history. Family entertainment is a key component of the event calendar, many of the repeat family events such as Disney On Ice and Harlem Globetrotters saw records sales in 2023, plus other touring

family shows generated positive results. Professional Bull Riders returned for its second year and increased to two days. This is expected to continue in future years. Other highlights included The Rockzilla Tour, Shinedown, Anirudh Ravichander, and for King & Country among several other concerts and events. Eslabon Armado was the first Mexican show the venue has hosted and the genre is one we intend to grow. Endurocross returned for the first time since 2018 and is expected to continue coming annually.

The EPFD's ice rink business had strong growth in 2023 due to additional participants in its Learn-to-Skate programs, new adult league user groups, general admissions, and rate increases on ice time rentals.

The Conference Center has increased the amount of consumer shows at the venue and this is an area with further expected growth.

Strong gross ticket sales and increases in per-person spending in 2023 coupled with the lineup of 2024 events provide confidence to the EPFD's ability to generate continued favorable financial results. The positive cash flow allows the EPFD to invest in the improvement and upkeep of the facility ensuring it continues to be one in high regard by the industry and local community.

### **Contacting the EPFD's Financial Management**

This financial report is designed to provide our citizens and public officials with a general overview of the EPFD's finances and to show the EPFD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the EPFD at:

Everett Public Facilities District  
2000 Hewitt Avenue, Suite 200  
Everett, WA 98201  
Attention: Director of Finance

Everett Public Facilities District  
Statement of Net Position  
December 31, 2023

	<u><b>2023</b></u>
Current Assets - Not Restricted:	
Cash and cash equivalents	7,605,563
Change and imprest cash	8,300
Accounts receivables - net	1,078,132
Prepaid Expenses	231,327
Total Current Assets - Not Restricted	8,923,322
Current Assets - Restricted:	
Restricted Assets	1,398,776
Total Current Assets - Restricted	1,398,776
Non-Current Assets - Not Restricted:	
Lease Receivables	1,351,076
Capital Assets	
Lease Assets ( Right to use)	347,063
Land improvements, net	257,074
Building and improvements, net	29,556,966
Leasehold improvements, net	0
Facility equipment, net	3,778,578
Office equipment, net	83,902
Total Capital Assets - Not Restricted	34,023,582
Total Assets	45,696,756
Deferred Outflow of Resources	
Deferred Outflow of resources related to	
Interlocal Ground Lease Agreement	7,216,136
Deferred charge on refunding	32,293
Total Deferred Outflow of Resources	7,248,429
Combined Assets and Deferred Outflows	
of Resources	52,945,186

The accompanying notes are an integral part of these financial statements.

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Everett Public Facilities District  
Statement of Net Position (Continued)  
December 31, 2023

	<b>2023</b>
Current Liabilities:	
Current Portion of Long-Term Debt	665,000
Accounts Payable	264,939
Current accrued Interest Payable	60,929
Accrued Expenses	843,945
Taxes payable	54,482
Revenues collected in Advance	3,473,697
Deposits	12,000
Total Current Liabilities	<u>5,374,992</u>
Long-Term Debt, Net of Current Portion:	
Lease Payables - Future Years	347,063
Limited Sales Tax and Interlocal Bonds	
2018 Refunding Bonds	16,591,346
Liability for PPP Assets	7,617,032
Due to other government	23,605,372
Total Long-Term Debt, Net of Current	48,160,814
Total Liabilities	<u>53,535,806</u>
Deferred Inflow of Resources	
Deferred Inflow of resources related to	
Lease Revenue	1,351,076
Venue management contract	812,903
Total Deferred Inflow of Resources	<u>2,163,980</u>
Combined Liabilities and Deferred Inflows of Resources	<u>55,699,784</u>
Net Position:	
Net Investment in Capital Assets	(7,553,802)
Restricted	1,398,776
Unrestricted	3,400,428
Total Net Position	<u>(2,754,598)</u>

The accompanying notes are an integral part of these financial statements.

# Everett Public Facilities District

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Everett Public Facilities District  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2023

	<b>2023</b>
Operating Revenues:	
Event Revenue	3,440,330
Contractually Obligated Income	715,253
Lease Revenue	453,225
Concessions and Catering Revenue	1,064,795
Ticketing Fees	1,086,991
Community Rink Revenue	997,877
Other Revenue	529,330
	<hr/>
Total Operating Revenue	8,287,800
Operating Expenses:	
Direct Expenses -	
Event Expenses	2,551,950
Ticketing	509,611
Community Ice Rink	35,870
Lease Expense	78,640
Indirect Operating Expenses:	
Personnel Expenses	2,900,699
Professional Services	156,658
Depreciation Expense	1,649,354
Taxes & Licenses	1,383
Utilities	679,849
Insurance	270,917
Commission expense - COI	0
Management Fee	494,780
Cleaning	163,639
Protective Services	0
Telephone	41,524
Supplies	169,213
Advertising and Promotions	43,275
Printing and Signage	2,473
Repairs and Maintenance	190,953
Equipment Rental	16,519
Information Services Expense	9,051
Dues and Subscriptions	17,284
Meetings, Conferences and Training	15,084
Postage and Freight	1,755
Travel and Entertainment	17,411
Bad Debts	0
Credit Card Fees	20,259
Other	229,513
	<hr/>
Total Operating Expense	10,267,666
Operating Gain (Loss)	(1,979,866)

The accompanying notes are an integral part of these financial statements.

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Everett Public Facilities District  
Statement of Revenues, Expenses and Changes in Net Position (Continued)  
For the Year Ended December 31, 2023

	<u><b>2023</b></u>
Non-Operating Revenue -	
Intergovernmental Revenues -	
Sales Tax Rebate - City of Everett	1,537,659
Sales Tax Rebate - Sno County PFD	1,136,471
Admission Tax	433,962
Interlocal Agreement - City of Everett	500,000
Hotel/Motel Tax Grants -	
City of Everett	100,000
Snohomish County	229,910
Other Grants	562,500
Interest Revenue	361,949
Interest Expense	(1,673,600)
Amortization Expense of PPP Assets	(400,896)
Reduction of Payable Debt	
	<u>2,787,956</u>
 Total Non-Operating Revenue	 <u>2,787,956</u>
 Change in Net Position	 808,090
 Net Position, Beginning of Year	 <u>(3,562,688)</u>
 Net Position, End of Year	 <u><u>(2,754,598)</u></u>

The accompanying notes are an integral part of these financial statements.

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# Everett Public Facilities District

Everett Public Facilities District  
Statement of Cash Flows  
For the Year Ended December 31, 2023

	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers and Users	8,287,800
Payments to supplies	(4,041,249)
Payments to employees	(2,900,699)
Net Cash provided by (used in)	
Operating Activities	<u>1,345,852</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Sales Tax Rebate - City of Everett	1,537,658
Sales Tax Rebate - Snohomish County PFD	1,136,471
Grant - City of Everett	500,000
Admissions taxes - EPFD	433,962
Hotel / Motel Grant - City of Everett	100,000
Hotel / Motel Grant - Snohomish County	229,910
ARPA Grant	562,500
Net Cash provided by (used in)	
Noncapital Financing Activities	<u>4,500,501</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>	
Refunding of Capital Debt	0
Principal paid on Capital Debt	(679,904)
Interest paid on Capital Debt	(1,591,123)
Acquisition and construction of Capital Assets	791,419
Proceeds from sale of Capital Assets	0
Net Cash Provided by (used in) Capital	
and related Financing Activities	<u>(1,479,608)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	361,949
Net Cash Provided by Investment Activities	<u>361,949</u>
Cash and Cash Equivalents, January 1	6,052,778
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,959,861</u>
Cash and Cash Equivalents, December 31	<u>9,012,639</u>
Current Cash and Cash Equivalents	7,605,563
Change and imprest cash	8,300
Restricted cash and cash equivalents	1,398,776
Cash and Cash Equivalents, December 31	<u><u>9,012,639</u></u>

The accompanying notes are an integral part of these financial statements.



Everett Public Facilities District  
Statement of Cash Flows (Continued)  
For the Year Ended December 31, 2023

RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	(1,979,866)
Adjustment to reconcile Operating Income to Net Cash provided (used) by Operating Activities:	
Depreciation Expense	1,649,354
Change in Assets and Liabilities:	
(Increase) / Decrease in Receivables	(159,313)
(Increase) / Decrease in Prepaid Expenses	118,244
(Increase) / Decrease in Capital Assets	(502,554)
Increase / (Decrease) in Accounts and other Payables	8,713
Increase / (Decrease) in Taxes Payables	23,248
Increase / (Decrease) in Revenue collected in Advance	2,144,598
Increase / (Decrease) in other current Liabilities	43,428
Total Adjustments	<u>3,325,718</u>
Net Cash Provided by Operating Activities	<u><u>1,345,852</u></u>

The accompanying notes are an integral part of these financial statements.

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Everett Public Facilities District  
Notes to the Financial Statements  
For the Year Ended December 31, 2023

Note 1 - Summary of Significant Accounting Policies:

The financial statements of the Everett Public Facilities District (EPFD) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the EPFD's accounting policies are described below.

A. Reporting Entity

The Everett Public Facilities District was created by City of Everett Ordinance No. 2511-01 pursuant to Chapter 35.57 of the Revised Code of Washington. The Ordinance, adopted on March 15, 2001, and effective on April 10, 2001, established the Everett Public Facilities District as a municipal corporation of the State of Washington. The Everett Public Facilities District is a component unit of the City of Everett for financial reporting purposes.

The Board of Directors consists of 5 members – the first directors appointed by the Everett City Council as provided for by Resolution #5030. At least one board members' term expires annually at which time the Everett City Council appoints a new member. Although the City of Everett is responsible for appointing members of the board, its accountability for this organization does not extend beyond making the appointments.

B. Fund Accounting

1. Background

The EEC includes three primary elements – a 10,000 seat, 211,100 square foot Arena, a 36,200 square foot Community Ice Rink and a 51,600 square foot Conference Center. The Conference Center was paid for and is owned by the City of Everett but is managed by the EPFD.

The EEC is primarily supported by the collection of sales tax rebates, hotel/motel taxes, grant revenue from City of Everett, admissions taxes, and user fees associated with Center operations; accordingly, the EPFD's financial accounts are organized as a proprietary fund.

2. Proprietary Fund

Proprietary funds are reported using the flow of economic resources measurement focus. The EPFD maintains a full set of accounts that comprises

its assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses. All assets, liabilities and deferred inflows and outflows of resources associated with the entity's activity, whether current or noncurrent, are included on its statement of net position. Reported fund equity or net total assets are classified as total net position. The statement of revenues, expenses and changes in net position presents increases (revenues and gains) and decreases (expenses and losses) as changes in net position.

Operating revenues include event revenues, advertising and sponsorship revenues (contractually obligated income), concession and catering revenues, novelty revenues, community rink and other revenue directly associated with the operation of the EEC.

Operating expenses include all expenses associated with the operation of the EEC.

Non-operating revenues and expenses include tax support for the EEC, interest income and interest expense associated with financing of the EEC.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The EPFD statements are reported using the economic resource measurement focus and full-accrual basis of accounting, meaning that transactions and events are recognized when they occur, regardless of the timing of related cash flows.

D. Budgets and Budgetary Accounting

1. Scope of Budget

Budgets are adopted on a basis consistent with the District's generally accepted accounting policies. An annual appropriated budget is adopted at the level of the fund and the budget constitutes the legal authority for expenditures.

2. Procedures for Adopting the Budget

The EPFD's budget procedures are as follows:

The management agreement with Oak View Group (formerly known as Spectra Venue Management) provides for the submission by Oak View Group to the EPFD of a proposed operating budget for the upcoming year 90-days prior to the beginning of the new calendar year.

The Directors make adjustments to the proposed budget and adopt by resolution prior to the commencement of the New Year.

3. Amending the Budget

The Directors may make amendments to the budget as they determine to be appropriate from time to time during the course of the budget period.

E. Assets, Liabilities and Net Position:

1. Cash and Cash Equivalents

The EPFD maintains primary deposit accounts with the Washington State Local Government Investment Pool (LGIP) and Coastal Community Bank. The funds deposited in these accounts are managed with the intent to optimize return on all temporary cash surpluses consistent with a high degree of security, while meeting daily cash flow demands. Funds held in the Washington State LGIP are reported at amortized cost. The annual average rate of returns for 2022 and 2023 were 1.66% and 5.11% respectively. As of December 31, 2023, the EPFD cash and cash equivalents balances were \$7,605,563.

For purposes of the Statement of Cash Flows, the EPFD considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Custodial credit risk is the risk that in the event of a failure of the counter party to an investment transaction the EPFD would not be able to recover the value of the investment or collateral securities. The EPFD had no exposure to custodial risk in its investment accounts as of December 31, 2023.

Funds held in non-interest-bearing accounts at Coastal Community Bank in regards to FDIC issued limits of \$250,000 were \$908,106 as of December 31, 2023. There was an uninsured balance of \$658,106 that would need to be collateralized by securities held by the bank.

2. Receivables

Accounts receivable consist of customer accounts receivable owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

3. Capital Assets

Capital assets are recorded at historical cost and defined by the EPFD as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

See Note 5 for details of Capital Assets as of December 31, 2023.

4. Accounts Payable

Accounts Payable as of December 31, 2023 was \$264,939. \$70,523 of the outstanding Accounts Payable were Utility cost, \$55,375 were Event related costs, \$55,859 were Benefit costs, \$11,196 were Capital Investment, \$33,380 was Management Fee, \$10,200 were Ice Rink Expenses, the remaining \$28,406

were operating related expenses including among others: R&M, Supplies, Cleaning, IT, Cable, Trash Removal and Landscaping.

5. Deferred Inflows and Outflows of Resources

Deferred Inflow of resources consist of Lease Revenues from Lease agreements to be received in future years and a Public-Private Partnership agreement with the current management company.

The deferred inflow of Lease Revenues as of December 31, 2023 was \$1,351,076. This deferred inflow is further discussed in Note 1-F and Note 6.

In January 2020, the EPFD entered into a renewal agreement with Oak View Group (formerly Spectra Venue Management). The agreement provides for a payment of \$1,200,000 by Oak View Group toward capital improvements in the EEC. \$800,000 were received in September 2020 and the remaining \$400,000 were received in July 2021. This revenue is being recognized over 124 months in accordance with the agreement as there is a repayment obligation for the unearned balance should the agreement be terminated early. The unamortized balance of deferred inflows of resources as of December 31, 2023 was \$812,903. This deferred inflow is further discussed in Note 1-G and Note 7.

Deferred outflows of resources consist of the loss on refunding of 2007 bonds that is being amortized over eight years, Lease Payables for future years due to lease contracts, and deferred outflow for the asset value at the end of a PPP agreement with the City of Everett. The EPFD recorded a loss on debt refunding in 2018 of the 2007 bonds. The balance of this loss as of December 31, 2023 was \$32,293.

The EPFD has an interlocal agreement with the City of Everett for an operating lease of the ground on which the EEC is located as well as assets built on this ground. The agreement, dated February 28, 2002, and subsequently amended, was for 35 years, and has since been extended to end on December 1, 2041. This ground lease arrangement falls under the provisions of the new Public-Private and Public-Public Partnerships (PPP) which came into effect for 2023. The EPFD added a Long-Term Liability of \$7,617,032 which represents and offsets the asset values net of depreciation at the end of the ground lease term. The PPP liability was offset by a deferred outflow which will be spread over the remaining 19 years of the arrangement. The balance of the deferred outflow in association with the PPP agreement as of December 31, 2023 was \$7,216,136. This deferred outflow is further discussed in Note 1-G and Note 7.

6. Debt

See Note 4 and 7 for detail on Long-Term Debt outstanding as of December 31, 2023.

7. Restricted Assets and Restricted Net Position

Restricted accounts contain reserves of \$1,398,776 for debt service on the 2018 issued Limited General Obligation Refunding Bonds 18A and 18B.

Everett Public Facilities District  
Restricted Funds  
For the Year Ended December 31, 2023

RESERVE FUNDS ESTABLISHED FOR BONDS	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT AT BEGINNING OF YEAR	DEBT OUTSTANDING END OF YEAR	RESERVE FUNDS HELD
Limited GO Refunding Bond 2018A	11/15/2018	12/1/2041	4.0-5.0%	11,800,000	11,800,000	<b>864,463</b>
Limited GO Refunding Bond 2018B	11/15/2018	12/1/2030	2.93-4.15%	5,475,000	4,830,000	<b>534,312</b>
<b>TOTAL GENERAL OBLIGATION BONDS</b>				<b>17,275,000</b>	<b>16,630,000</b>	<b>1,398,776</b>

Specific debt service reserve requirements are described in Note 4, Long-Term Debt.

#### 8. Deficit Fund Net Position

The EPFD has been working to reduce operating losses through enhanced revenues and reduced expenses. Significant improvements were made in 2018 and 2019 through strong performing events, increased tax and admissions revenues and a decrease in debt related expenses, and operations in 2018 and 2019 provided positive cash flow. In 2020, the Covid-19 pandemic resulted in the cancellation of events and closures of the facilities, severely impacting operations and creating an operational loss, though the EPFD implemented cost mitigation strategies that allowed it to maintain a positive cash flow. In 2021, rules regarding crowd size and temporary closures in the first half of the year inhibited the EPFD's ability to generate revenue, resulting in an operating loss for the year, but continued cost mitigation strategies and a moderate return in event activity in the later half of 2021 allowed the EPFD to generate positive cash flow.

The additional Hotel/Motel tax proceeds from Snohomish County starting in 2022, and a return to more typical operations assisted the EPFD to improve its net position in 2022 as well as in 2023 and will assist going forward.

Furthermore, the Sales and Use Taxes imposed under RCW 82.14.390, which provide a significant benefit to the EPFD through the Snohomish County PFD, were extended from a maximum term of 25-years to 40-years, and accordingly the EPFD has amended its interlocal agreement between the EPFD, City of Everett, Snohomish County and the Snohomish County Public Facilities District to extend its allocations through 2041 which will also positively impact the EPFD's net position.

Due to sufficient cash flow, the EPFD started payments in 2022 to the City of Everett to pay off the Scoreboard Loan that the City granted the EPFD in 2015. The Scoreboard Loan was officially paid off on April 14, 2023. After the Scoreboard Loan was retired in 2023, the EPFD began making payments against the Deficiency Loan when sufficient cash flow allows it. The EPFD paid \$500,000 in 2023 to the City to reduce the Deficiency Loan balance owed.

The deficit in Net Position decreased by \$808,090 from an overall loss of \$3,562,688 at the end of 2022 to a loss of \$2,754,598 at the end of 2023.

#### 9. Net Position Classification

For government-wide reporting as well as proprietary funds, the difference between assets and deferred outflow of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. The EPFD's restricted accounts contain reserves for debt service only. See Note 1 number 7 and Note 4, Long-Term Debt. It is the District's policy not to consider the restricted net position for depletion.

#### F. Leases

GASB 87 was effective for fiscal years ending June 30, 2022 and after. Under this rule Lease Liabilities and Assets need to be reported for agreements that extend over more than twelve months.

The EPFD receives two types of Lease Revenue. A lease agreement for a shop within the Ice Rink and Suite Lease agreements that guarantee usage of our arena suites during events. The total revenue in 2023 from these sources was \$453,225. The amount of deferred inflows of revenues from leases as of December 31, 2023 was \$1,351,076.

The EPFD pays Lease Expenses for a storage unit and various equipment. The total lease expenses in 2023 were \$78,640. The amount of these right to use Lease Assets as of December 31, 2023 was \$347,063.

#### G. PPP Agreements

The recognition of Public-Public and Public-Private Partnerships is effective for fiscal years ending June 30, 2023 and is defined in GASB 94.

The ground lease arrangement between the City of Everett and the EPFD, as well as the Capital Investment from the Management Company to the EPFD fall under the provisions of the new Public-Private and Public-Public Partnerships (PPP).

The total revenue recognized from the PPP agreement with the Management Company in 2023 was \$116,129 and the balance as of December 31, 2023 was \$812,903.

The total expense recognized from the PPP agreement with the City of Everett in 2023 was \$400,896 and the balance as of December 31, 2023 was \$7,216,136.

Note 2 - Major Agreements:

Interlocal Agreements

The EPFD, City of Everett, Snohomish County and the Snohomish County Public Facilities District entered into an interlocal agreement dated December 20, 2001 regarding the EEC and a new County parking garage. The Agreement was originally for a term of 25 years, but has since been extended to 40 years. The Agreement provides for the payment by the Snohomish County PFD of \$44,137 per month to the EPFD and an additional graduated annual payment to Snohomish County for the parking garage, collectively referred to as "Tier I". The Agreement grants the EPFD specific access to the parking garage for event related purposes. In 2009, the agreement was amended to provide for the allocation of a second tier of funding - "Tier II" - representing aggregate funds available to the Snohomish County PFD in excess of its initial Tier I commitments. The agreement provides that the EPFD is to receive 30.4305% of the aggregate Tier II allocations as determined by the Snohomish County PFD Board of Directors. Initial Tier I commitments will be fulfilled by January 1, 2027, and after that date, based on the amendment dated August 20, 2020, those respective revenue amounts received by the Snohomish County PFD will be considered part of the Tier II allocation eligible revenue. In 2023 the EPFD received \$606,831 of Tier II funds.

The EPFD has an interlocal agreement with the City of Everett for an operating lease of the ground on which the EEC is located. The agreement, dated February 28, 2002, and subsequently amended, is for a term of at least 25 years and up to 35 years, with all the improvements to the property passing to the City of Everett upon termination. Future rental payments are contingent upon operating results and payment in full of outstanding debt. In 2023, the rental payment amount for the ground lease to the City was \$0. The ground lease arrangement between the City of Everett and the EPFD fall under the provisions of the new Public-Private and Public-Public Partnerships (PPP).

Hockey License Agreement

On April 19, 2002, the EPFD entered in a License Agreement with the Everett Silvertips Hockey Club of the Western Hockey League as the anchor tenant of the EEC. The license agreement provides for team facilities within the EEC.

The license agreement was renewed and amended on August 31, 2018 for 5 years through the 2022-2023 hockey season. This renewal included \$500,000 of capital funding throughout the renewal term with \$50,000 of it received in 2023.

The EPFD renewed the agreement with the Everett Silvertips again on July 27, 2023 for another 5 years through the 2027-2028 hockey season. This renewal includes \$625,000 of capital funding throughout the renewal term. The EPFD received the first \$125,000 from the Everett Silvertips in 2023 which was used towards the purchase and installation of new LED Sport Lighting in the Arena. There is no repayment obligation for these capital funds.



The license agreement provides for payments to the EPFD of a percentage of Silvertips' ticket sales, and a sharing of EPFD concession revenues with the team.

#### Professional Management Contract

Effective December 1, 2002 the EPFD entered into a Pre-opening Services and Management Agreement with Global Spectrum, LP, formerly called Spectra Venue Management, now known as Oak View Group. In November 2021, Spectra Venue Management was acquired by Oak View Group.

The agreement extends to all elements of the EEC, including the City of Everett owned Conference Center.

The term of the agreement extended three years from the Opening Date of the EEC, October 3, 2003. The agreement has been extended on a number of occasions, most recently for eleven years, beginning January 1, 2020.

The agreement includes a fixed base management fee plus an incentive fee which can be earned by exceeding the financial and service parameters outlined in the agreement.

The term extension and contract amendment effective January 1, 2020 provide for a payment of \$1,200,000 by Oak View Group towards capital improvements in the EEC. \$800,000 were received in September 2020 and the remaining \$400,000 were received in July 2021. This revenue is being recognized over 124-months starting September 1, 2020 and concluding December 31, 2030 as there is a repayment obligation for the unearned balance should the agreement be terminated early. The unamortized balance of deferred inflows of resources as of December 31, 2023 was \$812,903.

Oak View Group is tasked with the hiring and supervision of all EEC staff, facility maintenance, event booking, operational budgets as well as coordination with the Everett Silvertips Hockey Team and OVG Hospitality, formerly known as Spectra Food Services and Hospitality.

#### Commercial Rights Marketing

Effective March 14, 2003, the EPFD contracted with Sports Facilities Marketing Group (SFMG) for the provision of marketing services related to commercial rights at the EEC.

This agreement was modified on May 20, 2004 to provide a lump sum payment and termination of the agreement effective May 20, 2004. Since that date, responsibility for the sale of commercial rights has been assumed by Oak view Group.

#### Food and Beverage Management

Effective October 1, 2015 the EPFD contracted with OVG Hospitality, formerly known as Spectra Food Services and Hospitality for catering and concession services. In November 2021, SFS was acquired by Oak View Group and now operates as OVG

Hospitality. OVG Hospitality pays a percentage of concessions and catering gross revenue to the EPFD. As OVG Hospitality is affiliated with Oak View Group, the EPFD Board of Directors negotiated the terms of the food and beverage agreement independently, with the assistance of an independent food and beverage consultant.

The initial term of the agreement was for 63 months, ending December 31, 2020.

The agreement provided for a payment of \$375,000 by OVG Hospitality towards capital improvements in the EEC. This revenue was fully recognized over 60-months in accordance with the agreement and the final amount was recognized in September of 2020.

On May 1, 2019, the parties amended the agreement to extend the initial term through June 30, 2025, and further amended the agreement on March 18, 2021 to extend the initial term through June 30, 2027. Along with the extended term, OVG Hospitality is to invest in \$250,000 of design services, improvements and/or capital equipment connected to food and beverage service. All items purchased by OVG Hospitality with this investment become the property of the EPFD on June 30, 2025. The EPFD has a repayment obligation if the contract is terminated prior to June 30, 2025 for the unearned balance. The EPFD has the option to extend the agreement for five additional years.

#### Naming Rights Agreement

The EPFD entered into a 10-year naming rights sponsorship agreement effective December 1, 2017 with the Stillaguamish Tribe of Indians (Tribe). The arena has since been renamed the “Angel Of The Winds Arena.” The agreement has an additional five-year option exercisable by the Tribe.

#### Note 3 - Risk Management:

##### Insurance Pool Membership

Everett Public Facilities District is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services. The Pool was formed on July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool’s fiscal year ending August 31, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes General Liability, Automobile Liability, Public Officials’ Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra

Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that apply to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits, and member deductibles/copays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Liability:</b>				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

**Property <sup>(2)</sup>:**

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense(EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000

## Everett Public Facilities District

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
<b>Automobile Physical Damage<sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
<b>Crime Blanket<sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position<sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber<sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
<b>Identity Fraud Expense Reimbursement<sup>(10)</sup></b>	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled, and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sub-limit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy up" the level of coverage from \$5,000 to \$2 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/member's property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims do not have a deductible. There is a \$25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements above the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year. They must give notice 60 days before renewal to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contributing to Enduris for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

Note 4 - Long-Term Debt

In October 2014, the City of Everett and the EPFD entered into an Interlocal Agreement, which provided for the issuance by the City of Everett of \$35,865,000 of Limited Tax General Obligation Refunding Bonds. From the bond proceeds, \$27,415,000 was used to retire the EPFD's 2007 Project Revenue Bonds. This was designated in the Interlocal as the "2014 PFD Refunding Bonds" and was payable to the City of Everett. The Limited Tax General Obligation Refunding Bonds were floating rate bonds with interest at the SIFMA (Securities Industries & Financial Markets Association) rate plus 40 basis points, interest calculated weekly and payable monthly. Under the terms of the Interlocal Agreement, The City of Everett would make all payments on the Bonds, but bill EPFD for its share of the interest and principal payments as they are made, on a monthly basis. Amounts so billed, but unpaid by the EPFD per conditions of the Interlocal Agreement, would constitute a "Repayment Deficiency Loan" (RDL) from the City to the EPFD. The unpaid balance of advances made under the RDL would accrue interest at the City's Interfund Loan Rate. Any balance outstanding at the time that title to the EEC passes to the City of Everett shall be deemed fully satisfied. With the Washington State Legislature's 2017 extension of the Sales Tax Revenue for existing Public Facility Districts from twenty to forty years, passage of ownership in the EEC to the City of Everett is anticipated to occur on December 1, 2041.

In 2015, the EPFD entered into an Interlocal Agreement with the City to borrow \$665,000 to be used for replacement of the EEC scoreboard. The unpaid balance accrued interest at the City's Interfund Loan Rate. In 2022 the EPFD started making payments to the City of Everett to pay off the Scoreboard Loan plus accrued interest. The Loan was officially paid off on April 14, 2023.

In August of 2018, the City of Everett and the Everett Public Facilities District entered into an Interlocal Agreement, which consolidated all prior agreements into one master agreement. Through this Interlocal, the City agreed to a contingent loan guarantee to support the EPFD's refinance of its 2007 Limited Sales Tax and Interlocal Revenue Bonds described below.

In 2018 the EPFD issued \$19,625,000 in Limited General Obligation Refunding Bonds with interest rates ranging from 2.93% to 5.00%. The 2018 Bonds consisted of \$11,800,000 of Limited General Obligation Refunding Bonds, Series 2018A (tax exempt), and \$7,825,000 of Limited General Obligation Refunding Bonds, Series 2018B (taxable). The proceeds were used to advance refund \$17,695,000 of outstanding Limited Sales Tax and Interlocal Bonds, 2007, as well as \$4,770,000 of the 2014 Refunding Bonds payable to the City of Everett related to "2014 PFD Refunding Bonds", as described above. The outstanding balance as of December 31, 2023 is \$16,630,000.

The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payment on the refunded bonds. The refunded bonds are considered defeased, and the liability for those bonds has been removed from the Statement of Net Position. In 2018, the EPFD transferred \$4,975,082 for the advance refunding of a portion of the 2014 City of Everett LTGO Bonds to the City of Everett to be held in escrow until June 1, 2019, when the bonds were redeemed. As a result of that redemption, \$211,233 was refunded to the EPFD in 2019 including \$2,384 of accumulated interest on the Escrow amount.

In 2019, the City refinanced its 2014 Limited Tax General Obligation Refunding Bonds ("2014 PFD Refunding Bonds", as described above), replacing variable interest rate bonds with fixed interest rate bonds. Based on the financing schedules provided by the City, the refunding resulted in a reduction in debt payable by EPFD of \$3,826,011 and a balance outstanding as of December 31, 2023 of \$17,975,000.

In 2023, additions to the RDL totaled \$674,321, consisting of interest payments on the 2019 PFD Refunding Bonds of \$844,950, principal payment on the 2019 PFD Refunding Bonds of \$590,000 and interfund interest on the 2014 PFD Refunding Bond as well as the Scoreboard Loan of \$112,122. The 2023 payments on the Scoreboard Loan represent a deduction from the RDL of \$372,751 resulting in the Scoreboard Loan being paid off. In addition, in 2023 the EPFD started making payments towards the RDL. The EPFD paid \$500,000 against the RDL in 2023 and is planning to make payments going forward as General Revenue Funds permit. The City of Everett Interfund interest rate as of December 31, 2023 was 2.34%.

General obligation bonds outstanding as of December 31, 2023, are as follows:

NAME OF ISSUE / PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT ORIGINALLY ISSUED	REDEMPTION TO DATE	DEBT OUTSTANDING
Limited GO Refunding Bond 2018A	11/15/2018	12/1/2041	4.0-5.0%	11,800,000		11,800,000
Limited GO Refunding Bond 2018B	11/15/2018	12/1/2030	2.93-4.15%	7,825,000	2,995,000	4,830,000
<b>TOTAL GENERAL OBLIGATION BONDS</b>				<b>19,625,000</b>	<b>2,995,000</b>	<b>16,630,000</b>

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2024	665,000	731,152	1,396,152
2025	690,000	707,678	1,397,678
2026	715,000	682,493	1,397,493
2027	740,000	655,680	1,395,680
2028	770,000	627,190	1,397,190
2029-2033	4,375,000	2,608,500	6,983,500
2034-2038	5,465,000	1,427,500	6,892,500
2039-2041	3,210,000	231,200	3,441,200
	16,630,000	7,671,392	24,301,392

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2023	Additions	Reductions	Ending Balance 12/31/2023	Due Within One Year
Bonds Payable					
General obligation bonds	17,275,000	0	(645,000)	16,630,000	665,000
Plus deferred amounts:					
For issuance discounts	(63,761)	0	3,371	(60,390)	(3,371)
For issuance premiums	736,084	0	(49,346)	686,738	49,346
Total Bonds Payable	17,947,323	0	(690,975)	17,256,348	710,975
Governmental Loans					
City Bonds	18,565,000	0	(590,000)	17,975,000	
Deficiency Loan	4,956,051	1,547,072	(872,751)	5,630,372	
Total Governmental Loans	23,521,051	1,547,072	(1,462,751)	23,605,372	
	41,468,374	1,547,072	(2,153,726)	40,861,720	710,975

The Interlocal allows for payments on the 2014 PFD Refunding Bonds (which were refinanced in 2019, as described above), and advances made under the RDL only after the EPFD has met the following requirements:

- \* Payment of all current obligations for interest and principal on the EPFD's 2018 Limited General Obligation Bonds Series A and Series B
- \* Payment of all costs of operations and maintenance of the EEC
- \* Contributions to a Capital Reserve Fund equal to the Annual Capital Repair Reserve Payment set forth in the Capital Needs Assessment.

Per IRS section 148(f) the EPFD accrues for arbitrage amounts earned on the reserve amount that was established for the \$11,800,000 Series A (tax exempt) Limited General Obligation Refunding Bonds. Arbitrage liability as of December 31, 2023 was \$0. The reserve fund established for the Series A offering is \$864,463, and the reserve fund established for the Series B (taxable) offering is \$534,312, and is required to be held until repayment of the Series B Bonds.

Within the obligation to make payments on the RDL, the repayment of the Scoreboard Loan takes priority over payments to the RDL and finally payments on the 2018 City Refunding Bonds. In 2023, the EPFD made the final payments to the City of Everett to pay off the Scoreboard Loan plus accrued Interest. The Loan was officially paid off on April 14, 2023. After retiring the Scoreboard Loan the EPFD started making payments on the Repayment Deficiency Loans in the amount of \$500,000 and is going to continue to make payments as General Revenue Funds permit.

Note 5 - Capital Assets

Buildings and Leasehold Improvements

The Arena and Community Ice Rink buildings are depreciated using the straight-line method over the expected useful life of 45 years, commencing October 1, 2003. By agreement with the City of Everett, the EPFD occupies office space in the Conference Center building. EPFD incurred \$136,000 in tenant improvements to this space, which was amortized over their expected useful life of 20 years, commencing October 1, 2003.

Furniture, Fixtures, and Equipment

Facility equipment, office furniture and vehicles are depreciated using the straight-line method over the expected useful lives of the assets. Asset additions of \$5,000 or greater are capitalized by the EPFD.

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Lives</u>
Buildings and Structures	Straight-line	45-50 years
Leasehold Improvements	Straight-line	5-50 years
Vehicles	Straight-line	5 years
Facility Equipment	Straight-line	2-20 years
Office Equipment	Straight-line	2-15 years



**Schedule of Changes in Capital Assets 2023**

	Beginning Balance January 1, 2023	Increases	Decreases	Ending Balance December 31, 2023
Capital Assets, not being depreciated:				
Land Improvements	257,074	0	0	257,074
Total Capital Assets, not being depreciated	257,074	0	0	257,074
Capital Assets, being depreciated:				
Building	51,101,510	1,119,377	437,847	51,783,040
Leasehold Improvements	136,000	0	0	136,000
Facility Equipment	8,594,555	444,040	298,607	8,739,988
Office Equipment	531,718	1,821	37,364	496,174
Vehicle	24,652	0	0	24,652
Total Capital Assets, being depreciated	60,388,435	1,565,238	773,819	61,179,854
Less Accumulated Depreciation for:				
Building	21,250,635	1,172,643	197,031	22,226,074
Leasehold Improvements	130,900	5,100	0	136,000
Facility Equipment	4,784,364	445,205	268,159	4,961,410
Office Equipment	423,058	26,579	37,364	412,273
Vehicle	24,652	0	0	24,652
Total Accumulated Depreciation	26,613,609	1,649,528	502,554	27,760,409
Total Capital Assets being depreciated, Net	33,774,826	(84,290)	1,276,373	33,419,445
Owned Capital Assets, Net	34,031,900	(84,290)	1,276,373	33,676,519
Lease Assets (Right to use)	149,653	0	197,410	347,063
Total Capital Assets, Net	34,031,900	1,119,377	635,257	34,023,582

Note 6 - Leases

The EPFD receives two types of Lease Revenue. A lease agreement for a shop within the Ice Rink and Suite Lease agreements that guarantee usage of our arena suites during events. The total revenue in 2023 from these sources was \$453,225. The amount of deferred inflows of revenues from leases as of December 31, 2023 was \$1,351,076.

The EPFD pays Lease Expenses for a storage unit and various equipment. The total lease expenses in 2023 were \$78,640. The amount of these right to use Lease Assets as of December 31, 2023 was \$347,063.

Everett Public Facilities District  
Statement of Future Lease Receivables and Payables  
For the Year Ended December 31, 2023

Lessor Contracts				
Year	Total Payments	Lease Balance	Amortization	Asset Balance
		1,351,076		1,351,076
2024	566,672	784,404	566,672	784,404
2025	400,641	383,763	400,641	383,763
2026	167,510	216,252	167,510	216,252
2027	68,753	147,500	68,753	147,500
2028	30,000	117,500	30,000	117,500
2029	30,000	87,500	30,000	87,500
2030	30,000	57,500	30,000	57,500
2031	30,000	27,500	30,000	27,500
2032	27,500	0	27,500	0
Total	1,351,076		1,351,076	

Lessee Contracts				
Year	Total Payments	Lease Balance	Amortization	Asset Balance
		347,063		347,063
2024	108,843	238,220	108,843	238,220
2025	90,267	147,953	90,267	147,953
2026	43,960	103,993	43,960	103,993
2027	40,660	63,333	40,660	63,333
2028	40,000	23,333	40,000	23,333
2029	23,333	0	23,333	0
Total	347,063		347,063	

Note 7 - PPP Agreements

The recognition of Public-Public and Public-Private Partnerships is effective for fiscal years ending June 30, 2023 and is defined in GASB 94. The ground lease arrangement between the City of Everett and the EPFD, as well as the Capital Investment from the Management Company to the EPFD fall under the provisions of the new Public-Private and Public-Public Partnerships (PPP).

In January 2020, the EPFD entered into a renewal agreement with Oak View Group (formerly Spectra Venue Management). The agreement provides for a payment of \$1,200,000 by Oak View Group toward capital improvements in the EEC. \$800,000 were received in September 2020 and the remaining \$400,000 were received in July 2021. This revenue is being recognized over 124 months in accordance with the agreement as there is a repayment obligation for the unearned balance should the agreement be terminated early. The unamortized balance of deferred inflows of resources as of December 31, 2023 was \$812,903. The total revenue recognized from the PPP agreement with the Management Company in 2023 was \$116,129.

The EPFD has an interlocal agreement with the City of Everett for an operating lease of the ground on which the EEC is located as well as assets build on this ground. The agreement, dated February 28, 2002, and subsequently amended, was for 35 years, and has since been extended to end on December 1, 2041. The EPFD added a Long-Term Liability of \$7,617,032 which represents and offsets the asset values net of depreciation at the end of the ground lease term. The PPP liability was offset by a deferred outflow which will be spread over the remaining 19 years of the arrangement. The balance of the deferred outflow in association with the PPP agreement as of December 31, 2023 was \$7,216,136. The total expense recognized from the PPP agreement with the City of Everett in 2023 was \$400,896.

# Everett Public Facilities District

Everett Public Facilities District  
Statement of PPP Agreements  
For the Year Ended December 31, 2023

Public-Private Agreement - Capital Investment from Management Contract				
Year	Total Payments	PPP Balance	Amortization	Liability Balance
		812,903		812,903
2024	116,129	696,774	116,129	696,774
2025	116,129	580,645	116,129	580,645
2026	116,129	464,516	116,129	464,516
2027	116,129	348,387	116,129	348,387
2028	116,129	232,258	116,129	232,258
2029	116,129	116,129	116,129	116,129
2030	116,129	0	116,129	0
Total	812,903		812,903	

Public-Public Agreement - Interlocal Ground Lease				
Year	Total Payments	PPP Balance	Amortization	Asset Balance
		7,216,128		7,216,128
2024	400,896	6,815,232	400,896	6,815,232
2025	400,896	6,414,336	400,896	6,414,336
2026	400,896	6,013,440	400,896	6,013,440
2027	400,896	5,612,544	400,896	5,612,544
2028	400,896	5,211,648	400,896	5,211,648
2029	400,896	4,810,752	400,896	4,810,752
2030	400,896	4,409,856	400,896	4,409,856
2031	400,896	4,008,960	400,896	4,008,960
2032	400,896	3,608,064	400,896	3,608,064
2033	400,896	3,207,168	400,896	3,207,168
2034	400,896	2,806,272	400,896	2,806,272
2035	400,896	2,405,376	400,896	2,405,376
2036	400,896	2,004,480	400,896	2,004,480
2037	400,896	1,603,584	400,896	1,603,584
2038	400,896	1,202,688	400,896	1,202,688
2039	400,896	801,792	400,896	801,792
2040	400,896	400,896	400,896	400,896
2041	400,896	0	400,896	0
Total	7,216,128		7,216,128	

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