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## WASHINGTON STATE CONVENTION & TRADE CENTER

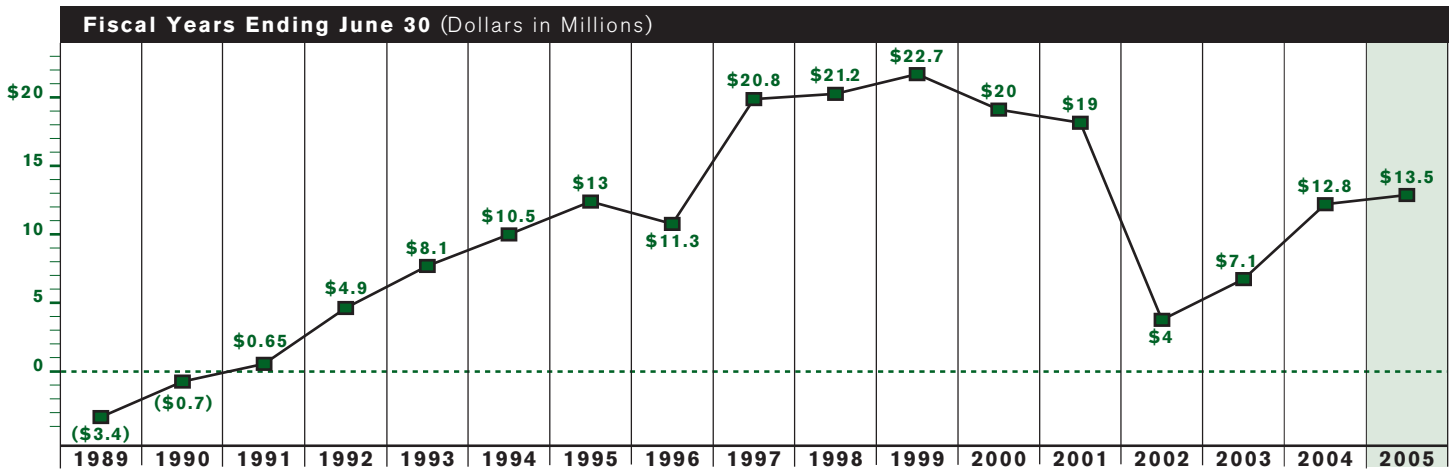
FISCAL 2005 ANNUAL REPORT  
JULY 1, 2004 – JUNE 30, 2005

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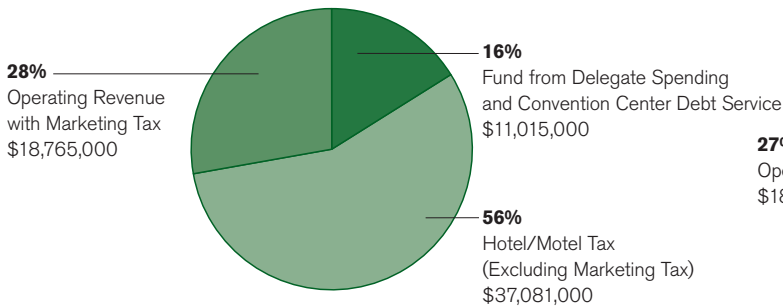
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**NET ANNUAL CASH FLOW TO STATE**

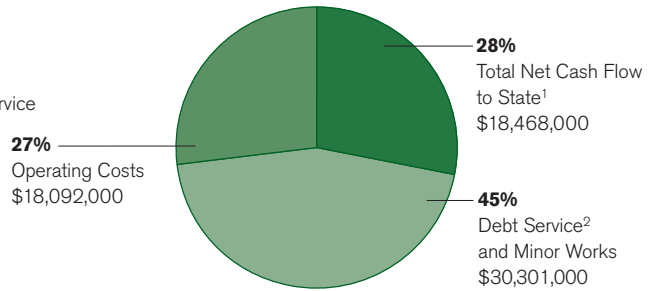


Amounts include net cash contributions to state Convention Center fund and state general fund, after deducting all operating costs and debt service payments.

**SOURCES**



**USES**



<sup>1</sup> Includes state general fund and state Convention Center fund.

<sup>2</sup> Includes bond principal and interest, Certificate of Participation lease payments and a legislatively-directed payment from the Convention Center account for minor works capital projects.

## CONVENTION CENTER CASH FLOW SUMMARY

Fiscal Years Ending June 30 (Dollars in Thousands)

	2001	2002	2003	2004	2005
<b>STATE CONVENTION CENTER FUNDS</b>					
<b>REVENUE SOURCES</b>					
Hotel/Motel Tax <sup>1,2</sup> (Excluding Marketing Tax and Including City Transient Tax)	\$36,506 <sup>3</sup>	\$32,770	\$33,194	\$35,171	\$37,081
Operating Revenue with Marketing Tax	15,390 <sup>3</sup>	15,732	17,123	19,154	18,765
Total Revenues	51,896	48,502	50,317	54,325	55,846
<b>EXPENSES</b>					
Debt Service <sup>4</sup>	21,014	30,279	28,097	29,684	29,666
Minor Works <sup>5</sup>	0	0	1,989	(54)	635
Operating Costs	13,964	16,000	16,701	17,662	18,092
Total Expense	34,978	46,279	46,787	47,292	48,393
Net Cash Flow to Convention Center	16,918	2,223	3,530	7,033	7,453
<b>STATE GENERAL FUND</b>					
Estimated Direct State Sales Tax on Delegate Spending	9,731	8,576	10,621	13,235	13,933
Cash Transfer from Convention Center	0	0	0	5,000 <sup>6</sup>	5,000 <sup>6</sup>
Less Credit for City Transient Tax	(7,666)	(6,823)	(7,011)	(7,519)	(7,918)
Net Cash Flow to General Fund	2,065	1,753	3,610	10,716	11,015
<b>TOTAL NET CASH FLOW TO STATE</b>	<b>\$18,983</b>	<b>\$ 3,976</b>	<b>\$ 7,140</b>	<b>\$12,749<sup>6</sup></b>	<b>\$13,468<sup>6</sup></b>

<sup>1</sup> A hotel/motel excise tax authorized by the state Legislature is imposed on room rates charged for lodgings of 60 units or more in Seattle and King County. This tax is the primary source of payments for Convention Center debt service, Certificate of Participation lease payments and for marketing expenses incurred by Seattle's Convention and Visitors Bureau.

<sup>2</sup> Fiscal 2001, and each subsequent year, reflect a 12-month collection of city transient tax.

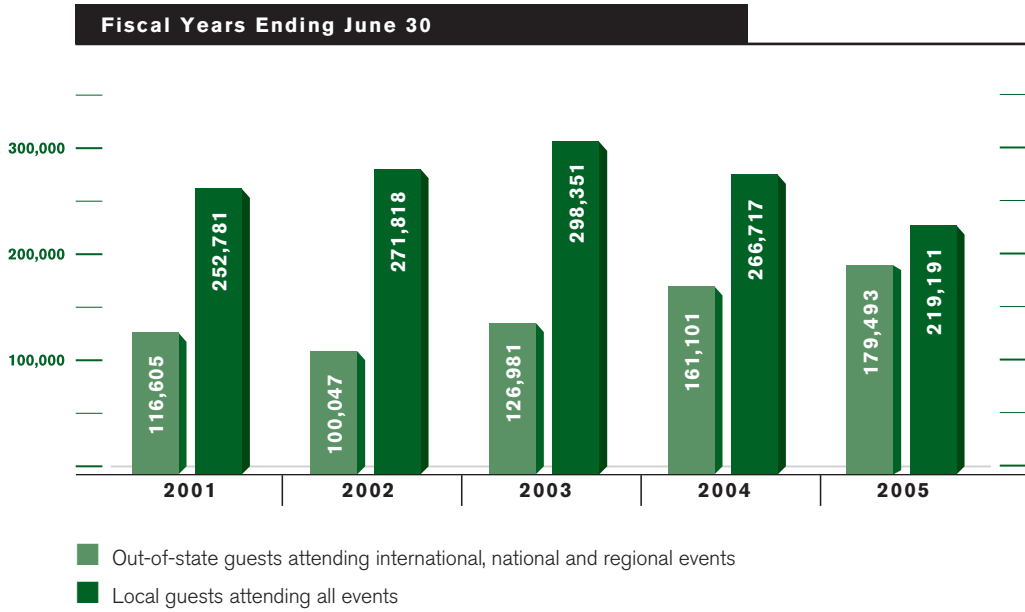
<sup>3</sup> The Department of Revenue reported an error that occurred over a period of four fiscal years (1998–2001) that artificially inflated the Center's hotel/motel revenues funds by \$2,667,372 during this period. Corrective adjustments have been made and are reflected in this table and other financial statements. However, when comparing this table to annual reports from prior periods, revenue amounts will be slightly lower.

<sup>4</sup> Debt service in fiscal year 2001 and after includes bond principal and interest payments and annual Certificate of Participation lease payments, as well as \$2.3 million (in 2001) and \$2.7 million (in 2002) directly appropriated by the Legislature for low-income housing mitigation projects.

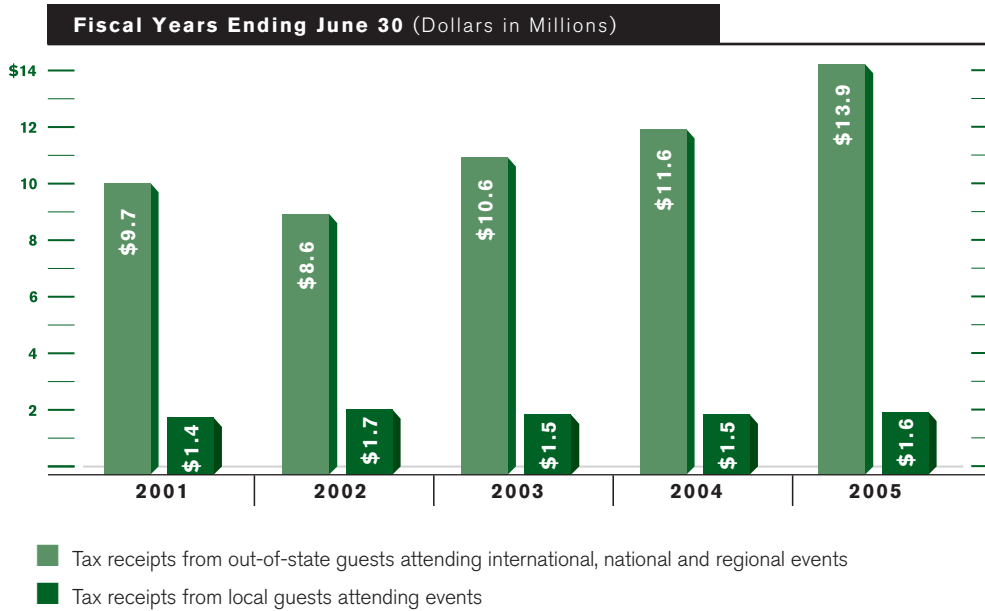
<sup>5</sup> Minor works is appropriated by the Legislature for specific long-lived capital expenditures (e.g. roof replacement, energy-efficient lighting fixtures and freeway fire protection systems).

<sup>6</sup> Cash transfer of \$5 million in March 2004 and March 2005 to the state general fund as approved by the Legislature. These funds are appropriated from existing balances in the Convention Center's capital fund. As a result, this cash transfer increases the net cash flow to the state general fund, but does not impact total net cash flow to state for the fiscal year.

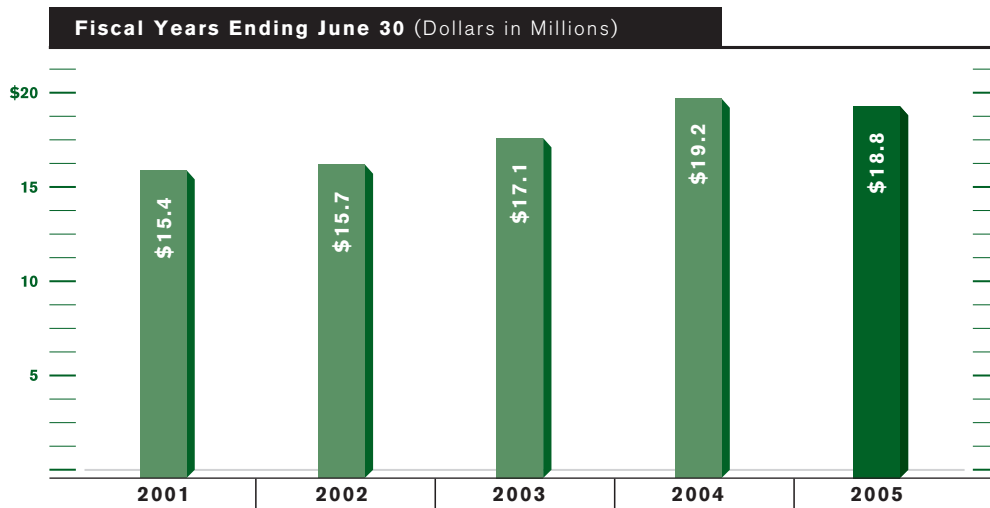
**EVENT ATTENDANCE**



**ESTIMATED STATE SALES TAX RECEIPTS FROM DELEGATE SPENDING**

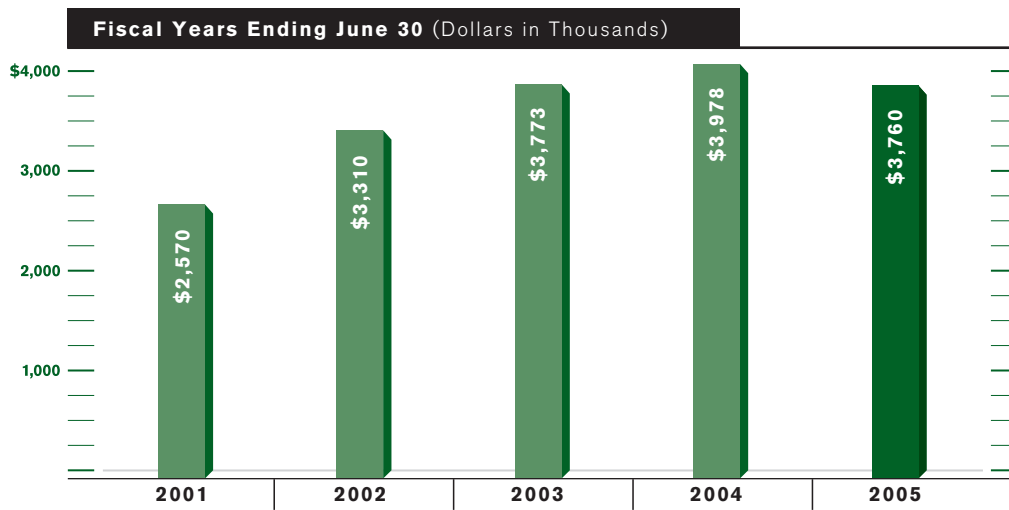


**OPERATING REVENUES**  
**TOTAL OPERATING REVENUE**



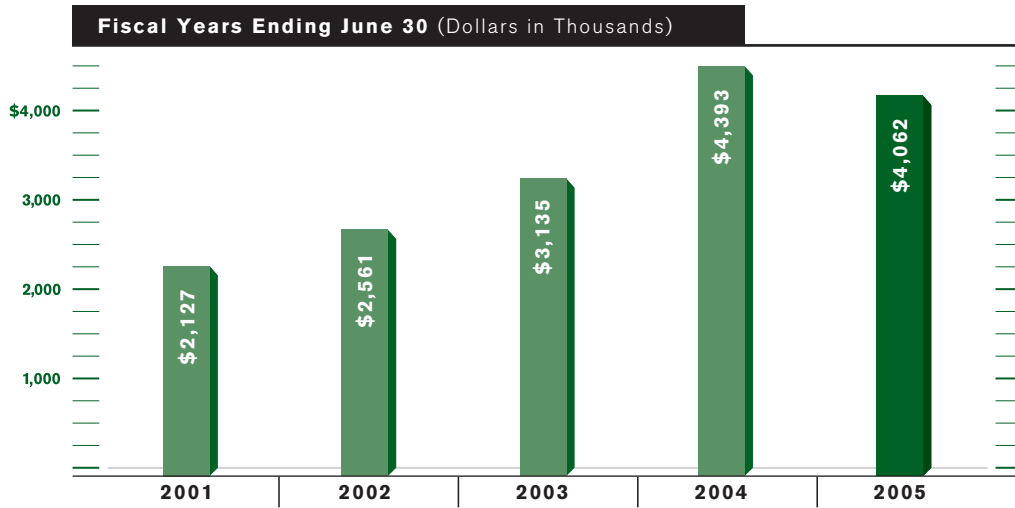
This statutory definition of operating revenue includes income from all Convention Center departments plus the 1 percent hotel tax for marketing, but excludes other hotel taxes received by the Center and direct sales taxes paid by delegates.

**BUILDING RENT REVENUE**



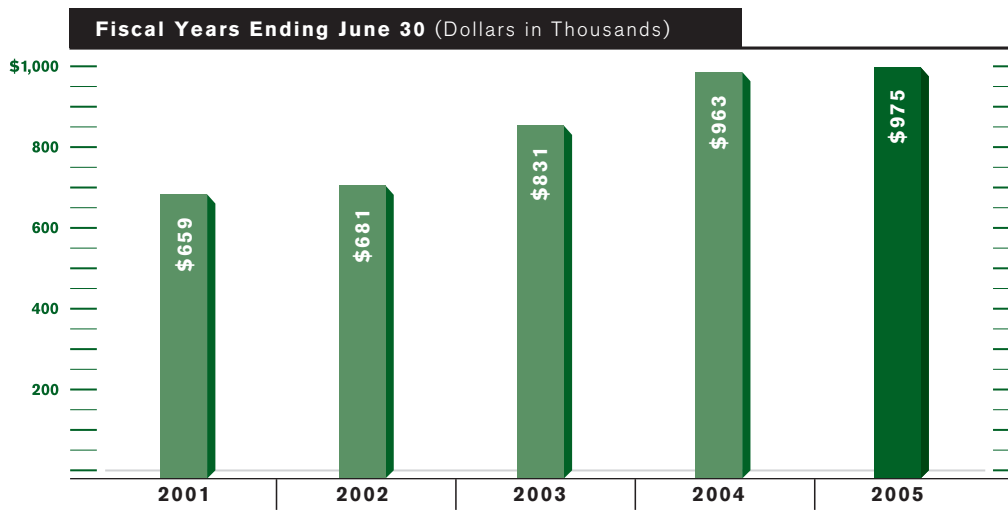
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## FOOD SERVICE REVENUE

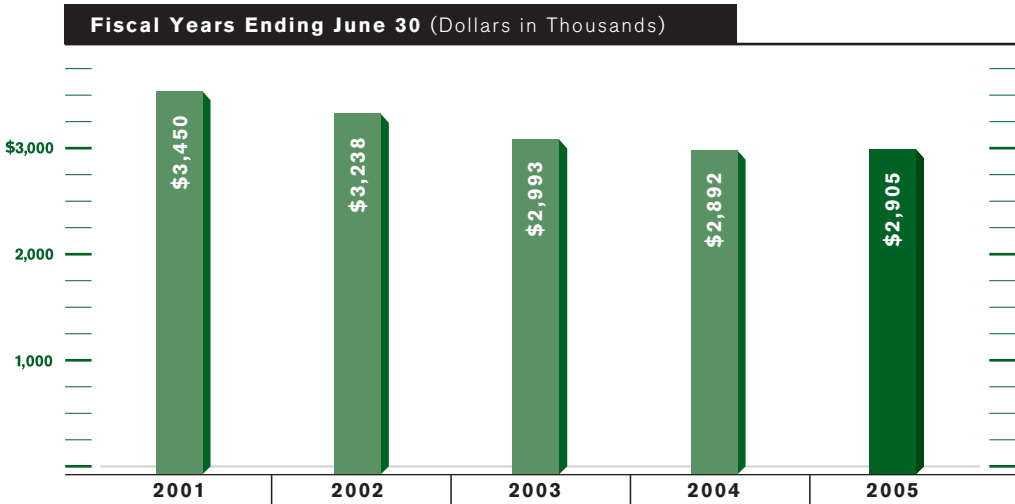


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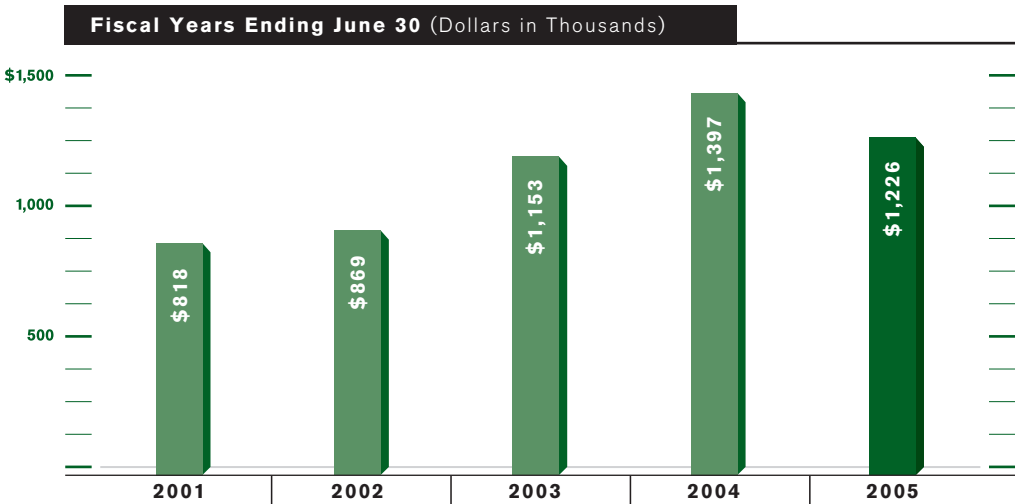
## RETAIL RENT REVENUE



**PARKING REVENUE**



**FACILITY SERVICES REVENUE**



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**CASH FLOW TO LOCAL INSTITUTIONS**  
**IMPACT OF THE CONVENTION CENTER (FORECAST)**

King County (1989–2020)	\$ 125,434,701
City of Seattle (1989–2020)	72,289,338
Seattle School District (1989–2020)	12,845,364
Regional Transit Authority (1997–2020)	24,418,702
Arts and Culture Organizations (1997–2012)	8,630,285
<b>TOTAL</b>	<b>\$243,618,390</b>

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**IMPACT OF CONVENTION CENTER ON KING COUNTY TAX RECEIPTS**

FISCAL YEARS	ACTUAL	FORECAST <sup>1</sup>		
	1989–2005	2006–10	2011–15	2016–20
<b>GENERAL COUNTY SALES TAX (0.15%)</b>				
Construction - Original (\$114,000,000)	\$ 171,000			
Construction - Expansion (\$185,300,000)	277,950			
Retail Sales - Delegates	2,603,263	\$ 1,291,373	\$ 1,446,367	\$ 1,596,906
Hotel Rooms - Delegates	1,389,151	658,506	744,140	821,591
<b>KINGDOME TAX (2% on lodging)</b>	18,522,009	8,780,082	9,921,868	10,954,544
<b>METRO TRANSIT SALES TAX</b>				
Sales Tax (0.4%)	10,646,435	6,159,917	5,841,351	6,449,324
Sales Tax (0.2%) effective April 2001	1,651,342	3,079,959	2,920,676	3,224,662
<b>CRIMINAL JUSTICE SALES TAX (0.3%)</b>	7,984,827	4,619,938	4,381,013	4,836,993
<b>PROPERTY TAX (Expansion Codevelopments and Eagles)<sup>2</sup></b>	1,115,438	1,250,970	1,046,553	1,046,553
<b>KING COUNTY TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS</b>	<b>\$44,361,415</b>	<b>\$25,840,745</b>	<b>\$26,301,968</b>	<b>\$ 28,930,573</b>
<b>ESTIMATED CUMULATIVE TAX RECEIPTS TO KING COUNTY, FISCAL 1989–2020</b>				<b>\$125,434,701</b>

<sup>1</sup> Forecast adjusted for expansion and 2 percent annual inflation.

<sup>2</sup> 2005 actual and forecasts at 2005 levy rate of \$1.43146 per \$1,000. ACT Theatre received an exemption as a nonprofit performance facility. Eagles Apartments receives a historical preservation tax exemption through 2007.

**NOTE:** All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

**IMPACT OF CONVENTION CENTER ON CITY OF SEATTLE TAX RECEIPTS**

FISCAL YEARS	ACTUAL	FORECAST <sup>1</sup>		
	1989–2005	2006–10	2011–15	2016–20
<b>GENERAL SALES TAX (0.85%)</b>				
Construction - Original (\$114,000,000)	\$ 969,000			
Construction - Expansion (\$185,300,000)	1,575,050			
Retail Sales - Delegate Spending	22,612,940	\$11,040,816	\$12,412,871	\$13,704,813
<b>PROPERTY TAX (\$3.36 per \$1,000)</b>				
Grand Hyatt Hotel (\$88,800,000)	1,683,184	1,492,360	1,492,360	1,492,360
One Convention Place Office Tower (\$73,800,000)	1,226,161	1,239,753	1,239,753	1,239,753
Less Taxes Paid on Previous Property Values	(296,695)	(294,971)	(294,971)	(294,971)
Eagles Building <sup>2</sup>	0	11,486	19,143	19,143
<b>CITY OF SEATTLE TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS</b>				
	<b>\$27,769,640</b>	<b>\$13,489,444</b>	<b>\$14,869,156</b>	<b>\$16,161,098</b>
<b>ESTIMATED CUMULATIVE TAX RECEIPTS TO CITY OF SEATTLE, FISCAL 1989–2020</b>				
				<b>\$72,289,338</b>

<sup>1</sup> Forecast adjusted for expansion and 2 percent annual inflation.

<sup>2</sup> ACT Theatre received an exemption as a nonprofit performance facility. Eagles Apartments receives a historical preservation tax exemption through 2007.

**NOTE:** All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

**IMPACT OF CONVENTION CENTER ON SEATTLE SCHOOL DISTRICT TAX RECEIPTS**

FISCAL YEARS	ACTUAL	FORECAST <sup>1</sup>		
	1989–2005	2006–10	2011–15	2016–20
<b>PROPERTY TAX (\$2.30181 per \$1,000)</b>				
Grand Hyatt Hotel (\$88,800,000)	\$1,198,713	\$1,022,461	\$1,022,461	\$ 1,022,461
One Convention Place Office Tower (\$73,800,000)	880,596	849,391	849,391	849,391
Less Taxes Paid on Previous Property Values	(213,138)	(202,093)	(202,093)	(202,093)
Eagles Building <sup>2</sup>	0	7,869	13,116	13,116
<b>STATE GENERAL FUND SUPPORT FOR SEATTLE SCHOOLS (1.62%)<sup>3</sup></b>				
Sales Tax: Delegate Hotel and Retail Spending	2,388,699	923,271	1,035,441	1,143,211
Sales Tax: Construction	315,163			
Property Tax - State School Fund (\$2.30181 per \$1,000)	35,423	27,178	40,166	27,263
<b>SEATTLE SCHOOL DISTRICT TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS</b>				
	<b>\$4,605,456</b>	<b>\$2,628,077</b>	<b>\$2,758,482</b>	<b>\$ 2,853,349</b>
<b>ESTIMATED CUMULATIVE TAX RECEIPTS TO THE SEATTLE SCHOOL DISTRICT, FISCAL 1989–2020</b>				<b>\$12,845,364</b>

<sup>1</sup> Forecast adjusted for expansion and 2 percent annual inflation.

<sup>2</sup> ACT Theatre received an exemption as a nonprofit performance facility. Eagles Apartments receives a historical preservation tax exemption through 2007.

<sup>3</sup> Approximately 1.62 percent of the state's general fund is used to support Seattle schools.

**NOTE:** All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

**IMPACT OF CONVENTION CENTER ON REGIONAL TRANSIT AUTHORITY TAX RECEIPTS**

FISCAL YEARS	ACTUAL	FORECAST <sup>1</sup>		
	1997-2005	2006-10	2011-15	2016-20
<b>SALES TAX (0.4%)</b>				
Expansion Construction (\$185,300,000)	\$ 741,200			
Retail Sales - Delegate Spending	6,191,149	\$5,195,678	\$5,841,351	\$ 6,449,324
<b>REGIONAL TRANSIT AUTHORITY TAX RECEIPTS RESULTING FROM CONVENTION CENTER DEVELOPMENT AND OPERATIONS</b>	<b>\$6,932,349</b>	<b>\$5,195,678</b>	<b>\$5,841,351</b>	<b>\$ 6,449,324</b>
<b>ESTIMATED CUMULATIVE TAX RECEIPTS TO THE REGIONAL TRANSIT AUTHORITY, FISCAL 1997-2020</b>				<b>\$24,418,702</b>

<sup>1</sup> Forecast adjusted for expansion and 2 percent annual inflation.

**NOTE:** All estimated sales tax receipts in this table are based on spending by Convention Center out-of-state delegates only.

**IMPACT OF CONVENTION CENTER ON ARTS AND CULTURE ORGANIZATIONS TAX RECEIPTS**

FISCAL YEARS	ACTUAL	FORECAST <sup>1</sup>		
	1997–2005 <sup>2</sup>	2006–10	2011–12	TOTAL
To Arts and Culture Organizations <sup>3,4</sup>	\$2,535,588	\$2,115,562	\$988,705	\$5,639,855
To Arts and Culture Endowment <sup>5</sup>	920,918	1,410,375	659,137	2,990,430

<b>ESTIMATED CUMULATIVE TAX RECEIPTS APPLIED BY KING COUNTY TO ARTS AND CULTURE ORGANIZATIONS OUT OF 2% KINGDOME HOTEL TAX, FISCAL 1997–2012<sup>6</sup></b>	<b>\$8,630,285</b>
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<sup>1</sup> Forecasts adjusted for expansion, 2 percent annual inflation, and run until 2012 when the present statutory allocation ends.

<sup>2</sup> Revenues accrued prior to 1997 are not included in this table.

<sup>3</sup> 75 percent of amounts in excess of a Kingdome debt service base (\$5.3 million) from 1992–2000 per RCW 67.28.180 (3)(a)(i).

<sup>4</sup> 70 percent of amounts in excess of a Kingdome debt service base (\$5.3 million) from 2001–2012 per RCW 67.28.180 (3)(a)(i), less 40 percent used to establish the arts and culture endowment.

<sup>5</sup> 40 percent of amounts distributed to arts and cultural organizations from 2001–2012 per RCW 67.28.180 (3)(e).

<sup>6</sup> Amounts based on projected hotel expenditures by Convention Center out-of-state delegates only.

**EXCERPT FROM KINGDOME HOTEL TAX LEGISLATION**

**RCW 67.28.180, AS LAST AMENDED IN 1997**

“(3)(a) Taxes collected under this section in any calendar year before 2013 in excess of five million three hundred thousand dollars shall only be used as follows: (i) Seventy-five percent from January 1, 1992, through December 31, 2000, and seventy percent from January 1, 2001, through December 31, 2012, for art museums, cultural museums, heritage museums, the arts, and the performing arts. Moneys spent under this subsection (3)(a)(i) shall be used for the purposes of this subsection (3)(a)(i) in all parts of the county. (e) At least forty percent of the revenues distributed pursuant to (a)(i) of this subsection for the period January 1, 2001, through December 31, 2012, shall be deposited in an account and shall be used to establish an endowment. Principal in the account shall remain permanent and irreducible. The earnings from investments of balances in the account may only be used for the purposes of (a)(i) of this subsection.”

**EXPANSION PROJECT FUNDING**

FUNDING RESOURCES	AMOUNT
State of Washington Certificates of Participation (COPs)	\$133,700,000
Construction Sales Tax Credit	5,750,000
City of Seattle Contribution	7,500,000
Codeveloper: R.C. Hedreen Co. (Sale of Surplus Property)	15,000,000
Codeveloper: Trammell Crow Company (Sale of Surplus Property)	4,176,200
Codeveloper: Museum of History & Industry (Sale of Surplus Property)	8,350,000
Interest Earnings on Invested Project Funds	25,750,651
Miscellaneous Revenue	800,000
State of Washington Equipment COPs	4,600,000
Unsold COPs (Appropriated Contingency)	5,500,000
<b>TOTAL</b>	<b>\$211,126,851</b>

EXPENDITURES	AMOUNT
Expansion Property Acquisition	\$ 59,076,169
Contaminated Material Removal	888,118
Replacement Housing/Residential and Business Relocations	8,092,216
Construction (Including Installed Equipment)	116,089,002
Design, Management and Miscellaneous Costs	19,286,540
Fixtures, Furnishings and Equipment	2,194,806
<b>Subtotal</b>	<b>\$205,626,851</b>
<b>Unspent Appropriated Contingency</b>	<b>5,500,000</b>
<b>TOTAL</b>	<b>\$211,126,851</b>

**CONVENTION CENTER CASH FLOW AND IMPACT TO STATE 1982-2020** (Dollars in Thousands)

CAPITAL PROJECTS					CONVENTION CENTER OPERATIONS & FUND CASH FLOW				
Fiscal Year July 1-June 30	SOURCE OF FUNDS			USE OF FUNDS	SOURCE OF FUNDS		USE OF FUNDS	SOURCE OF FUNDS	USE OF FUNDS
	State Bond and Certificates of Participation Proceeds	Additional Funding Sources (Private, City, Department of Transportation)	Proceeds of Settlement and Sale of Property and Development Rights	Capital Development Costs	Hotel/Motel Tax Revenues with Sales Tax and Excluding Marketing Tax	Net Interest Received from Invested Cash	Debt Service Principal and Interest	Gross Operating Revenue Including Marketing Tax	Operating Costs
Pre-Open									
1982-88	\$ 101,390	\$ 15,427	\$ 29,360	\$ 148,270	\$ 34,017	\$ 24,159	\$ 41,936	\$ 0	\$ 11,938
Act. 1989	24,625			17,212	8,321	46	12,722	3,982	8,412
Act. 1990				7,096	9,679	202	12,668	4,744	8,176
Act. 1991	21,344	912		20,809	10,950		12,648	5,518	9,569
Act. 1992	7,820	758		3,605	11,221		11,346	6,331	9,466
Act. 1993		450		2,500	12,472		11,731	7,398	9,795
Act. 1994				1,264	14,597		12,128	8,122	10,345
Act. 1995	2,700			3,030	16,283		11,988	9,459	12,096
Act. 1996				200	16,897		12,131	10,023	11,193
Act. 1997	111,700	3,450		12,243	21,088		12,683	12,264	11,575
Act. 1998		9,961		14,441	22,513		12,673	13,498	12,412
Act. 1999		7,803		46,621	25,118		14,614	14,380	12,609
Act. 2000	73,040	17,676		93,561	27,123		14,793	14,702	13,264
Act. 2001	4,600	23,489		45,569	36,505		21,014	15,390	13,964
Act. 2002		1,614		23,999	32,770		30,279	15,732	16,000
Act. 2003		58		11,383	33,194		29,801	17,123	16,701
Act. 2004		3,175		2,684	35,171		29,630	19,154	17,662
Prelim. 2005		140		4,725	37,110		30,301	18,765	18,092
Est. 2006				1,479	38,360		32,211	18,838	18,838
Est. 2007					38,360		32,729	19,403	19,403
Est. 2008					39,511		30,308	19,985	19,985
Est. 2009					40,696		29,709	20,785	20,685
Est. 2010					42,731		29,768	21,616	21,512
Est. 2011					44,868		29,435	22,481	22,373
Est. 2012					47,111		29,246	23,380	23,267
Est. 2013					49,467		29,237	24,315	24,198
Est. 2014					51,940		29,290	25,288	25,166
Est. 2015					54,537		29,343	26,299	26,173
Est. 2016					57,264		29,413	27,351	27,220
Est. 2017					60,127		29,452	28,445	28,308
Est. 2018					63,133		16,265	29,583	29,441
Est. 2019					66,921		16,265	31,062	30,618
Est. 2020					70,937		16,260	32,615	31,844
	\$ 347,219	\$ 84,913	\$ 29,360	\$ 460,691	\$ 1,170,992	\$ 24,407	\$ 744,017	\$ 568,031	\$ 592,300
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>			<b>E</b>		<b>F</b>

- A** This column includes the issuance of General Obligation Bonds, Certificates of Participation (COPs) and state financing contracts used to construct and expand the building.
- B** The pre-1988 figure varies from pre-1996 annual reports due to an audit adjustment for previously unrecognized receipts. Received for the current expansion: city of Seattle \$7,500,000; sales tax appropriation from Legislature \$5,750,000; private developers \$27,526,200 (R.C. Hedreen \$15,000,000, Trammell Crow \$4,176,200 and Museum of History & Industry \$8,350,000) and an estimated \$25,650,000 of interest on financing proceeds along with \$800,000 in construction site rents.
- C** Cash received from the Industrial Indemnity Corporation (IIC).
- D** Includes the original settlement budget of \$156,909,070; the budget for the 1989 conversion and expansion of the facility of \$26,300,000; interest earned on proceeds of conversion/expansion bonds of \$1,050,000; settlement cost related to construction litigation of \$2,260,000; \$3,000,000 authorized and appropriated to develop low income housing; \$2,300,000 to supplement parking revenue note payments to IIC for three years; and \$253,216,200 for the current expansion, including \$27,526,200 in local private participation; \$5,750,000 in sales tax on construction authorized and appropriated by the Legislature; \$7,500,000 from the city of Seattle; \$189,340,000 in COP proceeds, \$800,000 in rents and estimated \$25,650,000 in anticipated interest earning on proceeds of expansion financing and the net cost of the McKay parcel of \$9,000,000.
- E** Debt service schedule reflects all refunding of callable bonds accomplished by the state treasurer and includes the estimated annual lease payments on the financing contracts which are being used to finance the most recent expansion of the facility. Debt service entries include \$2.3 million (fiscal year 2001) and \$2.7 million (fiscal year 2002) directed by appropriation from the Legislature to be paid directly out of capital fund O1V for low-income housing mitigation.

**CASH INFLOWS TO STATE GENERAL FUND FROM THE CONVENTION CENTER**

Convention Center Annual Cash Flow	Borrowed from the State	Repayment to State General Fund Including Interest	Direct Sales Tax Revenues from Construction	Direct Sales Tax Revenues from Delegate/Exhibition Spending	Directed Transfer to State General Fund	General Fund Credit for City Transient Tax	Interest Earnings Retained by State	CONVENTION CENTER NET CASH CONTRIBUTIONS TO GENERAL FUND		Fiscal Year July 1-June 30
								Convention Center Net Annual Cash Contribution to State General Fund	Convention Center Cumulative Cash Contribution to State General Fund	
\$ 4,302	\$ (2,889)		\$6,741				\$ 673	\$ 4,525	\$ 4,525	Pre-Open 1982-88
(8,785)	(8,785)		145	\$ 6,678				(1,962)	2,563	Act. 1989
(6,219)	(6,219)		355	3,238				(2,626)	(63)	Act. 1990
(5,749)	(5,749)		1,353	8,608				4,212	4,149	Act. 1991
(3,260)	(3,260)		234	7,614				4,588	8,737	Act. 1992
(1,656)	(1,656)		163	6,963				5,470	14,207	Act. 1993
246		\$ 246	82	7,371				7,699	21,906	Act. 1994
1,658		1,658	21	9,336				11,015	32,921	Act. 1995
3,596		3,596	13	7,696				11,305	44,226	Act. 1996
9,094		4,500		11,755				16,255	60,481	Act. 1997
10,926		5,700		10,111				15,811	76,292	Act. 1998
12,275		11,000		10,758				21,758	98,050	Act. 1999
13,768		9,458		8,176		\$ (1,907)	540	16,267	114,317	Act. 2000
16,917				9,731		(7,666)	902	2,967	117,284	Act. 2001
2,223				8,576		(6,823)	526	2,279	119,563	Act. 2002
3,815				10,621		(7,011)	432	4,042	123,605	Act. 2003
7,033				13,235	\$ 5,000	(7,519)	381	11,097	134,702	Act. 2004
7,482				13,933	5,000	(7,529)	497	11,901	146,603	Prelim. 2005
6,149				13,876	5,000	(7,877)	730	11,729	158,332	Est. 2006
5,631				14,594	5,000	(8,554)	1,088	12,128	170,460	Est. 2007
9,203				15,467		(8,811)	1,110	7,766	178,226	Est. 2008
11,087				15,699		(9,075)	1,132	7,756	185,982	Est. 2009
13,067				16,013		(9,393)	1,155	7,775	193,757	Est. 2010
15,541				16,333		(9,721)	1,178	7,790	201,547	Est. 2011
17,978				16,660		(10,207)	1,201	7,654	209,201	Est. 2012
20,347				16,993		(10,718)	1,226	7,501	216,702	Est. 2013
22,772				17,333		(11,254)	1,251	7,330	224,032	Est. 2014
25,320				17,680		(11,816)	1,276	7,140	231,172	Est. 2015
27,982				18,033		(12,407)	1,301	6,927	238,099	Est. 2016
30,812				18,394		(13,027)	1,324	6,691	244,790	Est. 2017
47,010				18,762		(13,679)	1,389	6,472	251,262	Est. 2018
51,100				19,137		(14,500)	1,416	6,053	257,315	Est. 2019
55,448				19,520		(15,370)	1,444	5,594	262,909	Est. 2020
\$427,113	\$(28,558)	\$36,158	\$9,107	\$408,894	\$20,000	\$(204,864)	\$22,172	\$262,909		
					G	H				
								\$ 262,909		
									401,228	
								\$ 664,137		

**GENERAL FUND TOTAL END OF 2020**

**CONVENTION CENTER ACCOUNT TOTAL END OF 2020**

**TOTAL STATE FUNDS AT END OF 2020**

\$ 262,909

401,228

\$ 664,137

F A one-time expenditure of \$766,000 for the preliminary expansion study incurred in 1995.

G Appropriated by the 2003 and 2005 Legislatures as a directed cash transfer from Convention Center capital fund (O1V) to the state general fund of \$5,000,000 in each of fiscal years 2004 through 2007.

H This column shows annual reductions in the amount of state sales tax deposited in the state general fund from the sale of hotel rooms in the city of Seattle, effective January 1, 2000, to pay costs of the expansion project.

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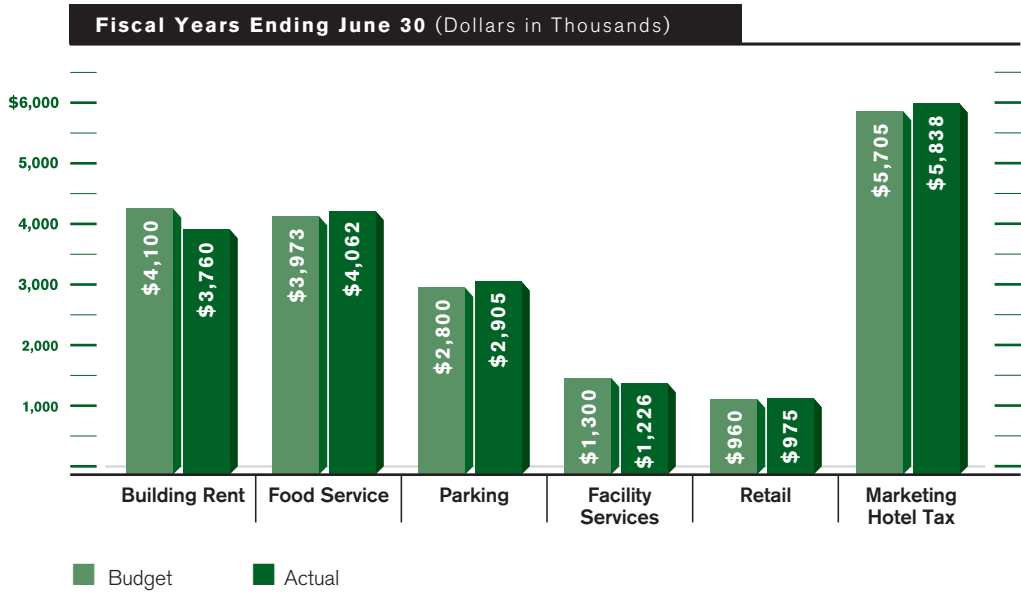
**OPERATING FUND (537) REPORT**

Fiscal year ended June 30, 2005

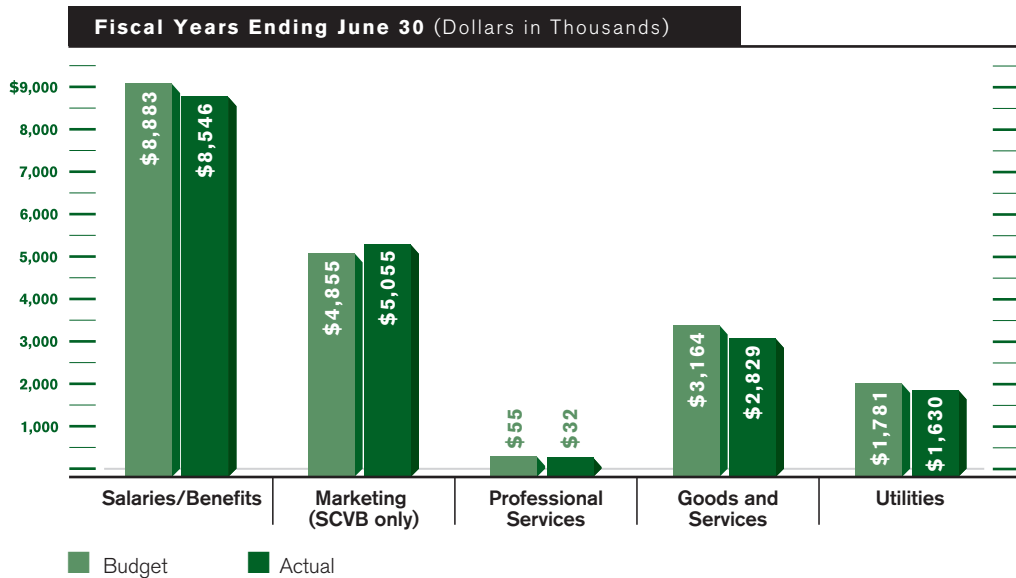
<b>CATEGORY</b>	<b>2005 BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUE</b>			
Building Rent	\$ 4,100,000	\$ 3,760,012	\$(339,988)
Food Service	3,972,805	4,062,083	89,278
Parking	2,800,000	2,904,471	104,471
Facility Services	1,300,000	1,226,227	(73,773)
Retail	960,000	974,611	14,611
Marketing Hotel/Motel Tax	5,705,395	5,837,917	132,522
<b>TOTAL</b>	<b>\$18,838,200</b>	<b>\$18,765,321</b>	<b>\$ (72,879)</b>
<b>EXPENDITURE<sup>1</sup></b>			
Salaries	\$ 6,042,466	\$ 5,864,365	\$(178,101)
Benefits	2,840,244	2,681,998	(158,246)
Marketing (SCVB only)	4,854,641	5,054,641	200,000
Professional Services	55,281	31,596	(23,685)
Goods and Services	3,164,178	2,829,180	(334,998)
Utilities	1,781,390	1,630,021	(151,369)
<b>TOTAL</b>	<b>\$18,738,200</b>	<b>\$18,091,801</b>	<b>\$(646,399)</b>
<b>NET INCOME</b>	<b>\$ 100,000</b>	<b>\$ 673,520</b>	<b>\$ 573,520</b>

<sup>1</sup> Sales and marketing activities for the Convention Center are provided through a contract with Seattle's Convention and Visitors Bureau (SCVB) and through internal Convention Center sales staff. Annual expenditures from Marketing Hotel/Motel Tax revenues paid to SCVB for their services are reflected in the expenditure item. Expenditures by Center sales staff are included in various items such as Salaries, Benefits, Professional Services and Goods and Services.

**ANNUAL OPERATING REVENUES - BUDGET VS ACTUAL**



**ANNUAL OPERATING EXPENDITURES<sup>1</sup> - BUDGET VS ACTUAL**



<sup>1</sup> Sales and marketing activities for the Convention Center are provided through a contract with Seattle's Convention and Visitors Bureau (SCVB) and through internal Convention Center sales staff. Annual expenditures from Marketing Hotel/Motel Tax revenues are reflected in the Marketing expenditure item. Expenditures by Center sales staff are included in various items such as Salaries/Benefits, Professional Services and Goods and Services.

**FISCAL BUDGET NOTE:** The Convention Center operates within an overall biennial budget as approved by the state Legislature and a detailed annual budget approved by the board of directors.

**INCOME STATEMENT**

Fiscal Year Ended June 30, 2005

<b>BUDGET TO ACTUAL AS OF JUNE 30, 2005</b>	<b>BUDGET</b>	<b>2005</b>	<b>2004</b>
<b>TOTAL OPERATING INCOME</b>	\$ 13,132,805	\$ 12,927,404	\$ 13,622,648
<b>NON-OPERATING INCOME</b>			
Hotel / Motel Tax	34,232,369	35,030,429	33,183,545
Transient Rental Tax	7,633,818	7,917,453	7,519,280
Total Hotel Room Tax	41,866,187	42,947,882	40,702,825
Contribution of Capital	0	0	4,100,879
Total Non-Operating Income	41,866,187	42,947,882	44,803,704
Total Income	54,998,992	55,875,286	58,426,352
<b>OPERATING EXPENSES</b>			
Personnel Costs	8,882,710	8,546,363	8,275,128
Marketing (SCVB only)	4,854,641	5,054,641	4,777,875
Professional Services	55,281	31,596	19,697
Non-Capital Equipment	100,000	87,130	30,135
Goods and Services	4,924,768	4,337,088	4,533,547
Travel	20,800	34,983	22,905
Total Operating Expenses	18,838,200	18,091,801	17,659,287
<b>NON-OPERATING EXPENSES</b>			
Interest Expense	0	0	0
Depreciation Expense	8,200,000	8,118,119	8,828,595
Total Non-Operating Expenses	8,200,000	8,118,119	8,828,595
<b>BOND INTEREST EXPENSE</b>	18,600,000	20,168,432	20,811,472
<b>TOTAL EXPENSES</b>	<b>45,638,200</b>	<b>46,378,352</b>	<b>47,299,354</b>
<b>NET INCOME</b>	<b>\$ 9,360,792</b>	<b>\$ 9,496,934</b>	<b>\$ 11,126,998</b>

**COMPARATIVE BALANCE SHEET**

Fiscal Year Ended June 30, 2005

<b>ASSETS AS OF JUNE 30, 2005</b>	<b>2005</b>	<b>2004</b>
<b>CURRENT ASSETS</b>		
Petty Cash	\$ 46,100	\$ 18,600
Cash and Cash Equivalents	39,535,535	36,729,104
Total Cash and Cash Equivalents	39,581,635	36,747,704
Accounts Receivable	1,234,594	3,502,730
Other Current Assets	2,009,941	2,219,891
Total Current Assets	42,826,170	42,470,325
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	77,355,416	77,355,416
Furnishings and Equipment	13,673,190	6,801,347
Less Accumulated Depreciation	(3,796,156)	(4,200,728)
Net Furnishings and Equipment	9,877,034	2,600,619
Building	379,329,224	385,661,914
Less Accumulated Depreciation	(72,193,816)	(64,524,504)
Net Building	307,135,408	321,137,410
<b>TOTAL ASSETS</b>	<b>\$437,194,028</b>	<b>\$443,563,770</b>
<b>LIABILITIES AND RETAINED EARNINGS AS OF JUNE 30, 2005</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 26,895	\$ 23,438
Interest Payable	1,061,533	1,271,345
Other Accrued Expenses	18,945,144	18,130,794
Operating Deposits Payable	1,959,282	1,911,695
Total Current Liabilities	21,992,854	21,337,272
<b>LONG-TERM LIABILITIES</b>		
General Obligation Bonds	72,854,390	84,734,390
Other Long-Term Liabilities	186,786,632	190,078,744
Deferred Refunding Gain	296,808	340,415
Total Long-Term Liabilities	259,937,830	275,153,549
Total Liabilities	281,930,684	296,490,821
<b>RETAINED EARNINGS</b>		
Retained Earnings, Prior	145,766,410	135,945,951
Retained Earnings, Current	9,496,934	11,126,998
Total Retained Earnings	155,263,344	147,072,949
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$437,194,028</b>	<b>\$443,563,770</b>

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**SOURCES AND USES OF FUNDS**

Fiscal Year Ended June 30, 2005

	<b>OPERATIONS</b>	<b>CAPITAL</b>
<b>BEGINNING CASH BALANCE JULY 1, 2004</b>	\$5,250,396	\$31,478,708
Fund Revenue	701,544	37,109,965
<b>BALANCE SHEET ITEMS AFFECTING CASH AND NET INCOME</b>		
Other Assets	142,304	250,065
Land	0	0
Buildings	0	6,332,690
Improvements	0	(6,020,067)
Furnishings and Equipment	(22,624)	(829,152)
Construction In-Process	0	0
Accounts Payable	(8,743)	12,196
Other Short-Term Liabilities	(3,538)	817,892
Operating Deposits Payable	47,587	0
Long-Term Liabilities	(28,024)	3,092,442
Bonds Payable	0	(11,880,000)
Deferred Refunding	0	(43,607)
Expansion Financing	0	(6,384,555)
Bond Debt Interest	0	(20,479,946)
Total	126,962	(35,132,042)
<b>NET INCREASE IN CASH</b>	<b>828,506</b>	<b>1,977,923</b>
<b>CASH BALANCE AS OF JUNE 30, 2005</b>	<b>\$6,078,902</b>	<b>\$33,456,631</b>

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1:  
DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES**

These financial statements reflect a summary of transactions affecting the combined Convention Center capital fund and Convention Center operating fund for the capital development and operation of the Washington State Convention & Trade Center (the Center).

Legislation enacted in 1982 authorized the formation of a public nonprofit corporation, an instrumentality of the state, to construct and operate a convention and trade center in the city of Seattle.

An excise tax is imposed on room rates charged by lodgings of 60 units or more in Seattle and King County. This tax is the source of payment for the Center's debt service, marketing expenses, and \$5 million transferred to the state's general fund each fiscal year. The current rates are 7 percent within Seattle and 2.8 percent for the balance of King County.

As of January 1, 2000, 2 percent of the existing state sales tax on such larger lodgings of 60 units or more inside the Seattle city limits is being collected on behalf of the Convention Center to pay for debt service of the expansion project. The transient lodging tax will remain in effect until 2020, when the Convention Center debt is eliminated.

The Office of the State Treasurer acts on behalf of the Center in all activities involving management of cash and investments, including debt service on outstanding bonds.

The Center received private contributions for promotional hosting. These amounts are deposited in a Convention Center hosting account, under control of the board of directors, and are not included in these statements.

The Center has been designated as an enterprise fund. Such state funds are used to account for operations financed and operated in a manner similar to private business. As an enterprise fund, the Convention Center uses the accrual method of accounting, recognizes fixed assets, and prepares a balance sheet and income statement. To accomplish this accounting task, the Center utilizes an internal accounting system from which these statements are produced. This is in addition to the state-mandated accounting and payroll systems. The state auditor does not render an opinion on the results of operations reflected in our independent financial statements. The auditor does, however,

audit the Center in conjunction with all other state agencies and renders an opinion, under separate cover, based on the operation as reflected in the state accounting system.

Depreciation is recorded using the straight-line method, as prescribed by the state Office of Financial Management (OFM), employing the following standards for useful lives:

<b>Asset</b>	<b>Useful Life</b>
Building and Improvements	600 months
Air Conditioning Equipment	156 months
Vehicular Equipment	120 months
Furniture and Fixtures	120 months
Communications Equipment	84 months
Data Processing Equipment	72 months
Vehicles, All Other Equipment	60 months

To date, depreciation has been based on the \$197 million capitalized to the building through June 30, 1997. This includes original construction and a conversion/expansion completed in 1993. As of June 30, 2005, the Center capitalized construction-to-date on the current expansion, which was fundamentally complete as of September 2002. Depreciation is based on the capitalized building amount of \$379 million.

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT FOR FISCAL 2005**

	<b>Fiscal 2004</b>	<b>Additions</b>	<b>Deletions</b>	<b>Fiscal 2005</b>
Furnishings and Equipment	\$6,801,347	\$7,077,195	\$205,352	\$13,673,190

**NOTE 2: CASH AND INVESTMENTS**

The Office of the State Treasurer manages Convention Center cash and investments. Interest earned on cash in Convention Center funds not held by U S Bank Trust (the Trustee) remains under the jurisdiction of the state treasurer and is not available to the Convention Center to expend. Remaining project funds are held by the Trustee and are invested in a manner that anticipates construction draw downs, presently expected through December 2005.

**NOTE 3: TENANT LEASING AGREEMENTS**

The Center leases building space to various retail tenants. A total of 19 retail leases provided revenue of \$974,611 in fiscal 2005. Original lease contract terms will expire within one to three fiscal years for many of the retail tenants. It is not known if options to extend terms will be exercised. Additional retail leases are in negotiations. Based on 20 current retail leases, future minimum rental payments required for four succeeding fiscal years are:

2006	1,085,874
2007	1,117,386
2008	1,142,267
2009	1,164,680
<b>TOTAL</b>	<b>\$4,510,207</b>

**NOTE 4: REFUNDED LONG-TERM DEBT**

To date, the following Convention Center debt has been defeased through the issuance of the following advance refunding bonds:

Proprietary Bond Type	Bond Issue Refunded	Amount Refunded	Refunding Bond Debt	Refunded Debt Outstanding
G.O.	AT-6	\$ 910,000	\$ 970,000	\$ 960,000
G.O.	R-89C-AT-1	70,770,000	78,375,000	28,195,000
Zero-Coupon	AT-5	15,346,428	25,026,467	25,026,467
G.O.	R-90A, AT-3	4,910,000	4,935,000	1,930,000
G.O.	R-92A	19,565,000	19,030,000	17,165,000
G.O.	AT-6	1,075,000	1,080,000	285,000
G.O.	R-92C	6,255,000	6,195,000	3,195,000
G.O.	AT-8	1,795,000	1,850,000	1,810,000
<b>TOTAL</b>		<b>\$120,626,428</b>	<b>\$137,461,467</b>	<b>\$78,566,467</b>

**NOTE 5: LONG-TERM DEBT AUTHORIZATION**

Convention Center long-term debt outstanding at June 30, 2005 consisted of the following:

Long-Term Debt Issue	Interest Rates (Percent)	Maturity Dates	Original Principal Balances	Balance Outstanding as of FYE 2005
AT-8	4.8-7.0	7/96-7/15	\$2,835,000	\$ 130,000
AT-6	3.75-6.375	9/93-9/11	5,520,000	1,805,000
AT-5	6.55-7.1	8/97-8/12	21,343,610	4,232,924
R-98A (AT-6 Refunding)	4.25-5.0	1/98-7/12	970,000	960,000
R-93A (R-89C and AT-1 Refunding)	3.5-5.75	9/93-9/07	78,375,000	28,195,000
R-97A (AT-5 Refunding)	5.825-5.875	7/15-7/19	25,026,467	25,026,467
R-2000A (R-90A and AT-3 Refunding)	4.625-5.5	1/00-1/08	4,935,000	1,930,000
R-2001A (R-92A)	4.5-9.0	9/01-9/12	19,030,000	17,165,000
R-2002A (AT-6 Refunding)	3.0-5.0	9/02-9/05	1,080,000	285,000
R-2002A (R-92C Refunding)	3.0-5.0	9/02-9/06	6,195,000	3,195,000
R-2004A (AT-8 Refunding)	2.0-5.0	1/04-7/15	1,850,000	1,810,000
<b>TOTAL</b>				<b>\$84,734,391</b>

Certificates of Participation	4.125-5.625	7/02-7/17	\$188,479,594	\$169,334,782
Accreted Interest, 0-Coupon Bonds	n/a	n/a	n/a	23,836,404
<b>TOTAL</b>				<b>\$193,171,186</b>

Long-term debt service requirements, payable by the Center, for the next five fiscal years and to maturity are as follows:

	Principal	Interest	Total
2006	\$ 18,264,555	\$ 11,387,487	\$ 29,652,042
2007	18,952,699	10,433,607	29,386,306
2008	19,887,446	9,398,265	29,285,711
2009	17,581,499	11,026,876	28,608,375
2010	18,328,921	10,250,805	28,579,726
Thereafter	161,054,053	90,676,475	251,730,528
<b>TOTAL</b>	<b>\$254,069,173</b>	<b>\$143,173,515</b>	<b>\$397,242,688</b>

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**NOTE 6: LEASE COMMITMENTS**

In February 1997, the Center entered into a 30-year lease agreement with the city of Seattle for the 665-stall Freeway Park garage. Under this agreement, the Center paid debt service on the \$1.3 million of city bonds outstanding at the time, funds a capital reserve account of \$500,000 with annual maximum payments of \$20,000, and is responsible for repairs and maintenance. The final debt service payment was made in June 2002. The capital reserve account payment for fiscal 2005 was \$20,000. Future expected capital reserve account payments required for four succeeding fiscal years are:

2006	\$20,000
2007	20,000
2008	20,000
2009	20,000
<b>TOTAL</b>	<b>\$80,000</b>

**NOTE 7: RISK MANAGEMENT**

As a state agency, the Convention Center is self-insured through a state risk management pool. This pool's actuarial base is independently calculated from the state's experience rates and permanent assets. The state, as required by GASB10, defines its actuarial methods and calculations in the state CAFR for all agencies and does not provide this information by agency. The Convention Center has first dollar coverage up to a maximum of \$5 million for general liability and \$2 million for vehicle liability. The Convention Center also purchases insurance policies outside the risk management pool to provide coverage for art collections, an umbrella policy for liability coverage above \$5 million, and liability coverage for the board of directors.

**NOTE 8: EMPLOYEE PENSION PLANS**

In December 1985, the board of directors adopted an Employee Pension Plan. This plan is offered to employees not covered under the Washington State Department of Retirement Systems Plan or the Convention Center Labor Council Agreement. Effective participation began with the August 10, 1986 payroll and has two elements:

1. A Convention Center basic contribution of 5 percent based on compensation; and
2. A 401(k) plan, permitting employees to defer up to 12 percent of their salary, with a 50 percent match by the Center of up to 6 percent of salary.

The Center's contributions to the plan amounted to approximately \$165,258 for fiscal 2005. Plan assets at June 30, 2005 totaled \$3.77 million.

Pension plans within the Convention Center Labor Council Agreement vary with each member union. Contributions are made in accordance with negotiated labor contracts and generally are based on the number of actual or compensated hours worked, depending on job classification. The Center's contributions to the various plans for the benefit of represented staff amounted to approximately \$511,357 for fiscal 2005.

**NOTE 9: COMMITMENTS AND PLANNED EXPANSION**

Out of the total construction budget of \$205.6 million, \$1.5 million remains to be expended by December 31, 2005. To date, the project has been done on budget and without expending any of the additional \$5.5 million of budgeted COP contingency.

In fiscal 2003, the state legislature appropriated \$5 million for the state's general fund in each of fiscal years 2004 and 2005, to be paid out of Center's capital fund (O1V). Both payments have been made to the general fund. In addition, the 2005 state legislature appropriated \$5 million for the state's general fund for fiscal years 2006 and 2007, to be paid out of Center's capital fund (O1V).