
***DENVER METROPOLITAN MAJOR
LEAGUE BASEBALL STADIUM DISTRICT***
(A Component Unit of the State of Colorado)
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Denver Metropolitan Major League
Baseball Stadium District
Legislative Audit Committee
State Auditor of the State of Colorado
Denver, Colorado

Opinion

We have audited the financial statements of Denver Metropolitan Major League Baseball Stadium District (the District), a component unit of the State of Colorado, which comprise the statement of net position as of December 31, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2022, and the results of its operations and its cash flows 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis Of Matter

As described in Note 1 to the financial statements, effective January 1, 2022, the District changed its method of accounting for leases by adopting the Governmental Accounting Standards Board Statement No. 87, *Leases*. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The budgetary comparison information on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 8, 2023

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2022 and 2021

Our discussion of the District's financial performance provides an overview of our activities for 2022, with a comparison to the prior year and certain other background information. Please read it in conjunction with the District's financial statements, which begin on page four.

FINANCIAL HIGHLIGHTS

Total current assets increased by \$7.8 million or 101.7%. The increase was a result of an increase in cash and a new lease receivable amount of \$7.5 million which was the result of the new GASB 87 lease requirements.

GASB 87 is a new regulation that went into effect for reporting beginning on January 1, 2022. This changed the reporting for lease income. With the new regulation, the lease's present value is reported as a receivable and as a deferred inflow of resources, a new account category on the statement of net position. Then, the deferred inflow of resources is amortized into lease income and capital contribution using the effective interest rate method while the receivable is accreted to current value through interest income, based on an amortization schedule, and reduced upon receipt of each semiannual payment. The District is using a discount rate of 3.25% for the present value calculation. This was based on the average 30-year AA bond rates.

Total property and equipment, which is made up of building and equipment, reduced by the accumulated depreciation, increased by \$6.1 million or 3.7%. The increase was from capital fixed asset additions and construction in progress of \$13.5 million net of additional depreciation of assets of \$7.4 million in 2022.

Lease receivable increased to \$121.3 million. This is due to the new amount for 2022 due to the GASB 87 lease provision, net of \$4,500,000 of collections on \$5,000,000 of December 31, 2021 lease receivable balance.

Accounts payable increased by \$3.3 million. This increase is a result of large capital improvement costs started in 2022 with payment made in 2023.

Deferred inflow of resources - lease receivable, increased \$120.8 million. This is the new account for 2022 due to the GASB 87 lease standard.

Lease income for the District decreased by \$6.1 million. This includes the Rockies rent lease and the West Lot lease income. Interest from the rent and West Lot leases increased by \$2.7 million so the net decrease in the combined lease and interest income from the rent and West Lot leases was \$3.4 million. This decrease was due to

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2022 and 2021

FINANCIAL HIGHLIGHTS, continued

the terms of the West Lot lease payment decrease and the GASB 87 reporting changes. \$1.875 million of the decrease is due to the terms of the West Lot lease. The lease payments decreased from \$7.5 million per year to \$5 million per year beginning in March 2022. The remainder of the decrease is due to the GASB 87 reporting changes.

Parking and event income increased by \$1.1 million in 2022. This was due to more concerts and other events held at the stadium during 2022.

Operating expenses increased by \$351,128 or 4.5%. Included in operating expenses are depreciation expense which decreased by \$23,968, due to less depreciation and more assets being fully depreciated. Also included in operating expenses is repairs and maintenance expense which increased by \$187,654 and professional services which increased by \$177,722. The other items included in operating expenses are general and administrative costs which increased by \$9,723.

Interest income from bank accounts increased in 2022 by \$23,126 due to an increase in interest rates.

Noncash capital contributions increased by \$351,339. This includes assets paid for and placed into service at the stadium by Aramark in 2022. In addition, during 2022, the District received capital funding for future capital improvements of \$3.25 million. These are funds that Aramark has provided to the Rockies for future improvements. The Rockies transferred these funds to the District for use in the improvements scheduled for 2023.

The District's net position increased by \$3,121,553 or 1.8%. Key factors to this increase are the additional capital funding from Aramark and event income increase during 2022.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2022 and 2021

Use of this report

This report comprises three financial statements:

- (1) The Statement of Net Position measures the District's financial condition at year-end. It represents the difference between the District's assets, liabilities and deferred inflow of resources. Net position is displayed in three components: Cost of the stadium and related property less accumulated depreciation is included in *Net Investment in Capital Assets*. When constraints are imposed externally by laws, other governments, or creditors on net position they are reported as *Restricted*. *Unrestricted* net position represents that portion of net position that can be used to finance daily operations without constraints established by laws, enabling legislation or other legal requirements. The District currently considers its unrestricted net position as unavailable for refund to local governments as a result of the obligation to acquire additional parking spaces as a result of RTD's acquisition of the District's prime parking spaces.
- (2) Increases or decreases to net position are presented in the Statement of Revenues, Expenses and Changes in Net Position.
- (3) The Statement of Cash Flows portrays the sources, uses and net change in our cash. Cash flows are segregated by three major elements--operating, capital and related financing and investing activities.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2022 and 2021

Condensed comparative financial statement information (in thousands):

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating Revenue from Lease of Ballpark		
Parking and event income	\$ 1,128	\$ —
Lease income	2,384	8,500
Interest income - leases	2,741	—
Total Operating Revenue from Lease of Ballpark	<u>6,253</u>	<u>8,500</u>
Nonoperating Revenue and Capital Contributions		
Noncash capital contributions	718	367
Capital fund contributions - CRBC lease	42	1,500
Capital fund contributions - CRBC interest	1,083	—
Capital fund contributions - CRBC Aramark	3,250	—
Interest income - bank	25	1
Total Nonoperating Revenue and Capital Contributions	<u>5,118</u>	<u>1,868</u>
Total Revenue	11,371	10,368
Operating Expense	<u>8,249</u>	<u>7,898</u>
Increase (Decrease) In Net Position	\$ <u>3,122</u>	\$ <u>2,470</u>

In 2022 there was \$1.1 million of event income. These were concerts and other events generating income for the District. This is an increase over the previous year as COVID restrictions have lessened, allowing more events.

Due to the GASB 87 requirements, lease income is reported differently along with accrued interest on the lease income. This also affected the capital fund contributions from CRBC.

Noncash lease income, which represents assets contributed by third party vendors, such as Aramark, increased by \$351,339 as more improvements were made to concessions. In 2022, CRBC put an additional \$3.25 million into the Districts capital accounts for future improvements requested by the Rockies and approved by the Board.

Operating expenses increased by \$351,128 or 4.5% in 2022. The major categories increasing were professional fees and stadium repairs.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

**Management's Discussion and Analysis
For the Years Ended December 31, 2022 and 2021**

Condensed Statements of Net Position (in thousands):

	December 31,	
	2022	2021
Cash	\$ 7,532	\$ 2,702
Lease receivable	121,282	5,000
Capital assets net of accumulated depreciation	<u>173,228</u>	<u>167,089</u>
Total Assets	<u>302,042</u>	<u>174,791</u>
Current liabilities	<u>3,374</u>	<u>26</u>
Deferred inflows of resources	<u>120,782</u>	<u>—</u>
Net investment in capital assets	173,228	167,089
Restricted	6,622	1,388
Unrestricted	<u>(1,964)</u>	<u>6,288</u>
Total Net Position	<u>\$ 177,886</u>	<u>\$ 174,765</u>

Activity in noncurrent and net investment in capital assets for 2022 is summarized as follows:

Balance at beginning of year	\$ 167,089
Plus:	
Additions - Lower press windows, bleacher seats, concession improvements and equipment, and other improvements including work in process at year end	13,492
Less:	
Deletions - assets disposed of and related depreciation taken Current year depreciation	<u>7,353</u>
Balance at end of year	<u>\$ 173,228</u>

Additional information and analysis can be obtained from the District's office.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2022 and 2021

BUDGET COMPARISON (in thousands):

	Actual (000s)	Budget (000s)	Budget (000s)
Revenues			
Lease income CRBC including interest	\$ 5,125	\$ 6,000	\$ (875)
Capital fund contribution CRBC including interest	4,375	1,500	2,875
Noncash capital contributions	718	1,132	(414)
Interest income - bank	25	2	23
Event revenue from CRBC	1,128	475	653
Total Revenue	<u>11,371</u>	<u>9,109</u>	<u>2,262</u>
Expenditures			
Depreciation/amortization	7,353	7,450	(97)
Administrative and professional services	581	280	301
Stadium improvements	13,493	1,750	11,743
Stadium repairs and maintenance	315	100	215
Total expenditures	<u>21,742</u>	<u>9,580</u>	<u>12,162</u>
Change in net position - Budget Basis	(10,371)	(471)	9,900
Less: Capital Expenditures	13,493	1,750	11,743
Change in Net Assets - GAAP Basis	<u>\$ 3,122</u>	<u>\$ 1,279</u>	<u>\$ (1,843)</u>

Capital fund contributions increased because of an additional \$3.25 million that was put into the capital accounts for improvements.

Stadium improvements were over budget because of the additional projects started in 2022 that the Rockies had approached the District after the budget was completed to request an additional \$16 million of improvement spending. The Board approved the request for this increase. The capital improvements were over budget by \$11.7 million. The majority of this is in the Construction in progress account because the improvements have been started, but not yet completed or placed into service as of year-end.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

**STATEMENT OF NET POSITION
December 31, 2022**

Assets

Current Assets

Cash	\$ 1,230,340
Restricted cash	6,302,193
Lease receivable	8,000,000
Total Current Assets	<u>15,532,533</u>

Noncurrent Assets

Property and equipment:	
Land	20,664,165
Land improvements	13,214,443
Buildings	221,039,105
Other property and equipment	37,054,151
Construction in progress	11,121,468
	<u>303,093,332</u>
Accumulated depreciation	(130,083,541)
Total Property And Equipment	173,009,791
Intangible asset - view plane	218,252
Lease receivable	113,282,286
Total Noncurrent Assets	<u>286,510,329</u>
Total Assets	<u>302,042,862</u>

Liabilities

Current Liabilities

Accounts payable	<u>3,374,455</u>
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Deferred Inflow Of Resources

Lease receivable	<u>120,782,284</u>
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Net Position

Net Position

Net investment in capital assets	173,228,043
Restricted for capital projects	6,302,193
Restricted for TABOR	319,575
Unrestricted	<u>(1,963,688)</u>
Total Net Position	<u>\$ 177,886,123</u>

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For The Year Ended December 31, 2022**

Operating Revenue From Lease Of The Ballpark	
Parking and events	\$ 1,127,987
Lease income	2,383,923
Interest income - leases	2,741,077
Total Operating Revenue From Lease Of The Ballpark	<u>6,252,987</u>
Operating Expense	
Depreciation and amortization	7,352,617
Professional services	535,526
General, administrative and other	45,093
Repairs and maintenance	315,573
Total Operating Expense	<u>8,248,809</u>
Operating Loss	(1,995,822)
Nonoperating Revenue	
Interest income - bank	<u>24,501</u>
Change In Net Position Before Capital Contributions	<u>(1,971,321)</u>
Capital Contributions	
Noncash income - contributed capital assets	717,874
Capital fund contribution - CRBC	41,905
Capital fund contribution - CRBC interest	1,083,095
Capital fund contribution - CRBC Aramark	3,250,000
Total Capital Contributions	<u>5,092,874</u>
Change In Net Position	3,121,553
Net Position - Beginning Of Year	<u>174,764,570</u>
Net Position - End Of Year	<u><u>\$ 177,886,123</u></u>

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

STATEMENT OF CASH FLOWS For The Year Ended December 31, 2022

Cash Flows From Operating Activities	
Receipts from lessee	\$ 10,377,985
Payments for professional and other services	(880,234)
Net Cash From Operating Activities	<u>9,497,751</u>
Cash Flows From Capital And Related Financing Activities	
Payments for capital additions	(9,441,580)
Capital contribution - CRBC	1,500,000
Capital contribution - CRBC Aramark	3,250,000
Cash Flows From Capital And Related Financing Activities	<u>(4,691,580)</u>
Cash Flows From Investing Activities	
Interest income	24,501
Net Change In Cash	4,830,672
Cash, Beginning Of Year	<u>2,701,861</u>
Cash, End Of Year	<u><u>\$ 7,532,533</u></u>
Shown In The Statement Of Financial Position As:	
Cash	\$ 1,230,340
Restricted cash	<u>6,302,193</u>
Cash, End Of Year	<u><u>\$ 7,532,533</u></u>
Reconciliation Of Operating Cash Flows	
Operating loss	\$ (1,995,822)
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	7,352,617
Change in assets, liabilities, and deferred inflows of resources:	
Lease receivable	6,508,922
Accounts payable	15,958
Deferred inflows of resources	<u>(2,383,924)</u>
Net Cash From Operating Activities	<u><u>\$ 9,497,751</u></u>
Noncash Capital And Related Financing Activity	
Capital additions in accounts payable	\$ 3,354,965

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. Organization And Summary Of Significant Accounting Policies

Organization

The Denver Metropolitan Major League Baseball Stadium District (the District) is a body corporate and politic and a subdivision of the State of Colorado, established pursuant to the Denver Metropolitan Major League Baseball Stadium District Act, Title 32, Article 14, of the Colorado Revised Statutes, as amended (the Act). The District currently includes all or part of seven counties in the Denver metropolitan area. The District was created for the purpose of acquiring, constructing and operating a major league baseball stadium (the Ballpark).

The Act authorized the District to levy and collect sales/use tax as of August 1, 1991 of one-tenth of one percent throughout the District to assist in financing the acquisition and construction of the Ballpark. On January 1, 2001, the District discontinued the levy of the sales tax upon the final defeasance of all of its outstanding debt.

On July 5, 1991, Denver, Colorado, was awarded a major league baseball club franchise by the National League of Professional Baseball Clubs.

Summary Of Significant Accounting Policies

The District is a separate legal entity responsible for its own financial operations and obligations and is governed by a Board of Directors of seven members who are appointed by the Governor of the State of Colorado, and who serve without compensation. All activities for which the District exercises responsibility have been included in these financial statements. The District has been classified as a component unit of the State of Colorado, and is included in the Annual Comprehensive Financial Report of the state.

The financial statements of the District are presented on the basis of proprietary fund accounting concepts, using the economic resources measurement focus and the accrual basis of accounting, and in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Notes To Financial Statements (*Continued*)

The Ballpark consists of land improvements, buildings and other property and equipment, which are stated at cost and amortized and depreciated using the straight-line method over their respective estimated useful lives of 3 to 50 years beginning April 1995 when the Ballpark was placed in service. Subsequent capital additions funded by the Colorado Rockies Baseball Club (CRBC) are donated to the District and recorded at their acquisition value.

View plane relates to costs incurred to preserving west view sight lines from within the Ballpark. The view plane is considered an indefinite-lived intangible asset and therefore is not subject to amortization.

The District defines operating revenues as those revenues for which cash flows are reported as operating activities, i.e., derived from its principal ongoing operations (lease of the Ballpark and related activities). Nonoperating revenues include revenue from other than exchange or exchange-like transactions, such as interest, sale of property, donation of CRBC-funded capital additions and/or capital cash contributions and other income not related to lease of the Ballpark.

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed amount of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

When the District incurs an expense for which both restricted and unrestricted net position are available, the District will first apply restricted net position.

Actual expenditures exceeded budget by approximately \$12,162,000 in 2022 and \$582,000 in 2021, of which \$11,743,000 and \$462,000, respectively, was attributable to unbudgeted capital expenditures.

Leasing Arrangements

During 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of this statement had no net impact on the District's beginning of year net position.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements *(Continued)*

For arrangements where the District is the lessor, the District recorded a lease receivable and deferred inflow of resources at January 1, 2022, the adoption date of GASB 87, in the amount of the present value of lease payments expected to be received during the lease term. Over the term of the lease agreement these present value amounts are amortized, via the effective interest rate method, such that (i) the lease receivable is accreted, through interest income, to the lease payment value as of each lease payment due date and (ii) the present value of deferred inflows is amortized into rent income such that, along with the related interest component, equates to the amounts recorded, prior to GASB 87, as rent income and capital contributions. For transparency, on the statement of revenues, expenses and changes in net position, interest income related to GASB 87 present value accretion is presented separately from bank interest income.

For present value discount purposes, the District used a 10-year average of the 30-year Treasury Bill rate as a representation of the rate at which it could borrow funds for a term equivalent to the lease agreement.

2. Cash

The District's cash consists of the following:

	2022	2021
Cash		
Checking account	\$ 183,496	\$ 571,465
Bank savings accounts	1,046,844	1,042,746
Total Cash	1,230,340	1,614,211
Restricted Cash		
Checking account - capital improvements	934,537	144,766
Checking account - replacement parking	364,510	663,503
Sweep account - capital improvements	5,003,146	279,381
Total Restricted Cash	6,302,193	1,087,650
	\$ 7,532,533	\$ 2,701,861

The District maintains all of its cash with two Denver banks, resulting in a concentration of credit risk. Management of the District believes its risk of exposure with respect to cash is covered by adequate collateral required by the Public Deposit Protection Act (PDPA) and Federal Deposit Insurance Corporation insurance.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Notes To Financial Statements (*Continued*)

PDPA requires that all units of Colorado government deposit cash in eligible public depositories. State regulators determine the eligibility of depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA, which allows the financial institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another financial institution or held in trust. The fair value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The District's banks participate in the PDPA program.

The state regulatory commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2022 and 2021, the District's cash deposits had bank balances of \$9,286,896 and \$2,725,071, respectively. Risks associated with such deposits and investments in general include:

- Custodial credit risk, which is the risk that, in event of failure of the bank or counter-party, the District would be unable to recover its deposits or collateral securities. The District's investment policy does not limit the amount of deposit custodial credit risk. Under the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures - An Amendment of GASB Statement No. 3*, deposits collateralized in accordance with PDPA are not deemed to be exposed to custodial credit risk.
- Interest rate risk is the risk that changes in financial market interest rates could adversely affect the value of an investment. Since all of the District's deposits are highly liquid, management believes this risk is minimal.
- Credit quality risk is the risk that the issuer or other counter-party to a debt security will not fulfill its obligations. The District does not hold any debt securities and therefore is not exposed to this credit quality risk.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Notes To Financial Statements *(Continued)*

The District holds all cash funds in bank accounts and therefore does not have an investment policy beyond that set forth in Colorado statutes that specify investment instruments meeting defined rating and risk criteria in which local government entities may invest, as follows:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

3. Ballpark Property And Equipment

The Ballpark includes, among other facilities, 50,398 seats, over 4,300 on-site revenue parking spaces, administrative offices for the lessee and the District and a bar/restaurant as part of an existing 5-story brick building. The lessee owns certain furniture, fixtures and equipment located within the Ballpark.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements *(Continued)*

Changes in capital assets for 2022 and 2021 were as follows:

	(In Thousands)				
	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
2022					
Land	\$ 20,664	\$ —	\$ —	\$ —	\$ 20,664
Land improvements	13,214	—	—	—	13,214
Buildings	218,942	1,951	146	—	221,039
Construction in progress	148	11,122	(146)	—	11,124
Other property and equipment	36,634	420	—	—	37,054
Totals At Historical Cost	289,602	13,493	—	—	303,095
Accumulated depreciation:					
Land improvements	(7,136)	(214)	—	—	(7,350)
Buildings	(88,146)	(6,038)	—	—	(94,184)
Other property and equipment	(27,450)	(1,101)	—	—	(28,551)
Total Accumulated Depreciation	(122,732)	(7,353)	—	—	(130,085)
Net Capital Assets	\$ 166,870	\$ 6,140	\$ —	\$ —	\$ 173,010
2021					
Land	\$ 20,664	\$ —	\$ —	\$ —	\$ 20,664
Land improvements	13,214	—	—	—	13,214
Buildings	217,653	1,289	—	—	218,942
Construction in progress	83	146	—	(81)	148
Other property and equipment	36,242	392	—	—	36,634
Totals At Historical Cost	287,856	1,827	—	(81)	289,602
Accumulated depreciation:					
Land improvements	(6,922)	(214)	—	—	(7,136)
Buildings	(82,194)	(5,952)	—	—	(88,146)
Other property and equipment	(26,239)	(1,211)	—	—	(27,450)
Total Accumulated Depreciation	(115,355)	(7,377)	—	—	(122,732)
Net Capital Assets	\$ 172,501	\$ (5,550)	\$ —	\$ (81)	\$ 166,870

4. Capital Contributions

The District's lease agreement with CRBC contains a provision in which CRBC makes semiannual cash capital contributions of \$750,000. Similar to the Stadium and West Lot payments, this future revenue stream has been recorded in lease receivable at its net present value. The realization of each year's present value into income and the related time value accretion through interest income are both presented in the capital contributions section of the statement of revenue, expenses, and changes in net position.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Notes To Financial Statements *(Continued)*

Additionally, in 2022, CRBC received a one-time contribution from Aramark for use in Stadium upgrades. These funds were contributed by CRBC to the District and are also included in the capital contributions section of the statement of revenue, expenses and changes in net position.

5. Other Commitments And Contingencies

Ballpark Lease

The District and CRBC signed a Ballpark lease commencing on March 31, 2017 and terminating March 31, 2047, plus three 5-year renewal options. The lease provides for payments by CRBC to the District of \$2,500,000 annually, consisting of \$1,000,000 in rent and \$1,500,000 contribution to the Capital Fund. These annual amounts will be paid in two equal semi-annual installments in January and September. Additionally, the Ballpark lease agreement provides for a 99-year ground lease of the West Lot for which CRBC will make annual payments, also in equal annual installments, to the Capital Repairs Fund as follows:

<u>Years</u>	<u>Amount</u>
1 - 5	\$ 7,500,000
6 - 20	5,000,000
21 - 30	1,250,000
31 - 99	100

The lease also contains parking revenue-sharing provisions.

Capital Projects

As of December 31, 2022, the District has contracts for the construction commitments on various capital projects totaling approximately \$13,205,948.

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. Certain of these risks are covered by commercial insurance purchased directly by the District from independent third parties (principally public official's and employer's liability). Claim liabilities are reported if, and when, it is probable that a loss has occurred and the amount can be reasonably estimated.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Notes To Financial Statements *(Continued)*

The District's lease agreement for the Ballpark requires the lessee (and other entities that perform services for the lessee) to cover certain other risks named above on behalf of the District, its directors and others. These parties provided the required coverage for the District at their own expense for 2022. CRBC participates in a league-wide property insurance program with all other major league teams under an arrangement involving numerous insurance companies. The insurable property values for this policy (including buildings, equipment and other items) total \$511,665,000 for the year ended December 31, 2022. The District has had no insurance settlements for the past several years.

7. TABOR Amendment

In 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the Taxpayer Bill of Rights, otherwise known as TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment mandates that reserves equal to 3% of defined revenues be established for declared emergencies. The amendment is complex and subject to judicial interpretation. The District believes it has complied with the requirements of the amendment.

8. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the date of the Independent Auditors' Report.

Supplementary Information

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGET BASIS)

For The Year Ended December 31, 2022

	Actual (000s)	Budget (000s)	Over (Under) Budget (000s)
Revenues			
Lease rentals - CRBC	\$ 5,125	\$ 6,000	\$ (875)
Capital fund contribution - CRBC	4,375	1,500	2,875
Noncash revenue	718	1,132	(414)
Investment income	25	2	23
Operating revenue from CRBC	1,128	475	653
Total Revenue	11,371	9,109	2,262
Expenditures			
Depreciation/amortization	7,353	7,450	(97)
Administration and professional services	581	280	301
Stadium improvements	13,493	1,750	11,743
Stadium repairs and maintenance	315	100	215
Total Expenditures	21,742	9,580	12,162
Change In Net Assets - Budget Basis	(10,371)	(471)	9,900
Less: Capital Expenditures	13,493	1,750	11,743
Change In Net Assets - GAAP Basis	\$ 3,122	\$ 1,279	\$ (1,843)

Notes To Supplementary Information

The District's annual budget is prepared on the same basis as its accounting records (with the exception of expensing capital additions, and is therefore not in accordance with GAAP), approved by the District's Board of Directors and filed with designated state officials in compliance with Colorado Revised Statutes.

In accordance with the State Budget Law, the District's Board of Directors holds public hearings before the end of each year to approve the budget and appropriate funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation is at the total fund expenditures level and lapses at year end.