

**METROPOLITAN FOOTBALL**  
**STADIUM DISTRICT**

Financial Statements

For the Year Ended December 31, 2021



**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
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**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

Our discussion of the District's financial performance provides an overview of our activities for 2021 and 2020, with a comparison to the prior year in each case and certain other background information.

Please read it in conjunction with the District's financial statements, which begin on page four.

**FINANCIAL HIGHLIGHTS**

- The total current assets decreased by \$1.1 million or 3.7%. The decrease was due to a reduction in the Naming Rights receivable from the Denver Broncos of \$1.3 million, a decrease in the Colorado Department of Revenue sales tax receivable of \$262,000 and an increase in cash accounts of \$437,719.
- The net fixed or capital assets decreased by \$8.1 million or 2.9%. There were net additions to capital assets of \$6 million and net decrease in capital assets of \$14.1 million due to current year depreciation.
- The total investment in the Stadium project was \$538 million through December 31, 2021. The 2021 additions included club seating, fire systems, joint expansion replacement, signage, control room upgrades, TV replacements, and other upgrades.
- On September 6, 2019, the District entered into a Naming Rights agreement with Empower. This agreement will continue until March 31, 2040 unless earlier terminated or extended. The name of the Stadium is now Empower Field at Mile High. The fees for the Naming Rights from Empower were \$3,000,000 in 2021 and will stay constant for the remaining contract years.
- The District has a sublease agreement with RTD on Lot M parking. The lease agreement expires on August 31, 2043, unless extended or terminated earlier. Rents are paid in advance in September for the next 12-month period. The District receives 42.5% of the total lease payments, the remaining 57.5% is paid to SMC. In 2021, the District earned \$141,792 from this lease.
- The District had \$8.9 million restricted for capital repairs as of December 31, 2021. In 2012, the District expressed a goal of maintaining a minimum of \$4 million in the capital reserve fund.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

- The District's accounts payable decreased by \$1.5 million or 66.2%. This was due to a reduction in the amount payable to the Stadium Management Company for capital repair and improvements done in 2021, paid in January 2022.
- In February 2019, the District entered into an agreement with Aramark for the concessions of the Stadium. As part of this agreement, Aramark agreed to contribute \$7 million of capital improvements to the stadium in 2019. These additions are included in the additions to fixed assets as well as Deferred Inflows of Resources – Capital contributions. This revenue will be recognized over the terms of the agreement. In the year 2021, \$698,891 of the improvements were recognized as non-cash capital contributions.

**USING THIS REPORT**

This report comprises three financial statements:

- (1) The Statement of Net Position measures the District's financial health or position as of a point in time (December 31). It represents the difference between the District's assets and liabilities and deferred inflows of resources.

Net position is displayed in three components: Cost of the stadium less accumulated depreciation and related debt (including deferred financing costs) is included in Invested in Capital assets; when constraints are imposed externally by laws, other governments, or creditors on net position, they are reported as Restricted e.g. for the Capital Projects and Repairs and for TABOR (refer to Notes 1, 4 and 6); unrestricted net position represent that portion of net position that can be used to finance daily operations without constraints established by laws, enabling legislation or other legal requirements.

- (2) Increases or decreases to net position are presented in the Statement of Revenues, Expenses and Changes in Net Position. Increases are one indicator that our financial health improved. Decreases in net position indicate a decline in our financial position (principally because of depreciation).
- (3) The Statement of Cash Flows portrays the sources, uses and net change in our cash. Cash flows are segregated as to those related to three major elements - operating, capital and financing, and investing activities.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION (in thousands)**

	2021	2020
Operating Revenue from Empower		
Field at Mile High	\$ 6,939	\$ 6,508
Capital contributions	960	982
Gain on sale of land	-	4,878
Sales tax revenue	121	-
Investment income	22	122
Total revenues	<u>8,042</u>	<u>12,490</u>
Operating expense:		
Repairs and maintenance	462	760
General and administrative	233	236
Professional services	151	294
Depreciation	14,150	13,628
Total expenses	<u>14,996</u>	<u>14,918</u>
Decreases in net position	(6,954)	(2,428)
Net position at beginning of year	<u>305,156</u>	<u>307,584</u>
Net position at end of year	<u>\$ 298,202</u>	<u>\$ 305,156</u>

Total revenues for 2021 decreased by 4.4 million or 35.6%. The main decrease was the gain from sale of land in 2020 and no land sale income in 2021. Special event income was up from 2020 by \$336,105 as events were back on schedule after the COVID-19 decline in 2020. Interest income decreased by \$99,715 due to decline in interest rates.

Total expenses increased by \$77,668 or 0.5%. Expenses remaining consistent with the prior year, with only slight decreases to repairs and professional fees and slight increases in depreciation expense.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

**CONDENSED STATEMENT OF NET POSITION (in thousands):**

	<u>2021</u>	<u>2020</u>
Current assets	\$ 28,694	\$ 29,785
Capital assets, net of accumulated depreciation	<u>275,985</u>	<u>284,093</u>
Total assets	<u>\$ 304,679</u>	<u>\$ 313,878</u>
Current liabilities	\$ <u>886</u>	\$ <u>2,433</u>
Deferred inflows of resources - capital contributions	<u>5,591</u>	<u>6,289</u>
Net Position:		
Invested in capital assets, net of debt	275,985	284,093
Restricted for TABOR	25	39
Restricted for capital improvements	8,898	10,847
Unrestricted	<u>13,294</u>	<u>10,177</u>
Total net position	<u>298,202</u>	<u>305,156</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 304,679</u>	<u>\$ 313,878</u>

Activity in capital assets for 2021 is summarized as follows:

Balance at beginning of year	\$ 284,093
Plus - improvements	
Club seating, fire systems, joint expansion replacement, signage, TV replacements and other projects	6,042
Less - current year depreciation	<u>14,150</u>
Balance at end of year	<u>\$ 275,985</u>

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

**BUDGET COMPARISON (in thousands):**

	2021 Actual (000s)	2021 Budget (000s)	(Under) Over Budget (000s)
Investment income	\$ 23	\$ 15	\$ 8
Franchise payments	3,443	3,353	90
Namings rights revenue	3,000	3,000	-
Other lease income	142	134	8
Non-cash capital contributions	960	800	160
Sales tax revenue	121	-	121
Other income	353	20	333
Total revenue	<u>8,042</u>	<u>7,322</u>	<u>720</u>
General and administrative	232	300	(68)
Repairs and maintenance	462	305	157
Professional service	151	400	(249)
Depreciation and amortization	14,151	14,500	(349)
Total expenditures	<u>14,996</u>	<u>15,505</u>	<u>(509)</u>
Total net revenue (loss)	<u>\$ (6,954)</u>	<u>\$ (8,183)</u>	<u>\$ 1,229</u>

Franchise payments were over budget due to increased ticket costs that were passed on to the District. Non-cash capital contributions were over budget due to changes made in capital asset contributions for concessions. Sales tax revenue was over budget as this item was not budgeted. This was the balance of sales tax revenue that had been held by Colorado Department of Revenue. Other income was up as events were able to be scheduled in 2021 after the decrease in 2020 due to COVID restrictions. Repairs and maintenance expenses were over budget as additional projects were completed in 2021. Professional services were under budget as less legal and professional work was done during 2021.

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Metropolitan Football Stadium District  
Denver, Colorado

### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the major enterprise fund of the Metropolitan Football Stadium District (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major enterprise fund of the Metropolitan Football Stadium District, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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 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 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 opinions.

### **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.

#### *Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

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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.

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate to 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 and budgetary comparison information on pages I through V and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

*JDS Professional Group*

June 3, 2022

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2021**

**ASSETS**

Current unrestricted assets:

Cash	\$ 19,750,752
Other receivable	45,673
Total current unrestricted assets	<u>19,796,425</u>

Current restricted assets:

Cash	8,897,588
Total current restricted assets	<u>8,897,588</u>

Capital assets:

Building	421,890,594
Stadium equipment	52,879,104
Land improvements	27,763,504
Art	327,500
Furniture, fixtures and equipment	4,895
Computers and equipment	11,495
Less: accumulated depreciation	<u>(261,919,086)</u>
Net depreciable capital assets	240,958,006
Land	34,997,466
Construction in progress	29,569
Total capital assets	<u>275,985,041</u>

TOTAL ASSETS	<u>\$ 304,679,054</u>
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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2021**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 789,685
Accrued expenses	96,887
Total current liabilities	<u>886,572</u>

**DEFERRED INFLOWS OF RESOURCES**

Capital contributions	<u>5,590,862</u>
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**NET POSITION**

Invested in capital assets	275,985,041
Restricted for emergency reserve	25,359
Restricted for capital repairs	8,897,588
Unrestricted	<u>13,293,632</u>
Total Net Position	<u>298,201,620</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES AND NET POSITION**

\$ 304,679,054

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Operating revenues:**

Naming rights revenue	\$ 3,000,000
Franchise lease revenue	3,443,338
Other lease revenue	141,792
Events revenue	353,332
Sales tax revenue	121,183
Total operating revenues	<u>7,059,645</u>

**Operating expenses:**

Depreciation expense	14,150,472
Repairs and maintenance	462,117
General and administrative	232,195
Professional services	150,975
Total operating expenses	<u>14,995,759</u>

Operating (loss)	<u>(7,936,114)</u>
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**Non-Operating revenues (expenses):**

Interest income	<u>22,499</u>
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Total non-operating revenues (expenses)	<u>22,499</u>
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Loss before capital contributions	(7,913,615)
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**Capital contributions:**

Building and equipment	<u>959,702</u>
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Change in net position	(6,953,913)
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Net Position - Beginning of Year	<u>305,155,533</u>
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Net Position - End of Year	<u><u>\$ 298,201,620</u></u>
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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Cash Flows from Operating Activities**

Receipts from naming rights	\$ 4,312,500
Receipts from franchise lease revenues	3,443,338
Receipts from special events revenues	307,744
Receipts from other lease revenues	141,792
Receipts from sales and tax revenue	383,183
Payments for operating	(458,577)
Payments for general and administrative	(232,195)
Payments for professional services	<u>(150,975)</u>

**Net cash provided by operating activities** 7,746,810

**Cash Flows from Capital and Related Financing Activities**

Purchases of capital assets	<u>(7,331,590)</u>
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**Net cash (used in) capital and related financing activities** (7,331,590)

**Cash Flows from Investing Activities**

Interest received	<u>22,499</u>
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**Net cash provided by investing activities** 22,499

**Net Increase in Cash** 437,719

**Cash, Beginning of Year** 28,210,621

**Cash, End of Year** \$ 28,648,340

**Noncash Capital and Financing Activities**

Capital Contributions	<u><u>\$ 959,702</u></u>
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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Reconciliation of Net Operating Income to Net Cash  
Provided by Operating Activities**

Operating loss	\$ (7,936,114)
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**Adjustments to Reconcile Net Operating Income to Net  
Cash Provided by Operating Activities**

Depreciation expense	14,150,472
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**Changes in assets and liabilities -**

Decrease in naming rights receivable	1,312,500
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Decrease in sales tax receivable	262,000
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(Increase) in other receivable	(45,588)
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Increase in accrued expenses	<u>3,540</u>
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Net cash provided by operating activities	<u>\$ 7,746,810</u>
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**Non-Cash Capital and Related Financing Activities**

Contributed capital assets	<u>\$ 260,811</u>
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(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (1)    ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Metropolitan Football Stadium District (the "District") is a body corporate and political subdivision of the State of Colorado established pursuant to the Metropolitan Football Stadium District Act, Article 15, Title 32 of the Colorado Revised Statutes, (the "Act"). The District includes all or part of seven counties in the Denver metropolitan area. The District was created for the purpose of planning, acquiring land and constructing a professional football stadium (the "Stadium"). Operations of the District commenced in August 1996.

The District is a separate legal entity responsible for its own financial operations and obligations, and is governed by a Board of Directors (the "Board") of nine members who serve without compensation. Six directors are appointed by the local governments, two directors at large are appointed by the Governor and one director is the chairperson of the Denver Metropolitan Major League Baseball Stadium District. All activities for which the District exercises responsibility have been included in these financial statements.

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set for the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**Summary of Significant Accounting Policies**

The District uses a proprietary fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.



**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (1)    ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District uses a proprietary fund-type, an enterprise fund, to account for its activities. The enterprise fund uses the economic resources measurement focus and the accrual basis of accounting for reporting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, deferred inflows of resources, net position, revenue and expenses. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles ("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.

**Cash Equivalents**

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2021, the District did not have any cash equivalents.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (1)    ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets and Depreciation**

Capital assets are defined by the District as assets with an individual cost of more than \$2,500 and an initial estimated useful life in excess of one year. Land improvements, buildings and other property and equipment are stated at cost and depreciated using the straight-line method over their respective estimated useful lives of three to forty years. Donated capital assets are recorded as estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until then. The District reports capital contributions under its general concession and management agreement as deferred inflows of resources (see Note 8).

**Capital Contributions**

Contributed building and equipment assets are recorded as capital contributions when received.

**Net Position**

Net position results from the accumulation of net earnings from operating income, non-operating revenues and expenses, and capital contributions and are classified in the financial statements as follows:

*Investment in Capital Assets* - The investment in capital assets consists of capital assets, net of accumulated depreciation.

*Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (1)     ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Unrestricted* - This classification includes the residual net position that does not meet the classification of “investment in capital assets” or “restricted.”

**Business Risks And Uncertainties**

The global community has been under a significant threat from coronavirus (“COVID-19”). The extent to which the COVID-19 pandemic impacts the District’s business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the District may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the District cannot reasonably estimate the impact at this time.

**Subsequent events**

The District evaluated subsequent events through June 3, 2022, the date which the financial statements were available to be issued.

**NOTE (2)     STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The budget is legally adopted by the District. The budget is adopted on a GAAP basis. In accordance with the State statute, 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 budget is legally enacted through a motion to approve. The Districts Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation is at the fund level and lapses at year end.

**NOTE (3)     CASH**

As of December 31, 2021, the District's cash included the following:

Cash - unrestricted	\$ 19,750,752
Cash - restricted	8,897,588
	<u>\$ 28,648,340</u>

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (3) CASH (CONTINUED)**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the District had bank balances totaling \$28,665,866 of which \$250,000 were insured by FDIC and \$28,415,866 were collateralized with securities held by the financial institution's agent but not in their name.

**NOTE (4) CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

	December 31, 2020	Acquisitions	(Dispositions)	December 31, 2021
Building	\$ 416,688,987	\$ 5,201,607	\$	\$ 421,890,594
Stadium equipment	51,801,924	1,077,180		52,879,104
Land	34,997,466			34,997,466
Land improvements	27,763,504			27,763,504
Construction in progress	265,482	29,569	(265,482)	29,569
Art	327,500			327,500
Furniture and fixtures	4,895			4,895
Equipment	11,495			11,495
	<u>531,861,253</u>	<u>6,308,356</u>	<u>(265,482)</u>	<u>537,904,127</u>
Less:				
Accumulated depreciation	(247,768,614)	(14,150,472)		(261,919,086)
Total	<u>\$ 284,092,639</u>	<u>\$ (7,842,116)</u>	<u>\$ (265,482)</u>	<u>\$ 275,985,041</u>

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (5)    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 and performance bonds purchased directly by the District from independent third parties.

**NOTE (6)    TABOR AMENDMENT**

On November 3, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment and has established an emergency reserve, representing 3% of fiscal year spending, as required by the Amendment. The reserve is reflected on the face of the financial statements. As of December 31, 2021, the District had restricted net position of \$25,359 in compliance with the requirements of TABOR.

**NOTE (7)    STADIUM NAMING RIGHTS**

Effective August 18, 2016, the Denver Broncos assumed a Naming Rights Agreement. Under this agreement, cumulative through the year ended December 31, 2020, \$56,636,724 had been received. On September 6, 2019, the District entered into a Termination and Future Services Agreement (the "Termination") with the Denver Broncos. The Termination amended the amounts of the remaining payments due. As of December 31, 2021, remaining payment from the Denver Broncos was \$0. Also on September 6, 2019, the District entered into a Naming Rights Agreement (the "Agreement") with Great-West Life and Annuity Insurance Company ("Empower"). The Agreement expires on March 31, 2040, unless earlier terminated or extended. A total of \$61,601,275 is due to the District in semi-annual installments through October 1, 2040. Under this Agreement, cumulative through the year ended December 31, 2021, \$4,601,275 has been received.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (8)    GENERAL CONCESSION MANAGEMENT AND LICENSE AGREEMENT**

During 2019, the District and SMC entered into a General Concession Management and License Agreement (the “Concession Agreement”) with Aramark Sports Entertainment Services, LLC (“Aramark”). The Concession Agreement has an initial expiration date of March 31, 2029, and may be renewed for up to two additional terms of five years each. As of December 31, 2019, Aramark provided direct capital improvements and equipment to the Stadium in the amount of \$6,988,615. In accordance with GASB pronouncements, as of December 31, 2021, the District recognized \$698,891 in capital contributions under the Concession Agreement with the remaining \$5,590,862 recorded as deferred inflows of resources to be recognized as revenue over the term of the Concession Agreement through March 2029.

**NOTE (9)    LEASE REVENUE AND LEASING COMMITMENTS**

**Franchise Lease Agreement**

Per the Stadium Lease and Management Agreement (the “Agreement”), dated September 3, 1998, the District leases to PDB Sports Ltd., (“PDB”), the holder of the Denver Broncos National Football League Franchise, the Stadium land together with all the improvements. PDB will lease the Stadium from August 2001 and the lease will continue until 30 years after such date or the end of 30 complete NFL seasons at the Stadium, whichever is later. Additionally, there are two five-year extensions at the option of PDB. The Agreement also provides for PDB to acquire and own certain property and for revenue sharing for non-football events principally with respect to attendance and parking, as more fully described in the Agreement. Rental payments are due annually on February 1 from PDB subsequent to occupancy. The Agreement calls for the establishment of a Capital Replacement Reserve Fund for the purpose of paying all or part of the cost of capital replacement. Payments to the Capital Replacement Reserve Fund are to be made annually by the District from base rents received from PDB. During the year ended December 31, 2021, \$2,096,671 of the franchise lease payment was paid to this Reserve Fund.

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (9)    LEASE REVENUE AND LEASING COMMITMENTS (CONTINUED)**

**Other Lease Agreement**

Per a sublease agreement (the "Agreement") dated September 1, 2013, the Stadium Management Company (SMC) leases to Regional Transportation District (RTD), a leasehold interest of real property. The Agreement commenced on September 1, 2013 and the expires on August 31, 2043, unless extended or terminated earlier. In addition, RTD has an option to extend the terms of the Agreement, each for an additional fifteen year period on the same terms and conditions contained in the sublease agreement. The Agreement provides for the rent to paid in advance, with the first annual payment due on or before November 1, 2013, and thereafter each annual payment shall be payable on or before the first day of each September. The initial rent for the first year of the sublease was \$677,417. The annual rent shall be increased, on a cumulative basis as outlined in the Agreement. RTD has the right, on various dates, to reduce its use of Lot M and its payments, including on September 1, 2016. RTD agreed to reduce its' parking spaces to 474 effective November 30, 2016. RTD, SMC and the District agreed that the rental payment for the period September 1, 2016 to August 31, 2017 would be \$401,644 based on the partial year reduction. In future years, the rental payment will be reduced to \$302,989 based on the reduced parking spaces, subject to the annual increases set forth in the Agreement. The Agreement also stipulates fifty-seven and one-half percent (57.5%) of each rent payment shall be paid by RTD to SMC, and the remaining forty-two and one-half percent (42.5%) of each rent payment shall be paid by RTD to the District.

Future minimum lease payments required under the two agreements above are as follows as of December 31, 2021:

Year ended December 31,	
2022	\$ 3,543,907
2023	3,543,907
2024	3,543,907
2025	3,543,907
2026	3,543,907
2027 - 2031	17,719,535
2032 - 2036	1,469,535
2037 - 2041	1,469,535
2042 - 2043	587,814
Total	<u>\$ 38,965,954</u>

**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE (10) DONATED OFFICE SPACE**

During 2001, under a License Agreement, the District has donated office and museum space to the Colorado Sports Hall of Fame for their use for an initial 5-year term ending July 31, 2006. After the initial term, the license agreement will automatically renew for up to five successive 5-year periods through July 31, 2031, unless terminated by either party providing written notice at least 180 days prior to commencement of the renewal term. The value of the donated office and museum space was estimated based on an average market rate for the central business district of Denver of \$30 per square foot. The office and museum space is approximately 3,000 square feet resulting in annual donated space of approximately \$77,000.

**NOTE (11) LITIGATION**

The District is involved in various litigation matters which have arisen in the ordinary course of business. It is the opinion of management, based upon consultation with legal counsel, that these matters requires vigorous defense, pursuant to the agreement, SMC and PDB agreed to defend and indemnify the District on all these matters. Although the outcome of litigation cannot be predicted with certainty, the District expects its exposure will be limited because of the defense and indemnity by SMC and PDB.

**NOTE (12) NEW ACCOUNTING PRONOUNCEMENTS**

In June 2017, GASB issued Statement No. 87, Leases which outlines new requirements for governmental entities when it comes to lease accounting. GASBS No. 87 will require the District to establish a lease receivable equal to the present value of the expected payments over the lease term. As payments are received the lease receivable will be reduced and interest revenue recognized. Additionally, a deferred inflow will be recognized equal to the lease receivable and recognized as revenue in a systematic and rational manner over the life of the lease. Entities will also be required to present additional disclosure as to the nature and extent of leasing activities. The requirements of this statement are effective for the District's financial statements for the year ended December 31, 2022. The District has not evaluated the impact due to the timing of implementation of this standard.



**METROPOLITAN FOOTBALL STADIUM DISTRICT**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2021**

	(in Thousands)		
	2021		
	Actual	Original and Final Budget	(Under) Over Budget
<b>Resources (inflows):</b>			
Interest income	\$ 23	\$ 15	\$ 8
Franchise payments	3,443	3,353	90
Naming rights revenues	3,000	3,000	-
Miscellaneous sublease revenues	142	134	8
Capital contributions	960	800	160
Sales tax revenue	121	-	121
Other income, rent, parking, and events	353	20	333
Amounts available for appropriation	<u>8,042</u>	<u>7,322</u>	<u>720</u>
<b>Charges to appropriations (outflows):</b>			
Administrative costs	232	300	(68)
Repairs and maintenance	462	305	157
Professional service	151	400	(249)
Depreciation and amortization	<u>14,151</u>	<u>14,500</u>	<u>(349)</u>
<b>Total charges to appropriations</b>	<u>14,996</u>	<u>15,505</u>	<u>(509)</u>
<b>Change in net assets</b>	(6,954)	(8,183)	1,229
<b>Beginning net position</b>	<u>305,156</u>	<u>305,273</u>	<u>(117)</u>
<b>Ending net position</b>	<u><u>\$ 298,202</u></u>	<u><u>\$ 297,090</u></u>	<u><u>\$ 1,112</u></u>

The District's annual budget is prepared on the same basis as its accounting records, approved by the District's Board of Directors and is filed with designated State officials in compliance with Colorado statutes.

(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)