

THE STADIUM AT RENTSCHLER FIELD

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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**CAPITAL REGION DEVELOPMENT AUTHORITY
THE STADIUM AT RENTSCHLER FIELD
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INDEPENDENT AUDITORS' REPORT

Secretary of the State of Connecticut
Office of Policy and Management, and Board of Directors
Capital Region Development Authority
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field of the State of Connecticut (the State), as of and for the year ended June 30, 2024, and the related notes to the 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 financial position of the Stadium Facility Enterprise Fund and the Operating Accounts Fund as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Stadium at Rentschler Field and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The Stadium at Rentschler Field's basic financial statements for the year ended June 30, 2023 were audited by other auditors whose report thereon dated September 25, 2023, expressed an unmodified opinion on those financial statements.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field and do not purport to, and do not, present fairly the financial position of the State of Connecticut The Stadium at Rentschler Field, as of June 30, 2024, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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.

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

In performing an audit in accordance with GAAS and *Government 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 Stadium at Rentschler Field'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.

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.

Secretary of the State of Connecticut
Office of Policy and Management, and Board of Directors
Capital Region Development Authority

Supplementary Information

Our audit for the year ended June 30, 2024 was conducted for the purpose of forming an opinion on the financial statements as whole. The schedule of facility operations expenditures – operating accounts fund for the year ended June 30, 2024 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements for the year ended June 30, 2024 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, schedule of facility operations expenditures – operating accounts fund is fairly stated, in all material respects, in relation to the financial statements as a whole for the year ended June 30, 2024.

The Stadium at Rentschler Field's basic financial statements for the year ended June 30, 2023 were audited by other auditors whose report thereon dated September 25, 2023, expressed unmodified opinions on those financial statements. The report of the other auditors dated September 25, 2023, stated that the schedule of facility operations expenditures – operating accounts for the year ended June 30, 2023 was subjected to the auditing procedures applied in the audit of the 2023 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of The Stadium at Rentschler Field's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Stadium at Rentschler Field's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Stadium at Rentschler Field's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
September 25, 2024

**THE STADIUM AT RENTSCHLER FIELD
BALANCE SHEET
SPECIAL REVENUE FUNDS OF THE STATE OF CONNECTICUT
JUNE 30, 2024**

	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
ASSETS			
Cash	\$ 454,915	\$ 1,540,412	\$ 1,995,327
Restricted Cash	-	2,688,126	2,688,126
Accounts Receivable, Net	53,703	663,261	716,964
Due from Related Party	-	56,250	56,250
Prepaid Items	-	74,042	74,042
Lease Receivable	356,435	-	356,435
	<u>\$ 865,053</u>	<u>\$ 5,022,091</u>	<u>\$ 5,887,144</u>
Total Assets			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -	\$ 956,750	\$ 956,750
Accrued Expenses	-	306,103	306,103
Due to Operations Manager and Related Entities	-	90,682	90,682
Event Liabilities	-	1,812,698	1,812,698
Unearned Revenue	-	59,370	59,370
Total Liabilities	-	3,225,603	3,225,603
DEFERRED INFLOWS OF RESOURCES			
Leases	343,378	-	343,378
FUND BALANCES			
Nonspendable - Prepaid Items	-	74,042	74,042
Restricted for Maintenance and Capital Improvements	521,675	-	521,675
Assigned	-	1,722,446	1,722,446
Total Fund Balances	<u>521,675</u>	<u>1,796,488</u>	<u>2,318,163</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 865,053</u>	<u>\$ 5,022,091</u>	<u>\$ 5,887,144</u>

See accompanying Notes to Financial Statements.

**THE STADIUM AT RENTSCHLER FIELD
BALANCE SHEET
SPECIAL REVENUE FUNDS OF THE STATE OF CONNECTICUT
JUNE 30, 2023**

	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
ASSETS			
Cash	\$ 339,915	\$ 745,340	\$ 1,085,255
Restricted Cash	-	926,843	926,843
Accounts Receivable, Net	-	114,968	114,968
Due from Related Party	-	850,000	850,000
Prepaid Items	-	81,581	81,581
Lease Receivable	306,884	-	306,884
Total Assets	\$ 646,799	\$ 2,718,732	\$ 3,365,531
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -	\$ 1,131,705	\$ 1,131,705
Accrued Expenses	-	185,185	185,185
Due to Operations Manager and Related Entities	-	95,510	95,510
Event Liabilities	-	21,239	21,239
Unearned Revenue	-	44,279	44,279
Total Liabilities	-	1,477,918	1,477,918
DEFERRED INFLOWS OF RESOURCES			
Leases	306,884	-	306,884
FUND BALANCES			
Nonspendable - Prepaid Items	-	81,581	81,581
Restricted for Maintenance and Capital Improvements	339,915	-	339,915
Assigned	-	1,159,233	1,159,233
Total Fund Balances	339,915	1,240,814	1,580,729
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 646,799	\$ 2,718,732	\$ 3,365,531

See accompanying Notes to Financial Statements.

THE STADIUM AT RENTSCHLER FIELD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL REVENUE FUNDS OF THE STATE OF CONNECTICUT
YEAR ENDED JUNE 30, 2024

	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
REVENUES			
Events and Facility Rentals	\$ -	\$ 4,567,315	\$ 4,567,315
Ancillary Revenues	-	3,405,898	3,405,898
Parking	-	839,382	839,382
Sponsorship	-	107,054	107,054
UConn Operating Deficit Funding	-	250,000	250,000
State Funding	-	650,000	650,000
Lease Revenue	143,141	-	143,141
Other Revenue	-	97,670	97,670
Interest Income	45,486	-	45,486
Total Revenues	<u>188,627</u>	<u>9,917,319</u>	<u>10,105,946</u>
EXPENDITURES			
Events	-	3,413,989	3,413,989
Concessions, Catering, and Novelties	-	1,523,710	1,523,710
Parking	-	613,567	613,567
Facility Operations	6,867	3,871,579	3,878,446
Capital Outlay	-	498,628	498,628
Total Expenditures	<u>6,867</u>	<u>9,921,473</u>	<u>9,928,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	181,760	(4,154)	177,606
OTHER FINANCING SOURCES (USES)			
Capital Transfer In - State of Connecticut, Bond Commission Funds	-	559,828	559,828
Total Other Financing Sources (Uses)	<u>-</u>	<u>559,828</u>	<u>559,828</u>
NET CHANGE IN FUND BALANCES	181,760	555,674	737,434
Fund Balances - Beginning of Year	<u>339,915</u>	<u>1,240,814</u>	<u>1,580,729</u>
FUND BALANCES - END OF YEAR	<u>\$ 521,675</u>	<u>\$ 1,796,488</u>	<u>\$ 2,318,163</u>

See accompanying Notes to Financial Statements.

**THE STADIUM AT RENTSCHLER FIELD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
SPECIAL REVENUE FUNDS OF THE STATE OF CONNECTICUT
YEAR ENDED JUNE 30, 2023**

	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
REVENUES			
Events and Facility Rentals	\$ -	\$ 2,316,379	\$ 2,316,379
Ancillary Revenues	-	2,149,624	2,149,624
Parking	-	591,522	591,522
Sponsorship	-	74,499	74,499
UConn Operating Deficit Funding	-	196,117	196,117
State Funding	-	850,000	850,000
Lease Revenue	142,465	-	142,465
Other Revenue	25,000	84,375	109,375
Interest Income	8,530	-	8,530
Total Revenues	<u>175,995</u>	<u>6,262,516</u>	<u>6,438,511</u>
EXPENDITURES			
Events	-	1,472,056	1,472,056
Concessions, Catering, and Novelties	-	1,121,461	1,121,461
Parking	-	435,557	435,557
Facility Operations	71,507	3,197,197	3,268,704
Capital Outlay	-	360,640	360,640
Total Expenditures	<u>71,507</u>	<u>6,586,911</u>	<u>6,658,418</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	104,488	(324,395)	(219,907)
OTHER FINANCING SOURCES (USES)			
Capital Transfer In - State of Connecticut, Bond Commission Funds	-	449,862	449,862
Total Other Financing Sources (Uses)	<u>-</u>	<u>449,862</u>	<u>449,862</u>
NET CHANGE IN FUND BALANCES	104,488	125,467	229,955
Fund Balances - Beginning of Year	<u>235,427</u>	<u>1,115,347</u>	<u>1,350,774</u>
FUND BALANCES - END OF YEAR	<u>\$ 339,915</u>	<u>\$ 1,240,814</u>	<u>\$ 1,580,729</u>

See accompanying Notes to Financial Statements.

**THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of The Stadium at Rentschler Field and the Operating Accounts Fund of the Stadium at Rentschler Field (the Stadium) have been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated in pronouncements of the Governmental Accounting Standards Board (GASB). Following is a summary of the reporting entity and significant accounting policies.

Financial Reporting Entity

The accompanying financial statements include the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium, which is owned by the state of Connecticut. The Stadium Facility Enterprise Fund and the Operating Accounts Fund are included in the basic financial statements of the state of Connecticut as nonmajor governmental funds (special revenue funds). These financial statements are intended to present the financial position and the respective changes in the financial position that are attributable solely to the transactions of the Stadium Facility Enterprise Fund and the Operating Accounts Fund. They do not purport to, and do not, present fairly the financial position of the state of Connecticut as of June 30, 2024 and 2023, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Under Chapter 588z, Sections 32-650 through 32-669 of the Connecticut General Statutes, for the purpose of operating a facility known as the Rentschler Field Stadium in East Hartford, Connecticut, the state of Connecticut (the State) legislature authorized the State of Connecticut Office of Policy and Management (OPM) to (1) acquire the necessary real property for the facility site, (2) contract for professional services related to the design and construction of the facility, (3) coordinate the project with other state agencies and (4) provide for most facets of the Stadium's operations.

The State legislature established the Stadium Facility Enterprise Fund for the purpose of receiving income generated by the operations of the Stadium to be used for the purpose of funding maintenance and capital improvements at the facility. In addition, the State legislature authorized OPM to establish an Operating Account to account for all administrative functions of the Stadium. All unrestricted resources, except those required to be accounted for in another account, are accounted for in this fund. The Operating Account, in accordance with Connecticut General Statutes, is allowed to maintain a balance of no more than three months of operating expenditures, with the excess monies to be transferred to the Stadium Facility Enterprise Fund. No monies were transferred from the Operating Account to the Stadium Facility Enterprise Fund during the years ended June 30, 2024 and 2023.

**THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

The accompanying financial statements do not include a management's discussion and analysis (MD&A) in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, because the focus of an MD&A is on a primary government. The state of Connecticut, the primary government, will provide an MD&A in its annual report that will include analysis of the Stadium's activities.

Measurement Focus and Basis of Accounting

The Stadium Facility Enterprise Fund and the Operating Accounts Fund are currently included in the basic financial statements of the state of Connecticut as nonmajor governmental funds (special revenue funds). The stand-alone financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2024 and 2023.

Restricted Cash

Cash reserves whose use is specified or limited by third parties for future events are classified as restricted cash in the accompanying balance sheets.

Pooled Cash

Amounts maintained in the Stadium Facility Enterprise Fund are pooled with other funds of the state of Connecticut and are managed by the Cash Management Division of the State of Connecticut Office of the State Treasurer.

**THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Trade accounts receivable are recorded at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances. The allowance is based on a history of write-offs, the level of past-due accounts based on the contractual terms of the receivables, and the overall financial condition of the customers. Collateral or other forms of security are not generally required. Receivables have been presented net of an allowance for uncollectible accounts in the amount of \$10,000 as of June 30, 2024 and 2023.

Event Liabilities

Event liabilities represent prepaid ticket sales, advertising, and other contractual revenues received in advance of a future event.

Sales Tax

The State imposes a sales tax on event parking revenues held at the Stadium. Taxes are collected by the Stadium and remitted to the State. The Stadium excludes taxes collected from revenues.

Fund Balance

Fund balance consists of the following categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation. Pursuant to the Connecticut General Statutes, monies in the Stadium Facility Enterprise Fund are restricted for the purpose of funding maintenance and capital improvements at the Stadium.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the state of Connecticut legislature (the highest level of decision-making authority of the State) and cannot be used for any other purpose unless the legislature removes or changes the specified use by taking the same formal action.

Assigned – Amounts are constrained by the intent to use amounts for specific purposes but are not restricted or committed. The State has delegated the responsibility to assign funds to the Capital Region Development Authority.

Unassigned – Amounts that are available for any purpose.

THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Stadium considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Stadium considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Stadium's board of directors has provided otherwise in its commitment or assignment actions.

Revenue Recognition

Events and facility rentals - Revenues from events and facility rentals are principally generated from ticket sales, advertising signage and rental income derived from a lease agreement with the University of Connecticut (the University or UConn). Such revenue is recognized when the event takes place. Advance ticket sales are recorded as an event liability until the occurrence of the event.

Ancillary – Ancillary revenues consist of concessions, catering, and novelties managed by a third-party operator and are recognized at the point of sale.

Sponsorship – Sponsorship revenues generally relate to either a one-time event or a number of events over a period of time. Revenues from a one-time event are recognized upon completion of the event. Sponsorship revenues relating to a number of events over a period of time are recognized ratably upon the completion of each of the events. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement.

Parking – Parking revenues are managed by a third-party operator at the facility and are recognized at the time of an event.

Other – All other types of revenues are recognized when earned and available.

NOTE 2 REVENUE CONCENTRATIONS

The State is party to a lease agreement with the University that provides the University with the right to use the facility for football games and other events. The lease agreement provides that the University pay a base rent in addition to other incremental operating costs (see Note 4). For the years ended June 30, 2024 and 2023, 47% and 64%, respectively, of the Operating Account Fund's revenues, including ancillary, parking service, and other revenues, were generated pursuant to the University's football games and other events.

THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 CASH DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, cash deposits or collateral securities that are in the possession of an outside party will not be able to be recovered.

Cash deposits are held in qualified public institutions as defined by the Connecticut General Statutes, which state that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging financial institution or the pledging financial institution's trust department or agent but not in the depositor's (the Stadium's) name.

As of June 30, 2024 and 2023, \$4,220,373 and \$1,545,681, respectively, of the Operating Accounts Fund's bank balances of \$4,470,373 and \$1,795,681, respectively, were uninsured, and of this amount, \$3,773,336 and \$1,366,113, respectively, were uncollateralized.

The cash attributed to the Stadium Facility Enterprise Fund represents only a portion of the State's total cash deposits and additional disclosures regarding custodial credit risk may be obtained from the State.

NOTE 4 LEASES

University of Connecticut

OPM is party to a lease agreement with the University. During September 2016, the parties executed an amended and restated lease agreement, later amended again on May 15, 2023, that expires on June 30, 2028. Pursuant to the amended and restated lease agreement, the Stadium receives a base rent of \$170,000 per each home football game held at the facility in addition to reimbursement of allowable incremental operating expenses incurred in hosting the game. Base rent increases each subsequent year of the lease by \$500 per each home football game held at the facility. In addition, per the terms of the lease, the University is required to fund a Cumulative Operating Deficit Fund to cover any annual operating shortfalls in the Stadium budget, up to \$250,000 per year.

The Stadium recognized \$250,000 and \$196,117 of revenue in operating deficit funding from the University to cover the annual operating shortfall for the years ended June 30, 2024 and 2023, respectively. In accordance with the terms of the lease, OPM retains exclusive rights to certain ancillary revenues recognized from each game, including revenues from concessions and parking. There is no lease receivable or deferred inflow of resources recorded on this lease as the terms are contingent on future events.

**THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 LEASES (CONTINUED)

Cell Tower

Cell lease agreements are summarized as follows:

Description	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2024	Balance at June 30, 2024
Telecommunications	5 Years	5/1/2029	Seven Five-Year Extensions	\$ 3,405	\$ 198,865
Telecommunications	5 Years	11/30/2025	Four Five-Year Extensions	3,349	56,460
Telecommunications	5 Years	11/30/2025	Five Five-Year Extensions	5,976	101,110
					<u>\$ 356,435</u>

OPM is party to three separate license agreements for cell tower space. The leases expire at various dates through May 2029 and include options for multiple renewals. The probability of exercising the options is unknown. Rental income recognized under the agreements totaled \$143,141 for the years ended June 30, 2024 and 2023, and is included in lease revenue in the accompanying statements of revenues, expenditures and changes in fund balances.

Annual revenues and requirements to amortize the long-term receivables are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 144,824
2026	85,334
2027	40,416
2028	43,360
2029	42,501
Total	<u>\$ 356,435</u>

NOTE 5 SIGNIFICANT AGREEMENTS

Capital Region Development Authority

OPM has entered into a memorandum of understanding with the Capital Region Development Authority (the Authority), a quasi-public agency of the state of Connecticut. Pursuant to the memorandum, OPM delegated and assigned to the Authority custody and control of, and the right to operate, the Stadium facility, including the right to enter into agreements related to the operations of the Stadium facility. The effective date of the agreement was July 1, 2013, amended on June 21, 2017 and May 24, 2023, and expires on June 30, 2028. As part of the agreement, OPM retains ownership of the Stadium and other capital assets located at the Stadium or used in its operations, the right to amend, declare default under or terminate certain agreements, and the administration of the Stadium Facility Enterprise Fund. The amended agreement provides for an annual administrative fee to the Authority for such services from the Enterprise Fund not to exceed \$10, subject to available funds. The Authority received additional appropriations through state agencies of which \$650,000 and \$850,000 for the years ended June 30, 2024 and 2023, respectively, was appropriated for the Stadium annual operational funding.

THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 SIGNIFICANT AGREEMENTS (CONTINUED)

Venue Management

The Authority has entered into a management agreement with OVG360 (previously known as Spectra Venue Management and Global Spectrum, L.P.). The term of the agreement was extended and expires on June 30, 2025 and can be terminated by the Authority in the event of default or upon a special termination event as defined in the agreement. The management agreement provides for a fixed management fee of \$8,333 per month for the first year of the contract. The fixed management fee increases each year by the percentage increase in the Consumer Price Index. In addition, the agreement provides for an incentive fee of 25% of gross event revenues in excess of a benchmark mutually agreed upon by the parties.

Management fees earned for the years ended June 30, 2024 and 2023 totaled \$216,807 and \$155,438, respectively, and are included in facility operations expenditures. Additionally, amounts owed to OVG360, which are classified on the balance sheets as due to operations manager and related entities, totaled \$20,996 and \$30,816 as of June 30, 2024 and 2023 respectively.

In addition, OVG360 provides marketing services and receives a commission based on 10% of gross revenues from the sale of commercial advertising rights at the Stadium. Commissions earned totaled \$18,261 and \$8,527 for the years ended June 30, 2024 and 2023, respectively.

Food Services and Hospitality

OVG360 has entered into an agreement with Spectra Food Services & Hospitality (previously known as Ovations Food Services). The agreement expires on June 30, 2024 and provides for a base fee of \$50,000 for the first year of the contract. The agreement was amended to extend the terms until June 30, 2025. The base fee increases each year by the percentage increase in the Consumer Price Index.

In addition, the agreement provides for an incentive fee of 12% of concession revenues in excess of \$1,000,000 per year, capped at the base fee for that year. Fees earned totaled \$111,077 for the years ended June 30, 2024 and 2023, and are included in concessions, catering, and novelties expenditures. Amounts owed to OVG360, which are classified on the balance sheets as due to operations manager and related entities, totaled \$69,686 and \$64,694 as of June 30, 2024 and 2023, respectively.

Pursuant to the management agreement between OVG360 and the Authority, Spectra Food Services & Hospitality was required to contribute \$1,000,000 toward capital improvements to the Stadium and the XL Center, which is owned by the City of Hartford and leased by the Authority. In accordance with the agreement, each contribution is to be amortized on a straight-line basis beginning on the date each contribution was made and ending on June 30, 2023. In the event that the management agreement is terminated prior to the expiration of the agreement, the Authority is required to repay the unamortized portion of the capital contributions within thirty days of the termination date. As of June 30, 2023, the Stadium recognized capital contributions of \$429,566, of which the unamortized portion subject to repayment totaled \$-0-.

THE STADIUM AT RENTSCHLER FIELD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 SIGNIFICANT AGREEMENTS (CONTINUED)

Ticketing and Fan Engagement

OVG360 entered into an agreement with Spectra Ticketing & Fan Engagement (previously known as New Era Ticketing). During June 2017, Spectra Ticketing & Fan Engagement was acquired by an unaffiliated third party. The parties continue to operate in accordance with terms of the original agreement. The agreement expired on June 30, 2023 and provided for the payment of a per ticket processing fee. Ticketing fees paid by the Stadium for the year ended June 30, 2023 totaled \$30,673.

OVG entered into a new agreement with Ticketmaster for these services for the period from July 1, 2023 through June 30, 2025. The agreement provided for the payment of a proportion of the total venue per-ticket processing fee. Ticketing, transaction, and other fees paid to Ticketmaster for the year ended June 30, 2024 totaled \$493,021.

**THE STADIUM AT RENTSCHLER FIELD
SCHEDULES OF FACILITY OPERATIONS EXPENDITURES –
OPERATING ACCOUNTS FUND
YEARS ENDED JUNE 30, 2024 AND 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2024</u>	<u>2023</u>
Utilities	\$ 838,666	\$ 703,811
Compensation, Taxes, and Benefits	1,157,481	1,018,911
Building Systems	34,416	201
Management Fee	216,807	155,438
Maintenance Services	597,330	499,411
Building and Office Supplies	331,204	265,092
Insurance	89,407	86,315
Equipment Rentals and Maintenance	155,586	103,382
Ground Maintenance	25,185	24,155
Taxes, Licenses, and Fees	119,584	126,239
Other	<u>305,913</u>	<u>214,242</u>
 Total	 <u>\$ 3,871,579</u>	 <u>\$ 3,197,197</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Secretary of the State of Connecticut
Office of Policy and Management, and Board of Directors
Capital Region Development Authority
Hartford, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of The Stadium at Rentschler Field, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise The Stadium at Rentschler Field's basic financial statements, and have issued our report thereon dated September 25, 2024, which included an emphasis of matter paragraph as indicated on page 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Stadium at Rentschler Field's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Stadium at Rentschler Field's internal control. Accordingly, we do not express an opinion on the effectiveness of The Stadium at Rentschler Field's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Secretary of the State of Connecticut
Office of Policy and Management, and Board of Directors
Capital Region Development Authority

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Stadium at Rentschler Field's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

West Hartford, Connecticut
September 25, 2024

The Stadium at Rentschler Field

Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports

June 30, 2022 and 2021

The Stadium at Rentschler Field

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Independent Auditor's Report

To the Secretary of the State of Connecticut
Office of Policy and Management and
to the Board of Directors of the
Capital Region Development Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field (the "Stadium") of the State of Connecticut (the "State"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Stadium 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 opinions.

Responsibilities of Management for the Financial Statements

The Stadium's 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 Stadium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 Stadium'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 Stadium'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

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stadium's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field and do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, on our consideration of the Stadium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stadium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stadium's internal control over financial reporting and compliance.



Hartford, Connecticut
September 26, 2022

The Stadium at Rentschler Field
Balance Sheets
Special Revenue Funds of the State of Connecticut
June 30, 2022 and 2021

	2022			2021		
	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
Assets						
Cash	\$ 235,427	\$ 881,248	\$ 1,116,675	\$ 148,403	\$ 579,225	\$ 727,628
Restricted cash	-	2,138,606	2,138,606	-	3,677,854	3,677,854
Receivables, net	-	570,417	570,417	-	1,525,078	1,525,078
Prepaid items	-	30,525	30,525	-	208,987	208,987
Lease receivable	452,548	-	452,548	597,198	-	597,198
Total assets	\$ 687,975	\$ 3,620,796	\$ 4,308,771	\$ 745,601	\$ 5,991,144	\$ 6,736,745
Liabilities						
Current liabilities:						
Accounts payable	\$ -	\$ 1,291,056	\$ 1,291,056	\$ -	\$ 1,385,171	\$ 1,385,171
Accrued expenses	-	348,470	348,470	-	197,600	197,600
Due to operations manager and related entities	-	178,593	178,593	-	128,605	128,605
Coronavirus relief fund deferred revenue	-	-	-	-	5,087	5,087
Event liabilities	-	670,972	670,972	-	691,978	691,978
Unearned revenue	-	16,358	16,358	-	3,082,630	3,082,630
Total liabilities	-	2,505,449	2,505,449	-	5,491,071	5,491,071
Deferred Inflows of Resources						
Leases	452,548	-	452,548	597,198	-	597,198
Fund Balances						
Nonspendable - prepaid items	-	30,525	30,525	-	208,987	208,987
Restricted for maintenance and capital improvements	235,427	-	235,427	148,403	-	148,403
Assigned	-	1,084,822	1,084,822	-	291,086	291,086
Total fund balances	235,427	1,115,347	1,350,774	148,403	500,073	648,476
Total liabilities and fund balances	\$ 687,975	\$ 3,620,796	\$ 4,308,771	\$ 745,601	\$ 5,991,144	\$ 6,736,745

See Notes to the Financial Statements.

The Stadium at Rentschler Field

Statements of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds of the State of Connecticut
Years Ended June 30, 2022 and 2021

	2022			2021		
	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total	Stadium Facility Enterprise Fund	Operating Accounts Fund	Total
Revenues						
Events and facility rentals	\$ -	\$ 4,604,771	\$ 4,604,771	\$ -	\$ 567,750	\$ 567,750
Ancillary revenues	-	3,574,500	3,574,500	-	436,575	436,575
Parking	-	918,628	918,628	-	169,361	169,361
Sponsorship	-	91,475	91,475	-	62,963	62,963
UConn operating deficit funding	-	250,000	250,000	-	-	-
State funding	-	522,288	522,288	-	2,000,000	2,000,000
Lease revenue	144,630	-	144,630	137,557	-	137,557
Other revenue	-	81,312	81,312	-	36,545	36,545
Coronavirus Relief Fund revenue	-	30,087	30,087	-	128,478	128,478
American Rescue Plan Act funds	-	22,000	22,000	-	-	-
Interest income	228	-	228	353	-	353
Total revenues	144,858	10,095,061	10,239,919	137,910	3,401,672	3,539,582
Expenditures						
Current						
Events	-	3,006,397	3,006,397	-	102,193	102,193
Concessions, catering and novelties	-	2,397,452	2,397,452	-	329,662	329,662
Parking	-	694,522	694,522	-	139,910	139,910
Facility operations	57,834	3,338,347	3,396,181	432	1,714,365	1,714,797
Coronavirus relief fund expenditures	-	30,087	30,087	-	128,478	128,478
Total expenditures	57,834	9,466,805	9,524,639	432	2,414,608	2,415,040
Excess (deficiency) of revenues over expenditures before capital outlays	87,024	628,256	715,280	137,478	987,064	1,124,542
Capital outlays						
	-	498,849	498,849	-	598,731	598,731
Excess (deficiency) of revenues over expenditures	87,024	129,407	216,431	137,478	388,333	525,811
Other financing sources (uses)						
Operating transfers in (out)	-	-	-	(150,000)	150,000	-
Capital transfer in - State of Connecticut, Bond Commission Funds	-	485,867	485,867	-	529,442	529,442
Total other financing sources (uses)				(150,000)	679,442	529,442
Net change in fund balances	87,024	615,274	702,298	(12,522)	1,067,775	1,055,253
Fund balances, beginning of year	148,403	500,073	648,476	160,925	(567,702)	(406,777)
Fund balances, end of year	\$ 235,427	\$ 1,115,347	\$ 1,350,774	\$ 148,403	\$ 500,073	\$ 648,476

See Notes to the Financial Statements.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2022 and 2021

Note 1 - Summary of significant accounting policies

The accompanying financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field (the "Stadium") have been prepared in conformity with accounting principles generally accepted in the United States of America as promulgated in pronouncements of the Governmental Accounting Standards Board ("GASB"). Following is a summary of the reporting entity and significant accounting policies:

Reporting entity

The accompanying financial statements include the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium, which is owned by the State of Connecticut. The Stadium Facility Enterprise Fund and the Operating Accounts Fund are included in the basic financial statements of the State of Connecticut as nonmajor governmental funds (special revenue funds). These financial statements are intended to present the financial position and the respective changes in the financial position that are attributable solely to the transactions of the Stadium Facility Enterprise Fund and the Operating Accounts Fund. They do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Under Chapter 588z, Sections 32-650 through 32-669 of the Connecticut General Statutes, for the purpose of operating a facility known as the Rentschler Field Stadium in East Hartford, Connecticut, the State of Connecticut (the "State") legislature authorized the State of Connecticut Office of Policy and Management ("OPM") to (1) acquire the necessary real property for the facility site, (2) contract for professional services related to the design and construction of the facility, (3) coordinate the project with other state agencies and (4) provide for most facets of the Stadium's operations.

The State legislature established the Stadium Facility Enterprise Fund for the purpose of receiving income generated by the operations of the Stadium to be used for the purpose of funding maintenance and capital improvements at the facility. In addition, the State legislature authorized OPM to establish an Operating Account to account for all administrative functions of the Stadium. All unrestricted resources, except those required to be accounted for in another account, are accounted for in this fund. The Operating Account, in accordance with Connecticut General Statutes, is allowed to maintain a balance of no more than three months of operating expenditures, with the excess monies to be transferred to the Stadium Facility Enterprise Fund. No monies were transferred from the Operating Account to the Stadium Facility Enterprise Fund during the years ended June 30, 2022 and 2021.

The accompanying financial statements do not include a management's discussion and analysis ("MD&A") in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* because the focus of an MD&A is on a primary government. The State of Connecticut, the primary government, will provide an MD&A in its annual report that will include analysis of the Stadium's activities.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2022 and 2021

Measurement focus and basis of accounting

The Stadium Facility Enterprise Fund and the Operating Accounts Fund are currently included in the basic financial statements of the State of Connecticut as nonmajor governmental funds (special revenue funds). The stand-alone financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash equivalents

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2022 and 2021.

Restricted cash

Cash reserves whose use is specified or limited by third parties for future events are classified as restricted cash in the accompanying balance sheets.

Pooled cash

Amounts maintained in the Stadium Facility Enterprise Fund are pooled with other funds of the State of Connecticut and are managed by the Cash Management Division of the State of Connecticut Office of the State Treasurer.

Accounts receivable

Trade accounts receivable are recorded at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances. The allowance is based on a history of write-offs, the level of past-due accounts based on the contractual terms of the receivables, and the overall financial condition of the customers. Collateral or other forms of security are not generally required. Receivables have been presented net of an allowance of uncollectible accounts in the amount of \$10,000 as of June 30, 2022 and 2021.

Event liabilities

Event liabilities represent prepaid ticket sales, advertising and other contractual revenues received in advance of a future event.

Reclassifications

Certain reclassifications have been made to the June 30, 2021 financial statement presentation to conform to the current year presentation.

The Stadium at Rentschler Field

Notes to the Financial Statements Special Revenue Funds of the State of Connecticut June 30, 2022 and 2021

Sales tax

The State imposes a sales and admissions tax on events and activities held at the Stadium. Taxes are collected by the Stadium and remitted to the State. The Stadium excludes taxes collected from revenues.

Fund balance

Fund balance consists of the following categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation. Pursuant to the Connecticut General Statutes, monies in the Stadium Facility Enterprise Fund are restricted for the purpose of funding maintenance and capital improvements at the Stadium.

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the State of Connecticut legislature (the highest level of decision making authority of the State) and cannot be used for any other purpose unless the legislature removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the intent to use amounts for specific purposes, but are not restricted or committed. The State has delegated the responsibility to assign funds to the Capital Region Development Authority.

Unassigned - Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Stadium considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Stadium considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Stadium's Board of Directors has provided otherwise in its commitment or assignment actions.

Revenue recognition

Events and facility rentals - Revenues from events and facility rentals are principally generated from ticket sales, advertising signage and rental income derived from a lease agreement with the University of Connecticut (the "University" or "UConn"). Such revenue is recognized when the event takes place. Advance ticket sales are recorded as an event liability until the occurrence of the event.

Ancillary - Ancillary revenues consist of concessions, catering and novelties managed by a third-party operator and are recognized at the point of sale.

Sponsorship - Sponsorship revenues generally relate to either a one-time event or a number of events over a period of time. Revenues from a one-time event are recognized upon completion of the event. Sponsorship revenues relating to a number of events over a period of time are recognized ratably upon the completion of each of the events. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement.

The Stadium at Rentschler Field
Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2022 and 2021

Parking - Parking revenues are managed by a third-party operator at the facility and are recognized at the time of an event.

Other - All other types of revenues are recognized when earned and available.

Change in accounting principles and restatement

For 2022, the Stadium implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Stadium's 2022 financial statements but had no effect on the beginning fund balance of the Stadium Facility Enterprise Fund since the deferred inflows equal the amount of the lease receivable.

The implementation of GASB Statement No. 87 had the following effect on fund balance as reported July 1, 2020:

	<u>Stadium Facility Enterprise Fund</u>
Fund balance July 1, 2020	\$ 160,925
Adjustments	
Lease receivable	734,735
Deferred inflows - leases	(734,735)
Restated fund balance July 1, 2020	\$ 160,925

Note 2 - Revenue concentrations

The State is party to a lease agreement with the University that provides the University with the right to use the facility for football games and other events. The lease agreement provides that the University pay a base rent in addition to other incremental operating costs (see Note 4). For the years ended June 30, 2022 and 2021, 24% and 0%, respectively, of the Operating Account Fund's revenues, including ancillary, parking service, and other revenues, were generated pursuant to the University's football games and other events.

Note 3 - Cash deposits

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, cash deposits or collateral securities that are in the possession of an outside party will not be able to be recovered.

Cash deposits are held in qualified public institutions as defined by the Connecticut General Statutes, which state that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust

The Stadium at Rentschler Field

**Notes to the Financial Statements
Special Revenue Funds of the State of Connecticut
June 30, 2022 and 2021**

department of either the pledging financial institution or the pledging financial institution's trust department or agent but not in the depositor - Stadium's name.

As of June 30, 2022 and 2021, \$2,770,347 and \$4,042,680, respectively, of the Operating Accounts Fund's bank balances of \$3,020,347 and \$4,292,680 were uninsured, and of this amount, \$2,468,313 and \$3,613,412, respectively, were uncollateralized.

The cash attributed to the Stadium Facility Enterprise Fund represents only a portion of the State's total cash deposits and additional disclosures regarding custodial credit risk may be obtained from the State.

Note 4 - Leases

University of Connecticut

OPM is party to a lease agreement with the University. During September 2016, the parties executed an amended and restated lease agreement that expires on June 30, 2023. Pursuant to the amended and restated lease agreement, the Stadium receives a base rent of \$170,000 per each home football game held at the facility in addition to reimbursement of allowable incremental operating expenses incurred in hosting the game. Base rent increases each subsequent year of the lease by \$500 per each home football game held at the facility. In addition, per the terms of the lease, the University is required to fund a Cumulative Operating Deficit Fund to cover any annual operating shortfalls in the Stadium budget, up to \$250,000 per year.

The Stadium recognized \$250,000 and \$0 of revenue in operating deficit funding from the University to cover the annual operating shortfall for the years ended June 30, 2022 and 2021, respectively. In accordance with the terms of the lease, OPM retains exclusive rights to certain ancillary revenues recognized from each game, including revenues from concessions and parking. There is no lease receivable or deferred inflow of resources recorded on this lease as the terms are contingent on future events.

Cell tower

Cell lease agreements are summarized as follows:

Describe	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2022	Balance at June 30, 2022
Telecommunications	5 years	5/1/2024	seven 5-year extensions	\$ 3,209	\$ 76,731
Telecommunications	5 years	11/30/2025	four 5-year extensions	3,156	135,778
Telecommunications	5 years	11/30/2025	five 5-year extensions	5,556	240,039
					<u>\$ 452,548</u>

OPM is party to three separate license agreements for cell tower space. The leases expire at various dates through November 2025 and include options for multiple renewals. The probability of exercising the options is unknown. Rental income recognized under the agreements totaled \$144,630 and \$137,557 for the years ended June 30, 2022 and 2021, respectively, and is included in lease revenue in the accompanying statements of revenues, expenditures and changes in fund balances.

The Stadium at Rentschler Field

Notes to the Financial Statements Special Revenue Funds of the State of Connecticut June 30, 2022 and 2021

Annual revenues and requirements to amortize the long-term receivables are as follows:

Year Ending June 30	Lease Revenue
2023	\$ 145,664
2024	146,629
2025	112,655
2026	47,600
	<u>\$ 452,548</u>

Note 5 - Significant agreements

Capital Region Development Authority

OPM has entered into a memorandum of understanding with the Capital Region Development Authority (the "Authority"), a quasi-public agency of the State of Connecticut. Pursuant to the memorandum, OPM delegated and assigned to the Authority custody and control of, and the right to operate, the Stadium facility, including the right to enter into agreements related to the operations of the Stadium facility. The effective date of the agreement was July 1, 2013, amended on June 21, 2017, and expires on June 30, 2023. As part of the agreement, OPM retains ownership of the Stadium and other capital assets located at the Stadium or used in its operations, the right to amend, declare default under or terminate certain agreements, and the administration of the Stadium Facility Enterprise Fund. The amended agreement provides for an annual administrative fee to the Authority for such services from the Enterprise Fund not to exceed \$50,000, subject to available funds. The Authority received additional appropriations through state agencies of which \$522,288 and \$2,000,000 for the years ended June 30, 2022 and 2021, respectively, was appropriated for the Stadium annual operational funding.

Venue management

The Authority has entered into a management agreement with OVG360 (previously known as Spectra Venue Management and Global Spectrum, L.P.). The term of the agreement expires on June 30, 2023 and can be terminated by the Authority in the event of default or upon a special termination event as defined in the agreement. The management agreement provides for a fixed management fee of \$8,333 per month for the first year of the contract. The fixed management fee increases each year by the percentage increase in the Consumer Price Index. In addition, the agreement provides for an incentive fee of 25% of gross event revenues in excess of a benchmark mutually agreed upon by the parties.

Management fees earned for the years ended June 30, 2022 and 2021 totaled \$214,908 and \$109,518, respectively, and are included in facility operations expenditures. Additionally, amounts owed to OVG360, which are classified on the balance sheets as due to operations manager and related entities, totaled \$9,546 and \$44,551 as of June 30, 2022 and 2021, respectively.

In addition, OVG360 provides marketing services and receives a commission based on 10% of gross revenues from the sale of commercial advertising rights at the Stadium. Commissions earned totaled \$10,164 and \$7,041 for the years ended June 30, 2022 and 2021, respectively.

The Stadium at Rentschler Field

Notes to the Financial Statements Special Revenue Funds of the State of Connecticut June 30, 2022 and 2021

Food services and hospitality

OVG360 has entered into an agreement with Spectra Food Services & Hospitality (previously known as Ovations Food Services). The agreement expires on June 30, 2023 and provides for a base fee of \$50,000 for the first year of the contract. The base fee increases each year by the percentage increase in the Consumer Price Index.

In addition, the agreement provides for an incentive fee of 12% of concession revenues in excess of \$1,000,000 per year, capped at the base fee for that year. Fees earned totaled \$109,978 and \$54,552 for the years ended June 30, 2022 and 2021, respectively, and are included in concessions, catering and novelties expenditures. Amounts owed to OVG360, which are classified on the balance sheets as due to operations manager and related entities, totaled \$169,047 and \$84,054 as of June 30, 2022 and 2021, respectively.

Pursuant to the management agreement between OVG360 and the Authority, Spectra Food Services & Hospitality was required to contribute \$1,000,000 toward capital improvements to the Stadium and the XL Center, which is owned by the City of Hartford and leased by the Authority. In accordance with the agreement, each contribution is to be amortized on a straight-line basis beginning on the date each contribution was made and ending on June 30, 2023. In the event that the management agreement is terminated prior to the expiration of the agreement, the Authority is required to repay the unamortized portion of the capital contributions within thirty days of the termination date. As of June 30, 2022, the Stadium has recognized capital contributions of \$429,566, of which the unamortized portion subject to repayment totaled \$47,730.

Ticketing and fan engagement

OVG360 has entered into an agreement with Spectra Ticketing & Fan Engagement (previously known as New Era Ticketing). During June 2017, Spectra Ticketing & Fan Engagement was acquired by an unaffiliated third party. The parties continue to operate in accordance with terms of the original agreement. The agreement expires on June 30, 2023 and provides for the payment of a per ticket processing fee. Ticketing fees paid by the Stadium for the years ended June 30, 2022 and 2021 totaled \$268,035 and \$103,302, respectively.

Note 6 - Contingency

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The Stadium is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Stadium's operations continue for an extended period of time, there could be a loss of revenue and other material adverse effects to the Stadium's financial position, results of operations, and cash flows.

Supplementary Information

The Stadium at Rentschler Field
Schedules of Facility Operations Expenditures -
Operating Accounts Fund
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Facility operations		
Utilities	\$ 810,239	\$ 672,049
Compensation, taxes and benefits	1,096,114	320,267
Building systems	35,048	80,916
Management fee	214,908	109,518
Maintenance services	398,526	131,268
Building and office supplies	170,280	28,048
Insurance	69,292	41,787
Equipment rentals and maintenance	119,531	9,519
Ground maintenance	8,143	865
Food services	-	173,299
Taxes, licenses and fees	120,727	59,226
Other	295,539	87,603
	<u>\$ 3,338,347</u>	<u>\$ 1,714,365</u>

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Secretary of the State of Connecticut
Office of Policy and Management and
to the Board of Directors of the
Capital Region Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Stadium Facility Enterprise Fund and the Operating Accounts Fund of the Stadium at Rentschler Field (the "Stadium"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2022, which included an emphasis of a matter paragraph as indicated on page 4.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Stadium's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stadium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stadium's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stadium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Hartford, Connecticut
September 26, 2022



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