
**DENVER METROPOLITAN MAJOR
LEAGUE BASEBALL STADIUM DISTRICT**
(Component Unit of the State of Colorado)
FINANCIAL STATEMENTS
DECEMBER 31, 2012

Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion And Analysis	i - v
Financial Statements	
Statement Of Net Position.....	3
Statement Of Revenues, Expenses And Changes In Net Position.....	4
Statement Of Cash Flows	5
Notes To Financial Statements	6 - 17
Required Supplementary Information	
Schedule Of Revenues And Expenses - Budget And Actual.....	18



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Independent Auditors' Report

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

We have audited the accompanying financial statements of the Denver Metropolitan Major League Baseball Stadium District (the District) (a component unit of the State of Colorado) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's financial statements as of December 31, 2011, which were audited by Strasheim & Associates, CPA LLC and whose report dated March 30, 2012 expressed an unqualified opinion on those financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2012 and the respective changes in its financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 page 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, which 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.

RubinBrown LLP

June 17, 2013

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2012 and 2011

Our discussion of the District's financial performance provides an overview of our activities for 2012 and 2011, 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 three.

FINANCIAL HIGHLIGHTS

In December 2010, The District transferred approximately 5.7 acres of District land to the Regional Transportation District (RTD), under threat of condemnation, for construction of a light rail line as well as two permanent easements covering approximately 3.2 acres. The District received minimum fee compensation of \$15,000,000 to be used to acquire replacement parking for the 640 parking spaces lost in the Coors Field Main Lot. The transfer was done to accommodate RTD's need for immediate possession to begin work on the project. A final settlement was reached with RTD. See Note 3 to the financial statements for further information on the final settlement agreement. The District acquired the "Delgany" Street property (land and building) in 2009 for \$2,314,938. The property is subject to a lease and is ultimately expected to provide additional parking for Coors Field.

Operating revenue from lease of the ballpark to the Colorado Rockies Baseball Club (CRBC) increased \$219,301 (26%) overall in 2012. Parking share gross revenue increased \$220,804. Attendance rent remained consistent with prior periods, due to attendance figures not exceeding baseline figures.

The District's net position declined \$2.2 million in 2012 and \$2.6 million in 2011 as a result of depreciation expense being in excess of net operating and non-operating revenues.

The CRBC pays the expense related to repair, maintenance and use of the Stadium (including property taxes) on a year-round basis. In addition, CRBC made specified lease payments of \$889,119 and \$863,809 into an escrow repairs fund for 2012 and 2011, respectively. This fund had accumulated approximately \$2,041,400 as of December 31, 2012 after having paid out \$1,101,675 in 2012 and \$939,605 in 2011 for repairs, replacements and improvements in those years. This fund is owned by the CRBC.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Improvement/replacements paid for by the CRBC and completed in 2012 include club level carpet replacement, window replacement for the box suites, replacement of closed circuit security cameras, field pad replacement, and other smaller items. 2011 additions included stadium padding, service level lighting, control room video, fire doors, ceiling tile and carpet replacement amongst others. Expenditures that add value to or replace/improve District owned assets are recognized as such in the District's financial statements. Accordingly, assets totaling \$504,105 and \$580,351 were capitalized in 2012 and 2011, respectively.

Use of this report

This report comprises three financial statements:

(1) The Statements of Net Position measure the District's financial condition at year-end. It represents the difference between the District's assets and liabilities. Net position is displayed in three components: Cost of the stadium and related property less accumulated depreciation and related debt is included in *Net Investment in Capital Assets*. When constraints are imposed externally by laws, other governments, or creditors on net position they are reported as *Restricted*. *Unrestricted* net position 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. The District currently considers its unrestricted net position as unavailable for refund to local governments as a result of new debt obligations and the obligation to acquire additional parking spaces as a result of RTD's acquisition of the District's prime parking spaces.

(2) Increases or decreases to net position are presented in the Statements of Revenues, Expenses and Changes in Net Position. Decreases in net position represent declines in our financial position, principally because of depreciation.

(3) The Statements of Cash Flows portray the source, uses and net change in our cash and cash equivalents. Cash flows are segregated by three major elements--operating, capital and financing and investing activities.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Condensed comparative financial statement information (in thousands):

	For The Years Ended December 31,		
	2012	2011	2010
Operating Revenue from Coors Field	\$ 1,065	\$ 845	\$ 732
Nonoperating Revenues			
Noncash lease income	598	580	470
RTD oversight fund amortization	361	—	—
Sales and use taxes, net of refunds and other	—	23	12
Net lease rentals Delgany Street	117	102	45
Interest income	42	4	1
Total Revenue	2,182	1,555	1,260
Operating Expense	4,406	4,137	4,163
Decrease In Net Position	\$ (2,223)	\$ (2,582)	\$ (2,903)

Total revenues increased by \$627 or 40% in the current year. The majority of the increase in the current year is due to the recognizing of income in the current year due to the settlement with RTD related to the land taking. The land taking agreement called for a \$373 payment to be made if the agreement wasn't finalized by October 2012. There was also an increase in parking revenue from the Colorado Rockies Baseball Club.

Total expenses increased by \$269 or 6.5% in the current year. The increase in expenses related primarily to legal fees in connection with the land taking agreement, as well as increased depreciation expense.

For 2011, non-cash revenues increased by \$110 as a result of increased capital replacements of Stadium property paid for by the lessee (CRBC). Tax revenues increased \$10.6 and interest income increased \$3 due to increases in investable funds from the RTD land taking agreement.

Operating expenses in 2011 decreased \$26, from lower depreciation expense of \$14 and professional fees/other expenses of \$12, which related primarily to legal fees, insurance and other expenses.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Condensed Statements of Net Position (in thousands):

	2012	2011	2010
Current Assets	\$ 18,197	\$ 17,610	\$ 2,340
Capital Assets	136,318	138,993	143,023
Long term receivable - RTD	—	911	242
Deferred costs	326	354	383
Total Assets	154,841	157,868	145,988
Current Liabilities	14,732	15,215	447
Long term debt	—	321	627
Security Deposit	12	12	12
Total Liabilities	14,744	15,548	1,086
Net Investment In Capital Assets	135,976	138,336	142,066
Restricted	990	1,387	24
Unrestricted	3,131	2,597	2,812
Total Net Position	\$ 140,097	\$ 142,320	\$ 144,902

For 2012, current assets increased by \$587 from, (i) the shifting of the RTD receivable from long term into current of \$1,066 (due to the agreement being settled in 2013), and (ii) an increase in the parking lot receivable \$63.

For 2011, current assets increased by \$15,269 from, (i) cash from RTD related to land taking - \$15,361, (ii) net operating revenues - \$727, (iii) non-operating revenue- \$117, (iv) repayment of note payable - \$291, (v) expenses pertaining to the RTD land taking - \$583, and (vi) expense payment of the prior period accrued expenses - \$62.

The net decrease in total liabilities in 2012 of \$804 comprises: (i) regularly scheduled loan payment -\$321, (ii) payment of prior period accruals - \$137, and (iii) the amortization of the recognition of RTD project oversight funds - \$361.

The net increase in total liabilities in 2011 of \$14,462 comprises: (i) \$15,000 received from RTD, less the cost of land and improvements charged of \$599, (ii) net deferred income of \$14,401, (iii) project oversight funds received from RTD of \$373 less December costs of \$12, (iv) decrease in operating accounts payable of \$25, (v) note repayments of \$291, (vi) increase in capitalized payables of \$25, and (vi) decrease in accrued interest of \$8.

All other changes in capital and other assets in 2012 and 2011 resulted from depreciation and amortization for 2011. Restricted net position fluctuates based upon compliance with the TABOR Amendment. For additional information, see Footnote 8 of the financial statements.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

The overall decreases in net position for 2012 of \$2,223 (1.6%) and for 2011 of \$2,582 (1.8%) resulted from the excess of depreciation over other net operating and non-operating revenues.

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

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF NET POSITION

	Assets	
	December 31,	
	2012	2011
Current Assets		
Cash and cash equivalents	\$ 2,699,767	\$ 2,155,199
Accounts receivable - lessee	153,214	90,550
Other receivables (RTD) - current	1,065,907	—
Prepaid expense	—	23
	3,918,888	2,245,772
Restricted cash - replacement parking	14,277,966	15,002,899
Restricted cash - project oversight	—	361,000
Total Current Assets	18,196,854	17,609,671
Noncurrent Assets		
Capital assets - Coors Field/other		
Land	19,743,220	19,743,220
Land improvements	13,214,443	13,214,443
Buildings	149,494,235	149,369,889
Other property and equipment	28,069,605	27,596,381
Construction in progress	807,824	—
	211,329,327	209,923,933
Accumulated depreciation	(75,011,227)	(70,931,099)
	136,318,100	138,992,834
Other receivables (RTD) - noncurrent	—	910,996
Deferred costs, net of accumulated amortization of \$402,621 in 2012 and \$373,929 in 2011	325,677	354,369
Total Noncurrent Assets	136,643,777	—
Total Assets	154,840,631	157,867,870
Liabilities		
Current Liabilities		
Accounts payable and accrued expense	—	128,211
Note payable - current	321,062	305,773
Accrued interest	9,364	18,283
Restricted current liabilities/deferred income		
Minimum fee compensation for land taking in progress	14,401,384	14,401,384
RTD project oversight funds	—	361,000
Total Current Liabilities	14,731,810	15,214,651
Noncurrent Liabilities		
Note payable - noncurrent	—	321,062
Refundable security deposit	11,667	11,667
Total Noncurrent Liabilities	11,667	332,729
Total Liabilities	14,743,477	15,547,380
Net Position		
Net Investment In Capital Assets	135,976,007	138,336,049
Restricted For Capital Projects	942,489	1,358,017
Restricted For TABOR	47,540	29,233
Unrestricted	3,131,118	2,597,191
Total Net Position	\$ 140,097,154	\$ 142,320,490

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2012	2011
Operating Revenue From Lease Of Coors Field		
Parking	\$ 938,713	\$ 717,889
Attendance	100,000	100,000
Concessions and other	25,901	27,424
	1,064,614	845,313
Operating Expense		
Depreciation and amortization	4,108,820	4,040,404
Professional services	264,496	71,371
General, administrative and other	32,253	24,922
	4,405,569	4,136,697
Operating Loss	(3,340,955)	(3,291,384)
Nonoperating Revenues		
Noncash lease income	597,570	580,351
RTD oversight fund amortization	361,000	—
Sales and use taxes, net of refunds and other	—	22,907
Net lease rentals Delgany Street	117,491	102,256
Interest income	41,558	3,947
	1,117,619	709,461
Decrease In Net Position	(2,223,336)	(2,581,923)
Net Position - Beginning Of Year	142,320,490	144,902,413
Net Position - End Of Year	\$ 140,097,154	\$ 142,320,490

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2012	2011
Cash Flows From Operating Activities		
Received from lessee	\$ 1,001,950	\$ 827,542
Paid for professional and other services	(424,937)	(118,011)
Net Cash Provided By Operating Activities	577,013	709,531
Cash Flows From Capital And Related Financing Activities		
Payment of accrued capital expense	—	(62,205)
Lease rent Delgany Street property	140,004	140,004
Repayment of Delgany Street note payable	(305,773)	(291,213)
Interest paid on Delgany Street note	(31,341)	(45,902)
Transfers from restricted cash	278,018	—
Property tax paid and other	—	5,474
Sales and use tax revenue received	—	19,139
Professional fees charged to other receivable (RTD)	(154,911)	(582,512)
Net Cash Used In Capital And Related Financing Activities	(74,003)	(817,215)
Cash Provided By Investing Activities		
Interest income	41,558	1,041
Net Increase (Decrease) In Cash And Cash Equivalents	544,568	(106,643)
Cash And Cash Equivalents, Beginning Of Year	2,155,199	2,261,842
Cash And Cash Equivalents, End Of Year	\$ 2,699,767	\$ 2,155,199
Reconciliation Of Operating Cash Flows		
Operating loss	\$ (3,340,955)	\$ (3,291,384)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	4,108,820	4,040,404
Decrease (increase) in receivable from lessee	(62,664)	(17,771)
Decrease in prepaid expense	23	3,858
(Decrease) in operating accounts payable	(128,211)	(25,576)
Total Adjustments	3,917,968	4,000,915
Net Cash Provided By Operating Activities	\$ 577,013	\$ 709,531
Restricted Cash Received From RTD For Land Taking, Interest Thereon And Initial Project Funds	\$ 14,277,966	\$ 15,375,899
Noncash Capital Activity - Other Lease Income - Capitalized Assets Pertaining To Coors Field Paid For By Lessee	597,570	580,351

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2012 And 2011

1. Organization And Summary Of Significant Accounting Policies

Organization

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

The Act authorized the District to levy and collect sales/use tax as of August 1, 1991 of one-tenth of one percent throughout the District to assist in financing the acquisition and construction of the Ballpark. On January 1, 2001, the District discontinued the levy of the sales tax upon the final defeasance of all of its outstanding debt (Note 3).

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

Summary Of Significant Accounting Policies

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

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

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

Coors Field consists of land improvements, buildings and other property and equipment, which are stated at cost and amortized and depreciated using the straight-line method over their respective estimated useful lives of 3 to 50 years beginning April 1995 when the Ballpark was placed in service.

Direct costs related to the Ballpark and Delgany Street property leases were deferred and are amortized on the straight-line basis over the remaining life of the leases, which expire in 2017 and 2014, respectively.

The District defines operating revenues as those revenues for which cash flows are reported as operating activities, i.e., derived from its principal ongoing operations (lease of the Ballpark and related activities). Nonoperating revenues include revenue from other than exchange or exchange-like transactions, such as sales and use taxes, interest and other income not related to lease of the Ballpark.

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

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

Subsequent Events

Management has evaluated subsequent events through June 17, 2013, the date upon which the financial statements were available for issuance.

In January 2013, the Bag Factory Lofts Owners' Association filed a lawsuit against the District claiming the money received from RTD (Note 3) should be returned to taxpayers as a refund. The primary tenant of the District has filed a counter lawsuit against the Bag Factory Lofts Owners' Association. On May 17, 2013, the parties mutually and satisfactorily resolved their differences and filed a joint motion requesting the court to dismiss with prejudice all matters against all parties with each party paying their respective costs and fees.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

2. Cash And Cash Equivalents

The District classifies all highly liquid investments with an original maturity of three months or less when purchased as cash equivalents. The District's cash and cash equivalents comprise the following:

	<u>2012</u>	<u>2011</u>
Checking account	\$ 755,367	\$ 282,986
Bank savings accounts	<u>1,944,400</u>	<u>1,872,213</u>
	<u>\$ 2,699,767</u>	<u>\$ 2,155,199</u>

See Note 3 for restricted cash.

All cash accounts are held at FirstBank and the savings account bears interest at varying rates. The Public Deposit Protection Act (PDPA) requires all eligible depositories holding public deposits to pledge a pool of eligible collateral having market value equal to 102% of the total public deposits exceeding those amounts not insured by federal depository insurance, presently \$250,000 per depositor. FirstBank participates in the PDPA program.

3. Land Taking In Progress

In December 2011, the District received \$15,000,000 from the Regional Transportation District (RTD) representing the minimum fee compensation due for RTD's taking of the land covering 640 parking spaces in the Main Lot at Coors Field pursuant to an Intergovernmental Agreement dated November 23, 2011 (the IGA).

Although the District has settled with RTD for a minimum price of \$15,000,000 for the land, the District is contesting the actual valuation, and believes that it is entitled to additional compensation for the land. The District also believes that it is entitled to compensation for damages to the remainder and certain costs and expenses.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

The net deferred income related to the East Corridor commuter rail line connecting Union Station to Denver International Airport (the Project), in progress as of December 31, 2012, comprises:

Minimum fee compensation (nonrefundable)	<u>\$ 15,000,000</u>
Cost of land taken (249,442 square feet)	(512,781)
Estimated carrying cost of improvements	<u>(85,835)</u>
Estimated total direct costs	<u>(598,616)</u>
 Net deferred income	 <u><u>\$ 14,401,384</u></u>

To accommodate RTD's needs for immediate possession of the Property (as defined in the IGA) in order to begin construction of the Project and to comply with contractual timelines, the District granted RTD access to the Property pursuant to a Temporary Construction Easement dated October 26, 2011, so as to avoid delay, damages or other liability to RTD. Pursuant to a Possession and Use Agreement (PUA) dated December 8, 2011, the District granted RTD the irrevocable right to possession and use of the Property as well as Permanent Non-Exclusive Easements for 111,002 square feet so RTD could construct the Project.

The grant to RTD for possession was made on a quitclaim basis without warranty of title by the District. The PUA was made with the understanding that RTD will continue negotiations in good faith with the District to acquire the property by direct purchase.

If the parties subsequently agree to the amount of Just Compensation (defined in the IGA) RTD will pay the District that amount less the \$15,000,000 plus interest on the difference. In addition to a Bargain and Sale Deed conveying the Fee Take Area free and clear of encumbrances, the District will also convey certain easement rights to the Infrastructure Property and the Access Property, as defined in the IGA.

On December 4, 2012, RTD provided the District with a final offer of \$24 million, subject to a correction of the description for permanent easement which would result in RTD's acquiring an easement of approximately 50 square feet less of property. Subsequent to December 31, 2012, the District and RTD reached a settlement, where the District received total compensation of \$24,720,000 (inclusive of the prior \$15,000,000 payment), which represented \$24,000,000 value of the land, as well as \$720,000 in interest received. No adjustments were recorded to the 2012 financial statements.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Notes To Financial Statements (*Continued*)

Settlement proceeds to the District are first required to be used to acquire suitable replacement parking for the Colorado Rockies Baseball Club (the CRBC) and next to recover District expenses incurred in this matter.

The ultimate net gain or loss on the transactions will be recognized as an extraordinary item upon final resolution and settlement of the matter.

Under the IGA, RTD also paid the District a lump sum of \$373,000 as compensation for its project oversight costs incurred after December 7, 2011 as a result of the Infrastructure Replacement (the IR) through October 11, 2012. If the IR is not completed by that date, RTD will reimburse the District for its actual oversight costs, as more fully described in the IGA. The District incurred costs of approximately \$12,000 in December 2011. During the year ended December 31, 2012, the District incurred the additional costs totaling \$361,000.

Management of the District has identified other costs and expenses that they believe should generally be recoverable from RTD as a result of the joint process of identifying and valuing the property to be taken, among other activities. Accordingly, the District recorded certain legal, professional and other fees and expenses aggregating \$1,065,907 and \$910,997 at December 31, 2012 and 2011, respectively, as a long-term receivable account as set forth in the accompanying statement of net position. These accounting estimates are based upon management's current knowledge, experience and assumptions about future events. The amount ultimately recoverable by the District is presently not determinable and actual results could differ from management's estimates.

4. Ballpark Property And Equipment

The Ballpark includes, among other facilities, approximately 50,550 seats, approximately 4,150 on-site revenue parking spaces, administrative offices for the lessee and the District and the renovation and inclusion of a "bar/restaurant" as part of an existing five-story brick building. The lessee owns certain furniture, fixtures and equipment located within the Ballpark.

Certain District property was needed for public use as part of the Broadway Viaduct replacement project and in 2001, the District granted a permanent access easement for 3.2 acres to the City and County of Denver (CCD). The District also transferred ownership of approximately 1.6 acres of a surface parking lot and improvements thereon to CCD, resulting in the permanent loss of approximately 210 parking spaces.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

In connection with the above transfers, the District received compensation for the property taken, court costs, fees and expenses incurred totaling \$491,000 which was used in 2009 to purchase the Delgany Street property (Note 6).

In January 2012, the District executed a triple net lease for a commercial parking lot near the Stadium for a 2-year period at \$75,000 per year. The lessor has the right to terminate the lease upon 180 days' notice.

During the year ended December 31, 2012, the CRBC entered into an agreement to construct a parking garage, which would result in a net gain of 625 parking spaces. Accordingly, \$807,824 was recorded as parking structure in progress. The parking structure will be depreciated after construction is finished and it has been placed in service.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

Changes in capital assets and deferred costs for 2012 and 2011 were as follows:

	(In Thousands)			
	Beginning Balance	Additions	Retirements	Ending Balance
2011				
Land	\$ 20,256	\$ —	\$ (513)	\$ 19,743
Land improvements	13,345	7	(137)	13,215
Buildings	149,247	123	—	149,370
Other property and equipment	27,146	450	—	27,596
Totals At Historical Cost	209,994	580	(650)	209,924
Accumulated depreciation				
Land improvements	(4,707)	(232)	52	(4,887)
Buildings	(44,051)	(2,649)	—	(46,700)
Other property and equipment	(18,213)	(1,131)	—	(19,344)
Total Accumulated Depreciation	(66,971)	(4,012)	52	(70,931)
Net Capital Assets	\$ 143,023	\$ (3,432)	\$ (598)	\$ 138,993
2012				
Land	\$ 19,743	\$ —	\$ —	\$ 19,743
Land improvements	13,215	—	—	13,215
Buildings	149,370	124	—	149,494
Other property and equipment	27,596	—	—	28,070
Construction in progress	—	808	—	808
Totals At Historical Cost	209,924	932	—	211,330
Accumulated depreciation				
Land improvements	(4,887)	(228)	—	(5,115)
Buildings	(46,700)	(2,658)	—	(49,358)
Other property and equipment	(19,344)	(1,194)	—	(20,538)
Total Accumulated Depreciation	(70,931)	(4,080)	—	(75,011)
Net Capital Assets	\$ 138,993	\$ (3,148)	\$ —	\$ 136,319
Changes In Deferred Costs Comprise:				
	Stadium Lease	Delgany Lease *	View Plane *	Total
Balance January 1, 2011	\$ 150,683	\$ 14,126	\$ 218,252	\$ 383,061
Additions	—	—	—	—
Amortization	(24,456)	(4,236)	—	(28,692)
Balance December 31, 2011	126,227	9,890	218,252	354,369
Additions	—	—	—	—
Amortization	(24,456)	(4,236)	—	(28,692)
Balance December 31, 2012	\$ 101,771	\$ 5,654	\$ 218,252	\$ 325,677

*Delgany Street lease cost amortization began in 2010 effective with the new lease terms. View Plane costs are not subject to amortization.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

5. Other Commitments And Contingencies

Ballpark Lease

In 1995, the District entered into an Amended and Restated Lease and Management Agreement (the Agreement) with the CRBC (the lessee). The Agreement provides for the lease of the Ballpark “Premises” (as defined in the lease) to the CRBC for a period of 22 years commencing March 31, 1995, with three 5-year renewals at the option of the CRBC (the lease term). The Agreement also provides for the acquisition and ownership of certain property by the CRBC and for revenue sharing, on a variable basis each year, principally with respect to attendance, parking and concessions, as more fully described in the Agreement. In 2009, the District approved an amendment to the lease to include the Delgany Street property (Note 6). Income for the District is economically dependent upon the CRBC.

The District has classified the lease as an operating lease for financial reporting purposes.

Under the Agreement, the CRBC is responsible on a year-round basis for all costs associated with the repair, maintenance, operation, use and ownership of the Premises and CRBC Property (including a possessory interest property tax on District-owned property) during the entire lease term.

In January 1996, the CRBC established an escrow Repairs Fund to be used solely for repairs, restorations and replacements of District and CRBC property. Pursuant to the lease, payments of \$889,119 and \$863,809 were made by the CRBC to this fund for the years 2012 and 2011, respectively. The Fund had a balance of \$2,041,399 at December 31, 2012. As of December 31, 2011, the Fund had a balance of \$2,165,000. Expenditures totaling \$1,101,675 and \$939,605 were paid from the fund in 2012 and 2011, respectively. Of these amounts, \$597,570 in 2012 and \$580,351 in 2011 were capitalized by the District as noncash revenues.

Annual payments are subject to escalation and are due on each succeeding January 15th of the lease term. The payments are expected to correspond to the anticipated costs to repair, restore or replace the Premises and CRBC Property. The Repair Fund remains the property of the CRBC, although the District has a first lien security interest therein and a District representative co-signs checks drawn on the Fund.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

Distributions To Counties

Pursuant to the Act, after all the District's bonds were paid in full and the sales tax levy by the District was discontinued, any funds collected by the District which (in the sole discretion of the Board of Directors of the District) are deemed unnecessary for the anticipated expenses and reserves of the District must be credited at least annually on a proportionate basis to the general fund of each county, city, etc. which have been included in the geographic area comprising the District. In prior years, the District has made distributions totaling \$17,950,000 to counties and municipalities. No distributions were made in 2012 or 2011.

6. View Plane And Property Purchase

In 2009, the District was successful in the establishment of a View Plane ordinance to preserve the mountain views from Coors Field with the approval of the Denver City Council. The District's 50% share of the costs (including legal fees) totaled \$218,252, which was charged to deferred costs.

In April 2009, the District acquired certain real and personal property on Delgany Street for \$2,385,576 that was within the View Plane. Pursuant to a noninterest-bearing promissory note, the purchase price is due in five equal annual installments of \$337,115 commencing June 1, 2009, plus \$700,001 paid at closing. The amount of interest charged to expense was \$22,423 and \$37,409 during the years ended December 31, 2012 and 2011, respectively. The note is collateralized by the underlying property and related rentals under a deed of trust. The District may prepay the note, in whole or in part, without penalty at any time.

Effective February 1, 2010, the District executed a lease which requires monthly rentals to the District of \$11,667. The lease expires April 30, 2014 unless the District decides to terminate the lease upon 120-day advance notice. However, the lessee may avoid termination if it agrees to provide at least 48 parking spaces in the vicinity. The lessee is obligated to pay all utilities, insurance, operating expenses, property tax and tenant improvements (as agreed to by the District). The lessee also agreed to cooperate with the District and the CRBC regarding the possible construction of a pedestrian bridge with a terminus on the property (airspace over the train tracks).

The CRBC paid the District \$112,372 in connection with the aforementioned transactions (1/3 of the District's first installment on its note payable). The District has informed the CRBC that they will provide assistance in acquiring replacement parking for the Ballpark.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

District note payments and minimum rentals receivable are presently as follows:

	Note Principal	Imputed Interest @ 5%	Rental Income
2013	\$ 321,062	\$ 16,053	\$ 140,000
2014	—	—	11,667
	<u>\$ 321,062</u>	<u>\$ 16,053</u>	<u>\$ 151,667</u>

7. Risk Management

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

The District's lease agreement for the Ballpark requires the lessee (and other entities that perform services for the lessee) to cover certain other risks named above on behalf of the District, its directors and others. These parties provided the required coverage for the District at their own expense for 2012 and 2011. The CRBC participates in a league-wide property insurance program with all other major-league teams under an arrangement involving numerous insurance companies. The insurable property values for this policy (including buildings, equipment and other items), aggregated \$424,063,955 and \$424,526,000 for the years ended December 31, 2012 and 2011, respectively. There were no reductions in insurance coverage from the prior year for the policies referred to above. The District has had no insurance settlements for the past several years.

8. TABOR Amendment

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

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

9. Financial Instruments, Deposits And Concentrations

The District maintains all of its cash and cash equivalents with one Denver bank and has accounts receivable due from the District's lessee, resulting in a concentration of credit risk with respect to these financial instruments. Management of the District believes its risk of exposure with respect to cash and equivalents is adequately covered by the PDPA (Note 2) and Federal Deposit Insurance Corporation insurance.

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

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

At December 31, 2012, the District's deposits had bank balances of \$107,470 greater than their carrying amount of \$2,699,767, due to outstanding checks. Risks associated with such deposits and investments in general include:

- Custodial credit risk which is the risk that, in event of failure of the bank or counter-party, the District would be unable to recover its deposits or collateral securities. The District's investment policy does not limit the amount of deposit custodial credit risk. Under the provisions of GASB 40, deposits collateralized under PDPA are not deemed to be exposed to custodial credit risk.
- Interest rate risk is the risk that changes in financial market rates of interest will adversely affect the value of an investment. Since all of the District's deposits are highly liquid, management believes this risk is minimal.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

- Credit quality risk is the risk that the issuer or other counter-party to a debt security will not fulfill its obligations. Coverage under the PDPA should serve as a compensating measure if and when the District's deposit accounts hold underlying debt securities.

10. Unrestricted Net Position

The District previously designated \$1,000,000 of unrestricted net position for operational and other purposes. Such funds are not considered available for refund to the various counties comprising the District or for other purposes. These designated amounts are subject to change, at the discretion of the District.

Required Supplementary Information

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
For The Year Ended December 31, 2012**

	Actual (000s)	Budget (000s)*	(Under) Over Budget (000s)**
Revenues			
Lease rentals - CRBC	\$ 1,065	\$ 650	\$ 415
Noncash revenue	598	795	(197)
Gross lease rentals - Delgany Street	140	140	—
RTD oversight fund amortization	361	—	361
Investment income	42	1	41
Total Revenue	2,206	1,586	620
Expenditures			
Depreciation/amortization	4,109	3,800	309
Administration and professional services	260	125	135
RTD expenses	37	648	(611)
Rental expense	23	20	3
Total Expenditures	4,429	4,593	(164)
Decrease In Net Assets	\$ (2,223)	\$ (3,007)	\$ 784

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.

* Excludes repair and maintenance expense paid by lessee.

** Ballpark lease rentals and noncash revenues are derived from activities under control of the lessee and nonassessed sales/use tax revenues/(expense) are subject to many variable factors including suits and claims; accordingly, budget amounts and variances may be significant as such amounts are not susceptible to reasonable estimation by the District. These sources account for \$218 of the net favorable budget variance of \$784.