

**DENVER METROPOLITAN  
MAJOR LEAGUE BASEBALL STADIUM DISTRICT**

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**FINANCIAL STATEMENTS**

**For the years ended December 31, 2009 and 2008**

**Together with Independent Auditors' Report Thereon**

**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT**

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**Scullion, Strasheim & Company**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

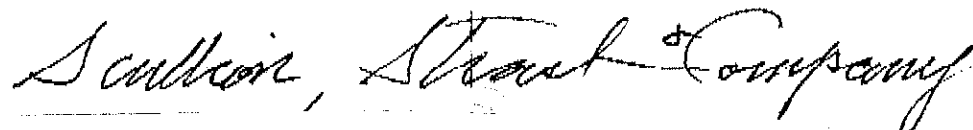
We have audited the accompanying financial statements of the Denver Metropolitan Major League Baseball Stadium District (the District) (a component unit of the State of Colorado) as of and for the years ended December 31, 2009 and 2008, as set forth in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District (a component unit of the State of Colorado) as of December 31, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages two, three and four is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, consisting principally of inquiries of management and others, regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

**SCULLION, STRASHEIM & COMPANY**



Denver, Colorado  
April 3, 2010

**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008**

Our discussion of the District's financial performance provides an overview of our activities for 2009 and 2008, 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 six.

**FINANCIAL HIGHLIGHTS**

- In 2009 the District was successful in obtaining a view plane ordinance from the City and County of Denver thus preserving the mountain views from Coors Field.
- In connection therewith the District acquired the "Delgany" Street property (land and building) for a net cost of \$2,314,938. The property is subject to a lease and is ultimately expected to provide additional parking for Coors Field.
- The District distributed \$500,000 in 2008 to the local governmental jurisdictions comprising the District. Total distributions to date are now \$17,950,000. Distributions were funded from excess sales taxes and revenues received from the Colorado Rockies Baseball Club (CRBC) under their lease agreement (attendance, parking and restaurant).
- Operating revenue from the CRBC lease decreased by \$29,637 (4.2%) overall in 2009, despite two post-season and one more regular season game versus 2008. The CRBC did not experience the same decline in attendance that affected all of major league baseball resulting from the national recession, with national average attendance down approximately 7% whereas the Rockies average attendance increased by 4.4% per game, excluding post-season play. District net rentals from parking increased \$17,243 on game days (including the post-season) but decreased \$45,825 on non-game days principally from the loss of parkers in the Main Lot when a nearby construction project was completed in October 2008. However, season and advance parking sales declined \$32,227 for game days despite a 2.7% increase in the average price which generated \$26,047 in revenue.
- Operating revenue from the CRBC lease increased \$57,825 (9%) in 2008 overall. Excluding 2007 post season play, operating revenue increased \$82,727 despite two fewer games in 2008 (tiebreaker game in 2007 and rain out in 2008). Operating revenue increased in 2008 (principally from parking) as a result of improved team performance in 2007 as the CRBC won the Pennant and played in the World Series, and expectations carried over into 2008.
- District sales tax revenues and related rebates thereof continue and are expected to continue to fluctuate significantly and are based on taxable transactions completed prior to 2001 (e.g. leases). Claims and settlements with taxpayers by the Colorado Department of Revenue (CDOR) have resulted in significant repayments of such taxes by the District as explained herein. Our sales tax levy was discontinued after 9 ½ years on January 1, 2001, as required by law upon payment of the bonds, although authorized for twenty years.
- The District's net assets declined \$3.0 million in 2009 and \$3.5 million in 2008, as a result of distributions to local governments, depreciation and sales/use tax repayments as explained herein.
- The CRBC pays the expense related to repair, maintenance and use of the Stadium (including property taxes) on a year-round basis. In addition, they made specified lease payments of \$802,188 into an escrow repairs fund for 2009 and 2008, respectively. This fund had accumulated approximately \$2,848,000 as of January 31, 2010 after having paid out \$860,453 in 2009 and \$1,019,151 in 2008 for repairs, replacements and improvements in those years. This fund is owned by the CRBC.
- Improvement/replacements paid for by the CRBC and completed in 2009 include (among others) new LCD TV's, structural steel painting, parking lot asphalt, new dock roll –up doors, escalator skirt brushes, ticket windows and granite tops; 2008 include new TV's, concrete, structural steel coating, carpet, clubhouse equipment, boilers, expansion joints, light fixtures and infield turf. Expenditures that add value to District owned assets and are recognized as such in the District's financial statements pursuant to U. S. generally accepted accounting principles. Accordingly, assets totaling \$442,004 in 2009 and \$643,110 in 2008 were capitalized.

**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008**

**USE OF THIS REPORT**

- This report comprises three financial statements:
  - (1) The Statement of Net Assets measures the District's financial condition at year-end. It represents the difference between the District's assets and liabilities.

Net assets are displayed in three components: Cost of the stadium and related property less accumulated depreciation and related debt is included in *Invested in Capital Assets*; when constraints are imposed externally by laws, other governments, or creditors on net assets they are reported as *Restricted*; *Unrestricted* net assets represent that portion of net assets 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 assets as unavailable for refund to local governments as a result of new debt obligations and possible need to acquire additional parking spaces as a result of RTD's intentions to acquire District property and the concomitant possible loss of 800 – 900 prime parking spaces.

- (2) Increases or decreases to net assets are presented in the Statement of Revenues, Expenses and Changes in Net Assets.

Decreases in net assets represent declines in our financial position, (principally because of depreciation, cash distributions to local governments and sales/use tax repayments).

- (3) The Statement of Cash Flows portrays the sources, 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.

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

	<u>2009</u>	<u>2008</u>
Operating revenue from Coors Field	\$ 666	\$ 696
Non-operating revenue:		
Non cash revenue	442	643
Net lease rentals	51	
Sales and use tax (refunds), net	(12)	(219)
Interest income	<u>1</u>	<u>36</u>
Total revenue	1,148	1,156
Operating expense	(4,202)	(4,126)
Non-operating expenses -		
Rebates to local governments	<u>-</u>	<u>(500)</u>
Net assets:		
Decrease for year	<u>(3,054)</u>	<u>(3,470)</u>
At end of year	<u>\$147,805</u>	<u>\$150,859</u>

Total revenue for 2009 decreased 1% or \$8 and total expenses decreased 9% or \$424 from 2008.

**DENVER METROPOLITAN MAJOR LEAGUE  
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Operating lease revenue for both years fluctuated as previously described.

Non-cash revenues decreased by \$201 as a result of decreased capital replacements of Stadium property paid for by the lessee (CRBC). Tax revenues decreased \$8.5 or 29% and provisions for repayment of sales/use tax revenues to CDOR declined \$132 (80%) as an allowance of \$84 was established in 2008 in anticipation of future charges. Actual payments to CDOR (including reserve fund withdrawals) were \$62 in 2009 and \$164 in 2008. Interest income decreased \$36 because of extremely low rates in 2009 and decreases in investable funds.

Operating expenses in 2009 increased \$76 (1.8%), from increased depreciation provisions of \$43 (1.1%) and increased professional fees and other expenses of \$33 (40%) related to legal fees and miscellaneous other expenses.

Total revenue for 2008 decreased 29% or \$468 and total expenses decreased .3% or \$16, from 2007.

Non-cash revenues decreased by \$104 in 2008 as a result of decreased capital replacements of Stadium property paid for by the lessee (CRBC). Tax revenues decreased \$366 or 249% as the result of repayments of sales/use tax revenues to CDOR of \$164, provision for future repayments of \$84 and a decrease in taxes received of \$118.

Operating expenses increased by \$109 (3%) in 2008 from increased depreciation provisions of \$104 and increased professional fees and other expense of \$5.

Condensed Statements of Net Assets (in thousands):

	<u>2009</u>	<u>2008</u>
Current assets	\$ 2,119	\$ 2,491
Capital assets	146,583	148,057
Deferred costs	408	349
Total assets	<u>\$149,110</u>	<u>\$150,897</u>
Current liabilities	\$ 337	\$ 38
Long-term debt	968	-
Total liabilities	<u>1,305</u>	<u>38</u>
Net assets:		
Invested in capital assets	\$145,378	\$148,057
Restricted	22	500
Unrestricted	2,405	2,302
Total net assets	<u>\$147,805</u>	<u>\$150,859</u>

In 2009, the District acquired the Delgany Street property for \$2,152 (net of \$112 received from the CRBC and \$163 of imputed interest on debt) and other capital items paid from Capital Repairs fund of the CRBC for \$442 (non-cash lease income). This fund also paid \$643 in 2008 for capital replacements and improvements.

Current assets decreased (\$372) in 2009 or 15% resulting from: purchase of the Delgany Street property for (\$617) net basis, note principal payments of (\$327), deferred costs of (\$52), less \$49 of rentals net of interest and closing credits of (\$13). Other sources include net operating revenues of \$554, and interest sales/use tax \$21. Note that sales tax rebates withheld from the CDOR reserve fund of (\$62) and accrual of rebates due at year-end of (\$22) were charged to the allowance account established in 2008.

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Total liabilities increased in 2009 by \$1,267 arising from the Delgany Street land purchase \$1,523 (net of imputed interest expense of \$163) less principal payments on the note of (\$328), and increases in accounts payable and property taxes of \$72.

Current assets decreased in 2008 from 2007 by \$162 or 6% as a result of: rebates to local governments of \$500, payment of deferred costs \$109 and repayments and provision for sales/use taxes of \$219; these declines were offset by the increase in operating revenues of \$630 and interest income of \$36.

Accounts payable decreased \$33 in 2008 due to a decrease in non-recurring liabilities.

Deferred costs increased by \$84 in 2009 and \$63 in 2008 related to costs incurred for maintaining the view plane to the mountains from Coors Field.

All other changes in capital and other assets in 2009 and 2008 resulted from depreciation and amortization. Restricted assets increased or decreased based upon the TABOR Amendment requirements (refer to Note 8).

The overall decreases in net assets for 2009 of \$3,054 (2%) and for 2008 of \$3,470 (2%), resulted from the aforementioned rebates to local governments and the excess of depreciation/amortization over other net operating and non-operating revenues.

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**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT  
Statements of Net Assets  
December 31, 2009 and 2008**

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
Current assets:		
Cash and cash equivalents	\$ 2,019,636	\$ 2,391,743
Accounts receivable - lessee	75,941	83,896
Sales and use tax receivable, net of allowance of \$84,000 in 2008	1,752	3,019
Prepaid expense and other	21,462	12,829
Total current assets	<u>2,118,791</u>	<u>2,491,487</u>
Non-current assets:		
Capital Assets - Coors Field/Other:		
Land	20,256,001	18,175,792
Land improvements	13,345,292	13,331,510
Buildings	149,191,638	149,051,474
Other property and equipment	26,731,038	26,371,455
	<u>209,523,969</u>	<u>206,930,231</u>
Less: accumulated depreciation	<u>(62,940,797)</u>	<u>(58,873,601)</u>
	<u>146,583,172</u>	<u>148,056,630</u>
Deferred costs, net of accumulated amortization of \$320,782 (\$305,958 in 2008)	<u>408,214</u>	<u>348,936</u>
Total assets	<u>\$ 149,110,177</u>	<u>\$ 150,897,053</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 100,123	\$ 37,737
Note payable - current	227,345	
Property taxes payable	9,983	-
Total current liabilities	<u>337,451</u>	<u>37,737</u>
Note payable - non-current	<u>968,049</u>	<u>-</u>
 <b>NET ASSETS</b>		
Invested in capital assets	\$ 145,377,795	\$ 148,056,630
Restricted for land acquisition	-	490,828
Restricted for TABOR	21,455	9,389
Unrestricted	2,405,427	2,302,469
Total net assets	<u>\$ 147,804,677</u>	<u>\$ 150,859,316</u>

The accompanying notes are  
part of these financial statements.



**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT**  
Statements of Revenues, Expenses and Changes in Net Assets  
For the Years Ended December 31, 2009 and 2008

	<b>2009</b>	<b>2008</b>
Operating revenue from lease of Coors Field:		
Parking	\$ 539,492	\$ 565,225
Attendance	100,000	100,000
Concessions and other	<u>26,543</u>	<u>30,447</u>
	<u>666,035</u>	<u>695,672</u>
Operating expense:		
Depreciation and amortization	4,091,652	4,048,473
Professional services	85,808	57,453
General, administrative and other	<u>24,757</u>	<u>20,276</u>
	<u>4,202,217</u>	<u>4,126,202</u>
Operating loss	<u>(3,536,182)</u>	<u>(3,430,530)</u>
Non-operating revenues (expenses):		
Non-cash lease income	442,004	643,110
Sales and use tax revenues net of refunds and provision	(12,200)	(219,364)
Net lease rentals - Delgany Street	50,846	-
Interest income	893	36,646
Rebates to local governments	<u>-</u>	<u>(500,000)</u>
	<u>481,543</u>	<u>(39,608)</u>
Decrease in net assets	(3,054,639)	(3,470,138)
Net assets-beginning of year	<u>150,859,316</u>	<u>154,329,454</u>
Net assets-end of year	<u>\$ 147,804,677</u>	<u>\$ 150,859,316</u>

The accompanying notes are  
part of these financial statements.

**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT  
Statements of Cash Flows  
For the Years Ended December 31, 2009 and 2008**

	2009	2008
Cash flows from operating activities:		
Received from lessee	\$ 673,990	\$ 706,306
Paid for professional and other services	<u>(112,888)</u>	<u>(65,395)</u>
Net cash provided by operating activities	<u>561,102</u>	<u>640,911</u>
Cash flows from capital and related financing activities:		
Purchase of Delgany Street land and building	(741,193)	-
Reimbursement from lessee	112,372	-
Lease rent Delgany Street (net of closing credit of \$3,675)	58,470	-
Repayment of Delgany note payable	(327,519)	-
Interest paid on note (imputed)	(9,597)	-
Acquisition costs of new property lease	(4,909)	-
Rebates to local governments	-	(500,000)
Sales and use tax revenue received	21,729	41,376
Payment of deferred costs - View Plane	(34,654)	(109,490)
Fees charged to prepaids and other	<u>(8,801)</u>	<u>(8,687)</u>
Net cash (used) by capital and related financing activities	<u>(934,102)</u>	<u>(576,801)</u>
Cash flows from investing activities -		
Interest received on investments	<u>893</u>	<u>36,646</u>
Net increase (decrease) in cash and cash equivalents	(372,107)	100,756
Cash and cash equivalents, beginning of year	<u>2,391,743</u>	<u>2,290,987</u>
Cash and cash equivalents, end of year	<u>\$ 2,019,636</u>	<u>\$ 2,391,743</u>
Reconciliation of operating cash flows:		
Operating loss	\$ (3,536,182)	\$ (3,430,530)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	4,091,652	4,048,473
(Increase) decrease in receivable from lessee	7,955	10,634
Decrease in prepaid expense	(178)	(1)
Increase (decrease) in operating accounts payable	<u>(2,145)</u>	<u>12,335</u>
Total adjustments	<u>4,097,284</u>	<u>4,071,441</u>
Net cash provided by operating activities	<u>\$ 561,102</u>	<u>\$ 640,911</u>
Disclosure of non-cash capital activity:		
Other lease income - net capitalized assets pertaining to Coors Field paid for by lessee	<u>\$ 442,004</u>	<u>\$ 643,110</u>
Issued note payable to purchase of Delgany Street property, (net of imputed interest of \$162,663)	<u>\$ 1,522,913</u>	<u>\$ -</u>

The accompanying notes are  
part of these financial statements.

**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT  
Notes to Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**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 (Ballpark). Operations of the District commenced in June 1990.

The Act authorized the District to levy and collect a sales tax of one-tenth of one percent throughout the District for a period not to exceed 20 years beginning on August 1, 1991. Effective January 1, 2001 the District discontinued the levy of the sales tax upon the final defeasance of all of its outstanding debt (*Note 3*). The tax assisted the District in financing the acquisition and construction of the Ballpark.

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 (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.

Coors Field—land improvements, buildings, and other property and equipment 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 expires 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 on-going operations (lease of the Ballpark and related activities). Non-operating revenues include revenue from other than exchange or exchange-like transactions, such as taxes, interest and other income.

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

**DENVER METROPOLITAN MAJOR LEAGUE  
BASEBALL STADIUM DISTRICT  
Notes to Financial Statements  
For the Years Ended December 31, 2009 and 2008**

**2. CASH AND CASH EQUIVALENTS**

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

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Municipal Investor:		
Checking account	\$ 33,742	\$ 53,266
Bank savings accounts	<u>1,985,894</u>	<u>2,338,477</u>
	<u>\$2,019,636</u>	<u>\$2,391,473</u>

The above accounts are held by a major bank and bear interest of .05% on the savings account at year-end. At December 31, 2008 approximately \$491,000 was subject to certain restrictions as described in *Note 3*.

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. The District's depository has confirmed that it met these requirements with respect to the above accounts. See *Note 10*.

**3. BALLPARK PROPERTY AND EQUIPMENT (Refer to Note 11)**

The Ballpark includes, among other facilities, approximately 50,550 seats, 5,000 on-site 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.

In connection with the above transfers, the District received compensation for the property taken, court costs, fees and expenses incurred totaling \$491,000. The District was ordered to and did account for these funds in a manner such that the lessee was informed how and when the proceeds were spent. These funds were applied to the purchase of the Delgany Street property in 2009 (*Note 6*).

**4. SALES AND USE TAX FUND**

In 2001 the District and the Colorado Department of Revenue (CDOR) entered into a memorandum of understanding whereby CDOR (at the District's request) would initially retain \$400,000 of net sales and use tax receipts in the District's name in the event a subsequent repayment of any sales taxes previously transferred to the District becomes necessary due to future suits, refunds, audits, short checks and other account adjustments.

On February 25, 2010, CDOR advised the District that it was liable for an additional \$54,723 (including interest of \$22,235) from settlement of another case. Accordingly, CDOR advised the District that it would apply the remaining reserve of \$22,062 at year-end and billed the District for the balance due of \$32,622 which the District accrued at year-end.

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**4. SALES AND USE TAX FUND, Continued**

In 2009 and 2008, the CDOR withdrew \$61,848 and \$164,233, respectively from the District's reserve for such purposes. CDOR had previously advised the District that it could be liable for an additional sales/use taxes refunds. The ultimate amount payable by the District (if any) for future sales tax repayments is not presently determinable. The parties have agreed to review the adequacy of the reserve versus refund claim history at least every six months and reduce or increase the reserve as the parties may agree to.

**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 Colorado Rockies Baseball Club Ltd., a Colorado Limited Partnership (the CRBC). 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 (3) five-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, 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).

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

Under the Agreement, the CRBC are 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 \$802,188 were made by the CRBC to this fund for 2009 and 2008, respectively. The Fund had balances of approximately \$2,848,000 and \$2,150,000 as of January 31, 2010 and 2009. Expenditures totaling \$860,453 and \$1,019,151 were paid from the fund in 2009 and 2008 respectively. Of these amounts, \$442,004 in 2009 and \$643,110 in 2008 were capitalized by the District as non-cash revenues.

Annual payments are subject to escalation and are due on each succeeding January 15<sup>th</sup> 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.

**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.

Since 2001, the District has made distributions totaling \$17,950,000 including \$500,000 in 2008 to counties, or to municipalities within the following counties, based on the following approximate percentages: Adams—13%, Arapahoe—24%, Boulder—11%, Denver—30%, Douglas—3% and Jefferson—19%. No distributions were made for 2009.

**DENVER METROPOLITAN MAJOR LEAGUE  
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For the Years Ended December 31, 2009 and 2008**

**5. OTHER COMMITMENTS AND CONTINGENCIES, Continued**

**Sales/Use Taxes Refunds** (see Note 4)

**Potential Taking of District Property**

The District anticipates that the Regional Transportation District (RTD) will be acquiring 800 to 900 prime parking lot spaces in the Coors Field main lot within the next year or so, for their use as a light rail line. The District expects to negotiate a settlement with RTD, but the amount thereof and the construction start-date are not presently determinable. Settlement proceeds are expected to be used to acquire replacement parking for the CRBC and recover legal fees.

**6. VIEW PLANE AND PROPERTY PURCHASE**

During 2008 and 2007, the Board passed resolutions to apply for and obtain the establishment of a view plane ordinance to preserve the mountain views from Coors Field. A consultant was retained in connection therewith and their costs and expenses were shared equally with the CRBC. In 2009 the District was successful in this endeavor with the approval of the Denver City Council. Costs incurred by the District (including legal fees) totaled \$218,252 and were charged to deferred costs each year.

In April 2009, the District acquired certain real and personal property on Delgany Street for \$2,385,576 that was the subject of the view plane matter. Pursuant to a non-interest bearing Promissory Note, the purchase price is due in five equal annual installments of \$337,115 commencing June 1, 2009 plus \$689,985 at closing. 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.

The seller has assigned its interest in a certain Lease Agreement to the District which provides for monthly rental payments of \$7,350 through the end of the lease term of December 31, 2009 (excluding a one-year renewal option by the lessee). Effective February 1, 2010 the District executed a new lease with another lessee which requires monthly rentals of \$11,667. The lease is for a term of four years and 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 has agreed to cooperate with the District and 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 aforementioned transactions (1/3 of the District's first installment on its note payable) The CRBC has no obligation to reimburse the District for future note installments.

Accordingly, District purchase commitments and minimum rentals receivable are presently as follows:

	<u>Note Principal</u>	<u>Imputed Interest @ 5%</u>	<u>Rental Income</u>
2010	\$ 277,346	\$59,770	\$128,333
2011	291,213	45,902	140,000
2012	305,773	31,341	140,000
2013	321,062	16,053	140,000
2014	-0-		11,667
	<u>\$1,195,394</u>	<u>\$153,066</u>	<u>\$560,000</u>

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**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 2009 and 2008. The CRBC participates in a league-wide property insurance program with all other major-league teams under an arrangement involving numerous insurance companies. The aggregate insurable property values for the CRBC (including buildings, equipment and other items), aggregated \$342,000,000 and liability coverage was \$45,660,000. 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*, 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.

**9. BUDGET COMPARISON**

A comparison of the District's amended budget versus actual recorded amounts for the year ended December 31, 2009 follows:

	<u>Actual</u> (000's)	<u>Budget</u> (000's)	<u>(Under) Over Budget</u> *
<i>Revenues</i>			
Lease rentals – CRBC	\$ 666	\$ 500	\$166
Non cash revenue	442	490	(48)
Net lease rentals – Delgany Street	51	52	(1)
Sales and use tax revenues	20	30	(10)
Investment income	<u>1</u>	<u>50</u>	<u>(49)</u>
Total Revenue	<u>1,180</u>	<u>1,122</u>	<u>58</u>
<i>Expenditures</i>			
Sales tax rebates	32	200	(168)
Depreciation/amortization	4,092	4,105	(13)
Administration and other costs	<u>110</u>	<u>260</u>	<u>(150)</u>
	<u>4,234</u>	<u>4,565</u>	<u>(331)</u>
Decrease in net assets	<u>\$(3,054)</u>	<u>\$(3,443)</u>	<u>\$ 389</u>

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

\* Non-cash revenue is derived from activities under control of the lessee and non-assessed 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 two sources account for \$120 the net favorable budget variance of \$389.

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**10. FINANCIAL INSTRUMENTS, DEPOSITS AND CONCENTRATIONS**

The District maintains all of its cash and cash-equivalents with a major 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 FDIC 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. PDPA 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, 2009, the District's deposits had bank balances of \$20,353 greater than their carrying amount of \$2,019,636, due to outstanding checks at year-end. 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 (the 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 (if any) is minimal.

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.

**11. UNRESTRICTED NET ASSETS**

The District has previously designated \$1,000,000 of unrestricted net assets 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.



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**12. CHANGES IN OUR CAPITAL ASSETS FOR 2008 AND 2009 WERE AS FOLLOWS:**

	(In Thousands)			
	Beginning Balance	Additions	Retirements	Ending Balance
<b>2008</b>				
Land	\$ 18,176	\$	\$	\$ 18,176
Land improvements	13,332			13,332
Buildings	149,051			149,051
Other property and equipment	25,728	643		26,371
Totals at historical cost	<u>206,287</u>	<u>643</u>	<u>-</u>	<u>206,930</u>
Less accumulated depreciation:				
Land improvements	(3,989)	(239)		(4,228)
Buildings	(36,111)	(2,646)		(38,757)
Other property and equipment	(14,750)	(1,138)		(15,888)
Total accumulated depreciation	<u>(54,850)</u>	<u>(4,023)</u>		<u>(58,873)</u>
Net capital assets	<u>\$ 151,437</u>	<u>\$ (3,380)</u>	<u>\$</u>	<u>\$ 148,057</u>
<b>2009</b>				
Land	\$ 18,176	\$ 2,080	\$	\$ 20,256
Land improvements	13,332	13		13,345
Buildings	149,051	141		149,192
Other property and equipment	26,371	360		26,731
Total at historical cost	<u>206,930</u>	<u>2,594</u>	<u>-</u>	<u>209,524</u>
Less accumulated depreciation:				
Land improvements	(4,228)	(239)		(4,467)
Buildings	(38,757)	(2,644)		(41,401)
Other property and equipment	(15,888)	(1,185)		(17,073)
Total accumulated depreciation	<u>(58,873)</u>	<u>(4,068)</u>		<u>(56,294)</u>
Net capital assets	<u>\$ 148,057</u>	<u>\$ (1,474)</u>	<u>\$</u>	<u>\$ 146,583</u>

**CHANGES IN DEFERRED COSTS COMPRISE:**

	Stadium Lease	Delgany Lease *	View Plane *	Total
Balance 12-31-07	\$ 224,051	\$	\$ 85,723	\$309,774
Additions			63,618	63,618
Amortization	(24,456)			(24,456)
Balance 12-31-08	<u>199,595</u>		149,341	348,936
Additions		14,824	68,911	83,735
Amortization	(24,457)			(24,457)
Balance 12-31-09	<u>\$ 175,138</u>	<u>\$ 14,824</u>	<u>\$ 218,252</u>	<u>\$ 408,214</u>

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