
**DENVER METROPOLITAN MAJOR
LEAGUE BASEBALL STADIUM DISTRICT**
(A Component Unit of the State of Colorado)
FINANCIAL STATEMENTS
DECEMBER 31, 2016

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of 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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from 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, 2016 and 2015 and the changes in its financial position and its cash flows for the years then ended in accordance 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 on pages i through iv 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.

Other Information

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

RubinBrown LLP

May 23, 2017

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2016 and 2015

Our discussion of the District's financial performance provides an overview of our activities for 2016 and 2015, 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

Parking revenue increased in 2016 by \$194,698 or 14.6%. Attendance revenue remained consistent with prior periods, due to attendance figures not exceeding baseline figures.

The Delgany property was sold on May 10, 2016. The District sold this property for \$3,730,000. This sale resulted in a gain of \$1,325,984.

Professional services expense decreased by \$134,964 or 23.5% in 2016. The source of the decrease included consulting expense for a capital reserve study, which decreased by \$85,439 or 99.2% and a decrease in legal fees by \$ 36,736 or 10.2%.

The District's net position decreased \$2.2 million in 2016 as a result of depreciation expense being in excess of net operating and non-operating revenues.

The District contributed \$3.5 million to the capital repair fund held by CRBC in 2015. This fund is used to pay expenses related to repair, maintenance and use of the Stadium (including property taxes) on a year-round basis. The CRBC used \$2.3 million of the capital repair funds for winterization of the stadium, speaker project, field pad and other improvements. The balance of the prepaid amount is \$1.2 million at the end of 2016. This fund is owned by the CRBC.

The District purchased land for parking in September 2016 for \$2.9 million.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Use of this report

This report comprises three financial statements:

- (1) The Statements of Net Position measures 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 is included in *Net Investment in Capital Assets*. When constraints are imposed externally by laws, other governments, or creditors on net position they are reported as *Restricted*. *Unrestricted* net position represents that portion of net position that can be used to finance daily operations without constraints established by laws, enabling legislation or other legal requirements. The District currently considers its unrestricted net position as unavailable for refund to local governments as a result of the obligation to acquire additional parking spaces as a result of RTD's acquisition of the District's prime parking spaces.
- (2) Increases or decreases to net position are presented in the Statement of Revenues, Expenses and Changes in Net Position.
- (3) The Statement of Cash Flows portrays the source, uses and net change in our cash and cash equivalents. Cash flows are segregated by three major elements--operating, capital and related financing and investing activities.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Condensed comparative financial statement information (in thousands):

	For The Years Ended December 31,		
	2016	2015	2014
Operating Revenue from Coors Field	\$ 1,660	\$ 1,465	\$ 1,321
Nonoperating Revenues (Expenses)			
Noncash lease income	—	858	2,313
Gain on RTD land replacement	1,326	—	—
Net lease rentals Delgany Street	—	—	39
City outfall easement income	—	239	—
Interest income	7	9	17
Loss on the disposal of capital assets	—	—	(147)
Total Revenue	2,993	2,571	3,543
Operating Expense	5,157	5,126	4,929
Decrease In Net Position	\$ (2,164)	\$ (2,555)	\$ (1,386)

In 2016, the operating revenue increased by \$194,769 or 13.3%. This is a result of increased income from parking.

Operating expenses increased by \$30,254 or 0.6% in 2016. The major increase in this category was depreciation expense.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Condensed Statements of Net Position (in thousands):

	2016		2015		2014
Current assets	\$ 7,546	\$	5,573	\$	9,398
Capital assets	145,789		147,574		149,757
Other assets	1,416		3,747		271
Total Assets	154,751		156,894		159,426
Current liabilities	55		34		—
Security deposit	—		—		12
Total Liabilities	55		34		12
Net investment in capital assets	145,789		147,085		149,507
Restricted	2,454		4,175		7,671
Unrestricted	6,453		5,600		2,236
Total Net Position	\$ 154,696	\$	156,860	\$	159,414

For 2016, current assets increased by \$2.0 million or 34.5%. The cash accounts increased by \$1.9 million due mainly to the funds received on the sale of the Delgany property.

Capital assets decreased in total from 2015 to 2016 by \$1.8 million. The reason for the decrease is due to the depreciation recorded for 2016. In 2016, capital asset purchases were \$2.1 million for building improvements, \$200 thousand for equipment purchases and \$2.7 million for land purchase (net of \$250 thousand in prior year deposits). Accumulated depreciation increased by \$4.6 million. This is the annual depreciation expense of all capital assets.

The current liabilities in 2016 consisted of outstanding bills for 2016 services that were paid in 2017.

Restricted net position fluctuates based upon compliance with the TABOR Amendment. For additional information, see Footnote 7 of the financial statements.

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,	
	2016	2015
Current Assets		
Cash and cash equivalents	\$ 6,046,505	\$ 1,186,627
Accounts receivable - lessee	291,874	255,647
Restricted cash - replacement parking	1,207,667	4,130,274
Total Current Assets	7,546,046	5,572,548
Noncurrent Assets		
Land	20,613,345	19,993,220
Land improvements	13,214,443	13,214,443
Buildings	173,442,309	171,409,385
Other property and equipment	28,711,438	28,510,084
	235,981,535	233,127,132
Accumulated depreciation	(90,192,549)	(85,552,902)
	145,788,986	147,574,230
Prepaid expenses - capital improvements	1,194,197	3,500,000
Deferred costs, net of accumulated amortization of \$452,694 in 2016 and \$428,238 in 2015	3,947	28,403
Intangible asset - view plane	218,252	218,252
Total Noncurrent Assets	147,205,382	151,320,885
Total Assets	154,751,428	156,893,433

Liabilities And Net Position

Current Liabilities		
Accounts payable	55,173	33,712
Net Position		
Investment in capital assets	145,788,986	147,085,080
Restricted for capital projects	2,401,864	4,130,274
Restricted for TABOR	52,268	44,235
Unrestricted	6,453,137	5,600,132
Total Net Position	\$ 154,696,255	\$ 156,859,721

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2016	2015
Operating Revenue From Lease Of Coors Field		
Parking	\$ 1,530,839	\$ 1,336,141
Attendance	100,000	100,000
Concessions and other	29,440	29,374
Total Operating Revenue From Lease Of Coors Field	1,660,279	1,465,515
Operating Expense		
Depreciation and amortization	4,681,190	4,516,059
Professional services	440,017	574,975
General, administrative and other	35,494	35,407
Total Operating Expense	5,156,701	5,126,441
Operating Loss	(3,496,422)	(3,660,926)
Nonoperating Revenues (Expenses)		
Gain on RTD land replacement	1,325,984	—
Noncash lease income - contributed capital assets	—	857,773
Net lease rentals and expenses - Delgany Street	—	(90)
Interest income	6,972	9,091
City outfall easement income	—	239,150
Total Nonoperating Revenues	1,332,956	1,105,924
Decrease In Net Position	(2,163,466)	(2,555,002)
Net Position - Beginning Of Year	156,859,721	159,414,723
Net Position - End Of Year	\$ 154,696,255	\$ 156,859,721

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2016	2015
Cash Flows From Operating Activities		
Receipts from lessee	\$ 1,624,052	\$ 1,970,411
Payments for professional and other services	(454,050)	(588,337)
Net Cash Provided By Operating Activities	1,170,002	1,382,074
Cash Flows From Capital And Related Financing Activities		
Payments for property	(2,700,334)	(1,450,937)
Transfer to CRBC for future capital improvements	—	(3,500,000)
Proceeds from the sale of property	3,460,631	239,150
Cash Flows Provided By (Used In) Capital And Related Financing Activities	760,297	(4,711,787)
Cash Flows Provided By Investing Activities		
Interest income	6,972	9,091
Net Increase (Decrease) In Cash And Cash Equivalents	1,937,271	(3,320,622)
Cash And Cash Equivalents, Beginning Of Year	5,316,901	8,637,523
Cash And Cash Equivalents, End Of Year	\$ 7,254,172	\$ 5,316,901
Shown In The Statement Of Financial Position As		
Cash and cash equivalents	\$ 6,046,505	\$ 1,186,627
Restricted cash - replacement parking	1,207,667	4,130,274
	\$ 7,254,172	\$ 5,316,901
Reconciliation Of Operating Cash Flows		
Operating loss	\$ (3,496,422)	\$ (3,660,926)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	4,681,190	4,516,059
(Increase) decrease in receivable from lessee	(36,227)	504,896
Increase in accounts payable and accrued expenses	21,461	22,045
Total Adjustments	4,666,424	5,043,000
Net Cash Provided By Operating Activities	\$ 1,170,002	\$ 1,382,074

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 And 2015

1. **Organization And Summary Of Significant Accounting Policies**

Organization

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

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

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

Summary Of Significant Accounting Policies

The District is a separate legal entity responsible for its own financial operations and obligations and is governed by a Board of Directors (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 (GASB) 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*)

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

Direct costs related to the Ballpark property leases were deferred and are amortized on the straight line basis over the remaining life of the lease, which will expire in 2017. Amortization amounted to \$24,456 in 2016 and 2015.

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

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

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

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

**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>2016</u>	<u>2015</u>
Cash And Cash Equivalents		
Checking account	\$ 196,434	\$ 265,492
Bank savings accounts	5,850,071	921,135
Total Cash And Cash Equivalents	6,046,505	1,186,627
Restricted Cash - Replacement Parking		
Checking account	1,207,667	4,130,274
	\$ 7,254,172	\$ 5,316,901

3. RTD Land Transaction

In December 2011, the District received \$15 million 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.

Pursuant to the settlement agreement dated March 4, 2013, the District and RTD reached a final settlement, where the District received total compensation of \$24,720,000 (inclusive of the prior \$15,000,000 payment), which represented the \$24,000,000 value of the land, as well as \$720,000 in interest received.

RTD total settlement collected	\$ 24,720,000
Cost of land taken (249,442 square feet)	(512,781)
Estimated carrying cost of improvements	(85,835)
RTD legal costs reimbursement	(1,065,907)
Interest earned	<u>(720,000)</u>
Gain On Sale Of Land	<u>\$ 22,335,477</u>

Settlement proceeds to the District are first required to be used to acquire suitable replacement parking for the Colorado Rockies Baseball Club (CRBC) and next to recover District expenses incurred in this matter. In September of 2015, the District and CRBC agreed to release the remaining \$3.5 million from the sale to the capital repair and replacement fund for future use.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements *(Continued)*

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 5-story brick building. The lessee owns certain furniture, fixtures and equipment located within the Ballpark.

Changes in capital assets and deferred costs for 2016 and 2015 were as follows:

	(In Thousands)			
	Beginning Balance	Additions	Retirements	Ending Balance
2016				
Land	\$ 19,993	\$ 2,951	\$ (2,330)	\$ 20,614
Land improvements	13,215	—	—	13,215
Buildings	171,409	2,105	(72)	173,442
Other property and equipment	28,510	201	—	28,711
Totals At Historical Cost	233,127	5,257	(2,402)	235,982
Accumulated depreciation				
Land improvements	(5,799)	(227)	—	(6,026)
Buildings	(58,699)	(3,550)	17	(62,232)
Other property and equipment	(21,055)	(880)	—	(21,935)
Total Accumulated Depreciation	(85,553)	(4,657)	17	(90,193)
Net Capital Assets	\$ 147,574	\$ 600	\$ (2,385)	\$ 145,789
2015				
Land	\$ 19,993	\$ —	\$ —	\$ 19,993
Land improvements	13,215	—	—	13,215
Buildings	170,869	540	—	171,409
Other property and equipment	28,415	1,769	(1,674)	28,510
Totals At Historical Cost	232,492	2,309	(1,674)	233,127
Accumulated depreciation				
Land improvements	(5,571)	(228)	—	(5,799)
Buildings	(55,254)	(3,445)	—	(58,699)
Other property and equipment	(21,910)	(819)	1,674	(21,055)
Total Accumulated Depreciation	(82,735)	(4,492)	1,674	(85,553)
Net Capital Assets	\$ 149,757	\$ (2,183)	\$ —	\$ 147,574

**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 CRBC (the lessee). The Agreement provides for the lease of the Ballpark “Premises” (as defined in the lease) to CRBC for a period of 22 years commencing March 31, 1995, with three 5-year renewals at the option of CRBC (the lease term). The Agreement also provides for the acquisition and ownership of certain property by 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. Income for the District is economically dependent upon CRBC.

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

Under the Agreement, 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, CRBC established an escrow Repairs Fund (the Fund) to be used solely for repairs, restorations and replacements of District and CRBC property. Pursuant to the lease, payments of \$949,029 were made by CRBC to this fund for the years 2016 and 2015. The Fund had a balance of \$2,526,598 and \$3,696,465 at December 31, 2016 and 2015, respectively. Expenditures totaling \$2,132,496 and \$1,249,273 were paid from the fund in 2016 and 2015, respectively.

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 Fund remains the property of 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*)

Land Purchase

On April 2, 2014, the District entered into a land purchase and sale agreement with Public Service Company of Colorado. The agreement had an initial inspection period of 120 days after the signed agreement and required a \$150,000 deposit. This agreement also contained an additional extension period, requiring a \$75,000 deposit, which was paid by CRBC. On December 23, 2014, an amendment to the purchase and sale agreement extended the inspection period further through September 30, 2015 and required an additional \$100,000 payment. The purchase was completed in September 2016 at a contract price of \$2,835,000, inclusive of the \$250,000 deposit.

6. Risk Management

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

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 2016 and 2015. 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 \$448,448,143 for both the years ended December 31, 2016 and 2015. The District has had no insurance settlements for the past several years.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

7. TABOR Amendment

In 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the Taxpayer Bill of Rights, otherwise known as TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment mandates that reserves equal to 3% of 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.

8. 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 Public Deposit Protection Act (PDPA) (Note 2) and Federal Deposit Insurance Corporation insurance.

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

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

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

At December 31, 2016 and 2015, the District's cash deposits had bank balances of \$7,914,560 and \$5,382,803, respectively. Risks associated with such deposits and investments in general include:

- Custodial credit risk, which is the risk that, in event of failure of the bank or counter-party, the District would be unable to recover its deposits or collateral securities. The District's investment policy does not limit the amount of deposit custodial credit risk. Under the provisions of GASB Statement No. 40, 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.
- Credit quality risk is the risk that the issuer or other counter-party to a debt security will not fulfill its obligations. The District does not hold any debt securities and therefore is not exposed to this credit quality risk.

9. Unrestricted Net Position

The District has 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.

10. Subsequent Events

Management has evaluated subsequent events through May 23, 2017, the date the financial statements were available for issuance.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

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

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

Supplementary Information

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
For The Year Ended December 31, 2016**

	Actual (000s)	Budget (000s) *	Over (Under) Budget (000s)
Revenues			
Lease rentals - CRBC	\$ 1,660	\$ 1,200	\$ 460
Noncash revenue	—	2,285	(2,285)
Gain on sale of property	1,326	—	1,326
Investment income	7	1	6
Total Revenue	2,993	3,486	(493)
Expenditures			
Depreciation/amortization	4,681	4,600	81
Administration and professional services	476	492	(16)
Stadium repair and improvements	5,257	3,355	1,902
Total Expenditures	10,414	8,447	1,967
Decrease In Net Assets - Budget Basis	(7,421)	(4,961)	2,460
Less: Capital Expenditures	5,257	2,785	2,472
Decrease In Net Assets - GAAP Basis	\$ (2,164)	\$ (2,176)	\$ (12)

* Excludes repair and maintenance expense paid by lessee.

Note To Supplementary Information

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