
**DENVER METROPOLITAN MAJOR
LEAGUE BASEBALL STADIUM DISTRICT**
(Component Unit of the State of Colorado)
FINANCIAL STATEMENTS
DECEMBER 31, 2013

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Independent Auditors' Report

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

Report On The Financial Statements

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, 2013 and 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.

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 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, 2013 and 2012 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 16 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

March 25, 2014

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Management's Discussion and Analysis For the Years Ended December 31, 2013 and 2012

Our discussion of the District's financial performance provides an overview of our activities for 2013 and 2012, 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 in 2013. 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 \$136,693 (13%) overall in 2013. Parking share gross revenue increased \$129,025. Attendance rent remained consistent with prior periods, due to attendance figures not exceeding baseline figures.

The District's net position increased \$20.7 million in 2013 mainly due to the final settlement with RTD for the land replacement, in which the District's total compensation was \$24.72 million, representing a gain of \$22.34 million. The District is required to use the proceeds to find suitable replacement parking in accordance with the lease agreement with the CRBC. The District's net position decreased \$2.2 million in 2012 primarily as a result of depreciation expense exceeding 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 into an escrow repairs fund for both 2013 and 2012. This fund had accumulated approximately \$1,883,443 as of December 31, 2013 after having paid out \$1,049,502 in 2013 and \$1,101,675 in 2012 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 2013 include field upgrades, carpet, tile, joint expansion, field lighting, video coaching cameras, HVAC upgrades, and other smaller items. 2012 additions included club level carpet replacement, window replacement for the box suites, replacement of closed circuit security cameras, field pad replacement, and other smaller items. Expenditures that add value to or replace/improve District owned assets are recognized as such in the District's financial statements. Accordingly, CRBC capital additions/improvements donated to the District and recorded as capital assets and noncash lease income totaled \$735,636 and \$597,570, respectively.

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: The 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 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 Statements of Revenues, Expenses and Changes in Net Position.
3. The Statements of Cash Flows portray the sources, 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,		
	2013	2012	2011
Operating Revenue from Coors Field	\$ 1,201	\$ 1,065	\$ 845
Nonoperating Revenues			
Noncash lease income	736	598	580
Gain on RTD land replacement	22,335	—	—
RTD oversight fund amortization	—	361	—
Sales and use taxes, net of refunds and others	—	—	23
Net lease rentals Delgany Street	133	117	103
Interest income	763	42	4
Total Revenue	25,168	2,183	1,555
Operating Expense	4,465	4,406	4,137
Increase (Decrease) In Net Position	\$ 20,703	\$ (2,223)	\$ (2,582)

Total revenues increased by \$22,985 or 1,053% 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. Total revenues increased by \$650 or 30% excluding the \$22,335 gain on sale of land to RTD, most of which relates to the interest income on the RTD land sale proceeds. There was also an increase in parking revenue from the Colorado Rockies Baseball Club.

Total expenses increased by \$59 or 1% in the current year. The increase in expenses related primarily to consulting fees and increased depreciation expense in the current year.

For 2012, non-cash revenues increased by \$18 as a result of increased capital replacements of Stadium property paid for by the lessee (CRBC). RTD oversight fund revenues increased \$361 and interest income increased \$42 due to increases in investable funds from the RTD land taking agreement.

Operating expenses in 2012 increased \$269, which related primarily to legal fees, insurance and other expenses.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

Condensed Statements of Net Position (in thousands):

	2013	2012	2011
Current assets	\$ 19,666	\$ 18,197	\$ 17,610
Capital assets	140,849	136,318	138,993
Long term receivable - RTD	—	—	911
Deferred costs	297	326	354
Total Assets	160,812	154,841	157,868
Current liabilities	—	14,732	15,215
Long term debt	—	—	321
Security deposit	12	12	12
Total Liabilities	12	14,744	15,548
Net investment In capital assets	140,849	135,976	138,336
Restricted	17,652	990	1,387
Unrestricted	2,310	3,131	2,597
Total Net Position	\$ 160,811	\$ 140,097	\$ 142,320

For 2013, current assets increased by \$1,469 from, (i) the funds received in the final settlement from RTD, and (ii) an increase in the parking lot receivable \$52. For 2012, current assets increased by \$587 from, (i) the shifting of the RTD receivable of \$1,066 from long term into current (due to the agreement being settled in 2013), and (ii) an increase in the parking lot receivable \$63.

The net decrease in total liabilities in 2013 of \$14,732 comprises: (i) regularly scheduled loan payment of \$321, (ii) recognition of the deferred revenue associated with the RTD land replacement of \$14,401. The net decrease in total liabilities in 2012 of \$804 comprises: (i) regularly scheduled loan payment of \$321, (ii) payment of prior period accruals of \$137, and (iii) the amortization of the recognition of RTD project oversight funds of \$361.

All other changes in capital and other assets in 2013 and 2012 resulted from capital additions, primarily from the replacement parking garage, as well as depreciation and amortization. Restricted net position fluctuates based upon compliance with the TABOR Amendment. For additional information, see Note 8 to the financial statements.

The overall increases in net position for 2013 of \$20,703 (14.8%) resulted from the final settlement of the RTD transaction, and increased lease revenues from the CRBC.

The overall decreases in net position for 2012 of \$2,223 (1.6%) 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,	
	2013	2012
Current Assets		
Cash and cash equivalents	\$ 1,870,870	\$ 2,699,767
Accounts receivable - lessee	205,179	153,214
Other receivables - current (RTD)	—	1,065,907
	2,076,049	3,918,888
Restricted cash - replacement parking	17,590,033	14,277,966
Total Current Assets	19,666,082	18,196,854
Noncurrent Assets		
Capital assets - Coors Field/other		
Land	19,743,220	19,743,220
Land improvements	13,214,443	13,214,443
Buildings	152,158,498	149,494,235
Other property and equipment	28,477,897	28,069,605
Construction in progress	6,377,043	807,824
	219,971,101	211,329,327
Accumulated depreciation	(79,121,787)	(75,011,227)
	140,849,314	136,318,100
Deferred costs, net of accumulated amortization of \$431,313 in 2013 and \$402,621 in 2012	296,985	325,677
Total Noncurrent Assets	141,146,299	136,643,777
Total Assets	160,812,381	154,840,631
Liabilities		
Current Liabilities		
Note payable - current	—	321,062
Accrued interest	—	9,364
Restricted current liabilities/deferred income		
Minimum fee compensation for land taking in progress	—	14,401,384
Total Current Liabilities	—	14,731,810
Noncurrent Liabilities		
Refundable security deposit	11,667	11,667
Total Liabilities	11,667	14,743,477
Net Position		
Net Investment In Capital Assets	140,849,314	135,987,674
Restricted For Capital Projects	17,590,033	942,489
Restricted For TABOR	62,923	47,540
Unrestricted	2,298,444	3,119,451
Total Net Position	\$ 160,800,714	\$ 140,097,154

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended December 31,	
	2013	2012
Operating Revenue From Lease Of Coors Field		
Parking	\$ 1,067,738	\$ 938,713
Attendance	100,000	100,000
Concessions and other	33,569	25,901
	1,201,307	1,064,614
Operating Expense		
Depreciation and amortization	4,139,252	4,108,820
Professional services	294,245	264,496
General, administrative and other	31,503	32,253
	4,465,000	4,405,569
Operating Loss	(3,263,693)	(3,340,955)
Nonoperating Revenues		
Gain on RTD land replacement	22,335,477	—
Noncash lease income	735,636	597,570
RTD oversight fund amortization	—	361,000
Net lease rentals Delgany Street	133,225	117,491
Interest income	762,915	41,558
	23,967,253	1,117,619
Increase (Decrease) In Net Position	20,703,560	(2,223,336)
Net Position - Beginning Of Year	140,097,154	142,320,490
Net Position - End Of Year	\$ 160,800,714	\$ 140,097,154

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2013	2012
Cash Flows From Operating Activities		
Received from lessee	\$ 1,149,342	\$ 1,001,950
Paid for professional and other services	(335,112)	(424,937)
Net Cash Provided By Operating Activities	814,230	577,013
Cash Flows From Capital And Related Financing Activities		
Lease rent Delgany Street property	140,004	140,004
Repayment of Delgany Street note payable	(321,062)	(305,773)
Interest paid on Delgany Street note	(6,779)	(31,341)
Transfers to (from) restricted cash	(3,312,067)	278,018
RTD settlement net proceeds	7,934,093	—
Interest on RTD settlement net proceeds	720,000	—
Professional fees charged to other receivable (RTD)	1,065,907	(154,911)
Net Cash Provided By (Used In) Capital And Related Financing Activities	6,220,096	(74,003)
Cash Flows From Investing Activities		
Purchases of capital assets	(7,906,138)	—
Interest income	42,915	41,558
Net Cash Used In Capital And Related Financing Activities	(7,863,223)	41,558
Net Increase (Decrease) In Cash And Cash Equivalents	(828,897)	544,568
Cash And Cash Equivalents, Beginning Of Year	2,699,767	2,155,199
Cash And Cash Equivalents, End Of Year	\$ 1,870,870	\$ 2,699,767
Reconciliation Of Operating Cash Flows		
Operating loss	\$ (3,263,693)	\$ (3,340,955)
Adjustment to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	4,139,252	4,108,820
Increase in receivable from lessee	(51,965)	(62,664)
Decrease in prepaid expense	—	23
Decrease in accrued expenses	(9,364)	—
Decrease in operating accounts payable	—	(128,211)
Total Adjustments	4,077,923	3,917,968
Net Cash Provided By Operating Activities	\$ 814,230	\$ 577,013
Restricted Cash Received From RTD For Land Taking, Interest Thereon And Initial Project Funds	\$ 17,590,033	\$ 14,277,966
Noncash Capital Activity - Other Lease Income - Capitalized Assets Pertaining To Coors Field Paid For By Lessee	735,636	597,570

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

NOTES TO FINANCIAL STATEMENTS December 31, 2013 And 2012

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 is 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 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, sale of property 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 March 25, 2014, the date the financial statements were available for issuance.

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. See Note 3 for restricted cash. The District's cash and cash equivalents comprise the following:

	<u>2013</u>	<u>2012</u>
Checking account	\$ 114,109	\$ 755,367
Bank savings accounts	1,756,761	1,944,400
	<u>\$ 1,870,870</u>	<u>\$ 2,699,767</u>

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

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. RTD Land Transaction

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.

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. As of December 31, 2012, the final settlement had not been reached. Accordingly, 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, comprised:

Minimum fee compensation (nonrefundable)	\$ 15,000,000
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>\$ 14,401,384</u>

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 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>

**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 (CRBC) and next to recover District expenses incurred in this matter. Cash restricted for the use of suitable replacement parking is \$17,590,033 and \$14,277,966 as of December 31, 2013 and 2012, respectively.

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.

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, CRBC entered into an agreement to construct a parking garage, which would result in a net gain of 625 parking spaces. At December 31, 2013 and 2012, \$6,377,043 and \$807,824, respectively, was recorded as parking structure in progress. The parking structure will be depreciated after construction is finished, and it has been placed in service in 2014.

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

Notes To Financial Statements (*Continued*)

Changes in capital assets and deferred costs for 2013 and 2012 were as follows:

	(In Thousands)			
	Beginning Balance	Additions	Retirements	Ending Balance
2012				
Land	\$ 19,743	\$ —	\$ —	\$ 19,743
Land improvements	13,215	—	—	13,215
Buildings	149,370	124	—	149,494
Other property and equipment	27,596	474	—	28,070
Construction in progress	—	808	—	808
Totals At Historical Cost	209,924	1,406	—	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	\$ (2,674)	\$ —	\$ 136,319
2013				
Land	\$ 19,743	\$ —	\$ —	\$ 19,743
Land improvements	13,215	—	—	13,215
Buildings	149,494	2,664	—	152,158
Other property and equipment	28,070	408	—	28,478
Construction in progress	808	5,569	—	6,377
Totals At Historical Cost	211,330	8,641	—	219,971
Accumulated depreciation				
Land improvements	(5,115)	(228)	—	(5,343)
Buildings	(49,358)	(2,716)	—	(52,074)
Other property and equipment	(20,538)	(1,167)	—	(21,705)
Total Accumulated Depreciation	(75,011)	(4,111)	—	(79,122)
Net Capital Assets	\$ 136,319	\$ 4,530	\$ —	\$ 140,849
Changes In Deferred Costs Comprise:				
	Stadium Lease	Delgany Lease *	View Plane *	Total
Balance January 1, 2012	\$ 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
Additions	—	—	—	—
Amortization	(24,456)	(4,236)	—	(28,692)
Balance December 31, 2013	\$ 77,315	\$ 1,418	\$ 218,252	\$ 296,985

*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 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. 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 CRBC.

The District has classified the lease 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 \$889,119 and \$889,119 were made by CRBC to this fund for the years 2013 and 2012, respectively. The Fund had a balance of \$1,883,433 at December 31, 2013. As of December 31, 2012, the Fund had a balance of \$2,041,399. Expenditures totaling \$1,049,502 and \$1,101,675 were paid from the fund in 2013 and 2012, respectively. Of these amounts, \$735,636 in 2013 and \$597,570 in 2012 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 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 2013 or 2012.

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 recorded as 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 \$6,779 and \$22,423 during the years ended December 31, 2013 and 2012, respectively. The note is collateralized by the underlying property and related rentals under a deed of trust. The District paid off the note in full during 2013.

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 CRBC regarding the possible construction of a pedestrian bridge with a terminus on the property (airspace over the train tracks).

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 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 minimum rentals receivable are presently as follows:

	<u>Rental Income</u>
2014	<u>\$ 46,668</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 2013 and 2012. 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 \$402,213,000 and \$424,063,955 for the years ended December 31, 2013 and 2012, respectively. 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 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 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, 2013 and 2012, the District's deposits had bank balances of \$23,407 and \$107,470 greater than their carrying amounts of \$1,870,870 and \$2,699,767, respectively, 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 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.

Supplementary Information

**DENVER METROPOLITAN MAJOR LEAGUE
BASEBALL STADIUM DISTRICT**

**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
For The Year Ended December 31, 2013**

	Actual (000s)	Budget (000s) *	(Under) Over Budget (000s) ^
Revenues			
Lease rentals - CRBC	\$ 1,201	\$ 1,402	\$ (201)
Noncash revenue	736	736	—
Gross lease rentals - Delgany Street	140	140	—
Gain on sale of land	22,335	23,055	(720)
Investment income	763	41	722
Total Revenue	25,175	25,374	(199)
Expenditures			
Depreciation/amortization	4,139	4,055	84
Administration and professional services	326	367	(41)
Rental expense	7	7	—
Total Expenditures	4,472	4,429	43
Increase In Net Assets	\$ 20,703	\$ 20,945	\$ (242)

* 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 \$201 of the net nonfavorable budget variance of \$242.

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.