METROPOLITAN FOOTBALL STADIUM DISTRICT
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INDEPENDENT AUDITORS’ REPORT

Board of Directors
Metropolitan Football Stadium District
Denver, Colorado

We have audited the accompanying financial statements of the business type activities and the major enterprise fund of the Metropolitan Football Stadium District (the “District”) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which comprise the 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.

Auditor’s Responsibility

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

An audit 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. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s 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 opinions.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages I through VI and 22 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

JDS Professional Group

June 20, 2013
METROPOLITAN FOOTBALL STADIUM DISTRICT
Management’s Discussion and Analysis
For the Year Ended December 31, 2012

Our discussion of the District’s financial performance provides an overview of our activities for 2012 and 2011, with a comparison to the prior year in each case and certain other background information.

Please read it in conjunction with the District’s financial statements, which begin on page eight.

FINANCIAL HIGHLIGHTS

- Our total assets decreased 19.4% in 2012 or $80.4 million. The major change in assets was a result of paying off the bonds and thereby using the investment account balances. The other decline in assets was as a result of the current year depreciation allowance recorded against the basis of the assets.

- The total investment in the Stadium project was $458 million through December 31, 2012. The 2012 additions included the purchase of land at 17th and Federal and purchase of stadium upgrades, not placed in service until 2013.

- The District received $3.1 million for 2012, under a naming rights agreement, which provides for total revenue of $60 million over a 20-year period. The final payment in this agreement will be in the year 2020.

- Net sales and use tax revenues decreased 99.17% in 2012, or $39.5 million. Since the bonds were paid off in 2012, the sales tax income ceased and amounts received in 2012 were owed from prior years.

- The Note and interest due to the Broncos Franchise was paid off in full in January 2012.

- The Bonds payable due as of January 1, 2012 and March 1, 2012 were paid in full on those dates.

- The District has budgeted in 2013 for $22 million in capital improvements which are anticipated to be completed in 2013.
METROPOLITAN FOOTBALL STADIUM DISTRICT
Management’s Discussion and Analysis
For the Year Ended December 31, 2012

USING THIS REPORT

This report comprises three financial statements:

(1) The Statement of Net Position measures the District’s financial health or position as of a point in time (December 31). It represents the difference between the District’s assets and liabilities.

Net position is displayed in three components: Cost of the stadium less accumulated depreciation and related debt (including deferred financing costs) is included in Invested Capital assets; when constraints are imposed externally by laws, other governments, or creditors on net position, they are reported as Restricted e.g. for the Capital Project and for TABOR (refer to Notes 1 and 7); unrestricted net position represent that portion of net position that can be used to finance daily operations without constraints established by laws, enabling legislation or other legal requirements.

(2) Increases or decreases to net position are presented in the Statement of Revenues, Expenses and Changes in Net Position. Increases are one indicator that our financial health improved. Decreases in net position indicate a decline in our financial position (principally because of depreciation).

(3) The Statement of Cash Flows portrays the sources, uses and net change in our cash and cash equivalents. Cash flows are segregated as to those related to three major elements - operating, capital and financing, and investing activities.
CONDENSED COMPARATIVE FINANCIAL INFORMATION (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue from Sports Authority Field</td>
<td>$ 4,296</td>
<td>$ 4,159</td>
</tr>
<tr>
<td>Non-operating revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and use tax</td>
<td>355</td>
<td>39,836</td>
</tr>
<tr>
<td>Investment income</td>
<td>63</td>
<td>2,138</td>
</tr>
<tr>
<td>Total revenue</td>
<td>4,714</td>
<td>46,133</td>
</tr>
<tr>
<td>Operating expense</td>
<td>13,810</td>
<td>13,993</td>
</tr>
<tr>
<td>Non-operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>20</td>
<td>3,487</td>
</tr>
<tr>
<td>Total expenses</td>
<td>13,830</td>
<td>17,480</td>
</tr>
<tr>
<td>Increases (decreases) in net position</td>
<td>(9,116)</td>
<td>28,653</td>
</tr>
<tr>
<td>Net position at beginning of year</td>
<td>341,823</td>
<td>313,170</td>
</tr>
<tr>
<td>Net position at end of year</td>
<td>$ 332,707</td>
<td>$ 341,823</td>
</tr>
</tbody>
</table>

Total revenues for 2012 decreased $41.4 million or 89.8% and total expenses decreased $3.6 million or 20.9%. The decrease in revenue was as a result of sales tax revenue ending and the reduction of investment interest as the investments were used to pay down the bonds. Investment income decreased $2.1 million or 97.0%. Interest expense decreased $3.7 million in 2012 or 99.4%. The decrease reflects the payoff of bonds and decreased interest costs associated with the bonds.
METROPOLITAN FOOTBALL STADIUM DISTRICT
Management’s Discussion and Analysis
For the Year Ended December 31, 2012

CONDENSED STATEMENT OF NET POSITION (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$ 26,438</td>
<td>$ 35,756</td>
</tr>
<tr>
<td>Repurchase agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Government securities</td>
<td></td>
<td>57,463</td>
</tr>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>306,781</td>
<td>318,023</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Total assets</td>
<td>333,219</td>
<td>413,386</td>
</tr>
<tr>
<td>Bonds payable - current</td>
<td></td>
<td>43,520</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>512</td>
<td>506</td>
</tr>
<tr>
<td>Bonds payable - non current</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>-</td>
<td>27,535</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>512</td>
<td>71,563</td>
</tr>
</tbody>
</table>

Net position:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of debt</td>
<td>306,781</td>
<td>272,234</td>
</tr>
<tr>
<td>Restricted for debt service</td>
<td>-</td>
<td>69,570</td>
</tr>
<tr>
<td>Restricted for TABOR</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Restricted for capital repairs</td>
<td>6,268</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>19,641</td>
<td>-</td>
</tr>
<tr>
<td>Total net position</td>
<td>$ 332,708</td>
<td>$ 341,823</td>
</tr>
</tbody>
</table>

Activity in capital assets for 2012 is summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$ 318,024</td>
</tr>
<tr>
<td>Plus purchase of land and construction in progress</td>
<td>1,982</td>
</tr>
<tr>
<td>Less current year depreciation</td>
<td>(13,225)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 306,781</td>
</tr>
</tbody>
</table>

(IV)
# BUDGET COMPARISON (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2012 Actual (000's)</th>
<th>2012 Budget (000's)</th>
<th>(Under/Over) Budget (000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and use tax revenues</td>
<td>$ 355</td>
<td>$ 2,000</td>
<td>$(1,645)</td>
</tr>
<tr>
<td>Investment income</td>
<td>63</td>
<td>400</td>
<td>(337)</td>
</tr>
<tr>
<td>Franchise payments</td>
<td>1,079</td>
<td>1,000</td>
<td>79</td>
</tr>
<tr>
<td>Naming rights revenue</td>
<td>3,079</td>
<td>3,079</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>138</td>
<td>115</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>4,714</td>
<td>6,594</td>
<td>(1,880)</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>84</td>
<td>80</td>
<td>4</td>
</tr>
<tr>
<td>Operating expense</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>280</td>
<td>300</td>
<td>(20)</td>
</tr>
<tr>
<td>Professional service</td>
<td>216</td>
<td>250</td>
<td>(34)</td>
</tr>
<tr>
<td>Accrued debt service</td>
<td>20</td>
<td>30</td>
<td>(10)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,226</td>
<td>13,300</td>
<td>(74)</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>13,830</td>
<td>13,962</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total net revenue (loss)</strong></td>
<td>$ (9,116)</td>
<td>$ (7,368)</td>
<td>$ (1,748)</td>
</tr>
</tbody>
</table>

The actual sales and use tax revenue was less than the 2012 budgeted amount by $1.6 million. When the budget was prepared it was estimated that 2012 sales tax revenue would decline significantly from 2011 since the bonds would be paid off in 2012. The actual amount was less than budgeted.

Investment income was less the budgeted amount due to the rates and investment balances during 2012.

The actual net revenue was less than budgeted by $1.8 million, resulting mainly from the difference in the declining sales tax.

Repairs and maintenance was $20 thousand less than budgeted. These are the capital repairs reimbursed to Stadium Management Company.
# METROPOLITAN FOOTBALL STADIUM DISTRICT

## STATEMENT OF NET POSITION

### AS OF DECEMBER 31, 2012

**ASSETS**

Current unrestricted assets:
- Cash and cash equivalents: $20,132,857
- Prepaid expenses and other assets: 872
- Accounts receivable - other: 36,181

  Total current unrestricted assets: 20,169,910

Current restricted assets:
- Cash and cash equivalents: 6,268,562

  Total current restricted assets: 6,268,562

Capital assets:
- Building: 349,715,546
- Stadium equipment: 45,816,107
- Land improvements: 28,284,104
- Art: 327,500
- Furniture, fixtures and equipment: 4,895
- Computers and equipment: 11,495

  Less: accumulated depreciation: (151,408,006)

  Total depreciable capital assets: 272,751,641

- Land: 33,833,235
- Construction in progress: 195,889

  Total capital assets: 306,780,765

  **Total Assets**: $333,219,237

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

(3)
METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012

LIABILITIES AND NET POSITION

LIABILITIES
Current liabilities:
  Accounts payable
Total current liabilities $ 511,516

Total Liabilities 511,516

NET POSITION
Invested in capital assets 306,780,765
Expendable restricted net positions
  Restricted for TABOR 17,504
  Restricted for capital repairs 6,268,562
  Unrestricted 19,640,890

Total Net Position 332,707,721

LIABILITIES AND NET POSITION $ 333,219,237

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)

(4)
METROPOLITAN FOOTBALL STADIUM DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

Operating revenues:
  Naming rights revenue $3,078,910
  Franchise leases revenue 1,078,291
  Events revenue 138,345
  Total operating revenues 4,295,546

Operating expenses:
  Depreciation expense 13,224,689
  Amortization expense 1,423
  Operating expense 283,120
  General and administrative 84,148
  Professional services 216,192
  Total operating expenses 13,809,572

Operating (loss) (9,514,026)

Non-Operating revenues (expenses):
  Sales tax revenue 355,255
  Interest income 63,282
  Interest expense-naming rights (20,201)
  Total non-operating revenues (expenses) 398,336

Change in net position (9,115,690)

Net Position - Beginning of Year 341,823,411
Net Position - End of Year $332,707,721

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)
(5)
Cash Flows from Operating Activities
  Receipts from naming rights $ 3,078,910
  Receipts from franchise lease revenues 1,078,291
  Receipts from special events revenues 177,108
  Payments for operating (183,895)
  Payments for general and administrative (84,982)
  Payments for professional services (199,076)

  Net cash provided by operating activities 3,866,356

Cash Flows from Capital and Related Financing Activities
  Payments of bonds (43,521,683)
  Payments of notes payable (15,173,794)
  Purchase of capital assets (1,982,068)
  Receipts from sales and use tax revenue 7,431,020
  Payments for interest (12,490,983)

  Net cash (used in) capital and related financing activities (65,737,508)

Cash Flows from Investing Activities
  Interest received 69,834
  Proceeds from sale of long-term investments 59,605,920

  Net cash provided by investing activities 59,675,754

Net Decrease in Cash and Cash Equivalents (2,195,398)

Cash and Cash Equivalents, Beginning of Year 28,596,817

Cash and Cash Equivalents, End of Year $ 26,401,419

  Cash balance as disclosed in the statement of net position
    Unrestricted cash and cash equivalents $ 20,132,857
    Restricted cash and cash equivalents 6,268,562

  Total cash and cash equivalents $ 26,401,419

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)
Reconciliation of Net Operating Income to Net Cash
Provided by Operating Activities

Operating loss $ (9,514,026)

Adjustments to Reconcile Net Operating Income to Net
Cash Provided by Operating Activities

Depreciation expense 13,224,689
Amortization expense 1,423

Changes in assets and liabilities -
Decrease in accounts receivable - other 38,763
Decrease in prepaid expenses 176
Increase in accounts payable 115,331

Net cash provided by operating activities $ 3,866,356

(SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS)
NOTE (1)  ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Metropolitan Football Stadium District (the "District") is a body corporate and political subdivision of the State of Colorado established pursuant to the Metropolitan Football Stadium District Act, Article 15, Title 32 of the Colorado Revised Statutes, ("Act"). The District includes all or part of seven counties in the Denver metropolitan area. The District was created for the purpose of planning, acquiring land and constructing a professional football stadium (the "Stadium"). Operations of the District commenced in August 1996.

The Act authorizes the District to levy and collect a sales tax of one-tenth of one percent throughout the District. Subsequent to the termination of the Denver Metropolitan Major League Baseball Stadium District sales tax on December 31, 2000, the District started levying sales tax effective January 1, 2001, and collected the tax until it expired on January 1, 2012. The sales tax assists the District in financing the acquisition of land and construction of the Stadium and the payments of debt service.

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 nine members who serve without compensation. Six directors are appointed by the local governments, two directors at large are appointed by the Governor and one director is the chairperson of the Denver Metropolitan Major League Baseball Stadium District. All activities for which the District exercises responsibility have been included in these financial statements.

The District follows the GASB accounting pronouncements which provide guidance for determining which activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set for the financial accountability of a governmental organization’s governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. Financial accountability includes but is not limited to, appointment of a voting majority of the organization’s governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.
NOTE (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)

The District is not financially accountable for any other organization, nor is
the District a component unit of any other primary governmental entity.

Summary of Significant Accounting Policies

The financial statements of the District are presented on the basis of
governmental proprietary fund accounting concepts. Proprietary fund
accounting is used since the District’s powers are related to those operated in
a manner similar to a private enterprise where net income and capital
maintenance are appropriate determinations of accountability. The Authority
operates one major enterprise fund.

This fund applies all applicable Governmental Accounting Standards Board
("GASB") pronouncements (including National Council on Governmental
Accounting Statements and Interpretations currently in effect).

Revenues and expenses are recognized on an accrual basis. Revenue is
recognized when earned and expenses are recognized when the liability is
incurred.

During fiscal year 2012, the District adopted Statement of Governmental
Accounting Standards Board (GASB) No. 62, Codification of Accounting and
Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB
and AICPA Pronouncements, which supersedes GASB Statement No. 20,
Accounting and Financial Reporting for Proprietary Funds and Other
Governmental Entities That Use Proprietary Fund Accounting, thereby
eliminating the election provided in paragraph 7 of that Statement for
business-type activities to apply post-November 30, 1989, FASB Statements
and Interpretations that do not conflict with or contradict GASB
pronouncements. This Statement was applied retrospectively and had no
impact on the District’s net position, changes in net position or financial
reporting disclosures.

During fiscal year 2012, the District adopted Statement of Governmental
Accounting Standards Board (GASB) No. 63, Financial Reporting of
Deferred Outflows of Resources, Deferred Inflows of Resources, and Net
Position. This Statement provides guidance for reporting deferred outflows
and deferred inflows of resources as introduced and defined in GASB Concept
NOTE (1)  ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 4 "Elements of Financial Statements". Concepts Statement No. 4 defines a deferred outflow as a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The District's "net assets" have been replaced with the term "net position". This Statement has no impact on the Authority's changes in net position.

Use of Estimates

The preparation of 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.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings before the end of each year to approve the budget and appropriate funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation is at the total fund expenditures level and lapses at year end.

Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered cash equivalents.

Capital Assets and Depreciation

Land improvements, buildings and other property and equipment are stated at cost and depreciated using the straight-line method over their respective estimated useful lives of three to forty years.
NOTE (1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues

The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions including naming rights and franchise lease revenues.

Non-operating revenues - Non-operating revenues include activities that have the characteristics of non-exchange transactions, as defined by Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting, such as sales and use tax revenue as well as investment income.

Subsequent events

The District evaluated subsequent events through June 20, 2013, the date which the financial statements were available to be issued.

NOTE (2) CASH AND INVESTMENTS

GASB’s accounting for Deposits and Investment Risk Disclosure, modifies and establishes disclosure requirements related to investment risks including credit risk (custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk.
NOTE (2)  CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2012, the District’s cash and cash equivalents included the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash - unrestricted</td>
<td>$20,132,857</td>
</tr>
<tr>
<td>Cash - restricted</td>
<td>6,268,562</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26,401,419</strong></td>
</tr>
</tbody>
</table>

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. Deposits are carried at cost. Deposits include operating and savings accounts as well as money market funds held by the District’s Bond Trustee. As of December 31, 2012, the District held $25,904,801 in uninsured deposits not covered by federal depository insurance. The uninsured deposits represent deposits for which collateral has been pledged, and is held by the pledge bank or its trust department or agent in other than the District’s name.

The Public Deposit Protection Act requires all eligible depositories holding public deposits to pledge a pool of eligible collateral having market value equal to 102 percent of the total public deposits exceeding those amounts not insured by federal depository insurance. The District’s depository met these requirements at year-end.

INVESTMENTS

Eligible investments the District may acquire are defined in the Act, the laws of the State of Colorado and the Trust Indenture. The eligible investments the District may invest in include certain repurchase agreements, U.S. Government securities and guaranteed investment contracts among others.

Credit Risk - To mitigate the risk that investments will not be repaid, the District invests in money market funds and repurchase agreements for which the underlying investments comprise U.S. Government instruments.

Interest Rate Risk - The District minimizes the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and debt retirement, thereby avoiding the
NOTE (2)  CASH AND INVESTMENTS (CONTINUED)

need to sell securities prior to maturity. Minimizing the risk is accomplished by investing operating funds in highly liquid instruments.

During the year ended December 31, 2012, the District’s investments were utilized to pay the District long-term debt obligations. Any amounts remaining after payment of these obligations was transferred to the District’s savings and capital repairs cash accounts.

NOTE (3)  LONG-TERM DEBT

On August 1, 1999, pursuant to a Trust Indenture, (the "Indenture") between the District and Wells Fargo Bank (formerly Norwest Bank) the District issued $140,528,624 ("Series 1999A") and $104,470,366 ("Series 1999B") tax exempt capital appreciation bonds ("1999 Bonds"). Pursuant to a Trust Indenture, dated as of August 1, 2002, between the District and Wells Fargo Bank, the District issued $15,000,000 ("Series 2002") taxable subordinate lien bonds ("2002 Bonds").

The following schedule summarizes changes in debt:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>Additions</th>
<th>(Payments)</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise payable</td>
<td>$ 15,174</td>
<td>$</td>
<td>$(15,174)</td>
<td>$</td>
</tr>
<tr>
<td>Deferred interest</td>
<td>12,361</td>
<td></td>
<td>(12,361)</td>
<td></td>
</tr>
<tr>
<td>Bonds payable</td>
<td>43,522</td>
<td></td>
<td>(43,522)</td>
<td></td>
</tr>
<tr>
<td>Total debt outstanding</td>
<td>$ 71,057</td>
<td>$</td>
<td>$(71,057)</td>
<td>$</td>
</tr>
</tbody>
</table>
NOTE (4) CAPITAL ASSETS

A summary of acquisitions, dispositions, and accumulated depreciation is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
<th>Acquisitions</th>
<th>(Dispositions)</th>
<th>December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$ 349,715,546</td>
<td>$</td>
<td>$</td>
<td>$ 349,715,546</td>
</tr>
<tr>
<td>Stadium equipment</td>
<td>45,816,107</td>
<td></td>
<td></td>
<td>45,816,107</td>
</tr>
<tr>
<td>Land</td>
<td>32,047,056</td>
<td>1,786,179</td>
<td></td>
<td>33,833,235</td>
</tr>
<tr>
<td>Land improvements</td>
<td>28,284,104</td>
<td></td>
<td></td>
<td>28,284,104</td>
</tr>
<tr>
<td>Art</td>
<td>327,500</td>
<td></td>
<td></td>
<td>327,500</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>4,895</td>
<td></td>
<td></td>
<td>4,895</td>
</tr>
<tr>
<td>Equipment</td>
<td>11,495</td>
<td></td>
<td></td>
<td>11,495</td>
</tr>
<tr>
<td>Construction in progress</td>
<td></td>
<td>195,889</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>456,206,703</td>
<td>1,982,068</td>
<td></td>
<td>458,188,771</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>accumulated depreciation</td>
<td>(138,183,317)</td>
<td>(13,224,689)</td>
<td></td>
<td>(151,408,006)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 318,023,386</td>
<td>$ (11,242,621)</td>
<td>$</td>
<td>$ 306,780,765</td>
</tr>
</tbody>
</table>

NOTE (5) FUND REQUIREMENTS

The Indenture governs the administration of the various funds and the sources and uses. Pursuant to the Indenture, the Trustee established the following funds:

- Revenue Fund
- Bond Fund
- Bond Reserve Fund
- Supplemental Reserve Fund
- Escrow Fund
- Rebate Fund
- District Project Fund
- Franchise Project Fund

During the year ended December 31, 2012, the Series 1999A and Series 2002 bond principal was paid in full. Funds with outstanding balances were utilized to pay Series 1999A and Series 2002 bond principal. Any amounts remaining after payment of the bonds were transferred to the District, and the funds were closed by the Trustee.
NOTE (6)  RISK FINANCING

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 and performance bonds purchased directly by the District from independent third parties.

NOTE (7)  TABOR AMENDMENT

On November 3, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including reserve requirements, debt limits and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment and the reserve is reflected on the face of the financial statements. As of December 31, 2012, the District has restricted net position of $17,504 in compliance with the requirements of TABOR.

NOTE (8)  STADIUM NAMING RIGHTS

On August 19, 2011, the Stadium Naming Rights Agreement was transferred from INVESCO to The Sports Authority Stores Inc. (Sports Authority). As part of the Assignment, Assumption and Consent Agreement, all of the rights and responsibilities of the original agreement between the District and INVESCO were transferred to Sports Authority. Additionally, as part of the transfer, the name of the Stadium was changed to “Sports Authority Field at Mile High.” Under the original agreement, the District would receive $60 million for the naming of the Stadium, paid over a twenty-year period. INVESCO made the first payment in 2001. Sports Authority is required to make annual payments by August. As of December 31, 2012, $31,141,630 had been received.

The District issued special obligation bonds which were retired on March 1, 2012.
NOTE (9) OTHER COMMITMENTS AND CONTINGENCIES

Commitments

Pursuant to the Construction Agreement with PDB Sports Ltd., ("PDB"), if PDB advanced funds for the District’s share of the construction costs, the District reimbursed PDB for the cost overruns, plus interest equal to PDB’s cost of borrowing which was calculated annually. The reimbursements were to be paid to the extent the District had revenues available. However, the District was not obligated to fund any cost overruns beyond the District’s funding capacity. As of December 31, 2011, PDB had advanced the District $25,773,794, incurring cumulative interest of $16,109,292 of which $271,419 was capitalized and depreciated over the life of the Stadium. The District paid principal of $15,173,794 and accrued interest of $12,361,365 during the year ended December 31, 2012 to retire the obligation.

Contingencies

The District is authorized to contribute 75 percent of the Stadium design and construction costs up to an amount totaling approximately $335 million, consisting of up to $260 million in bonds that were approved in November 1998, plus an amount, the net present value of which shall not exceed $75 million, calculated as of January 1, 2001 (based upon an 8 percent discount rate), subject to the availability of revenues. PDB is required to contribute 25 percent of the stadium design and construction costs through its affiliate, Stadium Management Company, LLC ("SMC"). SMC performs the operation and management of the Stadium.

During November 2012, the District authorized upgrades and improvements to the Stadium. The District agreed to reimburse SMC approximately 75 percent of the costs of these improvements up to $22,314,888. PDB is contributing approximately 25 percent of the cost of these upgrades. Contracting and construction management is performed by SMC. As of December 31, 2012, the District incurred $195,889 related to these capital improvements. These upgrades and improvements are expected to be completed during 2013.
NOTE (10)  FRANCHISE LEASE REVENUE AND LEASING COMMITMENTS

Per the Stadium Lease and Management Agreement (the “Agreement”), dated September 3, 1998, the District leases to PDB Sports Ltd., ("PDB"), the holder of the Denver Broncos National Football League Franchise, the Stadium land together with all the improvements. PDB will lease the Stadium from August 2001 and the lease will continue until 30 years after such date or the end of 30 complete NFL seasons at the Stadium, whichever is later. Additionally, there are two five-year extensions at the option of PDB. The Agreement also provides for PDB to acquire and own certain property and for revenue sharing for non-football events principally with respect to attendance and parking, as more fully described in the Agreement. Rental payments are due annually on February 1 from PDB subsequent to occupancy. The Agreement calls for the establishment of a Capital Replacement Reserve Fund for the purpose of paying all or part of the cost of capital replacement. Payments to the Capital Replacement Reserve Fund are to be made annually by the District from base rents received from PDB.

Future minimum lease payments required under the agreement are as follows as of December 31, 2012:

<table>
<thead>
<tr>
<th></th>
<th>Future minimum lease payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>2,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>2,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>3,250,000</td>
</tr>
<tr>
<td>2017</td>
<td>3,250,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>45,500,000</td>
</tr>
<tr>
<td></td>
<td>$58,000,000</td>
</tr>
</tbody>
</table>

NOTE (11)  DONATED OFFICE SPACE

Under a License Agreement, the District has donated office and museum space to the Colorado Sports Hall of Fame for their use for a 5-year term. The license agreement was renewed for another 5-year term during 2010. The value of the donated office and museum space was estimated based on an
NOTE (11)  DONATED OFFICE SPACE (CONTINUED)

average market rate for the central business district of Denver of $20 per square foot. The office and museum space is approximately 3,000 square feet resulting in annual donated space of $60,000.
METROPOLITAN FOOTBALL STADIUM DISTRICT  
Budgetary Comparison Schedule  
Year Ended December 31,  

<table>
<thead>
<tr>
<th>(Thousands)</th>
<th>2012</th>
<th>Original Budget</th>
<th>(Under) Over Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources (inflows):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and use tax revenues</td>
<td>$355</td>
<td>$2,000</td>
<td>$(1,645)</td>
</tr>
<tr>
<td>Investment income</td>
<td>63</td>
<td>400</td>
<td>(337)</td>
</tr>
<tr>
<td>Franchise payments</td>
<td>1,078</td>
<td>1,000</td>
<td>78</td>
</tr>
<tr>
<td>Naming rights revenues</td>
<td>3,079</td>
<td>3,079</td>
<td>-</td>
</tr>
<tr>
<td>Other income, rent, parking, and events</td>
<td>139</td>
<td>115</td>
<td>24</td>
</tr>
<tr>
<td>Amounts available for appropriation</td>
<td>4,714</td>
<td>6,594</td>
<td>(1,880)</td>
</tr>
<tr>
<td>Charges to appropriations (outflows):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expense</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>280</td>
<td>300</td>
<td>(20)</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>84</td>
<td>80</td>
<td>4</td>
</tr>
<tr>
<td>Accrued debt service</td>
<td>20</td>
<td>30</td>
<td>(10)</td>
</tr>
<tr>
<td>Professional service</td>
<td>216</td>
<td>250</td>
<td>(34)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,226</td>
<td>13,300</td>
<td>(74)</td>
</tr>
<tr>
<td>Total charges to appropriations</td>
<td>13,830</td>
<td>13,962</td>
<td>(132)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ (9,116)</td>
<td>$ (7,368)</td>
<td>$ (1,748)</td>
</tr>
</tbody>
</table>

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.