2015 Annual Financial Report

Year Ended December 31, 2015

MINNESOTA BALLPARK AUTHORITY

Hennepin County, Minnesota

MINNESOTA BALLPARK AUTHORITY

Annual Financial Report

December 31, 2015

Minnesota Ballpark Authority Board of Commissioners

Executive Director, Daniel R. Kenney

Finance Coordinator, Brenda Juneau

Prepared by the Minnesota Ballpark Authority
Worldwide Web Address: http://www.ballparkauthority.com

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MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Minnesota Ballpark Authority
Hennepin County, Minnesota
2015 Annual Financial Report
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Hennepin County, Minnesota

Introductory Section

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

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August 18, 2016

Honorable Members of the Minnesota Ballpark Authority Board:

Minnesota Statutes require all governmental agencies to issue an annual report on their financial position and activity prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the State Auditor. The Annual Financial Report for the Minnesota Ballpark Authority (MBA) is hereby submitted for the calendar year ended December 31, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State of Minnesota Office of the State Auditor audited the MBA's financial statements and issued an unmodified ("clean") opinion on the MBA's financial statements for the calendar year ended December 31, 2015. The State Auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A section is meant to complement this letter of transmittal and should be read in conjunction with the letter.

Profile of the Government

The MBA was established in 2006 as a public body and political subdivision of the State of Minnesota, for the purpose of overseeing the design, construction, operation, and maintenance of a ballpark for a Major League Baseball team in accordance with the powers and authorities granted in Laws of Minnesota Chapter 473. The MBA advised and participated with the Minnesota Twins, LLC (the Twins) in the design and construction of the ballpark. The MBA leases the ballpark to the Twins, oversees its operations, and participates with the Twins in identifying and funding necessary future capital repairs and improvements to the structure.

The MBA is governed by a Board of five appointed Commissioners. Two members are appointed by the Governor of the State of Minnesota, two members are appointed by the Hennepin County Board of Commissioners (including the Chair), and one member is appointed by the governing body of the City of Minneapolis. The Board is responsible for, among other things, appointing an executive director, authorizing contracts, and adopting an annual budget. Budgets are adopted on a basis consistent with GAAP. Beginning in approximately June of each year a budget is prepared and includes information on the past year, current year estimates, and requested appropriations. The Board must adopt and submit a proposed operating budget to Hennepin County by August of each calendar year. Any changes in the budget must be within the revenues and reserves estimated or changed by a vote of the Board. Budget to actual comparisons for the General Fund and the Capital Reserve Special Revenue Fund are presented in the Required Supplementary Information section of this report.

Ballpark History

The Minnesota Legislature approved legislation in 2006 to fund a new Minnesota Twins ballpark. The legislative action was the culmination of a 10-year effort to build an outdoor ballpark in Minnesota. The Legislature approved the bill on May 21, 2006, and Minnesota Governor Tim Pawlenty signed the bill into law five days later before a Twins home game against the Seattle Mariners at the Metrodome. The first meeting of the MBA Board was held on July 7, 2006.

Under terms of the 2006 legislation, the public contribution is $350,000,000: $90,000,000 for infrastructure and $260,000,000 for ballpark construction costs. The public contribution of $350,000,000 is financed with Hennepin County issued bonds. The bonds are repaid from a County-wide .15 percent general sales tax authorized in the legislation. Under the original agreement, the Minnesota Twins contribution is $130,000,000 for ballpark construction costs plus any ballpark cost overruns or enhancements. After the legislation was adopted, the Twins contributed an additional $19,500,000 for non-land infrastructure expenses and $45,491,694 for additional ballpark enhancements. That brought the Twins total contribution to $194,991,694 for construction. Another $10,025,000 was contributed from other sources, which included Target Corporation, the MBA, and the Minnesota Department of Transportation.

Construction of the ballpark began when ground was broken in May of 2007 with M.A. Mortenson Company serving as the construction manager for the project. The architects were Populous (formerly HOK Sport) and Hammel, Green & Abrahamson. In January 2010, Mortenson formally turned over the ballpark, on budget, and two months ahead of schedule. Minnesota's new ballpark opened in the spring of 2010 marking the Minnesota Twins' 50th season of playing baseball in the Upper Midwest. The Minnesota Twins played their first regular season game at the ballpark on April 12, 2010.

The land, land improvements and the ballpark itself are owned by the public through the MBA. Consistent with terms of the Ballpark Lease Agreement (Lease), between the MBA and Twins Ballpark, LLC, the Twins own a portion of discrete assets, such as seating and scoreboards, to the extent of their total investment.

The Twins and Target Corporation agreed to naming rights for Target Field and Target Plaza.

While the ballpark is owned by the MBA, it is leased and operated by the Twins under a thirty-year lease. The Twins are responsible for all of the ballpark's annual operating and maintenance expenses. To address future capital needs, the Twins make annual rent payments, initially $900,000 (with two-thirds of that amount indexed for inflation), and Hennepin County contributes $1,100,000 annually (indexed for inflation). These funds are accumulating in an account held by the MBA with a balance of $12,783,674 at the end of 2015. No funds have been withdrawn since inception, however the Twins have invested additional funds in capital alterations each year. In 2015 the Twins reported investing $3,805,671.92 in ballpark property. Some of the improvements included a new lounge (Barrio) near Section 127 and a suite remodel converted into a super suite to accommodate larger groups with meeting space capacity.

Under the terms of the lease, the Twins also make annual contributions to youth activities and amateur sports with Hennepin County. The Twins reported a 2015 annual contribution of $711,912 in Hennepin County for youth activities and amateur sports.

A Leader in Environmental Sustainability

The MBA and the Twins continue to be committed to environmental sustainability. In 2010 the ballpark was not only awarded LEED Silver Certification for Construction, but was also awarded Green Project of the Year by the Recycling Association of Minnesota.

In 2011 the Twins were awarded Silver certification in LEED for green facility operations and maintenance. Target Field was the first professional sports facility in the United States to receive LEED certification in both construction and facility operations.

Some of the ballpark's green design elements include:

- ◊ Energy use reduction – achieved through high-efficiency field lighting, interior lighting and heating/cooling and ventilation equipment.

- ◊ Water use reduction – achieved through water-saving fixtures such as low-flow urinals and dual-flush toilets as well as a specially designed rain water filter system used to capture runoff, filter it and use it both to wash down the seating bowl and for irrigation.

- ◊ Game day recycling – Recyclable collection points stationed conveniently around Target Field keep an estimated 400 cubic yards of material over the course of a three-game home stand out of the solid waste stream. The Twins report that more than 6,905 tons of waste has been diverted from local landfills since 2011.

- ◊ Public transportation access – Target Field was built to include a public transportation hub where commuter and light rail lines connect, adjacent to a major bus hub, as well as convenient access by bike or on foot. In 2014 Target Field Station opened just beyond Target Field's left field gate.

- ◊ Recycled materials – More than 30 percent of all installed materials are made up of recycled content, including the canopy structure, masonry blocks, the carpet and the foul poles.

The playing field is designed to capture rain water and recycle it. The Twins report to have captured, purified and reused more than 6,004,152 gallons of rainwater, reducing municipal water usage at Target Field. Most of the recycled water was used to wash down the seating bowl and the main concourse.

The Twins and their concession partner, Delaware North Sportservice, began donating unused food to local charities in 2011. In partnership with Rock and Wrap It Up! Inc., more than 10 tons of food is donated to local charities annually.

Around the Ballpark

The MBA and the Twins have continued working hard to make sure Target Field is one of the most transit-friendly sports facilities in the country. Since 2010 Target Field Station has served as the hub for the Blue Line and the Northstar Commuter Rail line. For walkers and bikers, the Cedar Lake Trail provides both pedestrian and bicycle access to the ballpark.

The MBA partners with other interested stakeholders to ensure the creation of great public spaces and amenities that serve both the ballpark and this emerging area of downtown. The MBA became a Cooperating Agency with Hennepin County and Hennepin County Regional Railroad Authority to construct a second LRT platform outside the ballpark's left field gate. This second platform, known as Target Field Station, opened in 2014, with the METRO Green Line from St. Paul.

The expanded Target Field Station serves as a multi-modal transportation hub and community gathering place adjacent to the Ballpark, and provides an expanded area for fans utilizing public transportation to the games. The public plaza and parking facility also provide opportunities for non-game day activities.

In 2015, the MBA Board authorized staff to execute a cooperative agreement with the City of Minneapolis to fund pedestrian lighting as part of the reconstruction of 6th Avenue North, a key connection between the ballpark and the North Loop neighborhood.

Economic and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the MBA operates.

Local economy. Hennepin and Ramsey Counties, the geographic area in which the MBA is established, enjoys a favorable economic environment relative to the national economy, as shown in measurement of income and employment. The region has a varied medical, manufacturing and industrial base that adds to its stability and contributes to an unemployment rate below national averages.

Major industries with headquarters or divisions located within the government's boundaries or in close proximity include healthcare, medical device manufacturing, retail sales, manufacturing, several banking, financial and insurance institutions, and five professional sports teams.

Long-term financial planning. The MBA has planned for financial stability on a long-term basis through the execution of several agreements with other parties, including the Twins and Hennepin County. The MBA has entered into a Grant Agreement with Hennepin County which provides for County grants for both operating expenses and future ballpark capital costs. In addition, the MBA has entered into a thirty-year lease with the Twins, with two ten-year renewal options.

In 2015 the MBA budgeted more funds than were needed to provide for operations and subsequently requested less than budgeted amount from Hennepin County for an operating grant. The cost for consulting services, legal services and insurance have decreased steadily over the past two years.

Cash management policies and practices. With the exception of a small percentage of funds held in money market funds and commercial paper, cash held by Hennepin County for the MBA is invested in AAA-rated to A-rated obligations of U.S. government sponsored enterprises and repurchase agreements with primary dealers. The County manages its exposure to fair value losses arising from market conditions by limiting its effective duration to six years or less, and by ensuring that it could hold investments to maturity if necessary. On December 31, 2015, the County's investment portfolio had an effective duration of 1.74. To manage credit risk, the County's general investment policy is to apply the prudent investor rule.

A portion of the MBA's restricted cash in the Capital Projects Fund is deposited in an account with U.S. Bank, National Association and subject to an agreement between the MBA and the Twins to provide for future Owner Controlled Insurance Program (OCIP) reimbursements.

Risk Management. The MBA contracts for the services of a risk manager who assists with maintaining an effective approach to ongoing risk exposure identification and monitoring. Additional information is shown in Note 8 to the basic financial statements.

The preparation of this report includes the dedication of all MBA staff. We would like to express our appreciation of all office staff for their contributions to this report. We also want to thank the MBA Board for their support and dedication to responsible management of MBA financial reporting.

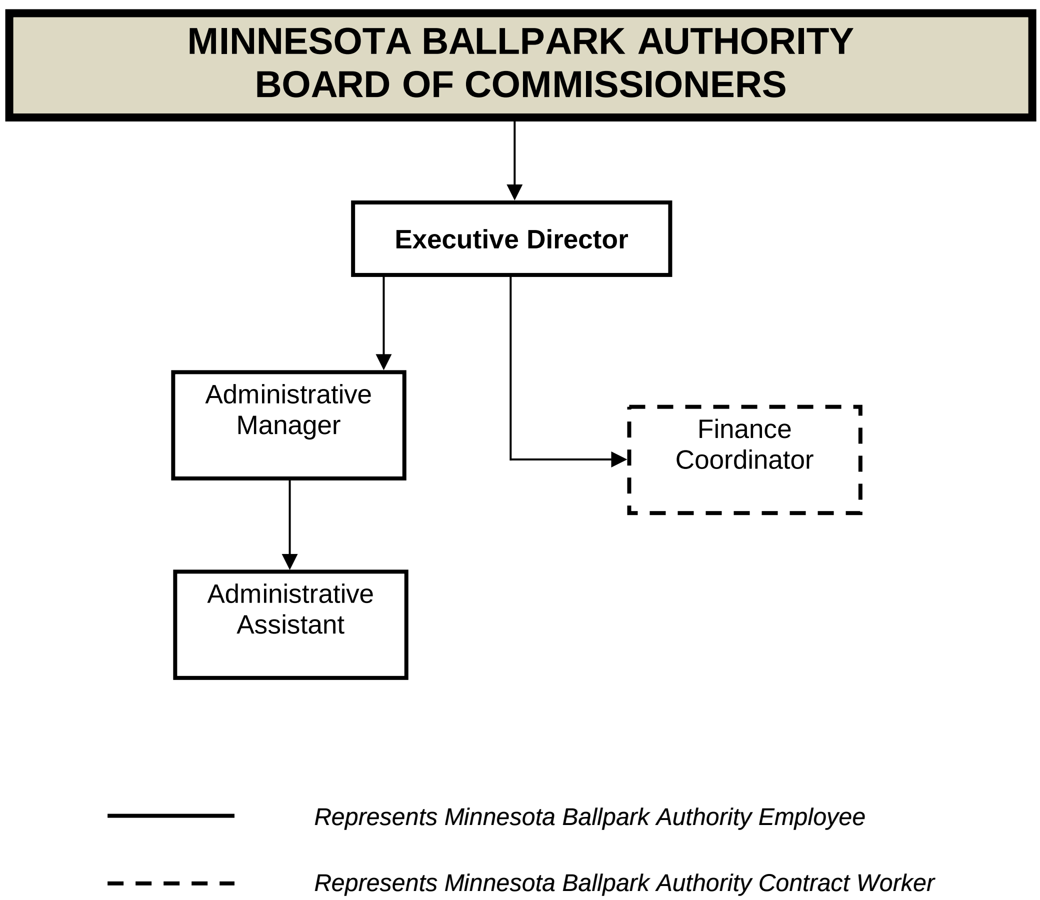
Respectfully submitted,

Daniel R. Kenney
Executive Director

Brenda Juneau
Finance Coordinator

Minnesota Ballpark Authority
Hennepin County, Minnesota

Organization Chart



Minnesota Ballpark Authority
Hennepin County, Minnesota
Principal Officials 2015

Board of Commissioners:

Margaret Anderson Kelliher, Chair

Martin Olav Sabo, Vice Chair

Barb Sykora, Secretary

Joan Campbell, Treasurer

Paul D. Williams

From L. to R.: Martin Olav Sabo, Barb Sykora, Margaret Anderson Kelliher, Joan Campbell, and Paul D. Williams.

Executive Director:

Daniel R. Kenney

Financial Section

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

REBECCA OTTO
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minnesota Ballpark Authority
Hennepin County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Minnesota Ballpark Authority as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's Responsibility
Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Authority'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 Authority'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.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Minnesota Ballpark Authority as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the Authority adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minnesota Ballpark Authority's basic financial statements. The introductory section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 18, 2016, on our consideration of the Minnesota Ballpark Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minnesota Ballpark Authority's internal control over financial reporting and compliance.

REBECCA OTTO	GREG HIERLINGER, CPA
STATE AUDITOR	DEPUTY STATE AUDITOR

August 18, 2016

Minnesota Ballpark Authority
Hennepin County, Minnesota
Management's Discussion and Analysis
(Unaudited)

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of the Minnesota Ballpark Authority (MBA), a local government unit in Hennepin County for the year ended December 31, 2015. This information should be considered in conjunction with the information contained in the notes to the financial statements and the transmittal letter.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2015, the assets and deferred outflows of resources of the MBA exceeded its liabilities and deferred inflows of resources by $390,602,937 (net position). Of this amount, $369,395,094 was the investment in capital assets and $13,183,266 was restricted by specific statutory requirements or external commitments. The remainder consisted of unrestricted net position of $8,024,577. Restricted assets are limited to costs relating to future capital improvements of the new Minnesota Twins Ballpark and district enhancements.

- The MBA implemented GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, and GASB Statement No. 71 and No. 82, amendments to GASB 68. The MBA beginning net position decreased by $230,323. The MBA's net pension liability for 2015 is $260,012.

- The MBA total net position, as reported in the Statement of Activities, decreased by $8,511,637 during 2015, mostly resulting from capital asset depreciation.

Fund Level

- At the end of the fiscal year 2015, the MBA's governmental funds reported total ending fund balances of $21,447,006, an increase of $2,059,036 from the prior year balance of $19,387,970. The increase in fund balance is a result of annual payments into the special revenue fund from Hennepin County and the Twins for future capital needs.

- At the end of this same period, unassigned fund balance for the General Fund was $1,066,703, which is slightly lower than the previous year balance of $1,096,572.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the MBA basic financial statements, which are comprised of two components: 1) combined government-wide and fund financial statements, and 2) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of MBA finances, in a manner similar to a private-sector business. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the MBA as a whole using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting MBA net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. There are two government-wide statements.

- *The Statement of Net Position* presents information on all MBA assets, liabilities, and deferred outflows and inflows of resources with the difference reported as *net position.* Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the MBA is improving or deteriorating.
- *The Statement of Activities* presents information showing how the MBA net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

In both statements, MBA activities are reported as *governmental activities*, which are defined as functions that are principally supported by taxes, intergovernmental and non-exchange revenues.

Fund Financial Statements

The fund financial statements provide detailed information about the MBA's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MBA activity is reported in three major governmental funds, the General Fund, Capital Reserve Fund (a Special Revenue Fund) and the Capital Projects Fund. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources.* This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. The fund statements provide a detailed short-term view of MBA finances that assists in determining whether there will be adequate financial resources available to meet current needs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the MBA's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities.* Reconciliations are presented in the adjustments column in each of the basic financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes can be found on pages 22 to 36 of this report.

Required Supplementary Information

Required supplementary information begins on page 37 and includes a schedule of pension plan contributions, a schedule of MBA proportionate share of net pension liability, and a schedule of revenue and expenditures for the General Fund and the Capital Reserve Fund with a comparison of actual revenue and actual expenditures compared to budget and prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves over time as an indicator of a government's financial position. In 2015 the MBA assets exceeded liabilities by $390,602,937. The Statement of Net Position presents all of the MBA's assets and liabilities, with the difference between the two reported as "net position".

Summary of Net Position

	2015	2014
Current assets	$ 21,579,032	$ 19,462,469
Net capital assets	369,395,094	379,954,219
Total assets	390,974,126	399,416,688
Deferred outflows of resources	36,886	-
Current liabilities	130,421	71,791
Noncurrent liabilities	260,012	-
Total liabilities	390,433	71,791
Deferred inflows of resources	17,642	-
Net investment in capital assets	369,395,094	379,954,219
Restricted	13,183,266	10,943,800
Unrestricted	8,024,577	8,446,878
Total net position	$ 390,602,937	$ 399,344,897

The largest portion of MBA net position, $369,395,094, or 95%, reflects the investment in capital assets (e.g., land, land improvements, and ballpark structure). The MBA uses these capital assets to provide recreational services to citizens; consequently, these assets are *not* available for future spending. An additional portion of the MBA's net position, $13,183,266, represents resources that are subject to external restrictions on how they may be used. These restrictions are contained in the legislation establishing the MBA and also in various agreements with external parties partnering with the MBA on the capital improvements to the new ballpark and surrounding infrastructure. The remainder consists of unrestricted net position of $8,024,577.

In 2015 net position for the MBA decreased from the restated 2014 net position by $8,511,637. This decrease is a result of accumulated depreciation in 2015.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the nature of the MBA's change in net position during the fiscal year 2015, compared to the prior year.

Changes in Net Position

	2015	2014
Revenues:		
Program revenues:		
Intergovernmental contributions	$ 1,209,936	$ 1,185,371
Investment earnings	81,618	101,145
Event revenue	242,044	94,169
Tenant rent	959,965	946,556
General revenues:		
Intergovernmental	600,000	600,000
Investment earnings	64,595	118,453
Other	-	77
Total revenues	3,158,158	3,045,771
Expenses:		
MBA operating expenses	648,618	627,652
Depreciation	10,559,125	10,559,125
Plaza enhancements	462,052	1,701,631
Total expenses	11,669,795	12,888,408
Increase (decrease) in net position	(8,511,637)	(9,842,637)
Net position – beginning, as restated	399,114,574	409,187,534
Net position – ending	$ 390,602,937	$ 399,344,897

FUND FINANCIAL ANALYSIS

Changes in Fund Balance

The focus of the *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing MBA financing requirements. In particular, *total fund balance* may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the end of the 2015 fiscal year, MBA governmental funds reported combined ending fund balances of $21,447,006, an increase of $2,059,036 from the prior year. Of this combined amount, 5.0% or $1,066,703 constitutes unassigned fund balance. These resources are available for meeting ongoing operational responsibilities in the General Fund. Another $7,197,037 is assigned to indicate the MBA's intention to spend funds on district area enhancements, and $13,183,266, or 61.5%, is restricted.

The Capital Reserve Fund was established in 2010, as a Special Revenue Fund, consistent with provisions in the Ballpark Lease Agreement between the MBA and the Minnesota Twins. Hennepin County and the Twins contribute to this fund annually, per the Lease Agreement. The first of these contributions began in 2010, and the 2015 year end fund balance is $12,783,674. The balance in this fund is restricted to payment of capital modifications, and replacements or additions to the Ballpark, referred to as "CapEx Work" and defined in the Ballpark Lease Agreement.

Revenues

Governmental fund revenues by source are shown in the table below, along with the increase and decrease from the prior year.

Governmental Fund Revenues by Source

	2015	2014	Increase (Decrease)	
Revenues:	Amount	Amount	Amount	Percent Change
Program revenues:				
Intergovernmental contributions	$ 1,209,936	$ 1,185,371	$ 24,565	2.1%
Investment earnings	81,618	101,145	(19,527)	(19.3%)
Event revenue	242,044	94,169	147,875	157.0%
Tenant rent	959,965	946,556	13,409	1.4%
General revenues:				
Intergovernmental	600,000	600,000	-	0.0%
Investment earnings (losses)	64,595	118,453	(53,858)	(45.5%)
Other	-	77	(77)	(100.0%)
Total revenues	$ 3,158,158	$ 3,045,771	$ 112,387	

Explanation of significant changes in revenue from previous year:

- The investment earnings, from Hennepin County's investment pool, for program revenues and general revenues in 2015 decreased by $19,527 and $53,858 respectively. Interest earnings are a result of fluctuations in bond prices and yields. When combined with the reversal of a 2014 unrealized gain and a 2015 year-end unrealized loss, investment earnings resulted in a net decrease from the previous year.

- Event revenue increased significantly in 2015 due to the difference in attendance at Twins event venues in 2015.

Expenditures

Governmental fund expenditures by function are shown in the table below, along with the increase and decrease from the prior year.

Governmental Expenditures by Function

	2015	2014	Increase (Decrease)	
	Amount	Amount	Amount	Percent Change
Expenditures:				
Current				
Culture and recreation				
Personal services	$ 387,820	$ 373,535	$ 14,285	3.8%
Commodities	9,641	15,111	(5,470)	(36.2%)
Contractual services	621,662	167,899	453,763	270.3%
Other	79,999	1,769,316	(1,689,317)	(95.5%)
Total expenditures/expenses	$ 1,099,122	$ 2,325,861	$ (1,226,739)	

Explanation of significant changes in expenditures from previous year:

- Commodities purchased in 2015 were $5,470 less than in 2014 due to a one-time purchase for new board room chairs in 2014.
- The increase of $453,763 in contractual services resulted mostly from a contract with the Twins for shared costs in security enhancements around the ballpark.
- Other costs in 2015 is mostly for director's insurance. In 2014 this included a $1.5 million payment to Hennepin County for Target Field Station (previously the Interchange Project).

General Fund Budgetary Highlights

General Fund expenditures were $210,930 less than the budget of $848,000. Most of the difference is related to savings in legal services that declined as land and title matters were resolved. A significant reduction to annual directors insurance was also recognized. No amendments were made to the 2015 General Fund Budget. The MBA made a grant request of Hennepin County in November less than budgeted, considering the expenses for the year were projected lower than budget.

CAPITAL ASSETS

Capital Assets

MBA investment in capital assets as of December 31, 2015, amounts to $369,395,094 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, and ballpark structure. During the fiscal year 2015, the MBA's investment in capital assets decreased $10,559,125 from the prior year's balance, as a result of depreciation.

Additional information on the MBA's capital assets can be found in Note 5, on page 30 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The MBA Board approved a 2016 General Fund budget reduction from the 2015 budget based on the lower costs for contractual services. This is a result of the declining cost of legal services as land and title issues around the ballpark were resolved.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview for those interested in the MBA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Minnesota Ballpark Authority, Target Field, 1 Twins Way, Suite 300, Minneapolis, Minnesota 55403.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Governmental Funds Balance Sheet and Statement of Net Position
December 31, 2015

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS						
Current assets:						
Cash and investments	$ 1,085,453	$ -	$ 7,022,794	$ 8,108,247	$ -	$ 8,108,247
Restricted cash and investments	-	12,783,674	399,592	13,183,266	-	13,183,266
Accounts receivable	86	-	242,044	242,130	-	242,130
Prepaid items	-	-	-	-	45,389	45,389
Total current assets	1,085,539	12,783,674	7,664,430	21,533,643	45,389	21,579,032
Noncurrent assets:						
Capital assets:						
Land	-	-	-	-	40,475,894	40,475,894
Buildings	-	-	-	-	301,757,027	301,757,027
Land improvements	-	-	-	-	90,479,683	90,479,683
Furniture and equipment	-	-	-	-	23,293	23,293
Total capital assets	-	-	-	-	432,735,897	432,735,897
Less accumulated depreciation	-	-	-	-	(63,340,803)	(63,340,803)
Net capital assets	-	-	-	-	369,395,094	369,395,094
Total noncurrent assets	-	-	-	-	369,395,094	369,395,094
Total Assets	1,085,539	12,783,674	7,664,430	21,533,643	369,440,483	390,974,126
Deferred outflows of resources:						
Pension-related	-	-	-	-	36,886	36,886
Total assets and deferred outflows of resources	$ 1,085,539	$ 12,783,674	$ 7,664,430	$ 21,533,643	369,477,369	391,011,012
LIABILITIES						
Current liabilities:						
Accounts and contracts payable	$ 13,548	$ -	$ 67,801	$ 81,349	-	81,349
Accrued liabilities	5,288	-	-	5,288	43,784	49,072
Total current liabilities	18,836	-	67,801	86,637	43,784	130,421
Noncurrent liabilities:						
Net Pension	-	-	-	-	260,012	260,012
Total liabilities	18,836	-	67,801	86,637	303,796	390,433
Deferred inflows of resources:						
Pension-related	-	-	-	-	17,642	17,642
FUND BALANCES/NET POSITION						
Fund balances:						
Restricted for:						
Ballpark capital	-	12,783,674	399,592	13,183,266	(13,183,266)	-
Assigned to:						
District enhancements	-	-	7,197,037	7,197,037	(7,197,037)	-
Unassigned	1,066,703	-	-	1,066,703	(1,066,703)	-
Total fund balances	1,066,703	12,783,674	7,596,629	21,447,006	(21,447,006)	-
Total liabilities and fund balances	$ 1,085,539	$ 12,783,674	$ 7,664,430	$ 21,533,643		
Net position:						
Investment in capital assets					369,395,094	369,395,094
Restricted for:						
Ballpark capital					13,183,266	13,183,266
Unrestricted					8,024,577	8,024,577
Total net position					$ 390,602,937	$ 390,602,937

The notes to the financial statements are an integral part of these statements.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2015

Total Governmental Fund Balances	**$**	**21,447,006**
Total net position reported for governmental activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.		369,395,094
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds.		(43,784)
Other long-term assets that provide benefit for future periods are expensed in governmental funds.		45,389
Net pension liabilities and related deferred inflows and deferred outflows are not reported in the funds because the liability and related accounts are not due and payable in the current period.		(240,768)
Net Position - Governmental Activities	**$**	**390,602,937**

The notes to the financial statements are an integral part of these statements.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Year Ended December 31, 2015

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES						
Program revenues:						
Intergovernmental contributions	$ -	$ 1,209,936	$ -	$ 1,209,936	$ -	$ 1,209,936
Investment earnings	-	81,618	-	81,618	-	81,618
Event revenue	-	-	242,044	242,044	-	242,044
Tenant rent	-	959,965	-	959,965	-	959,965
General revenues:						
Intergovernmental	600,000	-	-	600,000	-	600,000
Investment earnings	7,201	-	57,394	64,595	-	64,595
Other	-	-	-	-	-	-
Total revenues	607,201	2,251,519	299,438	3,158,158	-	3,158,158
EXPENDITURES/EXPENSES						
Current						
Culture and recreation						
Personal services	387,820	-	-	387,820	8,840	396,660
Commodities	9,641	-	-	9,641	-	9,641
Contractual services	171,663	-	449,999	621,662	-	621,662
Depreciation	-	-	-	-	10,559,125	10,559,125
Other	67,946	-	12,053	79,999	2,708	82,707
Total expenditures/expenses	637,070	-	462,052	1,099,122	10,570,673	11,669,795
Net change in fund balances/net position	(29,869)	2,251,519	(162,614)	2,059,036	(10,570,673)	(8,511,637)
FUND BALANCES/NET POSITION						
Beginning, as restated (Note 1C)	1,096,572	10,532,155	7,759,243	19,387,970	379,726,604	399,114,574
Ending	$ 1,066,703	$ 12,783,674	$ 7,596,629	$ 21,447,006	$ 369,155,931	$ 390,602,937

The notes to the financial statements are an integral part of these statements.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Reconciliation of Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Year Ended December 31, 2015

Net change in governmental fund balances	**$**	**2,059,036**
Amounts reported for governmental activities in the statement of activities are different because:		
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This is the change in compensated absences and expenses related to net pension liability.		(8,840)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current year depreciation		(10,559,125)
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in prepaid items		(2,708)
Change in Net Position - Governmental Activities	**$**	**(8,511,637)**

The notes to the financial statements are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

The Minnesota Ballpark Authority (MBA) is a public body that was created by Minnesota state legislation in May 2006, to oversee the design, construction, and operation of a new ballpark for the Minnesota Twins, LLC. The MBA is governed by a Board of five Commissioners who are appointed as follows: two, including the Chair, are appointed by the Hennepin County Board, two are appointed by the Governor of Minnesota, and one is appointed by the Minneapolis City Council. The MBA owns the ballpark and the site on behalf of the public.

In determining the rights, powers, and duties of the MBA, it is considered a political subdivision of the State of Minnesota. In addition, the MBA is subject to various agreements with other parties that define the parameters within which the ballpark was constructed and is now operated.

The financial statements of the MBA have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as established for governmental units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The annual financial report includes two separate types of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differs between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

As a special-purpose government engaged in a single governmental program, the government-wide statements and the fund financial statements have been combined into one statement. An adjustments column reflects the following differences between the two types of statements:

- Governmental funds report capital outlays as expenditures. Government-wide financial statements report these at historical cost. In the Statement of Activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.

- The adjustments column represents the recording of long-term obligations and the related effect of these transactions on the Statement of Activities. Long-term obligations, including accrued leave, net pension liabilities and related deferred inflows and deferred outflows are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

- Also included in the adjustments column are certain payments to vendors which reflect costs applicable to future accounting periods and which are recorded as prepaid items in government-wide financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the government entity using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the MBA's

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Basis of Presentation

net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity, if any, has been eliminated from the government-wide financial statements. The structure of the two government-wide financial statements (the Statement of Net Position and the Statement of Activities) is described in the following two paragraphs.

Statement of Net Position – This statement is designed to display the financial position of the MBA. The MBA reports all capital assets, including infrastructure, and long-term liabilities, such as accrued leave. The net position of the MBA is broken down into three categories: 1) investment in capital assets 2) restricted for ballpark capital; and 3) unrestricted. Restrictions shown are those imposed by parties outside the MBA, such as creditors, grantors, contributors, laws and regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statement of Activities – This statement demonstrates the degree to which expenses of a given function or segment are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. During 2015, the MBA received program revenues in the form of contributions to be used for the capital improvement of the ballpark. Other items not properly included among program revenues are reported as general revenues. Just as the statement of net position includes all capital assets, the statement of activities includes depreciation expense.

Fund Financial Statements

The accounts of the MBA are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. All individual funds are considered major and are reported as separate columns in the fund financial statements.

Governmental Funds are used to account for the MBA's activities. Governmental fund types use the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The MBA considers revenues to be available if they are collected within 60 days after year-end. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings and intergovernmental revenue when eligibility requirements are met. Changes in the fair value of investments are recognized in investment earnings (losses) at the end of each year. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent that they have matured.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The MBA reports the following major governmental funds:

The *General Fund* is the MBA's primary operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

Special revenue funds are governmental funds that account for revenue sources that are legally restricted (by parties outside the MBA as well as those imposed by the MBA) to expenditures for specific purposes other than major capital projects. The MBA reports on one special revenue fund.

- The *Capital Reserve Fund* is used to account for the inflow of cash from the Twins and Hennepin County and for payment of capital modifications, replacements or additions to the Ballpark, referred to as "CapEx Work" and defined in the Ballpark Lease Agreement.

The *Capital Projects Fund* accounts for the activity relating to continued ballpark enhancements.

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

Cash and Investments

The MBA's cash in the General Fund, Special Revenue Fund and majority of the Capital Projects Fund is deposited in pooled accounts with Hennepin County. Cash is invested by Hennepin County and investment earnings (losses), including gains and losses on sales of securities, are allocated to the MBA on the basis of average monthly cash balances.

Hennepin County obtains collateral to cover deposits in excess of insurance coverage with either federal depository insurance, surety bonds or collateral held by the County's agent in the County's name. Investments are stated at fair value. The fair value of investments is determined annually and is based on quoted market prices. State law authorizes Hennepin County to invest in the following instruments:

- U.S. government and agency issues
- Money market funds
- Repurchase agreements
- Reverse repurchase agreements
- Certificates of deposit
- General obligations of state, local, and housing finance agencies that are rated "A" or better by a national bond rating service
- Revenue obligations of any state or local government that are rated "AA" or better by a national bond rating service
- Bankers acceptances
- Commercial paper
- Futures contracts
- Guaranteed investment contracts
- Options
- Shares of certain investment companies

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

OCIP Reimbursement Account

When it was determined that completion of all ballpark construction had occurred and all legally owing costs paid or provided for, the MBA and the Minnesota Twins, LLC authorized final distribution of all funds remaining in the accounts established under the Construction Funds Trust Agreement. This included distribution of a portion of such funds into a newly established account for the exclusive use of future reimbursement liabilities, as they become due, under the owner controlled insurance program (OCIP). Insurance costs are a shared responsibility allocated 81.25% to the Team and 18.75% to the Authority. The account is a non-interest bearing account held in the Team's name. Any funds remaining at the close of this account will be distributed in the proportionate share of allocated responsibility to the MBA and the Minnesota Twins, LLC.

Receivables and Payables

Certain receivables result from activities relating to the ballpark project cash flows. These are short-term in nature and generally repaid within the same operating cycle. The portion of all receivables not included and not collected within 60 days is offset by unavailable revenue in the governmental fund financial statements.

Accrued liabilities result from employee payroll related obligations due at the end of the period.

Capital Assets

Capital assets are reported in the government-wide financial statements. Such assets are recorded at historical cost. Donated, or contributed, capital assets are recorded at their estimated fair value at the date of donation. The MBA's capitalization threshold is $500,000 for buildings and infrastructure and $5,000 for equipment and improvements. During construction of the ballpark, all project costs were capitalized as part of the ballpark land and structure. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets of the MBA are depreciated using the straight-line method. Estimated useful life assigned to land improvements and buildings is 20 to 50 years. Estimated life assigned to furniture and fixtures is 3 to 10 years.

Employee Compensated Absences

It is the MBA's policy to allow employees to accrue earned but unused compensated absences. Under certain conditions, employees are compensated upon termination of employment for their accumulated unpaid vacation and paid time off up to a maximum number of hours.

Accumulated leave time is reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide financial statements. All amounts accrued at December 31 are expected to be used in the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

Fund Balance and Net Position

In the governmental fund financial statements, fund balance is displayed in the following classifications that are based on the spending limitations imposed upon the use of the resources. The classifications are as follows:

- Nonspendable – amounts that cannot be spent because they are not in spendable form (such as prepaid insurance) or legally or contractually required to be maintained intact. Funds in this category are not expected to be converted to cash.
- Restricted – accounts for fund balance which has constraints externally imposed on the use of funds either by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes by the MBA Board as imposed by formal action.
- Assigned – amounts constrained by the MBA Board's intent to be used for specific purposes, but do not meet criteria to be classified as restricted or committed.
- Unassigned – residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes.

The MBA applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

In the government-wide financial statements, the investment in capital assets portion of net position is reported separately. Restricted net position is reported for amounts that are legally restricted by outside parties to be used for a specific purpose or imposed by law through enabling legislation. Unrestricted net position is reported for amounts that do not meet the definition of restricted or investment in capital assets.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The MBA has one item, deferred pension obligations outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

accounting and consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investment and accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The MBA has one item, deferred pension obligations inflows, that qualifies for reporting in this category. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

Use of Estimates

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

Change in Accounting Principles

During the year ended December 31, 2015, the MBA adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the MBA to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record the MBA's net pension liability and related deferred outflows of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

		Governmental Activities
Net Position, January 1, 2015, as previously reported	$	399,344,897
Change in accounting principles		(230,323)
Net Position, January 1, 2015, as restated	$	399,114,574

2. RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The basic financial statements include a reconciliation of the governmental fund balance sheet to the statement of net position. One element of that reconciliation relates to capital assets, which consists of the following:

		2015
Governmental activities capital assets	$	432,735,897
Governmental activities accumulated depreciation		(63,340,803)
Total Capital Assets Reconciliation Item	$	369,395,094

Other elements relate to the accrual at the government-wide level of certain prepaid expenditures and liabilities due to a difference in measurement focus. These consist of the following:

		2015
Compensated absences - Expenses reported in the statement of activities that do not require the use of current financial resources	$	(43,784)
Prepaid items represent governmental fund insurance premiums which benefit future periods	$	45,389
Recognition of pension-related activity that only relates to future periods	$	(240,768)

3. DEPOSITS AND INVESTMENTS

Deposits

As of December 31, 2015, the MBA had $20,891,921 on deposit with Hennepin County. It is Hennepin County's policy to follow Minnesota Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the MBA's deposits may not be returned to it. The MBA does not have a deposit policy for custodial credit risk outside of deposit policies developed by and adhered to by Hennepin County.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At December 31, 2015, none of the MBA's investments were subject to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The MBA shares the investment rate risk of Hennepin County for its proportionate share of investments.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At December 31, 2015, none of the MBA's investments were subject to credit risk.

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses

For deposit and investment purposes, the MBA's funds are all pooled with Hennepin County. Hennepin County's Office of Budget and Finance is responsible for the treasury function of all of the County's deposits and investments held by its funds. Cash from all funds is pooled for deposit and investment purposes. As of December 31, 2015, the County had 87% of investments invested in U.S. government and agency issues, 10% in repurchase agreements, 2% in commercial paper, and 1% invested in money market funds. Detailed information about the County's deposits with financial institutions, repurchase agreements, interest rate risk, credit risk, concentration of credit risk, and custodial credit risk can be obtained directly from the County's 2015 Comprehensive Annual Financial Report. Investment earnings (losses) are allocated based on average monthly cash balances. The realized and unrealized components of the 2015 MBA investment earnings (losses) are reported as a component of total investment earnings and presented below.

	2015
Investment income and realized gains and losses	$ 205,868
Net decrease in the fair value of investments	(59,655)
Total Investment Earnings	$ 146,213

4. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2015, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$45,389	$43,784	$45,389	$43,784	$43,784

5. CHANGES IN PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Additions and Transfers In	Retirements and Transfers Out	Balance December 31, 2015
Capital assets not being depreciated:				
Land	$ 40,475,894	$ -	$ -	$ 40,475,894
Total capital assets not depreciated	40,475,894	-	-	40,475,894
Capital assets being depreciated:				
Buildings	301,757,027	-	-	301,757,027
Furniture and equipment	23,293	-	-	23,293
Land improvements	90,479,683	-	-	90,479,683
Total capital assets being depreciated	392,260,003	-	-	392,260,003
Less accumulated depreciation for:				
Buildings	(30,142,801)	(6,035,141)	-	(36,177,942)
Furniture and equipment	(23,292)	-	-	(23,292)
Land improvements	(22,615,585)	(4,523,984)	-	(27,139,569)
Total accumulated depreciation	(52,781,678)	(10,559,125)	-	(63,340,803)
Total capital assets being depreciated, net	339,478,325	(10,559,125)	-	328,919,200
Total Capital Assets, Net	$ 379,954,219	$ (10,559,125)	$ -	$ 369,395,094

6. ASSIGNED FUND BALANCE

Assigned fund balance represents tentative management plans that are subject to change. MBA Board action in 2011 authorized assigning unrestricted funds in the Capital Projects Fund, from MBA resources, for the purpose of district enhancements and public infrastructure needs around the ballpark.

7. RESTRICTED FUND BALANCE/NET POSITION

The use of restricted fund balance/net position is subject to constraints that are externally imposed by creditors, grantors, contributors, laws, or regulations. Restrictions indicate that the fund balance/net position may only be used for a specific purpose that is narrower than the purpose of the reporting unit. Restricted net position is reduced by liabilities related to those assets. Restricted net position that is reported in the Statement of Net Position may differ from the restricted fund balance shown in the Governmental Funds Balance Sheet. Government-wide restricted net position at December 31, 2015, total $13,183,266.

8. RISK MANAGEMENT

The MBA is exposed to various risks of loss related to general and professional liability torts; and theft of, damage to, and destruction of assets. Commercial property insurance is purchased by the MBA to cover the MBA's buildings, money, and securities, subject to deductible amounts. Settled claims from insured losses for the MBA have not exceeded commercial insurance coverage for the past three years.

In order to manage the project's construction risk, the Minnesota Twins and the MBA agreed to use an owner controlled insurance program (OCIP). In this program, the project owner purchased insurance for all subcontractors in the project and required these subcontractors to reduce their bid price by the amount of their insurance costs.

9. LEASE

The terms of Minnesota Laws 2006, Chapter 257 requires the MBA to enter into a long-term lease or use agreement with the Twins. To meet those terms, the MBA and the Twins have entered into a Lease Agreement to provide for the management, operation, maintenance and use of the Ballpark. The MBA leases to the Twins for an initial term of 30 years, and two potential renewal terms of 10 years each. The Twins shall pay fixed rent of $600,000 per year, due on November 1st (subject to Consumer Price Index (CPI) increases), and additional rent of $300,000 per year (not subject to CPI increases). The first rent payment was paid November 1, 2010. The total value of rent income due from the initial term of the lease is $27,000,000. This revenue is deposited into the Capital Reserve Fund and used for major capital improvements to the structure.

LEASE REVENUE

Year	Base Rent	Additional Rent	Total
2016	$ 600,000	$ 300,000	$ 900,000
2017	600,000	300,000	900,000
2018	600,000	300,000	900,000
2019	600,000	300,000	900,000
2020	600,000	300,000	900,000
2021 - 2025	3,000,000	1,500,000	4,500,000
2026 - 2030	3,000,000	1,500,000	4,500,000
2031 - 2035	3,000,000	1,500,000	4,500,000
2036 - 2039	2,400,000	1,200,000	3,600,000
Total	**$14,400,000**	**$ 7,200,000**	**$21,600,000**

10. EMPLOYEE RETIREMENT SYSTEMS

Employees are covered by a statewide, defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA).

Plan Description

All full-time employees of the MBA are covered by defined benefit pension plans administered by the PERA. PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for GERF Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For GERF members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statutes Chapter 353.

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

These statutes are established and amended by the state legislature. Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015.

In 2015, the MBA was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50

The Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014.

The MBA's contributions for the GERF for the year ended December 31, 2015, were $ 22,621. The contributions are equal to the contractually required contributions as set by state statute.

Pension Costs

At December 31, 2015, the MBA reported a liability of $ 260,012 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The MBA's proportion of the net pension liability was based on the MBA's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the MBA's proportion was 0.005 percent, which was the same proportion measured as of June 30, 2014. For the year ended December 31, 2015, the MBA recognized pension expense of $33,065 for its proportionate share of the GERF's pension expense.

The MBA reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic	$ -	$ 13,109
Difference between projected and actual investment earnings	24,614	-
Changes in proportion	-	4,533
Contributions paid to PERA subsequent to the measurement	12,272	-
Total	$ 36,886	$ 17,642

A total of $12,272 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

Year Ended December 31	Pension Expense Amount
2016	$ 273
2017	$ 273
2018	$ 273
2019	$ 6,153

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. The cost of living benefit increases for retirees was assumed to be 1.0 percent effective every January 1 through 2035, and 2.5 percent thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the MBA's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the MBA's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
MBA's Proportionate share of the GERF net pension liability	$ 408,832	$ 260,012	$ 137,110

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

11. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The requirements of this statement address comparability of financial statements among governments by requiring measurement of certain assets and liabilities using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will be effective for the MBA on January 1, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, revised and established new financial reporting requirements for governments that provide their employees with benefits such as postemployment healthcare benefits. Among other requirements, Statement No. 75 required the recognition of the full actuarially-determined liability, rather than continuing

11. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

to allow recognition over a period not-to-exceed 30 years. This statement will be effective for the MBA on January 1, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement will be effective for the MBA on January 1, 2016.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, requires blending of certain component units incorporated as not-for-profit corporations in which the primary government is the sole corporate member. This statement will be effective for the MBA on January 1, 2017.

The MBA's management has not yet determined the effect these statements will have on the financial statements.

Required Supplementary Information

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of Contributions
PERA General Employees Retirement Fund
December 31, 2015

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	$ 22,621	$ 22,621	$ -	$ 301,614	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The MBA's year-end is December 31.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
December 31, 2015

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Actual Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.005%	$ 260,012	$ 295,722	87.92%	78.19%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	2014 Actual
REVENUES					
Intergovernmental	$ 848,000	$ 848,000	$ 600,000	$ (248,000)	$ 600,000
Investment earnings	-	-	7,201	7,201	12,189
Other	-	-	-	-	77
Total revenues	848,000	848,000	607,201	(240,799)	612,266
EXPENDITURES					
Current					
Culture and recreation					
Personal services	399,100	399,100	387,820	11,280	373,535
Commodities	17,600	17,600	9,641	7,959	15,111
Contractual services	341,300	341,300	171,663	169,637	164,679
Other	90,000	90,000	67,946	22,054	70,905
Total expenditures	848,000	848,000	637,070	210,930	624,230
Net change in fund balance	-	-	(29,869)	$ (29,869)	(11,964)
Fund Balance - Beginning	1,096,572	1,096,572	1,096,572		1,108,536
Fund Balance - Ending	$ 1,096,572	$ 1,096,572	$ 1,066,703		$ 1,096,572

The notes to the required supplementary information are an integral part of these schedules.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Capital Reserve Fund
For the Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				2014
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	2014 Actual
REVENUES					
Intergovernmental contributions	$ 1,210,000	$ 1,210,000	$ 1,209,936	$ (64)	$ 1,185,371
Investment earnings	38,000	38,000	81,618	43,618	101,145
Tenant rent	960,000	960,000	959,965	(35)	946,556
Total revenues	2,208,000	2,208,000	2,251,519	43,519	2,233,072
EXPENDITURES					
Capital outlay	2,208,000	2,208,000	-	2,208,000	-
Total expenditures	2,208,000	2,208,000	-	2,208,000	-
Net change in fund balance	-	-	2,251,519	$ 2,251,519	2,233,072
Fund Balance - Beginning	10,532,155	10,532,155	10,532,155		8,299,083
Fund Balance - Ending	$ 10,532,155	$ 10,532,155	$ 12,783,674		$ 10,532,155

The notes to the required supplementary information are an integral part of these schedules.

The Financial Reporting Entity

Budgets are adopted on a basis consistent with generally accepted accounting principles. The MBA Board adopts annual appropriated budgets for the General Fund and Capital Reserve Special Revenue Fund in December of the previous year. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered. The MBA maintains a budgetary control system that compares actual revenues and expenditures to budgeted amounts.

In accordance with the Grant Agreement Regarding Ballpark Project, the MBA Board must adopt and submit a proposed budget to the Hennepin County Board by August of each calendar year. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be authorized by a vote of the Board. Around July of every year the Executive Director presents a proposed budget to the Audit Committee for review. The Audit Committee then recommends a proposed budget to the MBA Board.

Comparative Data and Reclassifications

Comparative totals data for the prior year has been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of the changes in the MBA's financial position and operations. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota