

2009



Annual Financial Report Year Ended December 31, 2009



MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

MINNESOTA BALLPARK AUTHORITY

Annual Financial Report

December 31, 2009

Minnesota Ballpark Authority Board of Commissioners

Steve Cramer, Chair

Michael Vekich, Vice Chair

Joan Campbell, Secretary

John Wade, Treasurer

Barb Sykora



Executive Director, Daniel R. Kenney

Finance Coordinator, Brenda Juneau

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

This material can be provided in alternative forms. For further information, please call (612) 659-3880.

Minnesota Ballpark Authority
Hennepin County, Minnesota
2009 Annual Financial Report
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MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Introductory Section



MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota



Target Field
1 Twins Way, Suite 300
Minneapolis, MN 55403
612-659-3882
Fax: 612-659-3879
www.ballparkauthority.com

September 22, 2010

The 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, 2009.

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 has issued an unqualified ("clean") opinion on MBA financial statements for the calendar year ended December 31, 2009. 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. MD&A complements this letter of transmittal and should be read in conjunction with the letter.

Profile of Governance

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 construction of a baseball stadium built in Hennepin County, Minnesota. The MBA leases the stadium to the Twins, oversees its operations, and participates with the Twins in identifying and funding necessary future capital repairs to the structure.

The five-member MBA Board includes two members appointed by the governor of the State of Minnesota, two members appointed by the Hennepin County Board of Commissioners, and one member appointed by the governing body of the City of Minneapolis. The Board is responsible, among other things, for adopting the annual budget. Budgets are adopted on a basis consistent with GAAP. Beginning in approximately July 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 the Hennepin County Board 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. A budget to actual comparison for the general fund is presented in the Required Supplementary Information section of this report.

Ballpark History

The Minnesota Legislature approved a ballpark bill in 2006 to fund a new Minnesota Twins stadium. 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.



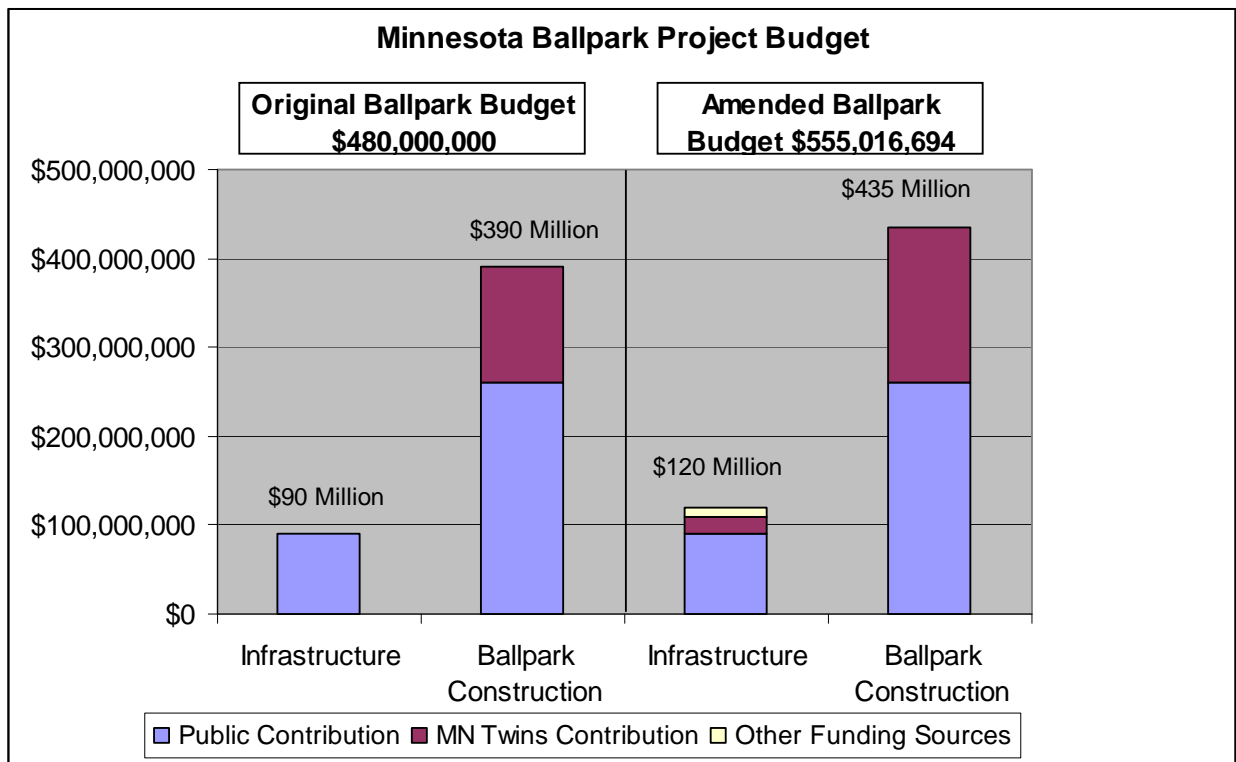
Target Field opened April 2010

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 Ballpark .15 percent sales tax also approved in the legislation. Under the original agreement, the Minnesota Twins contribution is \$130,000,000 for ballpark construction costs plus any ballpark cost overruns. The land, land improvements and the stadium itself are owned by the public through the MBA. Consistent with terms of the lease, the Twins will own a portion of discrete assets, such as seating and scoreboards, to the extent of their investment.

Ballpark Construction

Construction of the Minnesota Twins stadium began when ground was broken in 2007 with construction estimated to take 36 months. M.A. Mortenson Company is the construction manager for the project. The architects are Populous (formerly HOK Sport) and Hammel, Green & Abrahamson. Minnesota's new 40,000-seat ballpark opened in spring of 2010 marking the Minnesota Twins' 50th season of playing baseball in the Upper Midwest.

An amended project budget, approved in April 2010, totals \$555,016,694, an increase of \$75,016,694 from the original budget of \$480,000,000. After the legislation was adopted, the Twins committed to contributing an additional \$19,500,000 for non-land infrastructure expenses and \$45,491,694 for additional ballpark enhancements. Another \$10,025,000 was contributed from other sources, which included Target Corporation, the MBA interest earnings, and the Minnesota Department of Transportation.



Twins Contributions, Financing, and Collateral

In 2007 the Twins deposited the initial \$45 million of their required ballpark funding contribution with the Ballpark Construction Funds Trustee and posted collateral for the remaining \$85 million

contribution. The Development Agreement required these commitments to be collateralized prior to final payment.

Article 5 of the Ballpark Lease outlines the permitted mechanism for Twins Ballpark, LLC to mortgage its leasehold interests in the Ballpark.

To facilitate the Twin's financing, it was requested in January 2008, that the MBA authorize the execution of a Recognition Agreement and consent to collateral assignments of the Twins' right, title and interest in and to the Construction Funds Trust Agreement, Disbursing Agreement, Construction Management Agreement, and Architectural Services Agreement and Plans, in a manner consistent with the provisions of Article 5 of the Ballpark Lease. As a condition of entering into the Recognition Agreement and consenting to these assignments, the MBA requested and the Twins agreed to provide an additional \$25 million in collateral for the MBA's use, to cover unanticipated contingencies that could potentially impact the project's schedule, in the highly unlikely event of a Twins default with its lender. The project was completed two months ahead of schedule and the additional collateral was released at the end of 2009.

As of December 31, 2009, the Twins had deposited a total contribution amount of \$184,991,694 into the Capital Project Fund. In January 2010, the Twins contributed an additional \$10,000,000, for a total contribution amount of \$194,991,694.

MBA Contributions

The ballpark authorizing legislation provides that "if the authority obtains grants sufficient to cover the increased costs, the authority must ensure that the ballpark receives Leadership in Energy and Environmental Design (LEED) certification." When no grant funding could be secured, the Twins and MBA partnered to do the additional work needed to obtain enough points to seek LEED certification. The grant agreement between Hennepin County and the MBA authorizes the MBA to use interest earnings on proceeds of the bonds for any lawful purpose. Thus, the MBA Board authorized the use of \$1 million from the MBA's interest earnings to assist in efforts to achieve LEED certification. LEED Silver certification was achieved in 2010.

In April 2008 the MBA Board authorized the creation of a Ballpark District Enhancements and Public Art Incentive fund and allocated \$1 million from the MBA's interest earnings on construction bond proceeds to fund these improvements. Over \$100,000 of this was utilized by December 31, 2009.

Other Contributions

The MBA, Target Corporation and the Twins partnered together for the construction of Target Plaza – a new pedestrian bridge and public gathering space connecting Target Field to the heart of downtown Minneapolis. Target Corporation contributed \$4,500,000 for the plaza enhancements.

The Minnesota Department of Transportation authorized a grant contribution to the MBA, up to \$3,375,000, for construction of a skyway ramp across 7th Street, to benefit pedestrian traffic on that side of the ballpark. Another \$150,000 was authorized for art in the Vertical Circulation Building.

2009 Highlights

Community Participation Program

The MBA, Mortenson Construction, the Twins, and Hennepin County committed to specific goals for hiring subcontractors and suppliers and for employing women, minorities, and small businesses. The ballpark's goal was to have 30 percent of project work be undertaken by Small, Women, and Minority Business Enterprises (SWMBE). An additional goal was to have 25 percent of the total hours worked on the project be completed by minorities, and another 5 percent by women. As of December 2009 the project was exceeding the 30 percent SWMBE goal at 32 percent, Mortenson had procured approximately \$311 million dollars of work with \$100 million committed to SWMBE firms, and workforce minority participation reached the goal of 26 percent and 7 percent female.

Another component of the goal was the Community Workforce Program, which offers "hands on" training in the construction trades. The objective of the training program was to have 40 - 50 participants employed on the project through the Community Workforce Program through the completion of the ballpark. As of December 2009, the ballpark project had hired 62 people through the Community Workforce Program.

To assist in achieving those goals, the MBA contracted with the Metropolitan Economic Development Agency to promote outreach to minority-owned firms seeking to bid on ballpark work, and also partnered with Summit Academy to train workers who could be hired by contractors working on the project.

Fan Recognition Wall

In 2009 the MBA partnered with the Twins for participation in a Fan Recognition Program for Target Plaza. The primary goals identified for the program are: 1) Allow fans across Twins Territory to "own a piece" of Minnesota's new ballpark; 2) Ensure that Target Plaza remains a year-round destination; and 3) Generate incremental funds aimed at enhancing Target Plaza for future generations. Donation revenue generated through the program is deposited with the MBA and will be used to fund bronze statues of legendary Twins players. These statues help celebrate the history of Twins baseball, and they will become year-round destinations and photo opportunities on Target Plaza.

Ballpark Future

The completed open air ballpark has six separate levels totaling approximately one million square feet, and a natural grass playing field. Fans are able to enjoy wide, open concourses providing a 360-degree view of the playing field. By locating the stadium within the historic Warehouse District of Minneapolis, attendees have ready access to transportation and other recreation and eating facilities.

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 100 percent of the annual ballpark operating expenses. In addition, the Twins make annual payments, initially \$900,000 (with two-thirds of that amount indexed for inflation), for capital improvements, and \$250,000 per year for youth activities and amateur sports. Hennepin County will contribute \$1,100,000 annually (indexed for inflation) for

future capital needs.

The MBA and the Twins have worked hard to assure Target Field will be one of the most transit-friendly sports facilities in the country. Located in the historic Warehouse District of downtown Minneapolis, Target Field Station is now the service hub for Hiawatha Light Rail Train (LRT) 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 will continue to partner with the other interested transportation stakeholders to ensure the creation of great public spaces and amenities to serve both the ballpark and this emerging area of downtown.



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. The region has a varied manufacturing and industrial base that adds to the stability of the area and is a contributing factor to an unemployment rate that is below national averages.

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

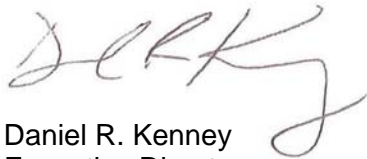
Long-term financial planning. The MBA has planned for financial stability on a long-term basis through the execution of several agreements with other parties, including the Twins and Hennepin County. The MBA has entered into a grant agreement with Hennepin County which provides for County grants for both operating expenses and ballpark construction and public infrastructure costs.

In addition, the MBA has entered into a thirty-year lease with the Twins, with two ten-year renewal options.

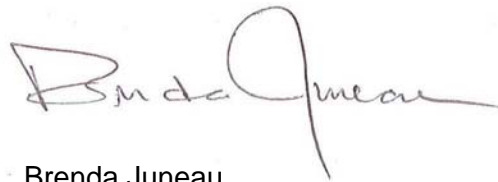
Cash management policies and practices. Cash in the general fund is deposited in accounts of the Hennepin County Investment Pool, an external investment pool. The County manages its cash and investments internally in order to be able to closely match invested balances to operating cash flow needs for maximum advantage and safety. With the exception of a small percentage of escrowed funds (held in trust in U.S. Treasuries or money market funds), the County's cash is invested in AAA-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.

The MBA's cash in the capital project fund is deposited in a trust account at Wells Fargo Bank and subject to the requirements of the Ballpark Disbursing Agreement and the Agreement and Declaration of Trust for Ballpark Construction Funds Trust (Construction Trust). Under the Construction Trust, all investments are to be made in money market mutual funds that are permitted under Minnesota Statutes Chapter 118A.

Respectfully submitted,



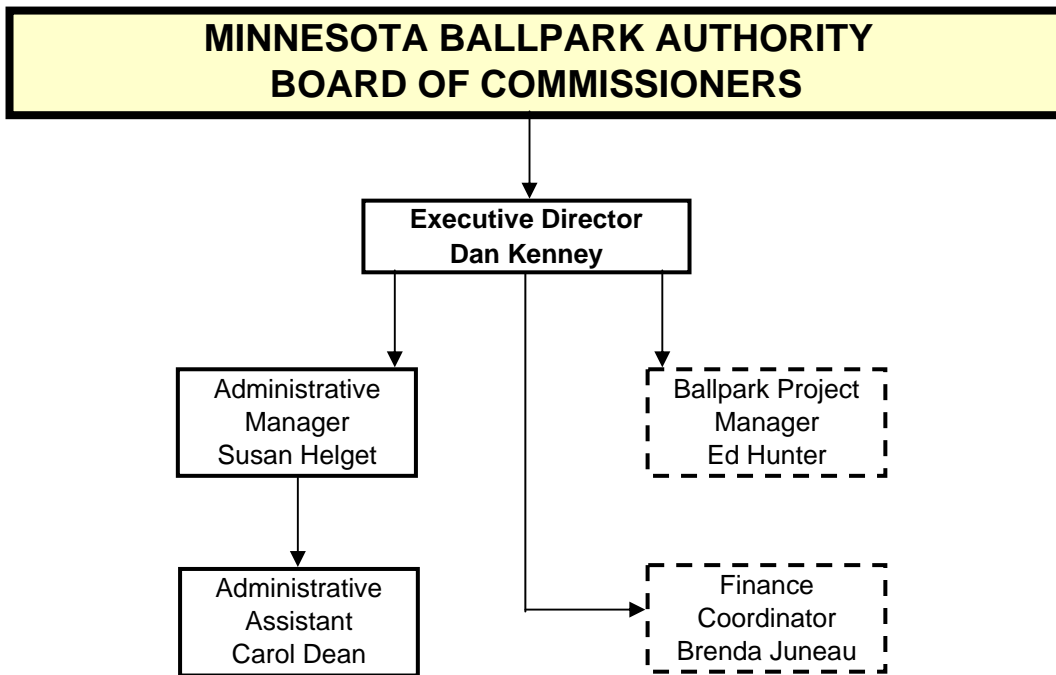
Daniel R. Kenney
Executive Director



Brenda Juneau
Finance Coordinator

Minnesota Ballpark Authority
Hennepin County, Minnesota

Organization Chart



- Represents Minnesota Ballpark Authority Employee
- - - - - Represents Minnesota Ballpark Authority Contract Worker

Minnesota Ballpark Authority
Hennepin County, Minnesota
Principal Officials 2009

Board of Commissioners:

Steve Cramer, Chair
Michael Vekich, Vice Chair
Joan Campbell, Secretary
John Wade, Treasurer
Barb Sykora



*From L. to R.: J. Wade, B. Sykora, S. Cramer,
J. Campbell, and M. Vekich*

Executive Director:

Daniel R. Kenney



MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Financial Section



MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minnesota Ballpark Authority

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, 2009, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Minnesota Ballpark Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

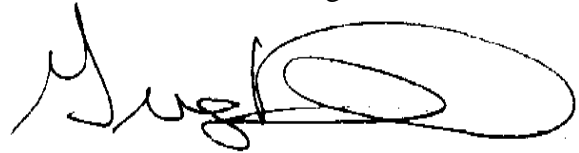
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Minnesota Ballpark Authority as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2010, 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* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 22, 2010

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

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, 2009. This information should be considered in conjunction with the information contained in the financial statements, which follow this section, and the transmittal letter, found on page 1.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2009, the assets of the MBA exceeded its liabilities by \$547,141,633. Of the total net assets, \$525,515,634 was invested in capital assets and \$15,654,020 was restricted. The remainder consisted of unrestricted net assets of \$5,971,979. Restricted assets are limited to costs relating to the construction of the new Minnesota Twins Ballpark. Unrestricted assets include unrestricted investment earnings on restricted assets.
- The MBA total net assets, as reported in the Statement of Activities, increased by \$145,192,343 during 2009. This increase was due mostly to capital contributions from the Twins, in the amount of \$139,991,693, which is restricted for use on construction of the new Minnesota Twins Ballpark.

Fund Level

- At the end of the fiscal year 2009, the MBA's governmental funds reported total ending fund balances of \$21,485,454, a decrease of \$91,079,211 from the prior year balance of \$112,564,665. The decrease in fund balance is a result of the near completion of construction for the ballpark, drawing down the capital project funds.
- Unreserved deficit fund balance for the General Fund was \$173,810. Fluctuations in the fund balance of the General Fund will occur due to the fact that grant contributions from the County received in December of each year are based on estimates of December activity. If the estimates vary from actual December MBA expenditures, the excess or shortage will be included in the next scheduled contribution which is provided in June of the following year.

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 other 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 assets 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 assets. 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 Assets* presents information on all MBA assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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 major 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 two major governmental funds, the General 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*. The 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as an indicator of a government's financial position. In the case of the MBA, assets exceeded liabilities by \$547,141,633 at December 31, 2009. The Statement of Net Assets presents all of the MBA's assets and liabilities, with the difference between the two reported as "net assets".

Summary of Net Assets

	2009	2008
Current assets	\$ 51,736,741	\$ 138,474,010
Net capital assets	<u>525,515,634</u>	<u>289,338,916</u>
Total assets	<u>577,252,375</u>	<u>427,812,926</u>
Total liabilities	<u>30,110,742</u>	<u>25,863,636</u>
Total net assets	<u>\$ 547,141,633</u>	<u>\$ 401,949,290</u>
Invested in capital assets, net of related debt	\$ 525,515,634	\$ 289,338,916
Restricted	15,654,020	105,742,076
Unrestricted	<u>5,971,979</u>	<u>6,868,298</u>
Total net assets	<u>\$ 547,141,633</u>	<u>\$ 401,949,290</u>

The largest portion of MBA net assets, \$525,515,634, reflects its investment in capital assets (e.g., land, land improvements, and ballpark structure), less any related long-term debt used to acquire those assets that is still outstanding. (No such related debt exists.) Upon completion of the new ballpark, the MBA will use 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 assets, \$15,654,020, 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 construction of the new ballpark. The remainder consists of unrestricted net assets of \$5,971,979.

The MBA net assets increased by \$145,192,343 during 2009, due almost entirely to capital contributions from the Twins, in the amount of \$139,991,693, which is restricted for use on construction of the new Minnesota Twins Ballpark.

Changes in Net Assets

Governmental Activities:	2009	2008
Revenues:		
Program revenues:		
Capital contribution from Hennepin County	\$ -	\$ 194,281,021
Contribution from Minnesota Twins	139,991,693	-
Other capital contributions	4,500,000	-
Intergovernmental contributions	2,650,126	-
General revenues:		
Operating contribution from Hennepin County	2,649,660	2,243,368
Investment earnings	169,923	3,339,300
Donations	545,312	-
Total revenues	<u>150,506,714</u>	<u>199,863,689</u>
Expenses:		
Culture and recreation:		
MBA operating expenses	2,710,245	2,342,509
Other	2,604,126	-
Total expenses	<u>5,314,371</u>	<u>2,342,509</u>
Change in net assets	145,192,343	197,521,180
Net assets – beginning	401,949,290	204,428,110
Net assets – ending	<u>\$ 547,141,633</u>	<u>\$ 401,949,290</u>

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, *unreserved 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 2009 fiscal year, MBA governmental funds reported combined ending fund balances of \$21,485,454, a decrease of \$91,079,211 from the prior year. Approximately 93 percent of this total amount, or \$20,053,442, constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending as it is already committed to: 1) \$545,312 for spending on Fan Recognition; and 2) \$886,700 for District Enhancement and Art.

Budgetary Highlights

The General Fund final budgeted expenditures were increased by \$76,290 to reflect unexpected additional costs for land and title registration fees. At year-end, General Fund revenue was more than the budgeted amount of \$2,573,660. Expenditures of \$2,671,069 were more than the final \$2,649,950 budget. As part of the 2009 amended budget review, the MBA Board approved the use of other financing sources and transferred \$24,000 from the Capital Projects Fund to the General Fund.

CAPITAL ASSETS

Capital Assets

MBA investment in capital assets as of December 31, 2009, amounts to \$525,515,634 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, ballpark structure, leasehold improvements and furniture and equipment. During the fiscal year 2009, the MBA's investment in capital assets increased \$236,176,718 over the prior year's balance.

Additional information on MBA's capital assets can be found in note 5 page 27 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the MBA General Fund budget for 2010:

The 2010 General Fund budget was reduced from \$2,649,950 in the 2009 budget to \$2,408,000 primarily due to less dependence on consulting services in 2010.

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 Assets
December 31, 2009

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
ASSETS					
Current assets:					
Cash invested in Hennepin County investment pool	\$ 26,019	\$ 3,000	\$ 29,019	\$ -	\$ 29,019
Investments in trust: Restricted	-	44,995,886	44,995,886	-	44,995,886
Unrestricted	-	6,000,244	6,000,244	-	6,000,244
Accrued investment interest	-	1,550	1,550	-	1,550
Due from other governments	-	638,887	638,887	-	638,887
Prepaid items	-	-	-	71,155	71,155
Total current assets	<u>26,019</u>	<u>51,639,567</u>	<u>51,665,586</u>	<u>71,155</u>	<u>51,736,741</u>
Noncurrent assets:					
Capital assets:					
Land	-	-	-	40,843,294	40,843,294
Construction in progress - land improvements	-	-	-	90,392,986	90,392,986
Construction in progress - ballpark structure	-	-	-	394,237,232	394,237,232
Leasehold improvements	-	-	-	71,321	71,321
Furniture and equipment	-	-	-	60,471	60,471
Total capital assets	-	-	-	525,605,304	525,605,304
Less accumulated depreciation	-	-	-	(89,670)	(89,670)
Net capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,515,634</u>	<u>525,515,634</u>
Total assets	<u>\$ 26,019</u>	<u>\$ 51,639,567</u>	<u>\$ 51,665,586</u>	<u>\$ 525,586,789</u>	<u>\$ 577,252,375</u>
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	\$ 143,340	\$ 29,882,159	\$ 30,025,499	\$ -	\$ 30,025,499
Accrued liabilities	7,489	-	7,489	28,754	36,243
Due to Hennepin County	49,000	-	49,000	-	49,000
Deferred revenue - unavailable	-	98,144	98,144	(98,144)	-
Total current liabilities	<u>199,829</u>	<u>29,980,303</u>	<u>30,180,132</u>	<u>(69,390)</u>	<u>30,110,742</u>
FUND BALANCES/NET ASSETS					
Fund balances:					
Designated	-	1,432,012	1,432,012	(1,432,012)	-
Unreserved and undesignated	<u>(173,810)</u>	<u>20,227,252</u>	<u>20,053,442</u>	<u>(20,053,442)</u>	<u>-</u>
Total fund balances	<u>(173,810)</u>	<u>21,659,264</u>	<u>21,485,454</u>	<u>(21,485,454)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 26,019</u>	<u>\$ 51,639,567</u>	<u>\$ 51,665,586</u>		
Net assets:					
Invested in capital assets, net of related debt				525,515,634	525,515,634
Restricted				15,654,020	15,654,020
Unrestricted				5,971,979	5,971,979
Total net assets				<u>\$ 547,141,633</u>	<u>\$ 547,141,633</u>

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 Assets
December 31, 2009

Total Governmental Fund Balances	\$	21,485,454
Total net assets 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.		525,515,634
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds		98,144
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(28,754)
Other long term assets that provide benefit for future periods are expensed in governmental funds.		<u>71,155</u>
Net Assets - Governmental Activities	\$	<u><u>547,141,633</u></u>

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, 2009

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES					
Program revenues:					
Capital contribution from MN Twins	\$ -	\$ 139,991,693	\$ 139,991,693	\$ -	\$ 139,991,693
Other capital contributions	-	4,500,000	4,500,000	-	4,500,000
Intergovernmental contributions	-	2,551,982	2,551,982	98,144	2,650,126
Donations	-	545,312	545,312	-	545,312
General revenues:					
Operating contribution from Hennepin County	2,649,660	-	2,649,660	-	2,649,660
Investment earnings	-	169,923	169,923	-	169,923
Total revenues	<u>2,649,660</u>	<u>147,758,910</u>	<u>150,408,570</u>	<u>98,144</u>	<u>150,506,714</u>
EXPENDITURES/EXPENSES					
Current					
Culture and recreation					
Personal services	358,235	-	358,235	3,076	361,311
Commodities	6,244	-	6,244	-	6,244
Contractual services	2,206,023	-	2,206,023	-	2,206,023
Depreciation	-	-	-	35,868	35,868
Other	100,567	2,604,126	2,704,693	232	2,704,925
Capital outlay	-	236,212,586	236,212,586	(236,212,586)	-
Total expenditures/expenses	<u>2,671,069</u>	<u>238,816,712</u>	<u>241,487,781</u>	<u>(236,173,410)</u>	<u>5,314,371</u>
Excess (Deficiency) of Revenues Over Expenditures	(21,409)	(91,057,802)	(91,079,211)	236,271,554	145,192,343
OTHER FINANCING SOURCES					
Transfers in	24,000	-	24,000	(24,000)	-
Transfers out	-	(24,000)	(24,000)	24,000	-
Total Other Financing Sources (Uses)	<u>24,000</u>	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances/net assets	2,591	(91,081,802)	(91,079,211)	236,271,554	145,192,343
FUND BALANCES/NET ASSETS					
Beginning	<u>(176,401)</u>	<u>112,741,066</u>	<u>112,564,665</u>	<u>289,384,625</u>	<u>401,949,290</u>
Ending	<u>\$ (173,810)</u>	<u>\$ 21,659,264</u>	<u>\$ 21,485,454</u>	<u>\$ 525,656,179</u>	<u>\$ 547,141,633</u>

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, 2009

Net change in governmental fund balances	\$	(91,079,211)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		(3,076)
<p>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.</p>		
<p>Expenditures for general capital assets, infrastructure and other related capital assets</p>		236,212,586
<p>Less current year depreciation</p>		(35,868)
<p>In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in revenue deferred as unavailable.</p>		98,144
<p>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.</p>		
<p>Change in prepaid items</p>		(232)
Change in Net Assets - Governmental Activities	\$	145,192,343

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Board consists 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. Upon completion of the construction, the MBA will own the ballpark and the site on behalf of the public.

The MBA is established as a public body and political subdivision of the state. 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 will be constructed and operated.

The financial statements of the MBA are prepared in accordance with accounting principles generally accepted in the United States of America.

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 in one statement. An adjustments column reflects the following differences between the two types of statements:

- 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 is reported as depreciation expense.
- The adjustments column represents the recording of long-term liabilities and the related effect of these transactions on the Statement of Activities. Long-term liabilities, including accrued leave, 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.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 net assets. 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 assets and the statement of activities) is described in the following two paragraphs.

Statement of Net Assets – 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 assets of the MBA are broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; 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 2009, the MBA received program revenues in the form of contributions to be used for the building of the ballpark. Other items not properly included among program revenues are reported as general revenues. Just as the statement of net assets includes all capital assets, the Statement of Activities includes depreciation expenses.

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.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 interest revenues at the end of each year. Expenditures are recorded when the related fund liability is incurred, except for compensated absences.

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 required to be accounted for in another fund.
- The *Capital Projects Fund* accounts for the activity relating to the design and construction of the ballpark.

Cash and Investments

The MBA's cash in the Capital Projects Fund is deposited in a trust account at Wells Fargo Bank and subject to the requirements of the Ballpark Disbursing Agreement and the Agreement and Declaration of Trust for Ballpark Construction Funds Trust (Construction Trust). Under the Construction Trust, all investments are to be made in money market mutual funds that are permitted under Minnesota Statutes Chapter 118A.

The MBA's cash in the General Fund is pooled and invested with Hennepin County. Hennepin County obtains collateral to cover deposits in excess of insurance coverage. Investments are stated at fair value. The fair value of investments is determined annually and is based on current market prices received from broker dealers. State law authorizes Hennepin County to invest in the following instruments:

- United States Treasury obligations
- Federal agency issues
- 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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 deferred - unavailable revenue in the governmental fund financial statements.

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

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.

Capital Assets

Capital assets are reported in the government-wide financial statements. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 are 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 life assigned to land improvements and buildings is 20-50 years. Estimated life assigned to furniture and fixtures is 3 to 10 years.

Employee Compensated Absences

It is the MBA's policy to permit employees to accumulate earned but unused leave time. Under certain conditions, employees are compensated upon termination of employment for their accumulated leave time 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. The MBA records this liability under the first in, first out method of accounting. All amounts accrued at December 31 are expected to be used in the following year.

Fund Balance and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a special purpose. Designations of fund balance represent tentative management plans that are subject to change.

On the statement of net assets, the portion of net assets that is invested in capital assets net of related debt is reported separately. Restricted net assets are reported for amounts that are legally restricted by outside parties to be used for a specific purpose.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The MBA Board adopts a calendar-year budget for the General Fund in December of the previous year. All annual appropriations lapse at year-end to the extent that they have not been expended. The MBA maintains a budgetary control system that compares actual revenues and expenditures to budgeted amounts. A budgetary comparison of the General Fund for 2009 is presented herein as a schedule in the Required Supplementary Information section. The General Fund had expenditures in excess of budget for the year ended December 31, 2009, in the amount of \$21,119. A transfer of \$24,000 for capital project expenses covered this difference.

3. 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 assets:

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

	<u>2009</u>
Governmental fund capital assets	\$ 525,605,304
Governmental fund accumulated depreciation	<u>(89,670)</u>
Total capital assets reconciliation item	\$ <u><u>525,515,634</u></u>

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:

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

3. RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS - CONTINUED

	<u>2009</u>
Compensated absences - Expenses reported in the statement of activities that do not require the use of current financial resources	\$ <u>(28,754)</u>
Deferred revenue - unavailable - represents the portion of grant revenue not received within 60 days	\$ <u>98,144</u>
Prepaid items represent governmental fund insurance premiums which benefit future periods	\$ <u>71,155</u>

4. CASH

Deposits

As of December 31, 2009, the MBA had \$29,019 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 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

Ballpark project contributions made to the Capital Projects Fund are deposited to a trust account at Wells Fargo Bank, as Trustee of the Trust, (Trustee) and subject to the requirements of the Ballpark Disbursing Agreement and the Agreement and Declaration of Trust for Ballpark Construction Funds Trust (Construction Trust). Under the Construction Trust, all investments are to be made in money market mutual funds that are permitted under Minnesota Statutes Chapter 118A, can be liquidated daily, have a fixed share redemption value, and have a credit rating issued by a nationally recognized ratings analysis service in the highest short-term rating category of such service. If and to the extent any funds are uninvested and held in a demand or time deposit account maintained with the Trustee's banking department, the amount of such funds deposit shall be secured by collateral pledged by the Trustee as required by Minnesota Statutes Section 118A.03.

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, 2009, 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. At December 31, 2009, none of the MBA's investments were subject to interest rate risk.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

4. CASH - CONTINUED

Concentration of credit risk is the risk of loss that may be caused by the MBA's investment in a single issuer. At December 31, 2009, the MBA held \$50,996,130 in the Wells Fargo Advantage Government Money Market Fund.

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, 2009, none of the MBA's investments were subject to credit risk.

5. CHANGES IN PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2009, was as follows:

	ASSETS			
	Balance January 1, 2009	Additions	Retirements	Balance December 31, 2009
<i>Capital assets not being depreciated:</i>				
Land	\$ 40,843,294	\$ -	\$ -	\$ 40,843,294
Construction in progress - land	77,882,210	12,510,776	-	90,392,986
Construction in progress - structure	170,535,422	223,701,810	-	394,237,232
<i>Total capital assets not depreciated</i>	289,260,926	236,212,586	-	525,473,512
<i>Capital assets depreciated:</i>				
Furniture and equipment	71,321	-	-	71,321
Leasehold improvements	60,471	-	-	60,471
<i>Total capital assets depreciated</i>	131,792	-	-	131,792
<i>Less accumulated depreciation for:</i>				
Furniture and equipment	(35,661)	(23,774)	-	(59,435)
Leasehold improvements	(18,141)	(12,094)	-	(30,235)
<i>Total accumulated depreciation</i>	(53,802)	(35,868)	-	(89,670)
Total capital assets being depreciated, net	77,990	(35,868)	-	42,122
Total Capital Assets, Net	\$ 289,338,916	\$ 236,176,718	\$ -	\$ 525,515,634

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

6. RECEIVABLES

In 2008 the MBA entered into a Joint Powers Agreement with the Minnesota Department of Transportation (MNDOT) for the design and construction of a pedestrian elevated walkway from MNDOT Ramp A Walkway. In the Agreement, MNDOT agrees to provide funding in the amount of \$3.375 million to the MBA for design and construction of the walkway, of which \$638,887 is reported as other receivables in 2009. The portion of reimbursement not collected within 60 days of year end is reported as deferred revenue - unavailable.

7. DUE TO HENNEPIN COUNTY

Hennepin County has loaned cash to the MBA when needed. The amount is repaid when cash flow allows, generally within the same operating cycle. No interest is charged by Hennepin County on these loans. The net amount owed to Hennepin County at December 31, 2009, was \$49,000.

8. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2009, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$25,678	\$28,754	\$25,678	\$28,754	\$28,754

9. DESIGNATED FUND BALANCE

Designations of fund balance represent tentative management plans that are subject to change. In 2008, the MBA Board passed a resolution designating \$1,000,000 of unrestricted cash in the capital projects fund for ballpark district enhancements and a public art incentive fund. At December 31, 2009, there remained \$886,700 designated for this purpose.

The MBA Board established a Fan Recognition program that accepts donations from fans to enhance Target Plaza. The revenue generated will be used to fund bronze statues of legendary Twins players. The program has generated \$545,312 in donations designated for this purpose.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

10. RESTRICTED NET ASSETS

The use of restricted net assets is subject to constraints that are externally imposed by creditors, grantors, contributors, laws, or regulations. Restrictions indicate that the net assets may only be used for a specific purpose that is narrower than the purpose of the reporting unit. Restricted net assets are reduced by liabilities related to those assets. Restricted net assets that are reported in the Statement of Net Assets may differ from the reserved fund balance shown in the Governmental Funds Balance Sheet. The restriction for ballpark construction is shown at the government-wide level, but not at the fund level due to the different reporting perspective. Government-wide restricted net assets at December 31, 2009, total \$15,654,020.

11. 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 have agreed to use an owner controlled insurance program. In this program, the project owner purchases insurance for all subcontractors in the project and requires these subcontractors to reduce their bid price by the amount of their insurance costs.

12. 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 CPI increases), and additional rent of \$300,000 per year (not subject to CPI increases). The first rent payment will be due November 1, 2010. The total value of rent income due the initial term of the lease is \$27,000,000.

LEASE REVENUE

Year	Base Rent	Additional Rent	Total
2010	\$600,000	\$300,000	\$900,000
2011	600,000	300,000	900,000
2012	600,000	300,000	900,000
2013	600,000	300,000	900,000
2014	600,000	300,000	900,000
2015 - 2019	3,000,000	1,500,000	4,500,000
2020 - 2024	3,000,000	1,500,000	4,500,000
2025 - 2029	3,000,000	1,500,000	4,500,000
2030 - 2034	3,000,000	1,500,000	4,500,000
2035 - 2039	3,000,000	1,500,000	4,500,000
Total	\$18,000,000	\$9,000,000	\$27,000,000

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

13. COMMITMENTS

Construction and Other Commitments

The MBA has entered into a variety of agreements relating to building and managing the new Minnesota Twins Ballpark. The MBA has committed to contributing funds to the project in the amount of \$350,000,000. The \$350,000,000 is granted to the MBA from Hennepin County (the County) under the terms of a grant agreement between the MBA and the County.

In April 2010 the MBA Board approved an amended construction project budget of \$555,016,694, an increase of \$75,016,694 from the original budget. The Twins entered into a construction agreement with M.A. Mortenson Company for the building of the stadium, in the original amount of \$391,018,213. As of December 31, 2009, approved change orders adjusted this amount to \$422,961,879, of which more than \$407 million had been spent against this contract.

Construction of the Minnesota Twins Ballpark is funded by a public contribution consisting primarily of grants from Hennepin County to the MBA under a grant agreement (as described above) and contributions received from the Twins. Pursuant to the amended Development Agreement among the MBA, the Twins and the County, the Twins initially agreed to contribute toward ballpark costs the \$130 million required by the ballpark statute. Since the original legislation was adopted the Twins have committed to contributing an additional \$19,500,000 for non-land infrastructure expenses and \$45,491,694 for ballpark enhancements, for a total of \$194,991,694, as well as paying for all cost overruns. The initial \$45 million portion of the Twins Ballpark Contribution was deposited in the Construction Trust (refer to note 3) in May, 2007. The schedule of capital asset activity shown in note 5 as well as the foregoing Statement of Net Assets at December 31, 2009, includes the assets purchased with the initial \$45 million capital contribution of the Twins as a construction-in-progress asset of the MBA.

A provision in the Ballpark Lease Agreement between the MBA and the Twins permits the Twins, following completion of construction, to designate (subject to the MBA's reasonable approval) items representing certain specific improvements, fixtures, furnishings, equipment, and other similar property, in an amount up to the Twins Ballpark Contribution. Pursuant to the Ballpark Lease Agreement, the Twins will be permitted to claim depreciation deductions and other tax benefits which may be available to the Twins as the income tax owner of such property.

As noted, such designation of the Twins' property will not occur until after completion of construction of the ballpark. Pending completion and such designation, amounts constituting the Twins Ballpark Contribution will continue to be reflected, as is the case for the initial \$45 million, on the MBA financial statements as assets of the MBA. At such time as completion of construction and/or designation of the Twins' property occurs, any amounts up to the Twins Ballpark Contribution that were initially estimated and reflected as MBA assets, but later determined to be assets of the Twins, will be adjusted accordingly.

Office Space Lease

The MBA has entered into a cancellable lease agreement with the Minneapolis Grain Exchange for office space for the MBA. The lease term runs from January 1, 2007, through December 31, 2010, and is cancellable with 90 days notice any time after the second year of the lease. The MBA made operating lease payments in 2009 of \$71,676. The MBA gave notice of lease cancellation, effective 2/28/2010. The following is a schedule of future minimum operating lease payments:

2010	\$ 13,096	<i>based on lease ending 2/28/2010</i>
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The MBA is also committed to paying a proportionate share of the operating costs of the office space.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

14. 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 and part-time employees in permanent positions at the MBA are required to participate in PERA. PERA administers the Public Employees Retirement Fund (PERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF 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. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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 PERF's 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 10 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 10 years 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 any PERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available, which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained on the web at 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.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2009

14. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The MBA makes annual contributions to the pension plan equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2009. The MBA is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members and 6.75% for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan increased to 6.75%, effective January 1, 2009. The MBA's contributions to PERF for the years ending December 31, 2009, 2008 and 2007, were \$16,739, \$15,387, and \$13,678 respectively. The MBA's contributions were equal to the contractually required contributions for each year as set by state statute.

15. INTERFUND ACTIVITY

In 2008 the MBA Board authorized the creation of a Ballpark District Enhancements and Public Art Incentive fund and established the Public Art Steering Committee. The Committee selected 6 finalists to submit proposals for review and each artist received a \$4,000 stipend. The Board authorized the additional cost of \$24,000 to be transferred from the MBA's interest earnings in the Capital Improvement Fund to the General Fund to cover this cost.

16. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the MBA beginning the year ending December 31, 2010. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets, and it provides related guidance. The MBA's management has not yet determined the effect this statement will have on the financial statements.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the MBA beginning the year ending December 31, 2011. This statement provides clearer fund balance classifications and clarifies existing governmental fund type definitions. The MBA's management has not yet determined the effect this statement will have on the financial statements.

17. SUBSEQUENT EVENTS

In March 2010 the MBA accepted an additional \$10 million investment from the Twins to improve Target Field and enhance the overall fan experience. The Twins contribution to the project now stands at \$195 million, \$65 million more than what was outlined in the 2006 Ballpark Legislation.

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, 2009

	2009			Variance with Final Budget
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Contribution from Hennepin County	\$ 2,573,660	\$ 2,573,660	\$ 2,649,660	\$ 76,000
EXPENDITURES				
Current				
Culture and recreation				
Personal services	358,260	358,500	358,235	265
Commodities	9,300	6,450	6,244	206
Contractual services	2,036,600	2,152,000	2,206,023	(54,023)
Other	166,500	133,000	100,567	32,433
Capital Outlay	3,000	-	-	-
Total expenditures	<u>2,573,660</u>	<u>2,649,950</u>	<u>2,671,069</u>	<u>(21,119)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(76,290)	(21,409)	54,881
OTHER FINANCING SOURCES (USES)				
Transfers in	-	24,000	24,000	-
Net change in fund balance	-	(52,290)	2,591	54,881
Fund Balance - Beginning	(176,401)	(176,401)	(176,401)	-
Fund Balance - Ending	<u>\$ (176,401)</u>	<u>\$ (228,691)</u>	<u>\$ (173,810)</u>	<u>\$ 54,881</u>

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2009

1. Budgetary Information

The MBA Board adopts a calendar-year budget for the General Fund in December of the previous year. All annual appropriations lapse at year-end to the extent that they have not been expended. 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.

2. Excess of Expenditures Over Budget

The General Fund had expenditures in excess of budget for the year ended December 31, 2009.

2009 General Fund Expenditures			
	Final Budget	Actual	Excess
EXPENDITURES			
Culture and recreation	\$ <u>2,649,950</u>	\$ <u>2,671,069</u>	\$ <u>21,119</u>



MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota