



MBA Audit Committee Meeting Minutes – November 2, 2015

Chair Joan Campbell called to order the meeting of the MBA Audit Committee for November 2, 2015 at 9:00 a.m. Commissioner Paul D. Williams and Commissioner Margaret Anderson-Kelliher were present.

Audit Exit Meeting with State Auditor's Office

Lisa Young, Staff Specialist from the Minnesota State Auditor's office, and Jeff Cleveland, Intermediate Auditor, OSA presented the required communication letter of the MBA financial statements for the year ended December 31, 2014. Ms. Young said that the State Auditor's office performs tests of the MBA's compliance with certain provisions of laws, regulations, contracts, and grants. Nothing came to their attention that is materially inconsistent with the financial statements.

No difficulties were encountered in dealing with management in performing their Audit.

Corrected and Uncorrected Misstatements

Professional standards require the Auditors to accumulate all known and likely misstatements identified during the Audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

Schedule of Findings and Recommendations

No material Audit adjustments were identified during the 2014 Audit.

Internal Control Over Financial Reporting and Compliance

Ms. Young stated that in planning and performing the audit of the financial statements, the State Auditor's office considered the Minnesota Ballpark Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, they do not express an opinion on the effectiveness of the Authority's internal control over financial reporting. They did not identify any deficiencies in internal control over financial reporting. The results of their tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Item for Consideration

GASB Statement No. 68, Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. Effective for your calendar year 2015 financial statements, the GASB changed those standards as they apply to employers that provide pension benefits.

GASB Statement 68 significantly changes pension accounting and financial reporting for governmental employers that prepare financial statements on the accrual basis by separating pension accounting methodology from pension funding methodology. Statement 68 requires employers to include a portion of the Public Employees Retirement Association (PERA) total employers' unfunded liability, called the "net pension liability" on the face of the Authority's government-wide statement of financial position. The Authority's financial position will be immediately impacted by its unfunded share of the pension liability.

Statement 68 changes the amount employers report pension expense and defers some allocations of expenses to future years—deferred outflows or inflows of resources. It requires pension costs to be calculated by an actuary; whereas, in the past pension costs were equal to the amount of employer contributions sent to PERA during the year. Additional footnote disclosures and required supplementary information schedules are also required by Statement 68.

The net pension liability that will be reported in the Minnesota Ballpark Authority's financial statement is an accounting estimate of the proportionate share of PERA's unfunded liability at a specific point in time. That number will change from year to year and is based on assumptions about the probability of the occurrence of events far into the future. Those assumptions include how long people will live, how long they will continue to work, projected salary increases, and how well pension trust investments will do. PERA has been proactive in taking steps toward implementation and will provide most of the information needed by employers to report the net pension liability and deferred outflows/inflows of resources.

Minnesota Legal Compliance

Ms. Young stated that anytime a government entity is audited by the State Auditor's office they conduct the Audit in accordance with the Minnesota Legal Compliance Audit guide for local government and the results indicate that the MBA complied with the six categories of compliance as stated in this guide.

The results of the tests indicate that, for the items tested, the Minnesota Ballpark Authority complied with the material terms and conditions of applicable legal provisions.

Audit Entrance Meeting - Interview with State Auditor's Office

Lisa Young from the Minnesota State Auditor's office reviewed the Audit Entrance letter with the Audit Committee. She said that the Statement in Auditing Standards (SAS), defines "those charged with governance" and establishes communication requirements between Auditors and those charged with governance which at the MBA have been identified as the MBA Board and the Audit Committee. Ms. Young reviewed the Auditor's responsibilities under generally accepted auditing standards and the client's responsibilities. (Entrance letter attached)

The State Auditor's office will Audit the basic financial statements of the MBA for year ended December 31, 2015. Any significant findings will be communicated to management and the MBA Audit committee at the conclusion of the Audit

Jeff Cleveland will be back on the MBA audit for 2015 with assistance from Lisa Young and Randy Vogt, Audit Director. The engagement letter from the State Auditor to the MBA will be sent out soon. There was a request to change the date of the audit from late summer to mid-summer, Ms. Young stated that they could begin in June of next year and finish by mid-summer. The State Auditor's office will be in touch with the MBA regarding the overall schedule.

There being no further business, Chair Campbell moved to adjourn. The meeting of the MBA Audit Committee for November 2, 2015 was adjourned at 9:25 a.m.