

**MINNESOTA BALLPARK AUTHORITY
ANNUAL AUDIT ENTRANCE MEETING
FOR THE YEAR ENDED 12/31/2020**

Date: Monday, November 23, 2020

Time: Noon

Location: Virtual meeting

Present: Joan Campbell – member, Board of Commissioners; Chair, Audit Committee
Margaret Anderson Kelliher – Chair, Board of Commissioners; member Audit Committee
Paul D. Williams – member, Board of Commissioners and Audit Committee
Dan Kenney – Executive Director
Brenda Juneau – Accountant for MBA from Hennepin County
Sharon Reinhart – Administrative Assistant
Randy Vogt – Audit Director, Office of the State Auditor (OSA)

1. Staffing/Administration

Returning staff: Undetermined at this point, but we intend to assign the same staff members to the 2020 audit.

2. Statement on Auditing Standards (SAS) AU-C Section 260 - *The Auditor's Communication with Those Charged with Governance*

Auditing standards establish communication requirements between auditors and those charged with governance. For the Minnesota Ballpark Authority we've identified those charged with governance as the members of the Board of Commissioners and the Executive Director. Our audit engagement letter covers the specific matters to be communicated, including:

A. Auditor's responsibilities:

- Forming and expressing opinions on the financial statements.
- Performing the audit in accordance with:
 - 1) generally accepted auditing standards (issued by the American Institute of Certified Public Accountants;
 - 2) standards for financial audits contained in *Government Auditing Standards* (issued by the Comptroller General of the United States); and

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2. SAS AU-C Section 260, *The Auditor's Communication with Those Charged with Governance*

A. Auditor's responsibilities:

- Performing the audit in accordance with (Continued):
 - 3) legal provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*.
- Considering the Authority's internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting.
- Communicating significant matters related to the financial statement audit.

B. Client's responsibilities:

- Preparing the basic financial statements and all accompanying information as well as all representations contained therein.
- Making all management decisions and performing all management functions regarding the financial statements.
- Establishing and maintaining internal controls, including evaluating and monitoring the ongoing activities.
- The selection and application of accounting principles.
- The fair presentation of the financial statements.
- Designating a qualified management-level individual to be responsible and accountable for overseeing our services. In the past this has been Dan Kenney assisted by Brenda Juneau.
- Making sure all financial records and related information is accurate, complete, and available for audit.
- Adjusting the financial statements to correct material misstatements.
- Designing and implementing programs and controls to prevent and detect fraud.

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2. **SAS AU-C Section 260, *The Auditor's Communication with Those Charged with Governance***

B. Client's responsibilities (Continued):

- Informing us about all known or suspected fraud or illegal acts.

Are you aware of any known or suspected fraud, or noncompliance with any contracts or grant agreements?

- Establishing and maintaining a process for tracking the status of audit findings and recommendations.
- Identifying for us previous financial audits or other engagements related to the objectives of our audit as discussed in the engagement letter, and relaying to us corrective actions taken to address significant findings and recommendations identified as a result of those audits or engagements.
- Providing management views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.
- Providing a Summary Schedule of Prior Audit Findings.

C. Overview of the planned scope and timing of the audit:

- We will audit the basic financial statements of the Minnesota Ballpark Authority for the year ended December 31, 2020.
- If the Authority received over \$750,000 in federal funding during 2020 a federal single audit will be required. If that is the case, the audit report will need to be issued by September 30, 2021, so the audit will have to be started sooner than prior years.

D. Any significant audit findings will be communicated to management and the Audit Committee at the conclusion of the audit.

E. Communications about significant accounting policies, sensitive accounting estimates, significant audit adjustments, disagreements with management, difficulties encountered in performing the audit, and other significant issues arising from the audit will be communicated to those charged with governance in a separate letter at the conclusion of the audit.

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3. Update on Prior Year Management Letter Comments

There were no findings reported for the year ended December 31, 2019.

4. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. The following are new statements issued by the GASB that are effective for the year ended December 31, 2019:

- **GASB Statement No. 83, *Certain Asset Retirement Obligations***

This GASB establishes guidance for governments in recognizing and measuring certain asset retirement obligations (ARO) and requires disclosures related to those AROs. An ARO is defined as a legally enforceable liability associated with the retirement of a capital asset.

Governments should recognize the ARO when the liability is incurred and reasonably estimable. The liability is incurred by both an external event, such as external laws, a legal contract, or the issuance of a court judgment; and an internal obligating event that requires the government to retire the asset, such as contamination, abandonment, or placing into operation a tangible asset that is required to be retired.

It has not been determined if this Statement will have an effect on the Ballpark Authority's financial statements.

- **GASB Statement No. 84, *Fiduciary Activities***

This Statement may change both the activities that are reported as fiduciary activities as well as what are included as governmental activities of state and local governments.

This Statement will likely have no effect on the Ballpark Authority's financial statements.

- **GASB Statement No. 90, *Majority Equity Interest***

This Statement establishes standards for reporting a government's majority equity interest in a legally separate organization.

This Statement will likely have no effect on the Ballpark Authority's financial statements.

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5. Other Items

A. During 2020, were there any:

- Changes in the fund structure, including new funds or closed funds?
- Significant accounting issues or unusual transactions?
- Changes in accounting methods or application of accounting principles?
- New legislation having an impact on the financial report?
- Related party transactions? (If so, note disclosures.)
- Changes to the Authority's accounting policies or procedures?
- Significant or unusual capital expenditures?
- Contracts with service organizations?
- Significant legal matters and/or contingencies?
- New debt issues?
- Federal grants?
- Any other items of significance we should be aware of?

B. Auditing standards require us to meet and communicate certain items to those charged with governance. Would you like us to meet with the full Board of Commissioners to go over what we discussed here today? If not, the notes on this meeting will be distributed to the Board members.

C. Questions, comments, concerns?