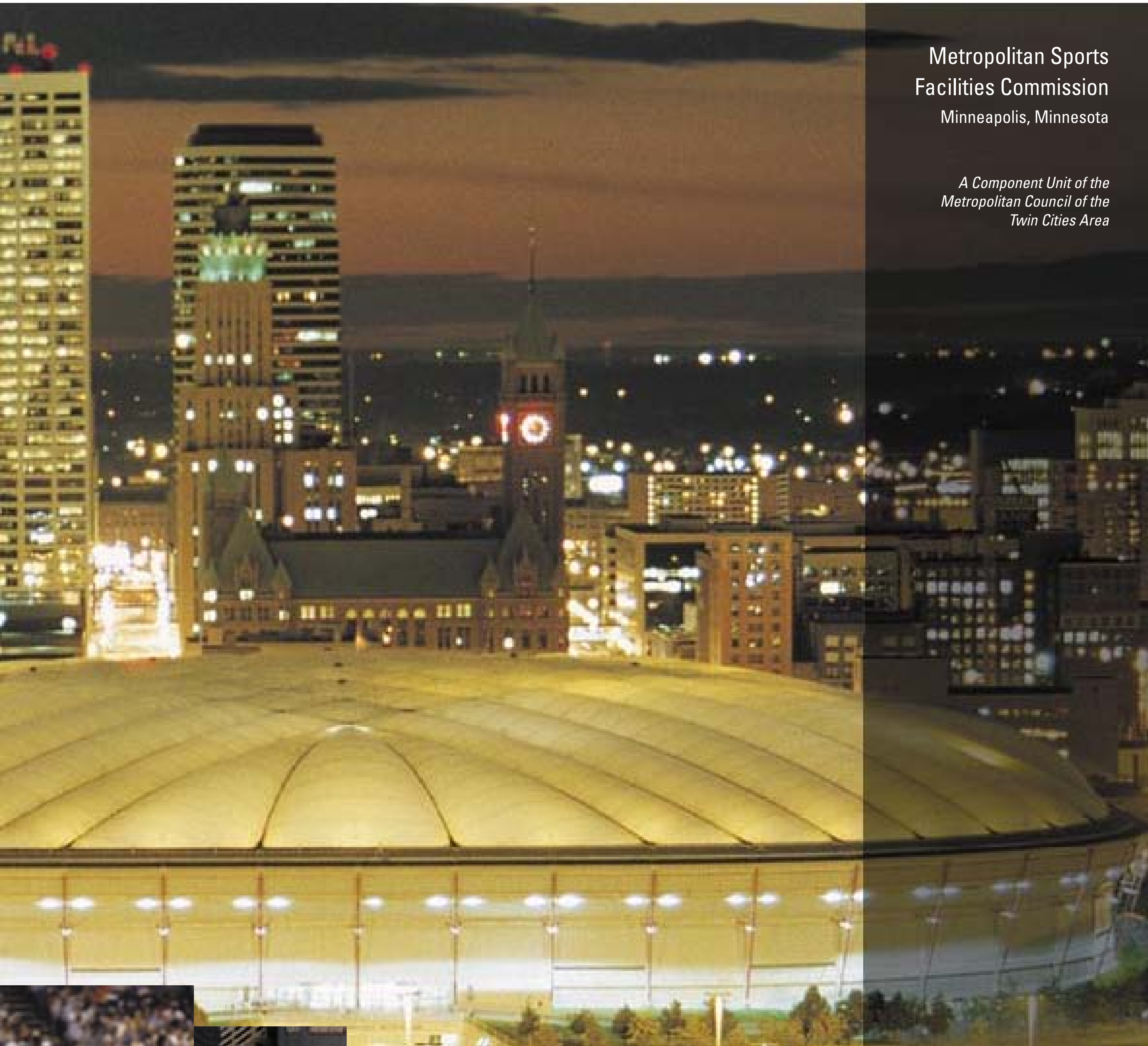
Comprehensive Annual Financial Report

Fiscal year ended December 31, 2005

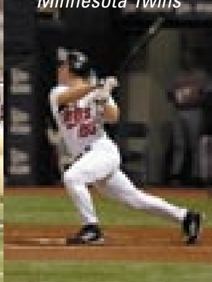


Metropolitan Sports Facilities Commission

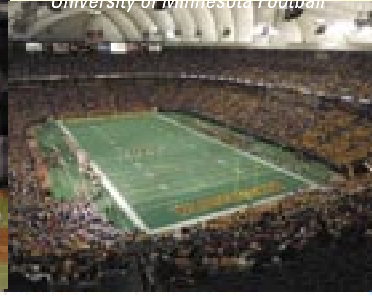
Minneapolis, Minnesota

A Component Unit of the Metropolitan Council of the Twin Cities Area

Minnesota Vikings



Minnesota Twins



University of Minnesota Football

Minnesota Sports Hall of Fame

Metrodome Plaza

Metropolitan Sports Facilities Commission
Minneapolis, Minnesota

Comprehensive Annual Financial Report

Fiscal year ended December 31, 2005

A component unit of the Metropolitan Council of the Twin Cities Area

METRODOME

Finance Department
900 South Fifth Street,
Minneapolis, Minnesota 55415

Metropolitan Sports Facilities Commission
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2005

TABLE OF CONTENTS

INTRODUCTORY SECTION

METRODOME

METRODOME

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June 8, 2006

Mr. Roy Terwilliger, Chair
And Commissioners of the Metropolitan Sports Facilities Commission
900 South Fifth Street
Minneapolis, Minnesota 55415

Dear Mr. Terwilliger and Commissioners:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Metropolitan Sports Facilities Commission (Commission) for the fiscal year ended December 31, 2005. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Commission. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Commission's financial affairs.

The CAFR is divided into three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, a list of the Commissioners and administrative officials, and the organizational chart. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), and the Basic Financial Statements, including the notes to the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Commission's MD&A can be found immediately following the report of the independent auditors. The MD&A introduces the basic financial statements and provides an analytical overview of the Commission's financial activities. The statistical section contains selected financial and demographic information, generally presented on a multi-year basis.

A financial accounting system is designed to assemble, analyze, classify, record and report financial data. In developing and evaluating the Commission's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition and (2) reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: (1) the

HUBERT H. HUMPHREY
METRODOME

METROPOLITAN SPORTS
FACILITIES COMMISSION

AFFIRMATIVE ACTION/
EQUAL OPPORTUNITY EMPLOYER

cost of internal controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Commission's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Minnesota State Statutes, Chapter 473.595, Subd. 5, require the Minnesota Office of the Legislative Auditor to perform an annual audit of the financial statements of the Commission. The goal of the audit is to provide reasonable assurance that the financial statements of the Commission, for fiscal year ended December 31, 2005, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Commission received an unqualified opinion from the Office of the Legislative Auditor for the twenty-fourth consecutive year. The auditor's report on the basic financial statements for the year ended December 31, 2005, is included in the financial section of this report. The Office of the Legislative Auditor will issue a separate Report on Compliance and on Internal Control over Financial Reporting.

COMMISSION PROFILE

The Commission was established by legislative charter in 1977 and was responsible for the construction of the Hubert H Humphrey Metrodome sports stadium located in Minneapolis, Minnesota. The Commission is the owner and operator of the Metrodome and is home to the Minnesota Twins, Minnesota Vikings, University of Minnesota Gopher football team and many other athletic, educational, cultural, and entertainment activities for the citizens of the metropolitan area and the state of Minnesota.

The Commission consists of seven members, six members are appointed by the Minneapolis City Council, and the chair is appointed by the governor and must reside outside of Minneapolis. Commissioners represent a broad cross-section of the community, and they serve a four-year term.

The mission of the Commission is to ensure that the Metrodome is a community facility for the citizens of Minnesota. Central to this mission is the Commission's desire to continuously update the Metrodome and maximize the fan experience Minnesotans have come to expect. Fans come from every corner of the state to watch games, concerts and other events at the Metrodome. Amateur sports teams including small college football, town-team baseball, recreational touch football and high school baseball and softball, come from throughout Minnesota to compete on the Metrodome turf. Every Minnesota high school football team and every boys and girls soccer team starts its season with the same goal – to make it to the Metrodome for the state tournaments.

All the financial activities of the Commission are included in this report. The Commission is a discretely presented component unit of the Metropolitan Council of the Twin Cities Area (Metropolitan Council).

An annual budget is adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared in June and the preliminary budget is approved by the Commission in July. A public hearing is held in August and in September the annual budget is submitted to the Metropolitan Council for their approval. The final budget is approved in November. Quarterly budget to actual comparisons are presented in separate reports.

ECONOMIC CONDITION

Minnesota has one of the two best economic climates in the United States according to the *2006 Development Report Card for the States,* which is an annual assessment of the nation's economic development success. Minnesota's rating confirms that the state's strongest attributes are job quality, equity and quality of life, along with a generally strong business climate. Minnesota's focus on education and research and development demonstrates the state's commitment to develop the resources needed to sustain and develop the state's economy in the 21st century.

According to the Minnesota Department of Finance April 2006 Economic Update, Minnesota's economic forecast is for economic growth to continue strong in the first half of 2006. Inflation is expected to remain under control with the consumer price index (CPI) increasing by less than 2 percent in 2006. Minnesota's strong and vibrant business community depends on the state's nearly 3 million workers to compete in the global economy. From July through December 2005, employment in Minnesota grew faster than the national totals. Between December 2004 and December 2005 Minnesota added 30,800 jobs, an increase of 1.1 percent. U.S. payroll employment grew by 1.5 percent during that same time period. Job growth in Minnesota was strongest in the education and health services and the trade, transportation, and utilities sectors. But job cuts in seven of 11 sectors curtailed net job growth. Manufacturing and construction workers suffered the most layoffs in January. As of April 2006 Minnesota's unemployment rate was 4.2%, which is below the U.S. unemployment rate of 4.5%.

Minnesota has traditionally been known for its thousands of lakes, state parks and vital cultural and sporting events. The state's diverse economy and prosperous business sector have helped Minnesotans enjoy a high standard of living as reflected in high home ownership rates, great medical services, low crime rates and excellent educational institutions. The state's residential building permits tumbled in late

2005 and then began to slowly bounce back in early 2006. This reversal indicates that new home construction is slowing following several years of gains. Home sales declined by 1.6 percent over the year, and sales in March 2006 slid by 2.2 percent as compared to last year. Housing price appreciation has slowed significantly following the market adjustment early in the decade.

By the close of 2005, demand for industrial space bounced back and pushed down vacancy rates, according to Colliers Turley Martin Tucker. The market for office buildings improved, and the amount of occupied space increased. Residential growth continued to support strong retail development and drive down already low vacancy rates.

Major Initiatives and Accomplishments

Stadium Improvements

Constantly improving and updating the stadium is central to the Commission's core mission of protecting the public's investment in the Metrodome. Significant and recent Metrodome improvements include construction of Terrace Suite I and II, two large party and hospitality suites, and installation of high definition cabling and televisions throughout the concourses.

The Commission worked with the three major tenants to design and construct the two luxury party suites that replaced 16 individual private suites. Although the private suites are owned by the Minnesota Vikings, the Commission agreed to construct the Terrace Suites in order to offer tenants additional revenue enhancement opportunities within the stadium. A component of the agreement to construct the Terrace Suites, required the Commission to amend the Private Box Option Agreement with the Minnesota Vikings; the financial effect of the amendment is described in the MD&A, see page 9.

New Terrace Suite amenities that are now available for Metrodome guests include: exclusive premium seating locations in the stadium, extensive food buffet and catering menus, full bar service, in-seat beverage service, private restroom facilities, wider cushioned stadium-style seats and bar style seats, flat screen televisions, and a multitude of tenant sponsored promotional opportunities. These amenities have greatly enhanced the "VIP" group ticket sales opportunities in the Metrodome for the major tenants.

In the fall of 2005 the Commission installed high definition cabling and high definition televisions (HDTVs) throughout the upper and lower concourses. The new flat screen plasma HDTVs offer guests the opportunity to view in-house video productions as well as network and cable broadcasts on a wide screen format. The wide screen format provides a significantly clearer picture than the traditional television screens and the digital technology offers a sharper picture with cinema-quality images. The HDTVs are able to receive the televised network and cable HDTV broadcasts.

Major league professional sports are significant state assets, maintaining a facility consistent with major league baseball and national football league standards ensures that the Commission is living up to appropriate league requirements.

Cash Management Policies and Practices

The Commission maintains two bank accounts, one money market account and one short-duration investment account. The investment portfolio includes fixed income U.S. agency securities. The maturities of these investments range from one to three years. The Commission earned an average return of 4.0 % on these investments, which compares with the average return of 1.7 % on the Merrill Lunch 1-3 year Treasury Index. The Commission's investment policy is to ensure that all cash received by the Commission is promptly recorded, deposited, and invested in a manner that assures safety and minimizes credit and market risks while maintaining a competitive yield on its portfolio. The notes to the financial statements present more information on the Commission's cash and investments, please see pages 16 and 18.

Risk Management

The Commission purchased all-risk property insurance, general and umbrella liability insurance, automobile insurance, crime insurance, workers compensation insurance, and terrorism insurance. Additional information on the Commission's risk management can be found in the notes to the financial statements, please see page 23.

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its CAFR for the fiscal year ended December 31, 2004. This was the second year that the Commission received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The Certificate of Achievement is a prestigious national award which recognizes conformance with the highest standards for preparation of state and local government financial reports.

This CAFR reflects our commitment to the Commission and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

The preparation of this CAFR was made possible by the dedicated service of our Finance staff, Teri Portinen and Linda Brennan. They have our sincere appreciation for the contributions made in the preparation of this report. Appreciation is also expressed to the Commissioners for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the Commission.

Respectfully submitted,

William J. Lester　　Mary Fox-Stroman

William Lester　　Mary C. Fox-Stroman, CPA
Executive Director　　Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Sports Facilities Commission, Minnesota

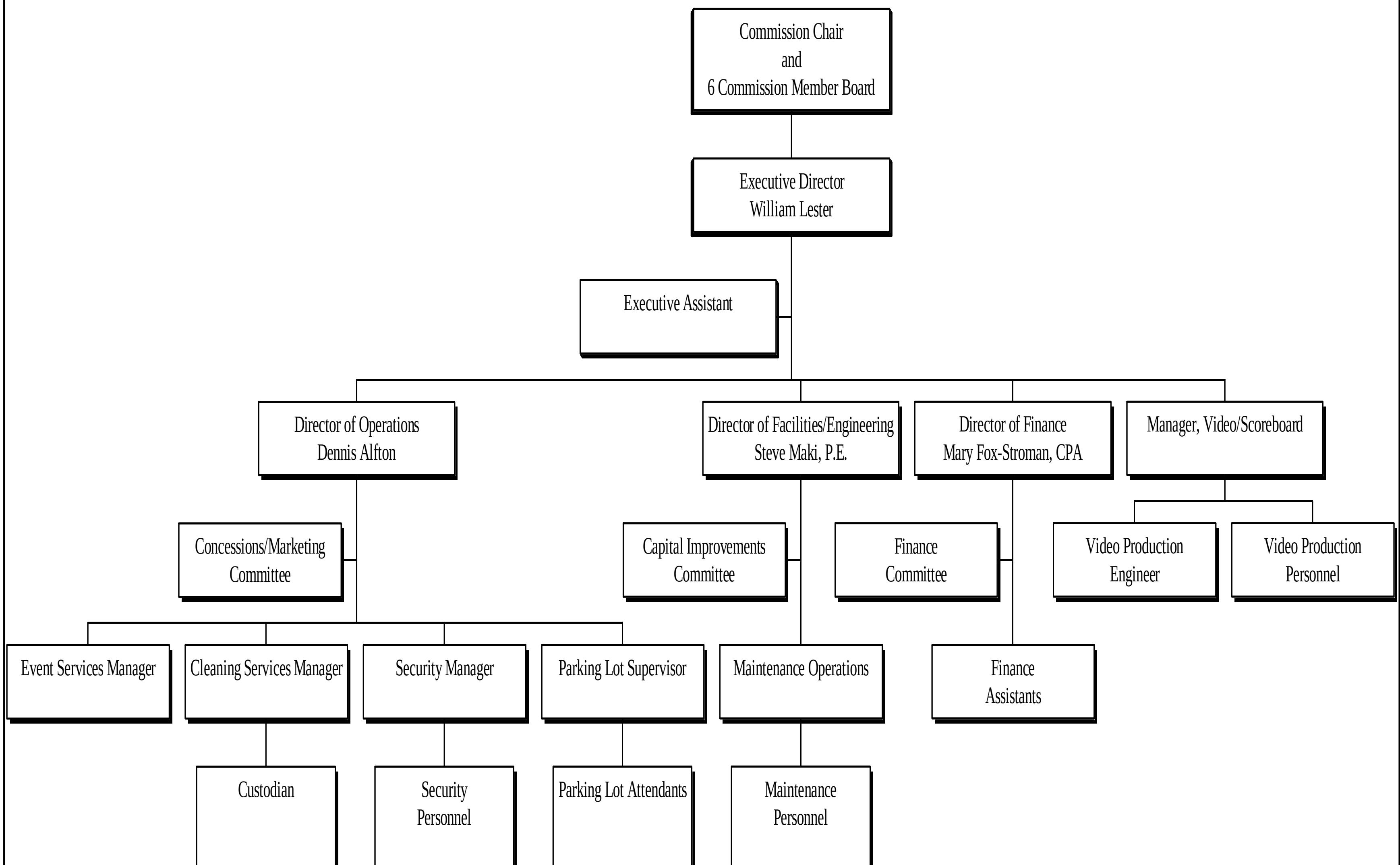
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

METROPOLITAN SPORTS FACILITIES COMMISSION



Metropolitan Sports Facilities Commission
List of Commissioners and Administrative Officials
December 31, 2005

COMMISSIONERS:

	Term of Office	
	First Appointed	**End of Term**
Roy Terwilliger, Chair	March 2003	January 2007
Loanne Thrane, Vice Chair	January 1985	January 2009
Peggy Lucas, Secretary	January 1993	January 2009
Richard Jefferson, Treasurer	January 1999	January 2007
Dan Kenney	January 2003	January 2007
Jeff Seidel	January 2003	January 2007
Ray Waldron	January 2005	January 2009

Executive Director
William Lester

Director of Operations
Dennis Alfton

Director of Facilities/Engineering
Steve Maki, P.E.

Director of Finance
Mary C. Fox-Stroman, CPA

METRODOME

FINANCIAL SECTION

METRODOME

OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA • James Nobles, Legislative Auditor

Independent Auditor's Report

Mr. Roy Terwilliger, Chair
Metropolitan Sports Facilities Commission

Members of the Metropolitan Sports Facilities Commission

Mr. William Lester, Executive Director
Metropolitan Sports Facilities Commission

We have audited the accompanying basic financial statements of the Metropolitan Sports Facilities Commission, a component unit of the Metropolitan Council, as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Sports Facilities Commission as of December 31, 2005, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note II. A. to the basic financial statements, the Metropolitan Sports Facilities Commission adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for the year ended December 31, 2005. This standard establishes and modifies disclosure requirements for deposit and investment risks, including credit risk and interest rate risk.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2006, on our consideration of the Metropolitan Sports Facilities Commission'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

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E-mail: auditor@state.mn.us • TDD Relay: 651/297-5353 • Website: www.auditor.leg.state.mn.us

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.

Management's Discussion and Analysis is not a required part of the Commission's basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purposes of forming an opinion on the Commission's basic financial statements. The Introductory Section and Statistical Section, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the Commission's basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

James R. Nobles
Legislative Auditor

Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

May 5, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Metropolitan Sports Facilities Commission (Commission) Comprehensive Annual Financial Report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i- vi of this report.

Financial Highlights

The basic financial statements report information about the Commission using the economic resources measurement focus and accrual basis of accounting.

- The Commission's total net assets (assets less liabilities) were $48,376,447 at December 31, 2005, net assets decreased by $4,527,235 from the previous year.
- During fiscal year 2005, the Commission's revenues decreased by $319,056, fiscal year 2005 revenues were $40,899,903. The decrease in revenues was due primarily to a reduction in the number of events held in 2005, operating revenues decreased by $410,553.
- The Commission's expenses increased by $1,332,108 during the year, fiscal year 2005 expenses were $45,427,138. This increase in expenses is largely attributable to an increase in contractual services of $387,556, an increase in supplies, repairs and maintenance expenses of $354,191, and an increase in utility expenses of $374,237.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The financial section of this annual report consists of:

(1) Independent Auditor's Report
(2) Management's Discussion and Analysis (presented here)
(3) Basic (Enterprise fund) Financial Statements:
    a. Statement of net assets
    b. Statement of revenues, expenses, and changes in net assets
    c. Statement of cash flows
(4) Notes to the Financial Statements

The Commission uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Commission maintains one proprietary fund, an enterprise fund. The enterprise fund financial statements report information about the Commission using accounting methods similar to those used by private-sector businesses in which costs are recovered primarily through user charges. Enterprise fund financial statements provide both short-term and long-term financial information about the Commission's overall financial status. In addition, they report the Commission's net assets and how they have changed during the fiscal year.

The Commission's primary business activity is operation of the Hubert H. Humphrey Metrodome sports facility (Metrodome). The Metrodome was primarily built for three major tenants: Minnesota Twins, Minnesota Vikings, and the University of Minnesota football Gophers. The Commission has signed "Use Agreements," with the Minnesota Vikings and the University of Minnesota, which requires them to play all home football games through the 2011 season at the Metrodome. The term of the Use Agreement with the Minnesota Twins was from July 31, 1998 to October 31, 2003 and to December 31, 2003, with respect to the Metrodome office space. The Commission continues to negotiate with the Minnesota Twins for a Baseball Use Agreement.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the Commission is improving or deteriorating. Additionally, nonfinancial factors, such as a change in major tenants or the condition of the Metrodome, should be considered to assess the overall health of the Commission. The statement of net assets can be found on page 12 of this report.

The statement of revenues, expenses and changes in net assets presents information showing how the Commission's net assets changed during the year. All of the current year's revenues and expenses are accounted for in this statement, regardless of when cash is received or paid. The statement of revenues, expenses and changes in net assets can be found on page 13 of this report.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year as a result of operating, capital and investing activities. The statement of cash flows can be found on page 14 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements can be found on pages 15 - 24 of this report.

Financial Analysis

As noted earlier, net assets serve as a useful indicator of the Commission's financial position. In fiscal year 2005, the Commission's net assets decreased by $4,527,235 (9 percent) to $48,376,447. The largest portion of the Commission's net assets, $30,776,055 (64 percent), reflects its investment in capital assets (e.g., land, buildings and equipment) less depreciation. These assets are comprised of the Metrodome stadium site, stadium building and stadium equipment. The Commission uses these capital assets to provide services to tenants, their fans and the public; consequently, these assets are not available for future spending.

The unrestricted net assets of $17,600,392 (36 percent) are available for future use to meet the Commission's ongoing obligations to tenants, fans, citizens and creditors.

These assets are reserved for future operating expenses, capital improvements, repair and replacement expenses and concession related expenses.

Statement of Net Assets

Following is a table that presents a summary of the Commission's Statement of Net Assets as of December 31, 2004 and 2005:

Summary of Net Assets
as of December 31, 2004 and 2005

	2004	2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,696,616	$ 10,367,141
Investments	8,079,740	8,125,766
Receivables:		
Accounts	4,197,875	4,382,288
Accrued interest	61,063	60,450
Prepaid items	246,384	250,696
Total current assets	24,281,678	23,186,341
Noncurrent assets:		
Receivables:		
Accounts	401,500	401,500
Capital assets:		
Land	8,700,000	8,700,000
Building	98,343,087	99,175,715
Equipment	10,561,286	11,395,965
Accumulated depreciation	(83,320,207)	(88,495,625)
Total capital assets (net of accumulated depreciation)	34,284,166	30,776,055
Total noncurrent assets	34,685,666	31,177,555
Total assets	58,967,344	54,363,896
LIABILITIES		
Current liabilities:		
Salaries and benefits payable	94,632	97,022
Accounts payable and other accrued liabilities	5,432,339	5,348,441
Unearned revenue	363,691	350,462
Compensated absences	99,923	121,331
Total current liabilities	5,990,585	5,917,256
Noncurrent liabilities:		
Compensated absences	73,077	70,193
Total liabilities	6,063,662	5,987,449
NET ASSETS		
Invested in capital assets	34,284,166	30,776,055
Unrestricted	18,619,516	17,600,392
Total net assets	$ 52,903,682	$ 48,376,447

At the end of the current fiscal year, the Commission is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.

Statement of Revenues, Expenses and Changes in Net Assets
The following table summarizes the changes in net assets for the years ended December 31, 2004 and 2005.

Summary of Changes in Net Assets
For the Fiscal Years Ended December 31, 2004 and 2005

	2004	2005
Revenues:		
Concessions	$ 22,529,617	$ 22,172,245
Admission tax	7,633,567	7,547,144
Rent	4,854,723	4,465,850
Charges for services	3,120,076	3,146,331
Advertising	1,852,312	2,396,461
Novelties	211,311	156,625
Parking	141,625	144,630
Other	444,136	347,528
Investment earnings	431,592	523,089
Total revenues	41,218,959	40,899,903
Expenses:		
Concession costs	12,019,363	12,276,504
Tenants share of concession receipts	6,481,646	6,572,428
Facilities cost credit	7,089,684	7,116,138
Personal services	3,370,186	3,453,431
Professional services	523,768	474,359
Contractual services	3,578,312	3,965,868
Audio-visual services	266,218	234,594
Travel and meetings	41,325	44,238
Supplies, repairs and maintenance	759,200	1,113,391
Utilities	2,863,101	3,237,338
Insurance	559,440	539,870
Communications	80,670	75,092
Facilities planning, research and public information	100,722	4,865
Event costs	575,615	472,767
Marketing and advertising	418,810	484,334
Miscellaneous	143,368	163,011
Depreciation	5,208,418	5,198,157
Loss on disposal of capital assets	15,184	753
Total expenses	44,095,030	45,427,138
Change in net assets	(2,876,071)	(4,527,235)
Total net assets, January 1	55,779,753	52,903,682
Total net assets, December 31	$ 52,903,682	$ 48,376,447

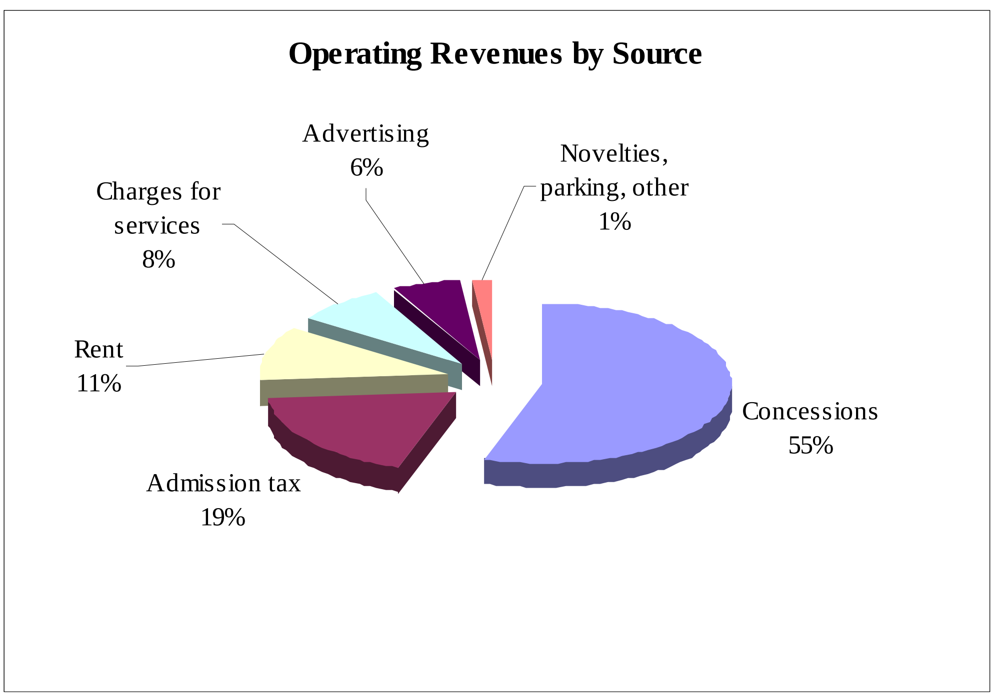
Commission's Activities
Operating revenues for the Commission were $40,376,814 for fiscal year 2005. Sources of revenue are comprised of concessions, admission tax, rent, charges for services, advertising, novelties, parking and other revenues. Concessions constitute the largest

source of revenues and represent 55 percent of total operating revenues. A portion of the concession revenues are paid to the tenants and a five percent management fee is paid to Centerplate, the contractor who manages and operates the concessions.

Per Minnesota statutes a ten percent admission tax is charged on all Metrodome admission tickets. This tax was designed as a user fee to help defray operating expenses. Rent is based on the terms of the use agreements with the Minnesota Twins, Minnesota Vikings, and various other users. Rent also includes the private suite rent from the Minnesota Vikings. Charges for services include the payments from the users and others for event related expenses. The Commission receives advertising revenue from the stadium seating area and the outside marquee; some of the users receive the advertising revenue from the concourses. The largest changes in revenues were:

- Concessions decreased by $357,372, admission tax decreased by $86,423, and rent decreased by $388,873. These decreases are primarily due to a reduction in the number of events held in the Metrodome in 2005. The Minnesota Vikings football season includes ten home games; however in 2005, only nine Minnesota Vikings games were held in the Metrodome. The tenth home game was held on January 1, 2006, thus the activity from this event will be reported in the 2006 financial statements. Also, three motorsports events: a Monster Truck show, Snow Cross and Supercross, were not held at the Metrodome in 2005.
- Advertising revenues increased by $544,149 (29 percent) due to growth in advertising sales.

Below is a chart of the 2005 operating revenues by source:

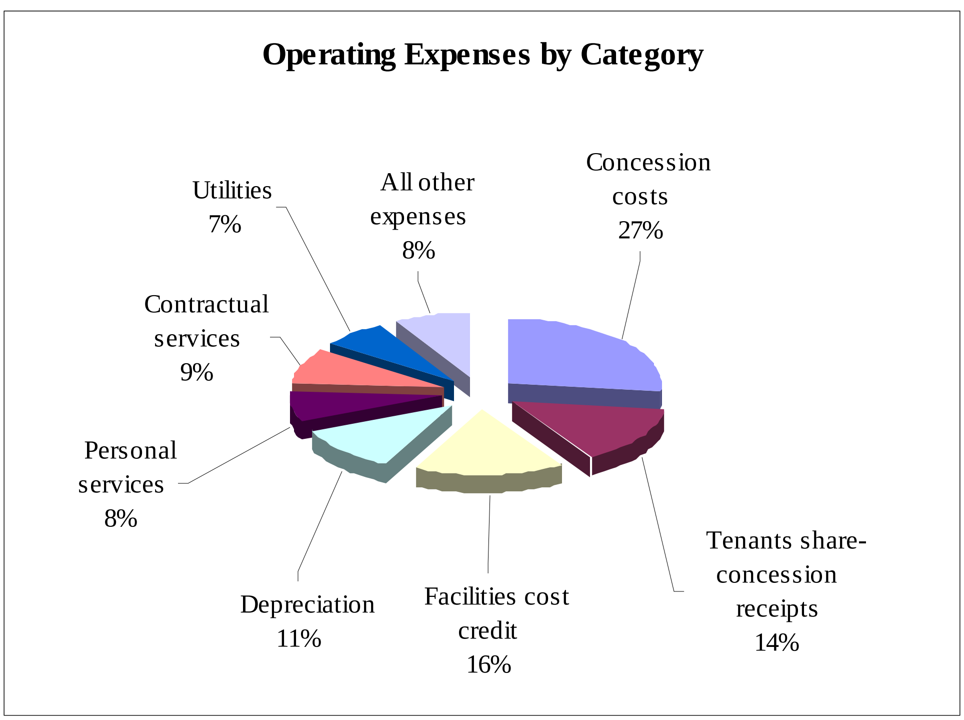


Commission operating expenses include concession (operating) costs, tenants share of concession receipts, facilities cost credit, personal services, professional services, contractual services, utilities, supplies, repairs and maintenance, insurance, facilities planning, research and public information, depreciation and other expenses.

The facilities cost credit was created to help the major users enhance team revenues and/or reduce event day cost of operations in the Metrodome. The Commission issues an annual payment to the Minnesota Twins and the University of Minnesota that is equal to the admission tax paid by each team for events in the Metrodome. The Commission waives the required rent payment from the Minnesota Vikings in lieu of the facilities cost credit. The facilities cost credit of $7,116,138 includes expenses of $3,219,933 for Minnesota Twins, $3,212,070 for Minnesota Vikings, and $684,135 for the University of Minnesota.

The Commission continually makes improvements to the stadium for the enjoyment of its users and their fans. Regular maintenance, repairs, and upgrades are essential to keep the stadium up to date and in line with current stadium designs. The Commission attempts to keep abreast of changing public needs and expectations to make sure it fulfills the community's needs for comfort and convenience. Contractual expenses increased by $387,556 primarily due to an increase in contractual building maintenance expenses. Supplies, repairs and maintenance expenses increased by $354,191, primarily due to an increase in supplies for the repairs and maintenance of the building and grounds. Also, utilities expenses increased by $374,237, electricity, heating, and air conditioning costs increased due to rate increases.

Below is a chart of the 2005 operating expenses by category:



Capital Assets

The Commission's investment in capital assets as of December 31, 2005 was $30,776,055 (net of accumulated depreciation). The following summarizes the Commission's capital assets as of December 31, 2004 and 2005.

Capital Assets
As of December 31, 2004 and 2005

	2004	2005
Capital assets:		
Land	$8,700,000	$ 8,700,000
Buildings	98,343,087	99,175,715
Equipment	10,561,286	11,395,965
Total capital assets	117,604,373	119,271,680
Less: accumulated depreciation	(83,320,207)	(88,495,625)
Total capital assets, net	$34,284,166	$30,776,055

During fiscal year 2005, the Commission's net increase in capital assets (including additions and deletions) was $1,667,307 over last year. This year's major capital asset additions included the following:

- Construction of one large private suite, Terrace Suite I, which replaced eight Minnesota Vikings suites and four rows of seating in the stadium bowl.
- High definition television cabling and high definition plasma televisions were installed throughout the Metrodome concourses to replace the original television cabling and televisions. The new cabling increases the system's bandwidth and provides greater system reliability.
- Media matrix audio computer system was replaced. This system controls which stadium speaker(s) are turned "on" or "off" during events.
- A 50-ton chiller was installed to enhance the chiller system capacity due to increased air conditioning "load" requirements for the Metrodome office space.

Additional information on the Commission's capital assets can be found in the notes to the financial statements on page 20 of this report.

Economic Factors

- In August 2005 the Commission executed a Terrace Suite Agreement and amended the Private Spectator Box Option Agreement with the Minnesota Vikings as part of the agreement to construct one large suite, known as Terrace Suite I. Terrace Suite I was constructed to provide fans with an enhanced experience during home games and to provide opportunities for revenue enhancement for the Minnesota Twins, the Minnesota Vikings and the University of Minnesota. Construction of Terrace Suite I required demolition of eight suites and four rows of stadium seating. The Minnesota Vikings own the rights to the Metrodome's private suites per the Private Spectator Box Option Agreement (Box Option Agreement) and they lease the suites to fans on a year-round or per-game basis. The Box Option Agreement requires an annual rent payment from the Minnesota Vikings for the privilege of developing and operating the private suites in the Metrodome. The annual rent is paid to the Commission to replace the revenue lost from removing rows of seats where the suites are located. The annual rent was fixed at $1,300,000 for the period from 1997 forward. The Amendment to the Private Spectator Box Option Agreement reduced the annual rent to $900,000.

- In January 2006 the Commission executed an amendment to the Terrace Suite Agreement and another amendment to the Private Spectator box Option Agreement with the Minnesota Vikings as part of the agreement to construct a second large suite, known as Terrace Suite II. Terrace Suite II is a duplicate of Terrace Suite I. The second Amendment to the Private Spectator Box Option Agreement reduced the annual rent by $500,000 for an annual rent of $400,000.
- Planned Metrodome events in 2006 include: 81 games for the Minnesota Twins, 11 games for the Minnesota Vikings (one game for the 2005 football season and ten games for the 2006 football season), and six games for the University of Minnesota Gopher football team. Other scheduled events include: high school and college sporting events, monster truck events, and other sport and recreation events, and the March 2006 NCAA Minneapolis Regional Basketball Tournament. The Commission is in negotiations for hosting Vans Warped Tour in June 2006.
- On May 20, 2006, the Minnesota Legislature approved two stadium bills that will significantly impact the future of the Commission and the Metrodome:
  - A new $248 million Gopher football stadium will be constructed on the east bank campus of the University of Minnesota. The University of Minnesota intends to begin construction on the new on-campus open-air stadium in the summer 2006, and the Gopher football team would begin playing in their new stadium in the fall of 2009. This legislation requires that the Commission's use agreement with the University of Minnesota shall be terminated on the date of completion of the new on-campus stadium.
  - A new $390 million Twins Ballpark will be constructed in downtown Minneapolis. The bill created a new public body authority, The Minnesota Ballpark Authority, who will have responsibility for the construction, financing, operation, and maintenance of the new open-air major league ballpark. Hennepin County and the Minnesota Twins intend to have construction completed and the ballpark operational for the opening of the 2010 baseball season. The bill has specific financial commitments that the Commission must comply with: the bill requires the Commission to "transfer $300,000 from its cash reserves to Hennepin County (county) on or prior to January 1, 2007, for use in connection with preliminary ballpark and public infrastructure costs, which amount shall be repaid by the county from collections of the newly authorized sales tax. The bill further requires that upon the sale of the Metrodome the Commission must transfer $5,000,000 from its cash reserves in place prior to the sale of the Metrodome to the city of

Minneapolis for future infrastructure costs at the site of the Metrodome. The Commission must also transfer, upon the sale of the Metrodome, the net sales proceeds of the Metrodome as follows: $5,000,000 to Hennepin County to offset expenditures for grants for capital improvement reserves for a ballpark, and the remainder to the football stadium account to be used to pay debt service on bonds issued to pay for the construction of a football stadium for the Minnesota Vikings.

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its financial position and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Metropolitan Sports Facilities Commission, 900 South Fifth Street, Minneapolis, Minnesota 55415.

METROPOLITAN SPORTS FACILITIES COMMISSION **Exhibit A**
Statement of Net Assets
December 31, 2005

ASSETS	
Current assets:	
Cash and cash equivalents	$ 10,367,141
Investments	8,125,766
Receivables:	
Accounts	4,382,288
Accrued interest	60,450
Prepaid items	250,696
Total current assets	23,186,341
Noncurrent assets:	
Receivables:	
Accounts	401,500
Capital assets:	
Land	8,700,000
Building	99,175,715
Equipment	11,395,965
Accumulated depreciation	(88,495,625)
Total capital assets (net of accumulated depreciation)	30,776,055
Total noncurrent assets	31,177,555
Total assets	54,363,896
LIABILITIES	
Current liabilities:	
Salaries and benefits payable	97,022
Accounts payable and other accrued liabilities	5,348,441
Unearned revenue	350,462
Compensated absences	121,331
Total current liabilities	5,917,256
Noncurrent liabilities:	
Compensated absences	70,193
Total liabilities	5,987,449
NET ASSETS	
Invested in capital assets	30,776,055
Unrestricted	17,600,392
Total net assets	$ 48,376,447

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

METROPOLITAN SPORTS FACILITIES COMMISSION **Exhibit B**

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended December 31, 2005

Operating revenues:	
Concessions	$ 22,172,245
Admission tax	7,547,144
Rent	4,465,850
Charges for services	3,146,331
Advertising	2,396,461
Novelties	156,625
Parking	144,630
Other	347,528
Total operating revenues	40,376,814
Operating expenses:	
Concession costs	12,276,504
Tenants share of concession receipts	6,572,428
Facilities cost credit	7,116,138
Personal services	3,453,431
Professional services	474,359
Contractual services	3,965,868
Audio-visual services	234,594
Travel and meetings	44,238
Supplies, repairs and maintenance	1,113,391
Utilities	3,237,338
Insurance	539,870
Communications	75,092
Facilities planning, research and public information	4,865
Event costs	472,767
Marketing and advertising	484,334
Miscellaneous	163,011
Depreciation	5,198,157
Total operating expenses	45,426,385
Total operating loss	(5,049,571)
Nonoperating revenues (expenses):	
Investment earnings	523,089
Loss on disposal of capital assets	(753)
Total nonoperating revenues (expenses)	522,336
Change in net assets	(4,527,235)
Total net assets, January 1, 2005	52,903,682
Total net assets, December 31, 2005	$ 48,376,447

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

METROPOLITAN SPORTS FACILITIES COMMISSION **Exhibit C**
Statement of Cash Flows
For the Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from concessionaire	$ 10,449,461
Cash received from tenants	8,305,606
Cash received from others	3,038,390
Cash payments to concessionaire, vendors and others	(11,278,794)
Cash payments to tenants	(7,198,498)
Cash payments to employees	(3,432,517)
Net cash provided (used) by operating activities	(116,352)
CASH FLOWS FROM CAPITAL ACTIVITIES	
Purchase of capital assets	(1,690,799)
Net cash provided (used) by capital activities	(1,690,799)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	3,030,040
Purchase of investments	(3,424,997)
Interest received	872,633
Net cash provided (used) by investing activities	477,676
Net increase (decrease) in cash and cash equivalents	(1,329,475)
Cash and cash equivalents, January 1	11,696,616
Cash and cash equivalents, December 31	$ 10,367,141
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	$ (5,049,571)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	5,198,157
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(184,413)
(Increase) decrease in prepaid items	(4,312)
Increase (decrease) in salaries and benefits payable	2,390
Increase (decrease) in accounts payable and other accrued liabilities	(83,898)
Increase (decrease) in deferred revenue	(13,229)
Increase (decrease) in compensated absences	18,524
Total adjustments	4,933,219
Net cash provided (used) by operating activities	$ (116,352)
Noncash investing, capital, and financing activities:	
Decrease in fair value of investments	$ (62,605)
Capital asset trade-ins	$ 1,707

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

I. Summary of significant accounting policies

A. Reporting entity

The Metropolitan Sports Facilities Commission (Commission) was established under Chapter 89, Minnesota Laws 1977 as amended and currently operates under Minnesota Statutes, Chapter 473. The Commission is composed of six members appointed by the Minneapolis City Council (Council) and a chair appointed by the Governor. The commissioners serve four-year terms.

The primary responsibility of the Commission is the operation of the Hubert H. Humphrey Metrodome sports facility (Metrodome). The Metrodome hosts a variety of events including the Minnesota Twins, Minnesota Vikings, University of Minnesota football Gophers, various collegiate and amateur sports events, concerts, and community events. The Commission has Use Agreements with the Minnesota Vikings and the University of Minnesota obligating them to play all home football games, through the 2011 season, at the Metrodome. The term of the Use Agreement with the Minnesota Twins was from July 31, 1998 to October 31, 2003 and to December 31, 2003, with respect to the Metrodome office space.

In 2005 the Minnesota Twins filed a motion for summary judgment with Hennepin County district Court (Court) seeking a declaration that the 1998 Use Agreement with the Commission has expired. In February 2006, the Court agreed that the 1998 Use Agreement is expired. The court declared that the Minnesota Twins played the 2004 and 2005 baseball seasons in the Metrodome and are obligated to play the 2006 baseball season in the Metrodome under an implied, non-written contract whose terms have been established by the actual conduct of the parties. The Commission has sought to negotiate with the Minnesota Twins a formal written agreement to govern the use of the Metrodome for 2006 and beyond. The Minnesota Twins have thus far not agreed to enter into such a written agreement.

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The Commission's significant accounting policies are described below.

The Commission is a component unit of the Metropolitan Council of the Twin Cities Area (Metropolitan Council). The Metropolitan Council issued the original debt to finance the Metrodome, refunded the debt in 1992, and then defeased the refunding bonds in 1998. The Metropolitan Council annually approves the Commission's budget.

I. Summary of significant accounting policies (continued)

B. Measurement focus, basis of accounting, and financial statement presentation

The Commission's enterprise fund financial statements are reported using the economic resources measurement focus and 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.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Commission's enterprise fund are: concession revenues, admission taxes, rent and charges for services. Operating expenses include concession costs, tenants share of concession receipts, facilities cost credit, building maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, the Commission has elected not to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

C. Assets, liabilities, and net assets

1. Cash and investments

The Commission has defined cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Commission deposits are backed by a combination of Federal Deposit Insurance Corporation (FDIC) and collateral in the form of statutorily approved securities.

The Commission may invest funds as authorized by Minnesota Statutes, Chapter 118A, and the Commission's internal investment policy. Investments include:

(a) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statutes, Chapter 118.04, subdivision 6;

(b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments.

I. Summary of significant accounting policies (continued)

Investments are stated at fair value as required by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The fair value of the Commission's investments is based on quoted market prices.

2. Prepaid items

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

3. Capital assets

Capital assets include land, buildings and equipment. Capital assets are defined by the Commission as assets with an initial, individual cost of $500 or more and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Capital Assets	Useful Life
Buildings	9 – 30 years, up to Year 2011
Equipment	3 – 10 years, up to Year 2011

4. Compensated absences

The Commission accrues vacation and sick leave when earned. All full-time employees earn annual vacation leave based on years of service and are allowed to accumulate up to a maximum of 280 hours as of the end of each year. Certain employees qualify for a sick leave severance benefit paid at termination. The pay rate in effect at the end of the year and the employer's share of social security contributions are used to calculate compensated absences accruals at December 31.

5. Unearned revenue

Unearned revenue consists of amounts recognized as assets that have not been earned. These amounts include admission taxes, advertising revenues, and rent.

6. Net assets

Net assets are comprised of two categories: net assets invested in capital assets and unrestricted net assets. The first category reflects the portion of assets that is associated with non-liquid capital assets. Net assets that are neither restricted nor related to capital

I. Summary of significant accounting policies (continued)

assets, are reported as unrestricted net assets. The Commission maintains the following unrestricted net asset accounts:

Unrestricted Net Asset Accounts	Balance as of December 31, 2005
Operating account	$ 8,543,950
Capital improvement account	6,427,292
Repair and replacement account	1,254,997
Concessions reserve account	1,374,153
	$17,600,392

II. Detailed Notes

A. Deposits and investments

The Commission implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures,* which is effective for reporting periods beginning after June 15, 2004. Accordingly, this is the initial year that the notes to financial statements comply with this new standard.

Minnesota Statutes, Chapter 118A, require that all Commission deposits in excess of available federal deposit insurance be protected by corporate surety bonds or collateral pledged to the Commission. The statute further requires the total amount of collateral computed at its fair market value shall be at least ten percent more than the amount on deposit at the close of the business day. At December 31, 2005, the carrying amount of the Commission's combined bank accounts was $179,005. Bank balances were $434,472 of which $100,000 was covered by federal depository insurance (FDIC) and the remaining $334,472 was collateralized with securities held by the Federal Reserve Bank in the Commission's name. The differences between carrying value and bank balance generally result from checks outstanding and deposits in transit at December 31, 2005.

The Commission's investment policy addresses certain risks to which it is currently exposed as follows:

Interest rate risk. In accordance with its investment policy the Commission manages its exposure to declines in fair value. To meet short-term cash flow needs, the Commission's investment portfolio will remain sufficiently liquid to enable the Commission to meet anticipated cash requirements without the occurrence of significant investment losses. To meet long-term needs, the average duration of the investment portfolio should match the average duration of liabilities subject to regulatory requirements.

II. Detailed notes (continued)

Credit risk. Minnesota Statutes, Chapter 118A, limits investment instruments purchased by the Commission. It is the Commission's policy not to invest in interest-only securities, principal-only securities, collateralized mortgage obligations residual tranches, guaranteed investment contracts, interest rate swaps, options, futures or forward contracts, and foreign securities or foreign exchange contacts. The Commission's investment policy limits investments to the highest rating issued by at least two nationally recognized statistical rating organizations. In the case of commercial paper, "A-1" or "P-1" ratings are acceptable.

Concentration of credit risk. The Commission's investment policy, which specifically limits investments to no more than 10% of the account's holding, may be in a single commercial paper issued at the time of purchase.

Custodial credit risk. The custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counter party to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. According to the Commission's investment policy, all securities are to be held by a third party safekeeping agent appointed as custodian.
The Commission has no foreign currency exposure.

Following is a summary of the fair values of securities at December 31, 2005:

Security Type	Credit Risk	Custody Credit Risk	Par	Fair Value	% of Total Portfolio
U.S. Agency Securities:					
Federal National Mortgage Assn.	Aaa	Custody (a)	$ 3,480,239	$ 3,735,421	20.2%
Federal Home Loan Mtg. Corp.	Aaa	Custody (a)	$ 2,109,758	$ 2,250,734	12.2%
Government National Mortgage Assn.	Aaa	Custody (a)	$ 1,999,168	$ 2,139,611	11.6%
Money Market Funds	(b)	n.a.	$10,188,136	$10,188,136	55.0%
Cash in bank	n.a.	(c)	$ 178,855	$ 178,855	1.0%
Petty cash	n.a.	Commission held	$ 150	$ 150	0.0%
Total cash and investments			$17,956,306	$18,492,907	100.0%

(a) Securities held in custody/escrow are in the Commission's name
(b) $368,795 invested in Aaa money markets, $9,819,341 invested n A1/P1 type investments of the non-rated Sit Money Market Fund.
(c) Balances less than or equal to $100,000 are FDIC insured. Individual balances greater than $100,000 are collateralized, with securities held by the Federal Reserve Bank in the Commission's name.

II. Detailed notes (continued)

The Commission has adopted a simulation model of reporting its investments and their sensitivity to fluctuation in interest rates to comply with GASB Statement No. 40. As presented, assumptions are made of interest rate changes of 50, 100, 150, and 200 basis points; it also assumes that interest rate changes occur on December 31, 2005. The investment portfolio has an average yield of 5.43%, modified duration of 1.85 years, effective duration of 1.57 years and convexity of –0.75 as of 12/31/2005.

	Estimated Fair Value, Parallel Shift of Yield Curve			
Security Type	**+ 50 Basis Pts**	**+100 Basis Pts**	**+150 Basis Pts**	**+200 Basis Pts**
U.S. Agency Securities:				
Federal National Mortgage Assn.	$ 3,705,537	$ 3,675,892	$ 3,644,647	$ 3,611,845
Federal Home Loan Mtg. Corp.	$ 2,232,728	$ 2,214,866	$ 2,196,040	$ 2,176,276
Government National Mortgage Assn.	$ 2,122,494	$ 2,105,514	$ 2,087,617	$ 2,068,829
Money Market Funds	$10,188,136	$10,188,136	$10,188,136	$10,188,136
Cash in bank	$ 178,855	$ 178,855	$ 178,855	$ 178,855
Petty cash	$ 150	$ 150	$ 150	$ 150

B. Capital assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance January 1	Increases	Decreases	Balance December 31
Capital assets, not being depreciated:				
Land	$8,700,000	$ -	$ -	$8,700,000
Capital assets, being depreciated:				
Buildings	98,343,087	832,628	-	99,175,715
Equipment	10,561,286	863,883	(29,204)	11,395,965
Total capital assets, being depreciated	108,904,373	1,696,511	(29,204)	110,571,680
Less: accumulated depreciation for:				
Buildings	(76,199,475)	(4,270,334)	-	(80,469,809)
Equipment	(7,120,732)	(927,823)	22,739	(8,025,816)
Total accumulated depreciation	(83,320,207)	(5,198,157)	22,739	(88,495,625)
Total capital assets, being depreciated, net	25,584,166	(3,501,646)	(6,465)	22,076,055
Total capital assets, net	$34,284,166	$(3,501,646)	$ (6,465)	$30,776,055

II. Detailed notes (continued)

C. Expenses – Facilities Cost Credit

In 1998 the Commission created the facilities cost credit to assist the Minnesota Twins, Minnesota Vikings and the University of Minnesota football Gophers in enhancing team revenues and/or reducing event day cost of operations in the Metrodome. Since 1999 the Commission has issued an annual payment to the Minnesota Twins and the University of Minnesota football Gophers that is equal to the admissions tax paid by each team for their events in the Metrodome. At the request of the Minnesota Vikings, the Commission waived the required rent payment in lieu of the facilities cost credit. Although the facilities cost credit may not exceed admission tax amounts for each team's events, the tax is not waived or pledged to the teams.

D. Defeasance of debt

In March 1998, the Commission entered into an agreement with the Metropolitan Airports Commission for the sale of the Met Center property. The Indenture of Trust dated August 1, 1992, between the Metropolitan Council (issuer of bonds) and the Trustee for the Sports Facilities Revenue Refunding Bonds Series 1992 (Metrodome Refunding Bonds), restricted the proceeds from the sale of the Met Center property to debt service application or retirement of the bonds. On March 11, 1998, the Metropolitan Council, at the request of the Commission, entered into an Escrow Agreement to defease the outstanding Metrodome Refunding bonds. The proceeds from the sale of the Met Center property and funds on hand of the Commission were placed in an irrevocable escrow fund to provide for all future debt service payments on the bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. The balance outstanding of the defeased bonds as of January 1, 2005 was $16,975,000.

On March 1, 2005 General Re Securities exercised its right per the Option Agreement, dated March 11, 1998, by and among General Re Securities, Metropolitan Council and the Escrow Agent, to purchase all of the escrow securities at the exercise price of $16,975,000 on the exercise date of March 1, 2005.

On April 1, 2005, Metropolitan Council and the Escrow Agent called for redemption $16,970,000 of the Metrodome Refunding Bonds. The balance outstanding of the defeased bonds as of December 31, 2005 was $5,000.

II. Detailed notes (continued)

E. Changes in long-term liabilities

Long-term compensated absences activity for the year ended December 31, 2005, was:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
$173,000	$169,415	$150,891	$191,524	$121,331

III. Other information

A. Retirement plans

Commission employees are covered by one of two Minnesota State Retirement System (MSRS) retirement plans.

General Employees Plan (GEP) Description
The MSRS-GEP is a cost-sharing multiple employer defined benefit public employee retirement plan. All full-time employees of the Commission are covered by this plan. The plan is administered by MSRS. MSRS provides retirement benefits, as well as disability benefits to members, and benefits to survivors upon the death of eligible members. Minnesota Statutes, Chapter 352, establishes MSRS and the plan benefit provisions.

MSRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Minnesota State Retirement System, 60 Empire Drive, Suite 300, St. Paul, Minnesota 55103-3000 or by calling (651) 296-2761.

Funding Policy
Minnesota Statutes, Chapter 352, sets the rate for employee and employer contributions. Contributions are made to the fund by the employees and the employer, based on a percentage of gross salary/wage. The total required contribution rate was eight percent, the employee and the employer each have a required contribution rate of four percent.

Employer contributions to MSRS-GEP, which equaled the required contribution for each year, were:

Year	Contributions
2003	$ 76,022
2004	78,449
2005	81,095

III. Other information (continued)

Unclassified Employees Plan (UEP) Description

The MSRS-UEP is a multiple employer defined contribution public employee retirement plan. Only the chair of the Commission is covered by this plan. The plan is authorized by Minnesota Statutes, Chapter 352D, and is considered a money purchase plan, i.e., members vest only to the extent of the value of their accounts (contributions plus earnings less administrative expenses). Retirement and disability benefits are available through conversion, at the member's option to the General Employees Plan provided minimum service requirements are met.

Funding Policy

Minnesota Statutes, Chapter 352D, sets the rate for employee and employer contributions. Contributions are made to the fund by the employee and the employer, based on a percentage of gross salary/wage. The total required contribution rate was ten percent, the employee has a required contribution rate of four percent and the employer has a required contribution rate of six percent.

Employer contributions to MSRS-UEP, which equaled the required contribution for each year, were:

Year	Contributions
2003	$ 2,856
2004	3,087
2005	3,177

B. Risk management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; work related injuries; and natural disasters. The Commission purchases all-risk property insurance, terrorism insurance, general and umbrella liability insurance, automobile insurance, crime insurance, and workers compensation insurance. There have been no significant reductions in insurance coverage from the prior year. Within the past three fiscal years, no settled claims have exceeded commercial coverage.

C. Operating leases

The Commission leases office space and two storage facilities for operational purposes. The office space lease period began on November 1, 2005 and continues on a month-to-month basis with a 30-day cancellation notice, the lease payments were $1,500 in 2005. The purpose of one storage facility is to store the plywood that is used to cover the stadium's artificial playing surface during certain events. The lease has continued on a month-to-month basis, lease payments of $20,400 were made in 2005. The other storage facility is used to store the Minnesota Twins' and the Minnesota Vikings' various

III. Other information (continued)

sporting materials and equipment items and to store concession equipment. This lease expires in 2008, and lease payments of $26,852 were made in 2005.

D. Contingent liabilities

The Commission is a defendant in various lawsuits that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of the Commission's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Commission.

E. Subsequent event

In May 2006, the Minnesota Legislature approved and Governor Pawlenty signed two stadium bills that fund the public's portion of a new on-campus Gopher football stadium and a new Minnesota Twins ballpark. The Gopher stadium is expected to open in 2009 and the Twins ballpark is expected to open in 2010 and will be located in the Minneapolis Warehouse District.

Additional information on the stadium bills can be found in our MD&A on page 10 of this report.

STATISTICAL SECTION

METRODOME

METRODOME

METROPOLITAN SPORTS FACILITIES COMMISSION
Expenses by Major Category
Last Ten Fiscal Years
December 31, 2005

Fiscal Year	Concession/ Plaza Costs	Tenants Share of Concessions	Facilities Cost Credit	Personal Services	Professional Services	Contractual Services
1996	$ 7,236,360	$ 2,967,816	$ -	$ 2,712,887	$ 511,415	$ 3,009,980
1997	7,157,924	2,846,059	-	2,854,262	366,003	2,238,933
1998	6,567,220	2,487,363	-	2,963,955	432,736	2,537,945
1999	6,945,860	2,500,213	3,498,199	3,116,778	298,829	2,693,136
2000	8,016,075	2,720,833	4,592,522	3,219,937	362,422	3,200,546
2001	10,217,971	4,979,243	5,406,589	3,114,633	326,949	3,782,745
2002	11,744,361	6,584,452	6,340,575	3,138,774	607,907	3,835,488
2003	11,841,615	6,293,697	6,576,380	3,169,272	639,046	3,657,299
2004	12,019,363	6,481,646	7,089,684	3,370,186	523,678	3,578,312
2005	12,276,504	6,572,428	7,116,138	3,453,431	474,359	3,965,868

Table 1

Audio-Visual	Travel and Meetings	Supplies, Repairs and Maintenance	Utilities	Insurance	Communication	Other
$ -	$ 61,081	$ 436,361	$ 1,879,138	276,632	66,490	1,272,556
354,093	39,662	425,602	1,987,931	236,930	70,351	1,682,313
371,126	58,106	452,076	1,939,866	234,199	63,033	1,639,047
532,982	53,716	443,065	1,928,348	243,708	70,972	1,235,997
471,975	51,400	571,274	1,836,879	243,706	79,041	1,994,400
444,512	38,786	677,490	2,332,833	293,153	156,880	3,638,199
364,762	51,757	893,431	2,536,115	412,099	76,288	2,307,041
292,588	64,501	710,888	2,339,391	610,687	94,144	1,793,510
266,218	41,325	759,200	2,863,101	559,440	80,670	1,238,515
234,594	44,238	1,113,391	3,237,338	539,870	75,092	1,124,977

METROPOLITAN SPORTS FACILITIES COMMISSION **Table 2**
Revenues by Major Category
Last Ten Fiscal Years
December 31, 2005

Fiscal Year	Concessions	Admission Tax	Rent	Charges for Services	Advertising	Parking	Novelties and Other
1996	$ 12,688,302	$ 3,788,463	$ 3,074,074	*	$ 1,748,435	$ 193,245	$ 809,684
1997	12,632,631	4,317,754	3,483,204	*	1,834,458	145,933	989,654
1998	12,028,159	3,923,446	3,686,506	*	1,757,281	132,939	706,118
1999	12,287,430	4,636,332	4,383,490	*	1,792,685	142,809	816,479
2000	14,315,621	5,426,903	4,707,790	*	1,019,036	149,611	883,737
2001	19,374,144	6,724,513	4,633,947	*	1,604,761	146,015	808,258
2002	22,280,961	6,911,756	4,609,338	$ 3,278,386	1,573,914	143,620	547,121
2003	22,435,339	7,594,055	4,734,140	3,249,702	2,162,562	145,379	435,926
2004	22,529,617	7,633,567	4,854,723	3,120,076	1,852,312	141,625	655,447
2005	22,172,245	7,547,144	4,465,850	3,146,331	2,396,461	144,630	504,153

* Charges for services revenue information was not available for this year.

METROPOLITAN SPORTS FACILITIES COMMISSION **Table 3**
Demographic Statistics
Last Ten Fiscal Years
December 31, 2005

Fiscal Year	Metrodome Attendance
1996	2,290,905
1997	2,758,521
1998	2,957,460
1999	2,588,502
2000	2,641,182
2001	3,249,257
2002	3,516,570
2003	3,442,469
2004	3,277,984
2005	3,064,640

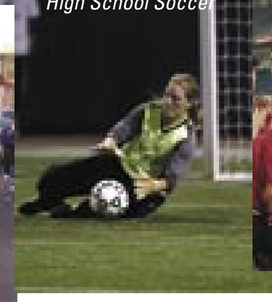
METROPOLITAN SPORTS FACILITIES COMMISSION **Table 4**

Miscellaneous Statistics

December 31, 2005

Date of Establishment	1977
Number of primary users	3
Number of employees	
Full-time	35
Seating capacity	64,100
Number of private suites	100
Site size (acres)	20
Number of concession stands	
Upper level	17
Lower level	14
Plaza	1
Restrooms	32
Concourse width	
Upper level and lower level	20 feet
Playing field in relation to street level	47 feet below
Playing surface	Artificial turf
Playing field size	141,515 sq. feet
Roof	
Type	Fixed-supported by air
Surface	Teflon-coated fiberglass roof with inner fiberglass liner
Height above playing field	195 feet
Total dome area	415,000 sq. feet (9.5 acres)
Baseball Dimensions	
Right Field @ Foul Line	326 feet
Left Field @ Foul Line	354 feet
Center Field	406 feet

Twins Br



High School Soccer

University of Minnesota Softball