MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Comprehensive Annual Financial Report

Year Ended December 31, 2007 and Period from Inception to December 31, 2006

MINNESOTA BALLPARK AUTHORITY

Comprehensive Annual Financial Report

December 31, 2007 and 2006

Minnesota Ballpark Authority Board of Commissioners

Steve Cramer, Chair

Michael Vekich, Vice Chair

Joan Campbell, Secretary

John Wade, Treasurer

Barb Sykora

Minnesota Ballpark Authority Executive Director

Daniel R. Kenney

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

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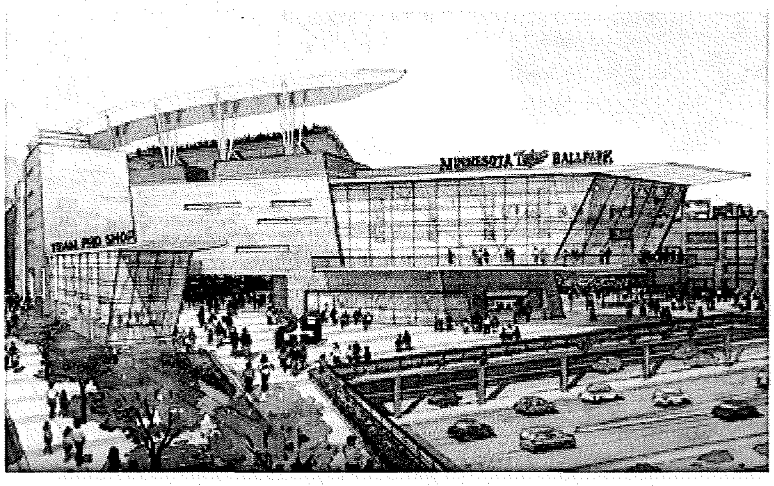

MINNESOTA'S BALLPARK

Minnesota Ballpark Authority

Minnesota Ballpark Authority
Hennepin County, Minnesota
2007 and 2006 Comprehensive Annual Financial Report
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Introductory Section

Dear Reader:

In 2006 the Minnesota Ballpark Authority (MBA) was created by the Legislature as a public body and political subdivision of the State of Minnesota to oversee the construction and operation of a new Major League ballpark in downtown Minneapolis.

The MBA will own the ballpark site and facility on behalf of the public. The MBA Board consists of five members, appointed by Hennepin County (The Chair and Commissioner Barb Sykora), the Governor (Commissioner Michael Vekich and Commissioner John Wade), and the City of Minneapolis (Commissioner Joan Campbell).

What follows this letter is the first Comprehensive Annual Financial Report for the Minnesota Ballpark Authority, from the inception of the organization (July 7, 2006) through December 31, 2007.

2007 was a year of tremendous progress on the ballpark project. The Minnesota Twins, Hennepin County, and the project team of Mortenson Construction, HOK Sport and HGA Architects have been outstanding partners. It is gratifying to see the ballpark design being greeted with wide acclaim, and it is exciting to see the building start to take shape on the site.

For the MBA, we have focused on four key areas: (1) Protecting the public's investment in the project; (2) Building a facility that respects our environment; (3) Ensuring the ballpark has a community economic benefit, in terms of who works to build the ballpark and who works there once it's open; and (4) Creating opportunities for new development around the facility.

We have committed MBA funds to assist in seeking Leadership in Energy and Environmental Design (LEED) certification for the ballpark. We have also engaged community organizations to assist in achieving the workforce and business enterprise goals that were established at the beginning of the project. The MBA has also pledged funds to support the installation of Public Art and District Enhancements and we have been an active participant in discussions with neighborhood groups and City and County officials about future development opportunities in the vicinity of the new ballpark.

The Minnesota Ballpark Authority is committed to working in partnership with the Minnesota Twins, the project team and other interested parties to create a world-class ballpark. We appreciate your interest in the project.

Sincerely,

Steve Cramer, Chair
Minnesota Ballpark Authority

(date), 2008

The Honorable Members of the Minnesota Ballpark Authority:

Minnesota Statutes require all governmental agencies to issue an annual report on its 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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Minnesota Ballpark Authority (MBA) for the period from inception to December 31, 2006, and for the year ended December 31, 2007.

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 period from inception to December 31, 2006, and for the year ended December 31, 2007. 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

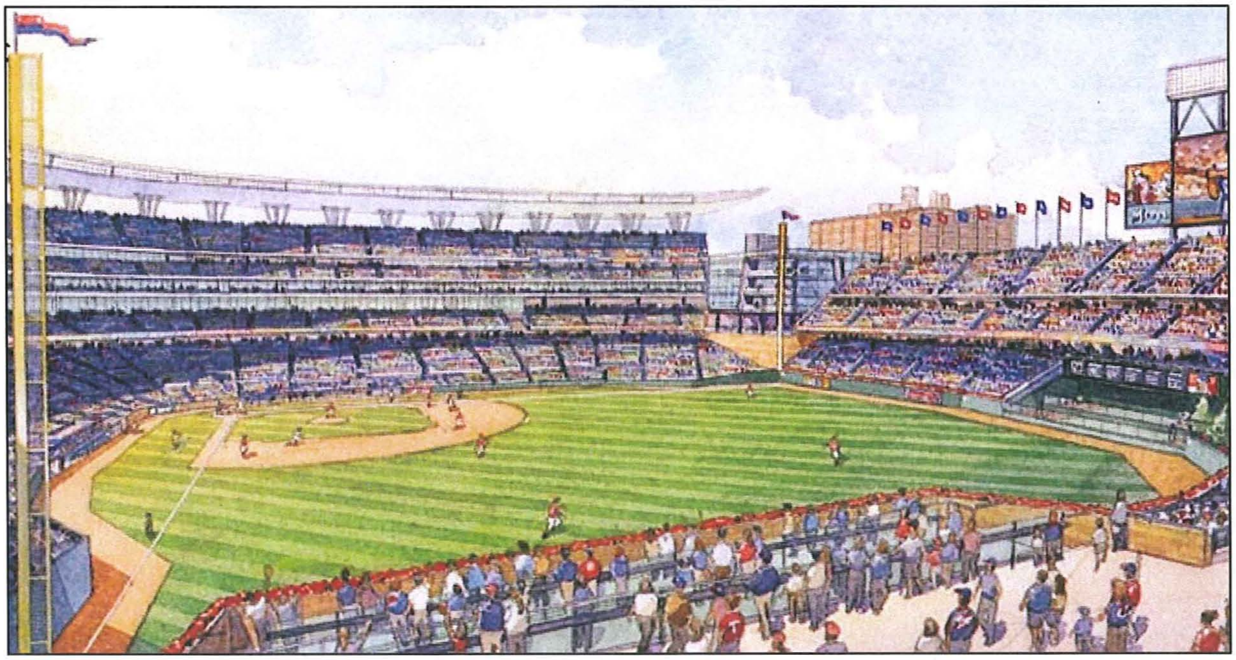
The MBA was established July 7, 2006, as a public body and political subdivision of the State of Minnesota. It was established for the purpose of construction, operation, and maintenance of a ballpark for a Major League Baseball team in accordance with the powers and authorities granted in Laws of Minnesota Chapter 473. The MBA advises and participates with the Minnesota Twins, LLC (the Twins) in the construction of a baseball stadium to be built in Hennepin County, Minnesota and scheduled to be open in 2010. After construction of the stadium is complete, the MBA will lease the stadium to the Twins, oversee its operations, and participate with the Twins in identifying and funding necessary 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 June of each year a budget is prepared and includes information on the past year, current year estimates, and requested appropriations. The Board must adopt and submit a proposed operating budget to 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 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.

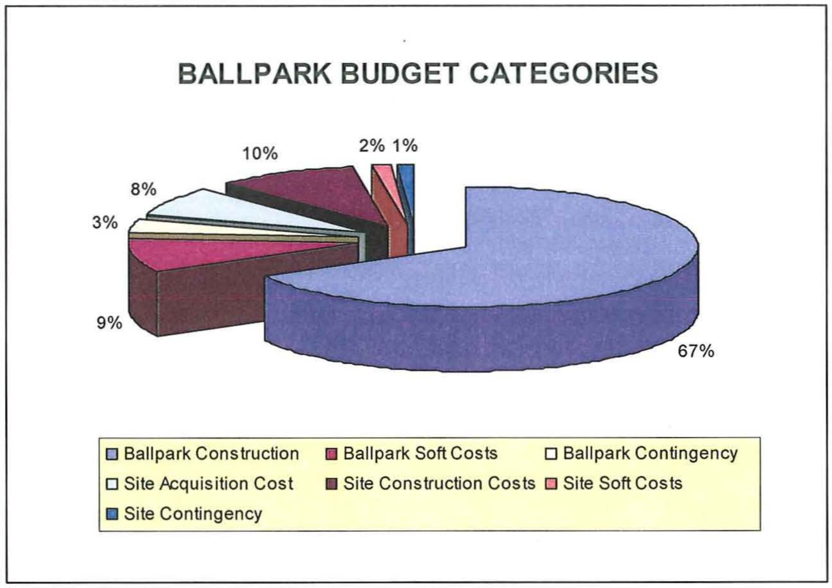
Under the 2006 legislation, the public contribution is $350 million: $90 million for infrastructure and $260 million for ballpark construction. The public contribution of $350 million is to be financed by Hennepin County issued bonds. The bonds will be repaid from a County Ballpark .15% sales tax also approved in the legislation. Under the original agreement, the Minnesota Twins contribution is $130 million for ballpark construction costs plus any ballpark cost overruns. Since the legislation was adopted, the team has also committed to contributing an additional $15 million for non-land infrastructure expenses and $22,529,185 million for construction costs. A total budget of $517.5 million was approved in February 2008. Of this amount, land, land improvements and the stadium itself will be owned by the public through the Minnesota Ballpark Authority. The remaining amount of the construction costs will consist of discrete assets such as seating and scoreboards that will be owned by the Twins.



Artist rendering of Sixth Street overlook of ballpark in Minneapolis, MN
Courtesy of: Minnesota Twins, LLP and HOK Sport

Ballpark Construction

Minnesota's new 40,000-seat ballpark is scheduled to open in spring of 2010 marking the Minnesota Twins' 50th season of playing baseball in the Upper Midwest. 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 HOK Sport and Hammel, Green & Abrahamson. The final total project cost approved in February, 2008, totals $517,529,185, an increase of $37,529,185 from the original budget of $480,000,000. The budget is allocated among the various cost categories as shown in the chart at right. Although the public contribution for infrastructure (including site acquisition, construction and soft costs) is limited to $90,000,000, the Twins contributed an additional $15,000,000 to the project for infrastructure enhancements. The Twins have also contributed an additional $22,529,185 to be used for ballpark construction costs. Soft costs include such items as architect fees and insurance.



Community Participation Program

In order to maximize benefit to the community, the Development Agreement between the Twins, the MBA, and M.A. Mortenson Company includes a Community Participation Program for the ballpark project. The M.A. Mortenson Company program has a 30% participation goal for utilizing Small, Women, and Minority Business Enterprises (SWMBE), and a workforce participation goal of 25% for minorities and a 5% goal for women. Another component of the goals is the Community Workforce Program (CWP), which offers "hands on" training in the construction trades. The objective of the training program is to have 40 – 50 participants employed on the project through the Community Workforce Program through the completion of the ballpark.

In 2007, the MBA entered into contracts with Summit Academy and Minneapolis Urban League to assist in achieving workforce goals, and with the Metropolitan Economic Development Association (MEDA) to assist on the business/enterprise goals. Through May 2008, 18 individuals have been hired from the CWP program, 7 females and 11 males, and referrals came from Summit Academy, Construction Careers Coalition, Merrick, and the St. Paul College. The 30% SWMBE goal is being met, as approximately $64 million of $204 million in the Construction Manager's contracts have been committed to SWMBE firms. 45 SWMBE firms are involved with the project, including 12 firms with prime contracts. The project's workforce utilization levels through May 2008 were 20% for minority workers and 6% female workers, with approximately 309,000 total hours on the job. This is an increase in the overall minority participation from March 2008 (18%) and April 2008 (19%). As the work expands on the site, M.A. Mortenson Company has pledged that they are on track to reach the 25% minority workforce goal by the first quarter in 2009.

Twins Contributions, Financing, and Collateral

On May 7, 2007, the Twins deposited the initial $45 million of its required Ballpark funding contribution with the Ballpark Construction Funds Trustee and the team posted collateral for its remaining $85 million contribution. After the legislation was adopted in 2006, the team also committed to contributing an additional $15 million for non-land infrastructure expenses, and this additional commitment has also been collateralized.

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 team'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 team 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 team default with its lender.

Ballpark Future

The completed stadium will have six separate levels totaling approximately one million square feet. The playing field will be of natural grass with open access to the sky. Fans will be 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 will have ready access to transportation and other recreation and eating facilities.

While the ballpark will be owned by the Minnesota Ballpark Authority, it will be leased and operated by the Twins under a 30-year lease. The Twins will be responsible for 100% of the annual ballpark expenses, an annual amount, 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.

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. It is anticipated that the construction of the ballpark will contribute to the economy by the creation of 500 jobs over the three year period.

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 long-term lease with the Twins with an initial lease term of 30 years.

Cash management policies and practices. Cash in the general fund is deposited in pooled 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 US 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. On December 31, 2007, the County's investment portfolio had an effective duration of 0.77 years and a 12-month cash yield of 3.98 percent. Unrealized portfolio gains occurring in 2007 totaled $3 million.

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.

Risk management. The MBA has a comprehensive risk management program, which includes risk retention, transfer, and control techniques. Purchased insurance primarily covers certain property loss exposures. Additional information is available in note 10 to the basic financial statements.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the MBA. We would like to express our appreciation to all staff who assisted and contributed to the preparation of this report. Credit also must be given to the MBA Board for their support for maintaining the highest standards of professionalism in the management of MBA finances.

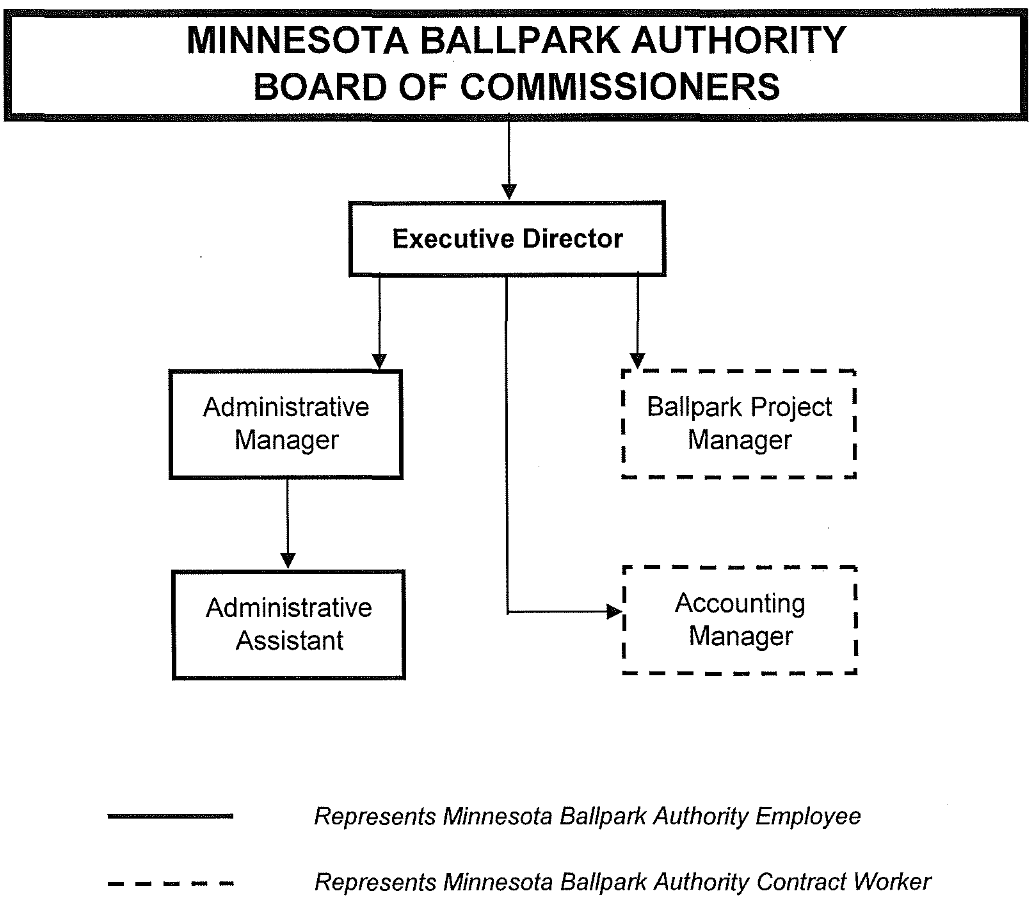
Respectfully submitted,

Daniel R. Kenney
Executive Director

Minnesota Ballpark Authority

Hennepin County, Minnesota

Organization Chart



Minnesota Ballpark Authority
Hennepin County, Minnesota
Principal Officials 2007

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'S BALLPARK

Minnesota Ballpark Authority

Financial Section

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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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 period from the date of inception through December 31, 2006, and as of and for the year ended December 31, 2007, 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, 2006 and 2007, and the respective changes in financial position thereof for the period from the date of inception through December 31, 2006, and for the year ended December 31, 2007, 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 August 12, 2008, 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

August 12, 2008

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 from inception through December 31, 2006, and for the year ended December 31, 2007. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2007, the assets of the MBA exceeded its liabilities by $204,454,191. Of the total net assets, $111,497,558 was invested in capital assets and $89,338,279 was restricted. The remainder consisted of unrestricted net assets of $3,618,354. 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.

  At December 31, 2006, the liabilities of the MBA exceeded its assets by $233,360. This was due to MBA start up costs for which no revenues had yet been received.

- The MBA total net assets, as reported in the Statement of Activities, increased by $204,687,551 during 2007. This increase was due almost entirely to a grant contribution from Hennepin County of $157,865,110 and a contribution from the Minnesota Twins, LLC, of $45,000,000, both of which are restricted for use on the construction of the new Minnesota Twins Ballpark.

  During 2006, the decrease in net assets of $233,360 was comprised of start up costs of the MBA.

Fund Level

- At the end of the fiscal year 2007, the MBA's governmental funds reported total ending fund balances of $92,899,638, an increase of $93,204,798 from the prior year deficit balance of $305,160. The increase in fund balance results from the contributions from Hennepin County and the Minnesota Twins, LLC, to the Capital Projects Fund. Also contributing to the increase is the grant contribution from Hennepin County to the General Fund to cover the MBA's operating expenses.

- Unreserved deficit fund balance for the General Fund was $98,333. This represents 5% of general fund expenditures for the year ended December 31, 2007. 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 June of the following year.

- For the period from inception to December 31, 2006, the fund balance of the General Fund reported an ending deficit fund balance of $305,160. This was due to start up costs of the MBA for which no revenue had yet been received. There was no activity in the Capital Projects Fund for this period.

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.

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 and intergovernmental revenues.

Fund Financial Statements

The fund financial statements provide detailed information about the MBA 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 $204,454,191 at December 31, 2007, and liabilities exceeded assets at December 31, 2006, by $233,360. The Statement of Net Assets presents all of the MBA's assets and liabilities, with the difference between the two reported as "net assets".

	2007	2006
Current assets	$ 105,020,453	$ 77,576
Capital assets	111,497,558	-
Total assets	216,518,011	77,576
Other liabilities	12,063,820	310,936
Total liabilities	12,063,820	310,936
Total net assets	$ 204,454,191	$ (233,360)
Invested in capital assets, net of related debt	$ 111,497,558	$ -
Restricted	89,338,279	-
Unrestricted	3,618,354	(233,360)
Total net assets	$ 204,454,191	$ (233,360)

The largest portion of MBA net assets, $111,497,558, 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, $89,338,279, 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 $3,618,354.

MBA net assets increased by $204,687,551 during 2007. This increase was due almost entirely to a grant contribution from Hennepin County of $157,865,110 and a contribution from the Minnesota Twins, LLC, of $45,000,000, both of which are restricted for use on the construction of the new Minnesota Twins Ballpark.

A negative change in net assets and negative unrestricted net assets in 2006 resulted from MBA start up costs.

Governmental Activities:

	2007	2006
Revenues:		
Program revenues:		
Capital contribution from Hennepin County	$ 155,718,979	$ -
Contribution from Minnesota Twins, LLC	45,000,000	-
Other contributions	3,000	-
General revenues:		
Operating contribution from Hennepin County	2,146,131	-
Investment earnings	3,659,692	-
Total revenues	206,527,802	-
Expenses:		
Culture and recreation:		
MBA operating expenses	1,840,251	233,360
Total expenses	1,840,251	233,360
Change in net assets	204,687,551	(233,360)
Net assets – beginning	(233,360)	-
Net assets – ending	$ 204,454,191	$ (233,360)

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 2007 fiscal year, MBA governmental funds reported combined ending fund balances of $92,899,638, an increase of $93,204,798 from the prior year. The increase in fund balance primarily relates to the contributions received from Hennepin County and the Minnesota Twins, LLC, to fund the construction of the new Twins ballpark. At December 31, 2006, the General Fund reported an ending deficit fund balance of $305,160, comprised of MBA start up costs.

Budgetary Highlights

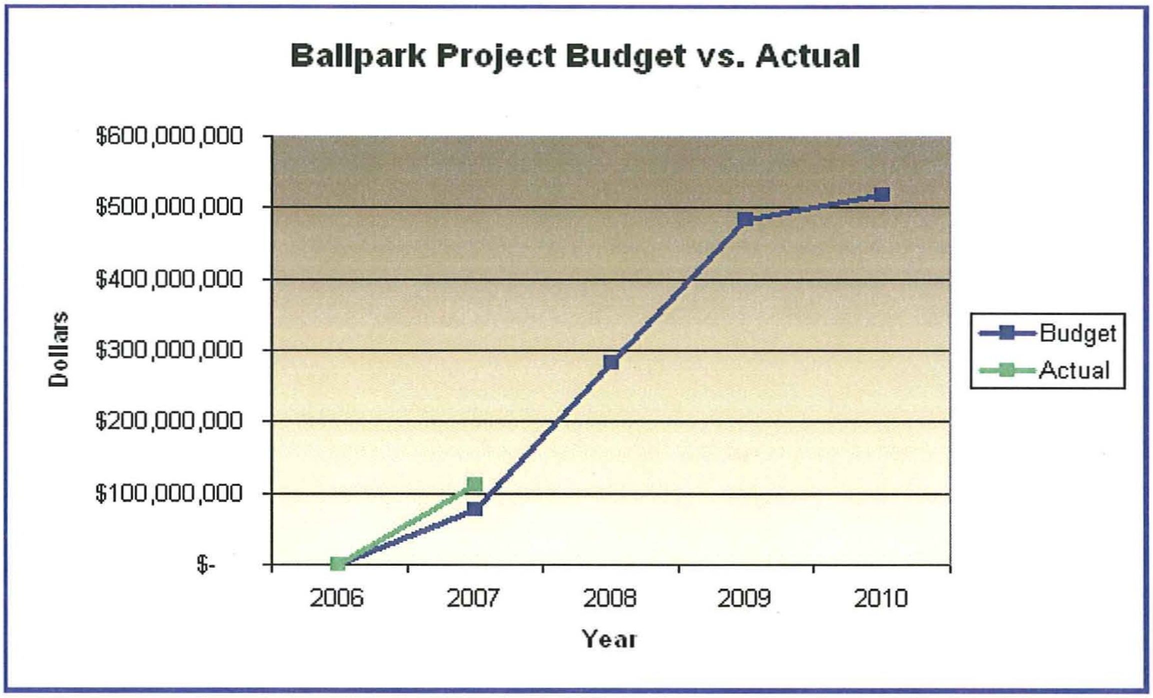
At year-end, actual General Fund expenditures of $1,939,304 were less than the final $2,030,429 budget. The original expenditure budget was decreased by $259,171 to reach this final budget amount in order to reflect less consulting expenses than had been originally anticipated. General Fund revenues exceeded budgeted amounts as contributions from Hennepin County were received in 2007 that were intended to reimburse the MBA for 2006 operating expenditures.

During the MBA's start up period in 2006, no board approved budget was created while the viability of the project was not assured. Hennepin County's Board of Commissioners had approved $5,000,000 in preliminary funds to be spent on all ballpark related costs during this time, which included advances made for MBA start up operating costs.

CAPITAL ASSETS

Capital Assets

MBA investment in capital assets as of December 31, 2007, amounts to $111,497,558 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, ballpark structure, leasehold improvements and furniture and equipment. All of the capital assets were purchased in 2007. The MBA had no capital assets at December 31, 2006.



The MBA is engaged in the building of the Minnesota Twins Ballpark, due to be completed in 2010. The estimated budget is shown above as compared to costs incurred through December 31, 2007.

Additional information on MBA capital assets can be found in note 5 on page 24 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the MBA budget for 2008:

The 2008 General Fund budget was increased $626,326 to $2,656,755 from the 2007 budget primarily due to the anticipated need for additional consulting expenses legal fees required to finalize property purchases, auditing and accounting services, and project research services.

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, 390 Grain Exchange, 301 Fourth Avenue South, Minneapolis, MN 55415.

MINNESOTA'S BALLPARK

Minnesota Ballpark Authority

Minnesota Ballpark Authority
Hennepin County, Minnesota
Governmental Funds Balance Sheets and Statement of Net Assets
December 31, 2007

	General Fund	Capital Projects Fund	Total	Adjustments (Notes 1 and 2)	Statement of Net Assets
ASSETS					
Current assets:					
Cash invested in Hennepin County investment pool	$ 27,758	$ -	$ 27,758	$ -	$ 27,758
Investments in trust: Restricted	-	101,198,541	101,198,541	-	101,198,541
Unrestricted	-	3,252,344	3,252,344	-	3,252,344
Accrued investment interest	-	407,348	407,348	-	407,348
Other receivables	-	52,272	52,272	-	52,272
Prepaid items	-	4,617	4,617	77,573	82,190
Total current assets	27,758	104,915,122	104,942,880	77,573	105,020,453
Noncurrent assets:					
Capital assets:					
Land	-	-	-	40,250,712	40,250,712
Construction in progress - land improvements	-	-	-	51,936,695	51,936,695
Construction in progress - ballpark structure	-	-	-	19,196,293	19,196,293
Leasehold improvements	-	-	-	71,321	71,321
Furniture and fixtures	-	-	-	60,471	60,471
	-	-	-	111,515,492	111,515,492
Less accumulated depreciation	-	-	-	(17,934)	(17,934)
Net capital assets	-	-	-	111,497,558	111,497,558
Total assets	$ 27,758	$ 104,915,122	$ 104,942,880	$ 111,575,131	$ 216,518,011
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	$ 120,199	$ 10,947,326	$ 11,067,525	$ -	$ 11,067,525
Accrued liabilities	5,892	-	5,892	20,578	26,470
Due to Hennepin County	-	969,825	969,825	-	969,825
Total current liabilities	126,091	11,917,151	12,043,242	20,578	12,063,820
FUND BALANCES/NET ASSETS					
Fund balances:					
Designated	-	1,000,000	1,000,000	(1,000,000)	
Unreserved and undesignated	(98,333)	91,997,971	91,899,638	(91,899,638)	-
Total fund balances	(98,333)	92,997,971	92,899,638	(92,899,638)	-
Total liabilities and fund balances	$ 27,758	$ 104,915,122	$ 104,942,880		
Net assets:					
Invested in capital assets, net of related debt				111,497,558	111,497,558
Restricted				89,338,279	89,338,279
Unrestricted				3,618,354	3,618,354
Total net assets				$ 204,454,191	$ 204,454,191

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Statements of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Year Ended December 31, 2007

	General Fund	Capital Projects Fund	Total	Adjustments (Notes 1 and 2)	Statement of Activities
REVENUES					
Program revenues:					
Capital contribution from Hennepin County	$ -	$ 155,718,979	$ 155,718,979	$ -	$ 155,718,979
Capital contribution from Minnesota Twins, LLC	-	45,000,000	45,000,000	-	45,000,000
Other capital contributions	-	3,000	3,000	-	3,000
Total program revenues					200,721,979
General revenues:					
Operating contribution from Hennepin County	2,146,131	-	2,146,131	-	2,146,131
Investment earnings	-	3,659,692	3,659,692	-	3,659,692
Total general revenues					5,805,823
Total revenues	2,146,131	204,381,671	206,527,802	-	206,527,802
EXPENDITURES/EXPENSES					
Current					
Culture and recreation					
Personal services	286,760	-	286,760	14,802	301,562
Commodities	44,139	-	44,139	-	44,139
Contractual services	1,357,518	-	1,357,518	-	1,357,518
Depreciation	-	-	-	17,934	17,934
Other	119,095	-	119,095	3	119,098
Capital outlay	131,792	111,383,700	111,515,492	(111,515,492)	-
Total expenditures/expenses	1,939,304	111,383,700	113,323,004	(111,482,753)	1,840,251
Net change in fund balances/net assets	206,827	92,997,971	93,204,798	111,482,753	204,687,551
FUND BALANCES/NET ASSETS					
Beginning	(305,160)	-	(305,160)	71,800	(233,360)
Ending	$ (98,333)	$ 92,997,971	$ 92,899,638	$ 111,554,553	$ 204,454,191

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Governmental Funds Balance Sheets and Statement of Net Assets
December 31, 2006

	General Fund	Capital Projects Fund	Total	Adjustments (Notes 1 and 2)	Statement of Net Assets
ASSETS					
Current assets:					
Prepaid items	$ -	$ -	$ -	$ 77,576	$ 77,576
Total current assets	-	-	-	77,576	77,576
Total assets	$ -	$ -	$ -	$ 77,576	$ 77,576
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	$ 15,549	$ -	$ 15,549	$ -	$ 15,549
Accrued liabilities	4,703	-	4,703	5,776	10,479
Due to Hennepin County	284,908	-	284,908	-	284,908
Total current liabilities	305,160	-	305,160	5,776	310,936
FUND BALANCES/NET ASSETS					
Fund balances:					
Unreserved and undesignated	(305,160)	-	(305,160)	305,160	-
Total fund balances	(305,160)	-	(305,160)	305,160	-
Total liabilities and fund balances	$ -	$ -	$ -		
Net assets:					
Unrestricted				(233,360)	(233,360)
Total net assets				$ (233,360)	$ (233,360)

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Period from Inception to December 31, 2006

	General Fund	Capital Projects Fund	Total	Adjustments (Notes 1 and 2)	Statement of Activities
REVENUES					
Total revenues	$ -	$ -	$ -	$ -	$ -
EXPENDITURES/EXPENSES					
Current					
Culture and recreation					
Personal services	81,926	-	81,926	5,776	87,702
Commodities	3,385	-	3,385	-	3,385
Contractual services	109,901	-	109,901	-	109,901
Other	104,510	-	104,510	(77,576)	26,934
Capital outlay	5,438	-	5,438	-	5,438
Total expenditures/expenses	305,160	-	305,160	(71,800)	233,360
Net change in fund balances/net assets	(305,160)	-	(305,160)	71,800	(233,360)
FUND BALANCES/NET ASSETS					
Beginning	-	-	-	-	-
Ending	$ (305,160)	$ -	$ (305,160)	$ 71,800	$ (233,360)

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

MINNESOTA'S BALLPARK

Minnesota Ballpark Authority

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The Minnesota Ballpark Authority (MBA) was created by Minnesota state legislation to oversee the design, construction, and operation of a new ballpark for the Minnesota Twins, LLC. The Legislature approved the bill on May 21, 2006, and Minnesota Governor Tim Pawlenty signed the bill into law five days later. The MBA board consists of five Commissioners appointed by the Hennepin County Board (2 including Board Chair), Governor of Minnesota (2), and City of Minneapolis (1). The MBA board first met on July 7, 2006. 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 sets 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide Financial Statements

The government-wide financial statements 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 recorded when earned and expenses are recorded 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 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 2007, the MBA received program revenues in the form of contributions to be used for the building of the ballpark. Taxes and 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.

Governmental Funds are used to account for the MBA's activities. Governmental fund types use the financial resources measurement focus and the modified accrual basis of accounting. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Project Fund* accounts for the activity relating the design and construction of the ballpark.

Cash and Investments

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.

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

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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. 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:

	2007	2006
Governmental fund capital assets	$ 111,515,492	$ -
Governmental fund accumulated depreciation	(17,934)	-
Total capital assets reconciliation item	$ 111,497,558	$ -

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:

	2007	2006
Governmental fund expenditures benefiting future periods	$ 77,573	$ 77,576
Expenses reported in the statement of activities that do not require the use of current financial resources	(20,578)	(5,776)
Total measurement focus reconciliation item	$ 56,995	$ 71,800

3. CASH

Deposits

As of December 31, 2007, the MBA's General Fund had $27,758 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.

3. CASH -- CONTINUED

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, 2007, none of the MBA's investments were subject to custodial credit risk.

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, 2007, the MBA held $104,450,885 in the Wells Fargo Advantage Government Money Market Fund.

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. At December 31, 2007, none of the MBA's investments were subject to interest rate risk.

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, 2007, none of the MBA's investments were subject to credit risk.

4. RECEIVABLES

Other receivables consist primarily of reimbursements expected for advanced project costs.

5. CHANGES IN PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not depreciated:				
Land	$ -	$ 40,250,712	$ -	$ 40,250,712
Construction in progress - land improvements	-	51,936,695	-	51,936,695
Construction in progress - ballpark structure	-	19,196,293	-	19,196,293
Total capital assets not depreciated	-	111,383,700	-	111,383,700
Capital assets depreciated:				
Leasehold improvements	-	71,321	-	71,321
Furniture and equipment	-	60,471	-	60,471
Less accumulated depreciation	-	(17,934)	-	(17,934)
Total capital assets depreciated, net	-	113,858	-	113,858
Capital Assets, Net	$ -	$ 111,497,558	$ -	$ 111,497,558

6. 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 amount owed to Hennepin County at December 31, 2007, was $969,825. This amount was repaid in 2008. At December 31, 2006, $284,908 was owed to Hennepin County. This amount was repaid in 2007.

7. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2007, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$5,776	$20,578	$5,776	$20,578	$20,578

7. LONG-TERM OBLIGATIONS - CONTINUED

Changes in long-term obligations for the year ended December 31, 2006 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$0	$5,776	$0	$5,776	$5,776

8. DESIGNATED FUND BALANCE

Designations of fund balance represent tentative management plans that are subject to change. In 2007, the MBA board passed a resolution designating $1,000,000 of unrestricted cash in the capital projects fund for assistance with efforts to achieve Leadership in Energy and Environmental Design (LEED) certification for the ballpark project.

9. 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, 2007, total $89,338,279. There were no government-wide restricted net assets at December 31, 2006.

10. 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. At the end of 2007, claims have not exceeded budgeted project costs.

11. 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.

Under the development agreement as amended in April, 2008, between the MBA, the County, and the Minnesota Twins, LLC, (the Twins), the total project cost is $517,529,185, an increase of $37,529,185 from the original budget. The Twins have entered into a $391,018,213 construction agreement with M.A. Mortenson Company for the building of the stadium. As of December 31, 2007, approximately $32 million had been spent against this contract.

Upon completion of the new stadium, the MBA will have certain limited obligations under the Ballpark Lease Agreement between the MBA and the Twins. The Twins will manage the stadium and will be responsible for all operating expenses.

Contribution Commitment Arising from Estimates Used in Allocation of Property Ownership

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 have agreed to contribute toward ballpark costs the $130 million required by the ballpark statute and, in addition, $22,529,185 for ballpark enhancements, for a total of $152,529,185, 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, and was mandated by law and the development agreement to be spent for the first ballpark costs. The schedule of capital asset activity shown in note 5, as well as the foregoing Statement of Net Assets at December 31, 2007, include the initial $45 million capital contribution of the Twins as a construction-in-progress asset of the MBA. The capital contribution of the Twins is shown as MBA revenue on the Statements of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities.

The Principles of Agreement between the Twins and the County (as thereafter amended and restated among the Twins, the County and MBA), which formed the basis for many substantive provisions of the ballpark law, provided in particular that the Twins' contribution for ballpark costs could be structured, as prepaid rent or otherwise, to provide maximum benefit to allow the Team to remain competitive. This principle was given effect in part through a provision in the Ballpark Lease Agreement between the MBA and the Twins which permits the Twins, following completion of construction, to designate (subject to the MBA's reasonable approval) items representing certain categories of discrete, tangible personal property, in an amount up to the Twins Ballpark Contribution, which will be deemed owned by the Twins to permit the Twins to claim depreciation deductions and other tax benefits which may be available with respect to such property.

11. COMMITMENTS – CONTINUED

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 or revenues of MBA, as appropriate and when deemed to be used for the ballpark structure owned by the MBA. Contributions used for assets estimated to be Twins' property will not be reflected in the financial statements of the MBA. At such time as completion of construction and designation of the Twins' property occurs, any amounts up to the Twins Ballpark Contribution, including the initial $45 million contribution which has been included in the assets and revenues of MBA for financial statement purposes (as well as subsequent amounts constituting the remaining Twins Ballpark Contribution) estimated and reflected as MBA assets, but later determined to be assets of the Twins will be shown as a contribution to the Twins.

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 2007 of $29,466. (No lease payments were made in 2006.) The following is a schedule of future minimum operating lease payments:

2008	$34,377
2009	$39,288
2010	$44,199

The MBA is also committed to paying a proportionate share of the operating costs of the office space.

12. 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.

12. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

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 #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

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 5.75%, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.00%. The MBA is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members and 6.25% for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan will increase to 6.5%, effective January 1, 2008. The MBA's contributions to PERF for the years ending December 31, 2007 and 2006, were $13,678 and $3,907, respectively. The MBA's contributions were equal to the contractually required contributions for each year as set by state statute.

MINNESOTA'S BALLPARK

Minnesota Ballpark Authority

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, 2007

	2007			
	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
REVENUES				
Contribution from Hennepin County	$ 2,289,600	$ 2,030,429	$ 2,146,131	$ 115,702
Total revenues	2,289,600	2,030,429	2,146,131	115,702
EXPENDITURES				
Current				
Culture and recreation				
Personal services	434,800	285,000	286,760	(1,760)
Commodities	3,000	35,800	44,139	(8,339)
Contractual services	1,645,800	1,461,255	1,357,518	103,737
Other	186,000	115,755	119,095	(3,340)
Capital Outlay	20,000	132,619	131,792	827
Total expenditures	2,289,600	2,030,429	1,939,304	91,125
Net change in fund balance	-	-	206,827	206,827
Fund Balance - Beginning	(305,160)	(305,160)	(305,160)	-
Fund Balance - Ending	$ (305,160)	$ (305,160)	$ (98,333)	$ 206,827

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, 2007

Legal Compliance – Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund based on the modified accrual basis of accounting. All annual appropriations lapse at year-end to the extent that they have not been expended.

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 changed by a vote of the Board. Expenditures may not legally exceed budgeted appropriations.

MINNESOTA'S BALLPARK

Minnesota Ballpark Authority