MINNESOTA BALLPARK AUTHORITY

Hennepin County, Minnesota

2010 Annual Financial Report
Year Ended December 31, 2010

MINNESOTA BALLPARK AUTHORITY

Annual Financial Report

December 31, 2010

Minnesota Ballpark Authority Board of Commissioners

Steve Cramer, Chair

Michael Vekich, Vice Chair

Joan Campbell, Secretary

John Wade, Treasurer

Barb Sykora

Executive Director, Daniel R. Kenney

Finance Coordinator, Brenda Juneau

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

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Minnesota Ballpark Authority
Hennepin County, Minnesota
2010 Annual Financial Report
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MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Introductory Section

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

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

December 13, 2011

Honorable Members of the Minnesota Ballpark Authority Board:

Minnesota Statutes require all governmental agencies to issue an annual report on their financial position and activity prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the State Auditor. The Annual Financial Report for the Minnesota Ballpark Authority (MBA) is hereby submitted for the calendar year ended December 31, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State of Minnesota Office of the State Auditor has issued an unqualified ("clean") opinion on MBA financial statements for the calendar year ended December 31, 2010. The State Auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the letter.

Profile of Governance

The MBA was established in 2006, as a public body and political subdivision of the State of Minnesota, for the purpose of overseeing the design, construction, operation, and maintenance of a ballpark for a Major League Baseball team in accordance with the powers and authorities granted in Laws of Minnesota Chapter 473. The MBA advised and participated with the Minnesota Twins, LLC (the Twins) in the design and construction of a baseball stadium built in Hennepin County, Minnesota. The MBA leases the stadium to the Twins, oversees its operations, and participates with the Twins in identifying and funding necessary future capital repairs to the structure.

The MBA is governed by a Board of five appointed Commissioners. Two members are appointed by the Governor of the State of Minnesota, two members are appointed by the Hennepin County Board of Commissioners (including the Chair), and one member is appointed by the governing body of the City of Minneapolis. The Board is responsible for, among other things, adopting an 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 Hennepin County by August of each calendar year. Any changes in the budget must be within the revenues and reserves estimated or changed by a vote of the Board. A budget to actual comparison for the general fund is presented in the Required Supplementary Information section of this report.

Ballpark History

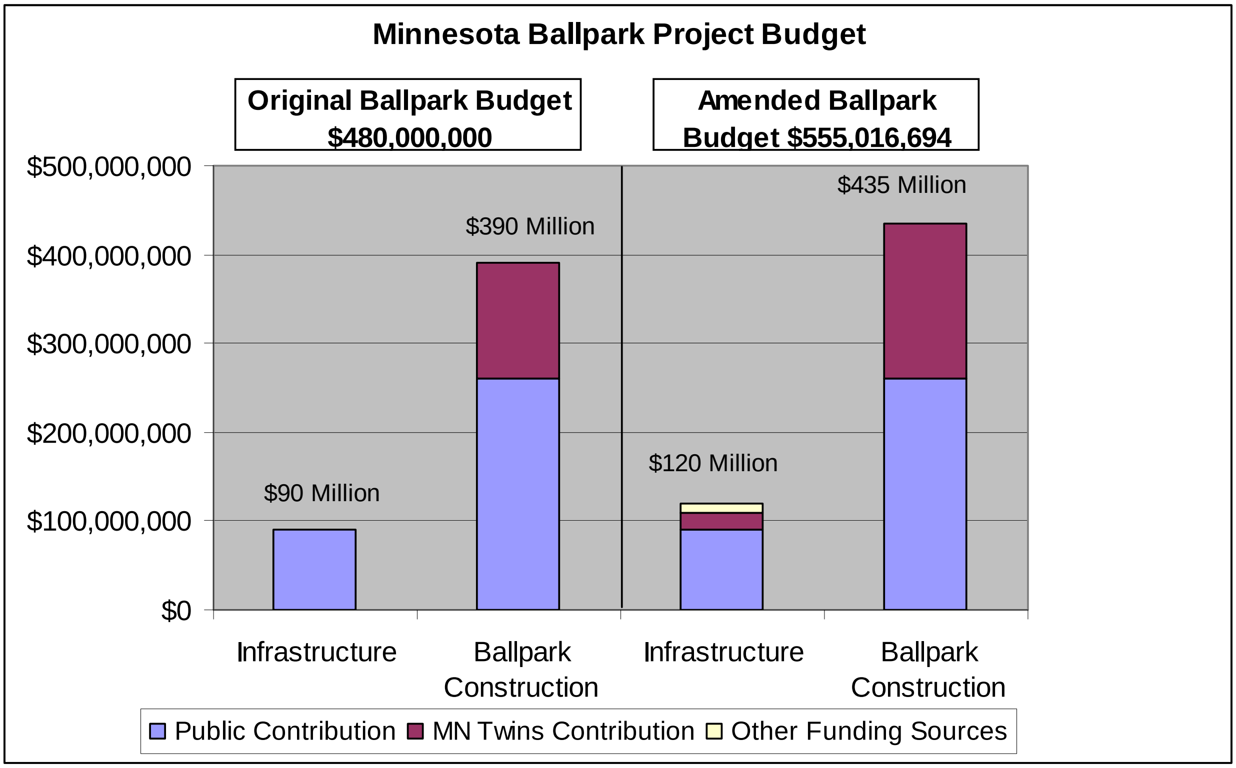
The Minnesota Legislature approved a ballpark bill in 2006 to fund a new Minnesota Twins ballpark. The legislative action was the culmination of a 10-year effort to build an outdoor ballpark in Minnesota. The Legislature approved the bill on May 21, 2006, and Minnesota Governor Tim Pawlenty signed the 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 terms of the 2006 legislation, the public contribution is $350,000,000: $90,000,000 for infrastructure and $260,000,000 for ballpark construction costs. The public contribution of $350,000,000 is financed with Hennepin County issued bonds. The bonds are repaid from a County Ballpark .15 percent sales tax also approved in the legislation. Under the original agreement, the Minnesota Twins contribution is $130,000,000 for ballpark construction costs plus any ballpark cost overruns. The land, land improvements and the stadium itself are owned by the public through the MBA. Consistent with terms of the Ballpark Lease Agreement (Lease), between the MBA and Twins Ballpark, LLC, the Twins own a portion of discrete assets, such as seating and scoreboards, to the extent of their total investment.

Ballpark Construction

Construction of the ballpark began when ground was broken in 2007 with construction estimated to take 36 months. M.A. Mortenson Company was the construction manager for the project. The architects were Populous (formerly HOK Sport) and Hammel, Green & Abrahamson. In January 2010, Mortenson formerly turned over the ballpark, on budget, and two months ahead of schedule. Minnesota’s new 40,000-seat ballpark opened in the spring of 2010 marking the Minnesota Twins’ 50^{th} season of playing baseball in the Upper Midwest. The Minnesota Twins played their first regular season game at the ballpark on April 12, 2010.

An amended project budget, approved in April 2010, totals $555,016,694, an increase of $75,016,694 from the original budget of $480,000,000. After the legislation was adopted, the Twins contributed an additional $19,500,000 for non-land infrastructure expenses and $45,491,694 for additional ballpark enhancements. Bringing the Twins total contribution to $194,991,694. Another $10,025,000 was contributed from other sources, which included Target Corporation, the MBA, and the Minnesota Department of Transportation.



Twins Contributions

The Twins contribution to the project is now $194,991,694, $64,991,694 more than what was outlined in the 2006 Ballpark Legislation. While the additional contributions have been for a variety of purposes, most of the funds were utilized for enhancements to the overall fan experience, ballpark design, architecture and sustainability.

Breakdown of contributions:

◊ $15,000,000 – Infrastructure
◊ $22,529,185 – Architectural enhancements
  - *The Roof Canopy and Soffit*
  - *Minnesota Kasota Stone inside and outside the ballpark*
  - *LEED Certification*
◊ $4,500,000 – Target Plaza
◊ $16,962,509 – Fan experience and enhancements
  - *Added restrooms*
  - *Budweiser Roof Deck*
  - *Scoreboard size and high-definition enhancements*
  - *Radiant Heat*
  - *Technology upgrades (audio, broadcast, fiber optics)*
  - *Incremental retail spaces, enhanced finishes and seat upgrades*
  - *Iconic team signage*
  - *Internet Protocol Television (IPTV) System throughout the ballpark, including additional televisions and hardware*
  - *Upgraded ballpark artwork*
  - *Building sustainability*
◊ $6,000,000 – Enhanced furnishings and finishes of public and premium seating areas

MBA Contributions

The Grant Agreement between Hennepin County and the MBA authorizes the MBA to use interest earnings on proceeds of the bonds for any lawful purpose. The MBA Board has authorized several uses for these funds.

The MBA Board authorized the use of $1 million from the MBA's interest earnings to assist in achieving Leadership in Energy and Environmental Design (LEED) Certification for the ballpark. The U.S. Green Building Council (USGBC) designed the LEED rating system to guide building professionals in key areas of sustainability. These categories include energy and atmosphere, water efficiency, materials and resources, sustainable site development, and indoor environmental quality. The MBA and the Twins invested a combined $2.5 million to seek LEED certification. In 2010 the Ballpark was awarded LEED Silver Certification.

The MBA Board also authorized the creation of a Ballpark District Enhancements and Public Art Incentive fund. The Fund was established to allow the MBA to work with other government agencies, private developers, and other interested parties to encourage the coordinated development of amenities that would serve the long-term interests of the ballpark. The action authorized the use of up to $1 million from the Authority's interest earnings for this purpose. The balance of this fund, combined with remaining contingency in the project's infrastructure budget approved up to $2 million to enhance and improve the public space around the ballpark. Specific projects included art panels along 5th Street, pedestrian and bike improvements along Twins Way, sidewalk expansion and improvements along 7th Street, additional enhancements on 3rd Avenue (coordinated with the City's 2009 reconstruction project), and pedestrian lighting/sidewalk improvements along 2nd Avenue.

In 2010 the MBA Board authorized the designation of up to $1.5 million from remaining ballpark project infrastructure dollars to assist in constructing public plaza and public realm improvements associated with Hennepin County's Interchange Project. Phase 1 of the Interchange Project will replace Hennepin County's existing Environmental Services Building with an LRT platform and public plaza space, connecting directly to the ballpark's Promenade near the Vertical Circulation Building and Gate #6 at Target Field.

Other Contributions

The MBA, Target Corporation and the Twins collaborated in the design and construction of Target Plaza – a new pedestrian bridge and public gathering space connecting Target Field to the Historic Warehouse District. Target Corporation contributed $4,500,000 for the plaza enhancements.

The Minnesota Department of Transportation (MNDOT) authorized a grant contribution to the MBA, up to $3,375,000, for construction of a skyway ramp across 7th Street, to benefit pedestrian traffic on that side of the ballpark. A final amount of $3,100,837 was utilized for this purpose. MNDOT also authorized $150,000 for artwork in the Vertical Circulation Building, of which $138,515 was utilized.

2010 Highlights

Community Participation Program

The MBA, Mortenson Construction, the Twins, and Hennepin County committed to specific goals for hiring subcontractors and suppliers and for employing women, minorities, and small businesses during ballpark construction. The ballpark's goal was to have 30 percent of project work undertaken by Small, Women, and Minority Business Enterprises (SWMBE) and final participation was 34 percent. An additional goal was to have 25 percent of the total hours worked on the project completed by minorities, and another 5 percent by women. The final participation was 26 percent minority and 7 percent female.

Another component of the Community Participation Program was the Community Workforce Program, which offered "hands on" training in the construction trades. The objective of the training program was to have 40 - 50 participants employed on the project through the Community Workforce Program through the completion of ballpark construction. Over the course of construction the ballpark project hired 62 people through the Community Workforce Program.

To assist in achieving those goals, the MBA contracted with the Metropolitan Economic Development Agency (MEDA) to promote outreach to minority-owned firms seeking to bid on ballpark construction work, and also partnered with Summit Academy to train workers who could be hired by contractors working on the project. Success of the Community Participation Program was a result of these partnerships, and in 2010 the MBA accepted two awards from MEDA. As part of MEDA's Construction Partnering Program, Target Field was awarded the 2009 Best Large Project Award and the Community Partner of the Year Award.

A Leader in Environmental Sustainability

The Recycling Association of Minnesota presented the MBA and the Minnesota Twins with its Green Project Award at the Association's 15th annual meeting and awards dinner on October 6. The award was given "In recognition of your efforts to create an environmentally sustainable ballpark for the state of Minnesota."

The MBA and the Twins are committed to building on the current recycling program at Target Field and all of the sustainable design components. Some of the ballpark's green design elements include:

◊ Energy use reduction – achieved through high-efficiency field lighting, interior lighting and heating/cooling and ventilation equipment.

◊ Water use reduction – achieved through water-saving fixtures such as low-flow urinals and dual-flush toilets as well as a specially designed rain water filter system used to capture runoff, filter it and use it both to wash down the seating bowl and for irrigation.

◊ Game Day Recycling – Recyclable collection points stationed conveniently around Target Field keep an estimated 400 cubic yards of material over the course of a three-game home stand out of the solid waste stream.

- ◊ Public transportation access – Target Field was built to include a public transportation hub where commuter and light rail lines connect, adjacent to a major bus hub, as well as convenient access by bike or on foot.

- ◊ Recycled Materials – More than 30 percent of all installed materials are made up of recycled content, including the canopy structure, masonry blocks, the carpet and the foul poles.

Ballpark Future

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

While the ballpark is owned by the MBA, it is leased and operated by the Twins under a thirty-year lease. The Twins are responsible for 100 percent of the annual ballpark operating expenses. In addition, the Twins make annual payments, initially $900,000 (with two-thirds of that amount indexed for inflation), for capital improvements, and $250,000 per year for youth activities and amateur sports. Hennepin County also contributes $1,100,000 annually (indexed for inflation) for future capital needs.

The MBA and the Twins have worked hard to make sure Target Field is one of the most transit-friendly sports facilities in the country. Located in the historic Warehouse District of downtown Minneapolis, Target Field Station is now the service hub for Hiawatha Light Rail Transit (LRT) and the Northstar Commuter Rail line. For walkers and bikers, the Cedar Lake Trail provides both pedestrian and bicycle access to the ballpark. Use of public transit options during the 2010 baseball season exceeded expectations with nearly 25 percent of fans coming to the games using some type of mass transit option.

The MBA continues to partner with other interested transportation stakeholders to ensure the creation of great public spaces and amenities that serve both the ballpark and this emerging area of downtown. At its August 20th Board meeting, the MBA authorized designation of up to $1.5 million to assist in constructing public plaza and public realm improvements associated with Hennepin County's Interchange Project. Funding will come from the remainder of the Ballpark Project's Infrastructure account.

Phase 1 of the Interchange Project will replace Hennepin County's existing Environmental Services Building, adjacent to the ballpark, creating a civic space connecting multiple transportation options. The planned platform and public plaza space will connect directly to the ballpark's Promenade near the Vertical Circulation Building and Gate #6 at Target Field. Project goals are to enhance the pedestrian environment for participants approaching both downtown and the ballpark prior to completion of the Central Corridor LRT in 2014, further stimulating future private investment and development in the vicinity of Target Field.

Economic and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the MBA operates.

Local economy. Hennepin and Ramsey Counties, the geographic area in which the MBA is established, enjoys a favorable economic environment relative to the national economy. The region has a varied manufacturing and industrial base that adds to the stability of the area and is a contributing factor to an unemployment rate that is below national averages.

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

Long-term financial planning. The MBA has planned for financial stability on a long-term basis through the execution of several agreements with other parties, including the Twins and Hennepin County. The MBA has entered into a Grant Agreement with Hennepin County which provides for County grants for both operating expenses and future ballpark capital costs. In addition, the MBA has entered into a thirty-year lease with the Twins, with two ten-year renewal options.

Cash management policies and practices. Cash in the general fund is deposited in accounts of the Hennepin County Investment Pool, an external investment pool. The County manages its cash and investments internally in order to be able to closely match invested balances to operating cash flow needs for maximum advantage and safety. With the exception of a small percentage of escrowed funds (held in trust in U.S. Treasuries or money market funds), the County's cash is invested in AAA-rated obligations of U.S. government-sponsored enterprises and repurchase agreements with primary dealers. The County manages its exposure to fair value losses arising from market conditions by limiting its effective duration to six years or less, and by ensuring that it could hold investments to maturity if necessary. All securities are reported at current market valuation per GASB 31 requirements to include unrealized gains or losses from the current book value.

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

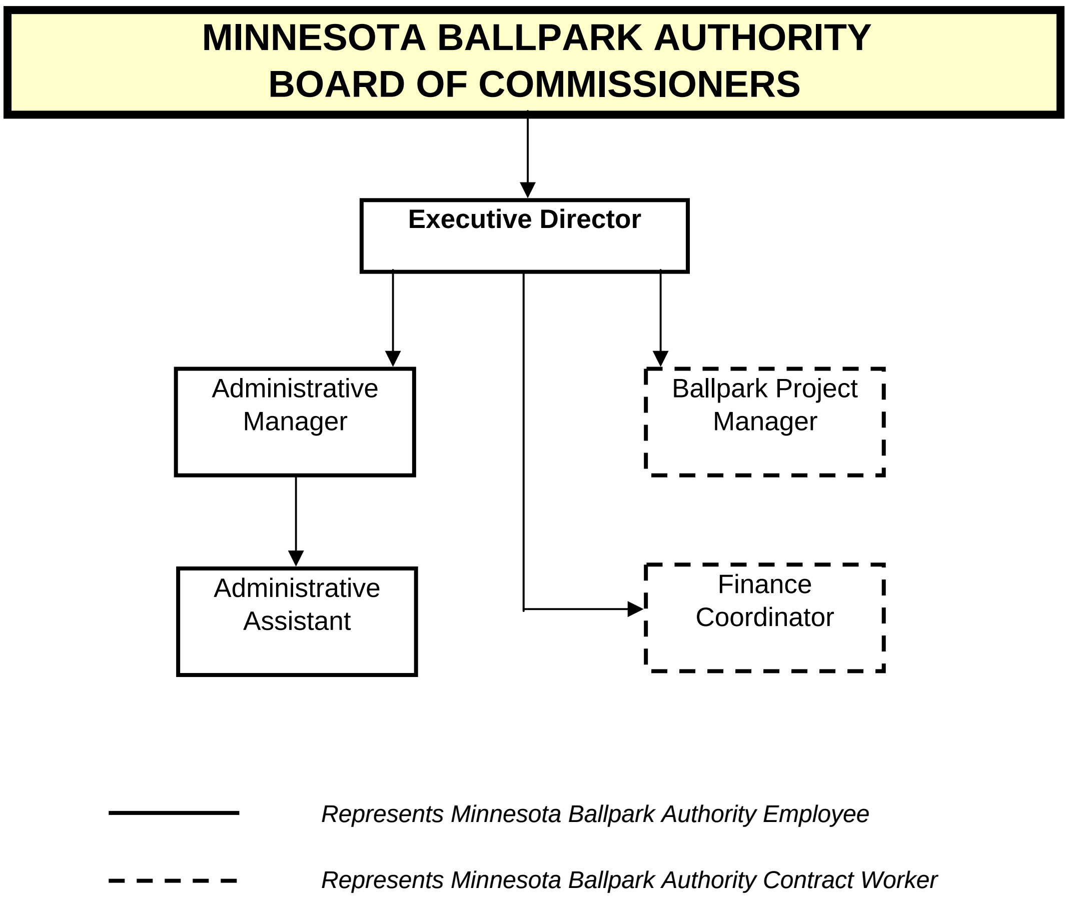
Respectfully submitted,

Daniel R. Kenney
Executive Director

Brenda Juneau
Finance Coordinator

Minnesota Ballpark Authority
Hennepin County, Minnesota

Organization Chart



Minnesota Ballpark Authority
Hennepin County, Minnesota
Principal Officials 2010

Board of Commissioners:

Steve Cramer, Chair

Michael Vekich, Vice Chair

Joan Campbell, Secretary

John Wade, Treasurer

Barb Sykora

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

Executive Director:

Daniel R. Kenney

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Financial Section

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

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

REBECCA OTTO
STATE AUDITOR

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Minnesota Ballpark Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Minnesota Ballpark Authority as of and for the year ended December 31, 2010, 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, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In accordance with auditing standards generally accepted in the United States of America, we have applied certain limited procedures to the required supplementary information, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minnesota Ballpark Authority's basic financial statements taken as a whole. The introductory section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2011, 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, 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

December 13, 2011

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of the Minnesota Ballpark Authority (MBA), a local government unit in Hennepin County for the year ended December 31, 2010. This information should be considered in conjunction with the information contained in the financial statements, which follow this section, and the transmittal letter, found on page 1.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2010, the assets of the MBA exceeded its liabilities by $435,383,745. Of the total net assets, $420,491,896 was invested in capital assets and $8,530,296 was restricted by specific statutory requirements or external commitments. The remainder consisted of unrestricted net assets of $6,361,553. Restricted assets are limited to costs relating to the construction and future capital improvements of the new Minnesota Twins Ballpark. Unrestricted assets include unrestricted investment earnings on restricted assets.

- The MBA total net assets, as reported in the Statement of Activities, decreased by $13,979,046 during 2010. This decrease is a result of capital assets purchased in 2010 that are owned by the Twins.

Fund Level

- At the end of the fiscal year 2010, the MBA's governmental funds reported total ending fund balances of $14,854,054, a decrease of $6,631,400 from the prior year balance of $21,485,454.

- At the end of this same period, unreserved and undesignated fund balance for the General Fund was $755,839, or 53.9% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the MBA basic financial statements, which are comprised of two components: 1) combined government-wide and fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of MBA finances, in a manner similar to a private-sector business. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information about the MBA as a whole using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting MBA net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. There are two government-wide statements.

- *The Statement of Net Assets* presents information on all MBA assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the MBA is improving or deteriorating.

- *The Statement of Activities* presents information showing how the MBA net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

In both statements, MBA activities are reported as *governmental activities*, which are defined as functions that are principally supported by taxes, intergovernmental and non-exchange revenues.

Fund Financial Statements

The fund financial statements provide detailed information about the MBA's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MBA activity is reported in three major governmental funds, the General Fund, Capital Reserve Fund (a Special Revenue 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

The following condensed financial information was derived from the government-wide Statement of Net Assets and reflects the financial position of the MBA at the end of the fiscal year 2010, compared to the prior year.

Summary of Net Assets

	2010	2009*
Current assets	$ 17,159,591	$ 51,736,741
Net capital assets	420,491,896	427,736,792
Total assets	437,651,487	479,473,533
Total liabilities	2,267,742	30,110,742
Total net assets	$ 435,383,745	$ 449,362,791
Invested in capital assets, net of related debt	$ 420,491,896	$ 427,736,792
Restricted	8,530,296	15,654,020
Unrestricted	6,361,553	5,971,979
Total net assets	$ 435,383,745	$ 449,362,791

* *Restated for comparative purposes. See Note 13.*

As noted earlier, net assets may serve over time as an indicator of a government's financial position. In 2010 the MBA, assets exceeded liabilities by $435,383,745. The Statement of Net Assets presents all of the MBA's assets and liabilities, with the difference between the two reported as "net assets".

The largest portion of MBA net assets, $420,491,896, or 96.6%, reflects the 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.) The MBA uses 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, $8,530,296, 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 $6,361,553.

Net assets for the MBA decreased by $13,979,046 in 2010. This decrease is a result of capital assets purchased in 2010 that are considered Twins ballpark property, and owned by the Twins. A provision in the Ballpark Lease Agreement (Lease) between the MBA and the Twins permits the Twins to designate items representing certain specific improvements as Twins ballpark property, in an amount up to the Twins ballpark contribution.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the nature of the MBA's change in net assets during the fiscal year 2010, compared to the prior year.

Changes in Net Assets

Governmental Activities:	2010	2009*
Revenues:		
Program revenues:		
Contribution from Minnesota Twins	$ 10,000,000	$ 139,991,693
Other capital contributions	2,000,000	4,500,000
Intergovernmental contributions	837,891	2,650,126
Investment earnings	1,550	-
Donations	355,000	545,312
General revenues:		
Intergovernmental	2,332,000	2,649,660
Investment earnings	5,536	169,923
Total revenues	15,531,977	150,506,714
Expenses:		
Current		
Culture and recreation:		
MBA operating expenses	1,383,665	2,710,245
Other	28,127,358	100,382,968
Total expenses	29,511,023	103,093,213
Change in net assets	(13,979,046)	47,413,501
Net assets – beginning, as restated (Note 13)	449,362,791	401,949,290
Net assets – ending	$ 435,383,745	$ 449,362,791

* *Restated for comparative purposes. See Note 13.*

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 2010 fiscal year, MBA governmental funds reported combined ending fund balances of $14,854,054, a decrease of $6,631,400 from the prior year. Of this total amount, 74% or $10,997,504 constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending as it is already committed to: 1) $355,000 for spending on Fan Recognition; and 2) $1,500,000 for The Interchange; and 3) 2,001,550 for future ballpark capital improvements.

The Capital Reserve Fund was established in 2010, as a Special Revenue Fund, consistent with provisions in the Ballpark Lease Agreement between the MBA and the Minnesota Twins. Hennepin County and the Twins contribute to this fund annually, per the Lease Agreement. The first of these contributions began in 2010, for an ending fund balance of $2,001,550. The balance in this fund is restricted to payment of capital modifications, and replacements or additions to the Ballpark, referred to as "CapEx Work" and defined in the Lease Agreement.

Budgetary Highlights

At year-end, General Fund revenue was slightly less than the budgeted amount, though revenue exceeded expenditures by $929,649. The significant increase in revenue over expenditures was directly related the MBA requesting Hennepin County grant dollars in 2010 to improve a growing deficit fund balance in the General Fund. Expenditures of $1,402,351 were $1,005,649 less than the budget of $2,408,000. No amendments were made to the 2010 General Fund Budget.

CAPITAL ASSETS

Capital Assets

MBA investment in capital assets as of December 31, 2010, amounts to $420,491,896 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, ballpark structure, leasehold improvements and furniture and equipment. During the fiscal year 2010, the MBA's investment in capital assets decreased $7,244,896 over the prior year's restated balance. This decrease is a result of the restatement of capital assets as Twins' ballpark property. A comprehensive explanation of this restatement is included in Note 13, on page 32 of this report.

Additional information on MBA's capital assets can be found in note 4, on page 27 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the MBA General Fund budget for 2011:

The 2011 General Fund budget was reduced from $2,408,000 in the 2010 budget to $1,566,000 primarily due to less dependence on consulting services in 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview for those interested in the MBA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Minnesota Ballpark Authority, Target Field, 1 Twins Way, Suite 300, Minneapolis, Minnesota 55403.

Minnesota Ballpark Authority
Hennepin County, Minnesota
Governmental Funds Balance Sheet and Statement of Net Assets
December 31, 2010

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
ASSETS						
Current assets:						
Cash invested in Hennepin County investment pool	$ 948,679	$ 2,001,550	$ 3,000	$ 2,953,229	$ -	$ 2,953,229
Investments in trust: Restricted	-	-	8,569,998	8,569,998	-	8,569,998
Unrestricted	-	-	5,567,830	5,567,830	-	5,567,830
Accrued investment interest	-	-	89	89	-	89
Prepaid items	-	-	-	-	68,445	68,445
Total current assets	948,679	2,001,550	14,140,917	17,091,146	68,445	17,159,591
Noncurrent assets:						
Capital assets:						
Land	-	-	-	-	40,475,894	40,475,894
Buildings						
Paid for by MBA	-	-	-	-	223,487,420	223,487,420
Paid for by Minnesota Twins	-				76,642,311	76,642,311
Land improvements	-	-	-	-	90,392,986	90,392,986
Furniture and equipment	-	-	-	-	23,293	23,293
Total capital assets	-	-	-	-	431,021,904	431,021,904
Less accumulated depreciation	-	-	-	-	(10,530,008)	(10,530,008)
Net capital assets	-	-	-	-	420,491,896	420,491,896
Total assets	$ 948,679	$ 2,001,550	$ 14,140,917	$ 17,091,146	$ 420,560,341	$ 437,651,487
LIABILITIES						
Current liabilities:						
Accounts and contracts payable	$ 180,154	$ -	$ 2,044,252	$ 2,224,406	$ -	$ 2,224,406
Accrued liabilities	12,686	-	-	12,686	30,650	43,336
Total current liabilities	192,840	-	2,044,252	2,237,092	30,650	2,267,742
FUND BALANCES/NET ASSETS						
Fund balances:						
Designated	-	2,001,550	1,855,000	3,856,550	(3,856,550)	-
Unreserved and undesignated	755,839	-	10,241,665	10,997,504	(10,997,504)	-
Total fund balances	755,839	2,001,550	12,096,665	14,854,054	(14,854,054)	-
Total liabilities and fund balances	$ 948,679	$ 2,001,550	$ 14,140,917	$ 17,091,146		
Net assets:						
Invested in capital assets, net of related debt					420,491,896	420,491,896
Restricted					8,530,296	8,530,296
Unrestricted					6,361,553	6,361,553
Total net assets					$ 435,383,745	$ 435,383,745

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2010

Total Governmental Fund Balances	**$**	**14,854,054**
Total net assets reported for governmental activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.		420,491,896
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(30,650)
Other long term assets that provide benefit for future periods are expensed in governmental funds.		68,445
Net Assets - Governmental Activities	**$**	**435,383,745**

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Year Ended December 31, 2010

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES						
Program revenues:						
Capital contribution from MN Twins	$ -	$ -	$ 10,000,000	$ 10,000,000	$ -	$ 10,000,000
Intergovernmental contributions	-	1,100,000	936,035	2,036,035	(98,144)	1,937,891
Investment earnings	-	1,550	-	1,550	-	1,550
Donations	-	-	355,000	355,000	-	355,000
Other	-	900,000	-	900,000	-	900,000
General revenues:						
Intergovernmental	2,332,000	-	-	2,332,000	-	2,332,000
Investment earnings	-	-	5,536	5,536	-	5,536
Total revenues	2,332,000	2,001,550	11,296,571	15,630,121	(98,144)	15,531,977
EXPENDITURES/EXPENSES						
Current						
Culture and recreation						
Personal services	345,236	-	-	345,236	1,896	347,132
Commodities	8,897	-	-	8,897	-	8,897
Contractual services	937,002	-	-	937,002	-	937,002
Depreciation	-	-	-	-	10,530,008	10,530,008
Construction paid for by MN Twins	-	-	17,058,518	17,058,518	-	17,058,518
Other	87,923	-	496,711	584,634	44,832	629,466
Capital outlay	23,293	-	3,741,341	3,764,634	(3,764,634)	-
Total expenditures/expenses	1,402,351	-	21,296,570	22,698,921	6,812,102	29,511,023
Excess (Deficiency) of Revenues Over Expenditures	929,649	2,001,550	(9,999,999)	(7,068,800)	(6,910,246)	(13,979,046)
OTHER FINANCING SOURCES						
Proceeds on sale of capital asset	-	-	437,400	437,400	(437,400)	-
Total Other Financing Sources (Uses)	-	-	437,400	437,400	(437,400)	-
Net change in fund balances/net assets	929,649	2,001,550	(9,562,599)	(6,631,400)	(7,347,646)	(13,979,046)
FUND BALANCES/NET ASSETS						
Beginning, as previously reported	(173,810)	-	21,659,264	21,485,454	525,656,179	547,141,633
Prior period restatement (Note 13)	-	-	-	-	(97,778,842)	(97,778,842)
Beginning, as restated	(173,810)	-	21,659,264	21,485,454	427,877,337	449,362,791
Ending	$ 755,839	$ 2,001,550	$ 12,096,665	$ 14,854,054	$ 420,529,691	$ 435,383,745

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Reconciliation of Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities
For the Year Ended December 31, 2010

Net change in governmental fund balances	**$**	**(6,631,400)**
Amounts reported for governmental activities in the statement of activities are different because:		
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This is the change in compensated absences.		(1,896)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure and other related capital assets adjustments		3,764,634
Less current year depreciation		(10,530,008)
The net effect of capital asset disposals, sales and donations is to decrease net assets in the Statement of Activities. These amounts are not reported in the governmental funds because they do not affect current financial resources. Governmental funds only report proceeds from the sale of capital assets.		(479,521)
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase (decrease) in revenue deferred as unavailable.		(98,144)
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in prepaid items		(2,711)
Change in Net Assets - Governmental Activities	**$**	**(13,979,046)**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Minnesota Ballpark Authority (MBA) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The MBA is a public body that was created by Minnesota state legislation in May 2006, to oversee the design, construction, and operation of a new ballpark for the Minnesota Twins, LLC. The MBA is governed by a Board of five Commissioners who are appointed as follows: two, including the Chair, are appointed by the Hennepin County Board, two are appointed by the Governor of Minnesota, and one is appointed by the Minneapolis City Council. The MBA owns the ballpark and the site on behalf of the public.

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 was constructed and is now operated.

Measurement Focus, Basis of Accounting and Basis of Presentation

The annual financial report includes two separate types of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differs between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

As a special-purpose government engaged in a single governmental program, the government-wide statements and the fund financial statements have been combined in one statement. An adjustments column reflects the following differences between the two types of statements:

- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are 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.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government entity using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the MBA's net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity, if any, has been eliminated from the government-wide financial statements. The structure of the two government-wide financial statements (the statement of net assets and the statement of activities) is described in the following two paragraphs.

Statement of Net Assets – This statement is designed to display the financial position of the MBA. The MBA reports all capital assets, including infrastructure, and long-term liabilities, such as accrued leave. The net assets of the MBA are broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Restrictions shown are those imposed by parties outside the MBA, such as creditors, grantors, contributors, laws and regulations of other governments. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statement of Activities – This statement demonstrates the degree to which expenses of a given function or segment are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. During 2010, the MBA received program revenues in the form of contributions to be used for the building of the ballpark. Other items not properly included among program revenues are reported as general revenues. Just as the statement of net assets includes all capital assets, the Statement of Activities includes depreciation expense.

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 current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The MBA considers revenues to be available if they are collected within 60 days after year-end. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings and intergovernmental revenue when eligibility requirements are met. Changes in the fair value of investments are recognized in interest revenues at the end of each year. Expenditures are recorded when the related fund liability is incurred, except for compensated absences.

The MBA reports the following major governmental funds:

- The *General Fund* is the MBA's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- The *Capital Projects Fund* accounts for the activity relating to the design and construction of the ballpark.

Special revenue funds are governmental funds that account for revenue sources that are legally restricted (by parties outside the MBA as well as those imposed by the MBA) to expenditures for specific purposes other than major capital projects. The MBA reports one special revenue fund.

- The *Capital Reserve Fund* is used to account for the inflow of cash from the Twins and Hennepin County and for payment of capital modifications, replacements or additions to the Ballpark, referred to as “CapEx Work” and defined in the Ballpark Lease Agreement.

Cash and Investments

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

The MBA’s cash in the General Fund and the Capital Reserve 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. The portion of all receivables not included and not collected within 60 days is offset by deferred - unavailable revenue in the governmental fund financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prepaid Items

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

Capital Assets

Capital assets are reported in the government-wide financial statements. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. MBA's capitalization threshold is $500,000 for buildings and infrastructure and $5,000 for equipment and improvements. During construction of the ballpark, all project costs were 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:

		2010
Governmental fund capital assets	$	431,021,904
Governmental fund accumulated depreciation		(10,530,008)
Total Capital Assets Reconciliation Item	$	420,491,896

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:

		2010
Compensated absences - Expenses reported in the statement of activities that do not require the use of current financial resources	$	(30,650)
Prepaid items represent governmental fund insurance premiums which benefit future periods	$	68,455

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The basic financial statements include a reconciliation of the governmental fund statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities. One element of that reconciliation relates to capital outlays, which consists of the following:

		2010
Capital outlay	$	3,764,634
Less depreciation expense		(10,530,008)
Total Capital Outlays and Depreciation Reconciliation Item	$	(6,765,374)

3. DEPOSITS AND INVESTMENTS

Deposits

As of December 31, 2010, the MBA had $2,953,229 on deposit with Hennepin County. It is Hennepin County's policy to follow Minnesota Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial credit risk is the risk that in the event of a financial institution failure, the MBA's deposits may not be returned to it. The MBA does not have a deposit policy for custodial credit risk outside of deposit policies developed by and adhered to by Hennepin County.

Investments

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At December 31, 2010, none of the MBA's investments were subject to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2010, none of the MBA's investments were subject to interest rate 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, 2010, the MBA held $14,161,829 in the Wells Fargo Advantage Government Money Market Fund.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At December 31, 2010, none of the MBA's investments were subject to credit risk.

The MBA's cash in the General Fund and the Capital Reserve Fund is pooled and invested with Hennepin County. Hennepin County's Office of Budget and Finance is responsible for the treasury function of all of the County's deposits and investments held by its funds. Cash from all funds is pooled for deposit and investment purposes. As of December 31, 2010, the County had 80 percent of investments invested in U.S. government agency securities, 18 percent in repurchase agreements, and 2 percent invested in money market funds. At December 31, 2010, the amount of MBA's cash and investments pooled with Hennepin County totaled $2,953,229. Investment earnings are allocated based on average monthly cash balances.

4. CHANGES IN PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2010, was as follows:

	ASSETS			
	Balance Restated January 1, 2010	Additions and Transfers In	Retirements and Transfers Out	Balance December 31, 2010
Capital assets not being depreciated:				
Land	$ 40,843,294	$ 70,000	$ (437,400)	$ 40,475,894
Construction in progress - land improvements	90,392,986	-	(90,392,986)	-
Construction in progress - building	296,458,390	3,671,341	(300,129,731)	-
Total capital assets not depreciated	427,694,670	3,741,341	(390,960,117)	40,475,894
Capital assets depreciated:				
Buildings				
Paid for by MBA	-	223,487,420	-	223,487,420
Paid for by Minnesota Twins	-	76,642,311	-	76,642,311
Land improvements	-	90,392,986	-	90,392,986
Furniture and equipment	71,321	23,293	(71,321)	23,293
Leasehold improvements	60,471	-	(60,471)	-
Total capital assets depreciated	131,792	390,546,010	(131,792)	390,546,010
Less accumulated depreciation for:				
Buildings	-	(6,002,595)	-	(6,002,595)
Land improvements	-	(4,519,649)	-	(4,519,649)
Furniture and equipment	(59,435)	(7,764)	59,435	(7,764)
Leasehold improvements	(30,235)	-	30,235	-
Total accumulated depreciation	(89,670)	(10,530,008)	89,670	(10,530,008)
Total capital assets being depreciated, net	42,122	380,016,002	(42,122)	380,016,002
Total Capital Assets, Net	$ 427,736,792	$ 383,757,343	$ (391,002,239)	$ 420,491,896

5. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2010, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$28,754	$30,650	$28,754	$30,650	$30,650

6. DESIGNATED FUND BALANCE

Designations of fund balance represent tentative management plans that are subject to change. In 2010, the MBA Board passed a resolution designating $1,500,000 of cash in the capital projects fund for public plaza and public realm improvements associated with Hennepin County's Interchange Project.

The MBA Board established a Fan Recognition program that accepts donations from fans to enhance Target Plaza. The revenue generated will be used to fund bronze statues of legendary Twins players. The program has generated $900,312 in donations. At December 31, 2010, there remains a balance of $355,000 designated for this purpose.

7. 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 and ballpark capital improvement 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, 2010, total $8,530,296.

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

9. LEASE

The terms of Minnesota Laws 2006, Chapter 257 requires the MBA to enter into a long-term lease or use agreement with the Twins. To meet those terms, the MBA and the Twins have entered into a Lease Agreement to provide for the management, operation, maintenance and use of the Ballpark. The MBA leases to the Twins for an initial term of 30 years, and two potential renewal terms of 10 years each. The Twins shall pay fixed rent of $600,000 per year, due on November 1st (subject to CPI increases), and additional rent of $300,000 per year (not subject to CPI increases). The first rent payment was paid November 1, 2010. The total value of rent income due the initial term of the lease is $27,000,000. This revenue is deposited into the Capital Reserve Fund and used for capital improvements to the structure.

LEASE REVENUE

Year	Base Rent	Additional Rent	Total
2011	$600,000	$300,000	$900,000
2012	600,000	300,000	900,000
2013	600,000	300,000	900,000
2014	600,000	300,000	900,000
2015	600,000	300,000	900,000
2016 - 2020	3,000,000	1,500,000	4,500,000
2021 - 2025	3,000,000	1,500,000	4,500,000
2026 - 2030	3,000,000	1,500,000	4,500,000
2031 - 2035	3,000,000	1,500,000	4,500,000
2036 - 2039	2,400,000	1,200,000	3,600,000
Total	**$17,400,000**	**$8,700,000**	**$26,100,000**

10. COMMITMENTS

Construction and Other Commitments

In April 2010 the MBA Board approved an amended construction project budget of $555,016,694, an increase of $75,016,694 from the original budget. The Twins entered into a construction agreement with M.A. Mortenson Company for the building of the stadium, in the original amount of $391,018,213. As of December 31, 2010, approved change orders adjusted this amount to $423,208,360, of which nearly $423 million had been spent against this contract.

The MBA entered into a variety of agreements relating to building and managing the new Minnesota Twins Ballpark. Construction of the Minnesota Twins Ballpark was funded by a public contribution consisting primarily of a grant from Hennepin County to the MBA and contributions received from the Twins. The MBA committed to contributing a public contribution of $350,000,000, granted to the MBA from Hennepin County (the County) under the terms of a grant agreement between the MBA and the County.

Pursuant to the amended Development Agreement among the MBA, the Twins and the County, the Twins initially agreed to contribute toward ballpark costs the $130 million required by the ballpark statute. Since the original legislation was adopted the Twins have contributed an additional $19,500,000 for non-land infrastructure expenses and $45,491,694 for ballpark enhancements, for a total of $194,991,694. Prior to January 1, 2010, the schedule of capital asset activity and Statement of Net Assets included all the assets purchased with the capital contribution of the Twins as a construction-in-progress asset of the MBA.

10. COMMITMENTS – CONTINUED

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

This designation of the Twins' property did not occur until after completion of construction of the ballpark in 2010. Prior to completion and such designation, amounts constituting the Twins Ballpark Contribution were reflected on the MBA financial statements as assets of the MBA. A restatement of Net Capital Assets is reflected in Note 13.

11. 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 General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for GERF'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 GERF 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 Plan 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

11. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

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 GERF. That report may be obtained on the web at mnpera.org, by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

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. GERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.00%, respectively, of their annual covered salary. The MBA is required to contribute the following percentages of annual covered payroll in 2010: 11.78% for Basic Plan GERF members and 7.00% for Coordinated Plan GERF members. The MBA's contributions to GERF for the years ending December 31, 2010, 2009 and 2008, were:

	2010	2009	2008
General Employees Retirement Fund	$ 18,611	$ 16,739	$ 15,387

These contributions are equal to the contractually required contribution rates for each year as set by state statute.

12. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the MBA beginning the year ending December 31, 2011. This statement provides clearer fund balance classifications and clarifies existing governmental fund type definitions.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* will be effective for the MBA beginning the year ending December 31, 2012. This statement addresses issues related to service concession arrangements (SCA*'s)*, which are a type of public-private or public-public partnership. The standard addresses SCA's in which there is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The statement also includes required disclosures about the SCA's.

12. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

The MBA's management has not yet determined the effect these statements will have on the financial statements.

13. PRIOR PERIOD RESTATEMENT

Consistent with the Ballpark Lease Agreement (Lease) the Twins engaged Deloitte Financial Advisory Services LLP to prepare a schedule identifying personal property constituting the Twins Ballpark Property (as defined in Section 4.3 of the Lease). The Lease allows the Twins ownership of items identified as Twins Ballpark Property, as well as depreciable interest. Per that schedule $114,837,360 is identified as Twins Ballpark Property, of which $97,778,842 was for prior periods. The restatement of 2009 Ballpark Capital Assets reflects this change. The beginning capital assets were restated as follows:

		RESTATEMENT OF 2009	
	Previously Presented 12/31/2009	Deletions and/or Adjustments	Balance Restated 12/31/2009
Land	$ 40,843,294	$ -	$ 40,843,294
Construction in progress – land improvements	90,392,986	-	90,392,986
Construction in progress – building	394,237,232	(97,778,842)	296,458,390
Total capital assets not depreciated	525,473,512	(97,778,842)	427,694,670
Furniture and equipment	71,321	-	71,321
Leasehold improvements	60,471	-	60,471
Total capital assets depreciated	131,792	-	131,792
Less accumulated depreciation for:			
Furniture and equipment	(59,435)	-	(59,435)
Leasehold improvements	(30,235)	-	(30,235)
Total accumulated depreciation	(89,670)	-	(89,670)
Total Capital Assets, Net	$ 525,515,634	$ (97,778,842)	$ 427,736,792

The Lease further allows the Twins to identify items as Leasehold Improvements, for which the Twins shall not have title to, but shall have a depreciable interest. Per the schedule, another $76,642,311 is identified as Leasehold Improvements, for a total amount of $191,479,671, paid by the Twins through December 31, 2010. Although the Twins have a depreciable interest in the Leasehold Improvements, this amount is included as part of the MBA total building value for purposes of financial presentation.

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, 2010

	2010			
	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Contribution from Hennepin County	$ 2,408,000	$ 2,408,000	$ 2,332,000	$ (76,000)
EXPENDITURES				
Current				
Culture and recreation				
Personal services	353,000	353,000	345,236	7,764
Commodities	16,500	16,500	8,897	7,603
Contractual services	1,799,500	1,799,500	937,002	862,498
Other	187,000	187,000	87,923	99,077
Capital Outlay	52,000	52,000	23,293	28,707
Total expenditures	2,408,000	2,408,000	1,402,351	1,005,649
Excess (Deficiency) of Revenues Over Expenditures	-	-	929,649	(929,649)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net change in fund balance	-	-	929,649	(929,649)
Fund Balance - Beginning	(173,810)	(173,810)	(173,810)	-
Fund Balance - Ending	$ (173,810)	$ (173,810)	$ 755,839	$ (929,649)

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

The Financial Reporting Entity

The MBA Board adopts a calendar-year budget for the General Fund in December of the previous year. All annual appropriations lapse at year-end to the extent that they have not been expended. The MBA maintains a budgetary control system that compares actual revenues and expenditures to budgeted amounts.

In accordance with the Grant Agreement Regarding Ballpark Project, the MBA Board must adopt and submit a proposed budget to the Hennepin County Board by August of each calendar year. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be authorized by a vote of the Board.

A budget for the Capital Reserve Fund, a Special Revenue Fund, was not adopted in 2010, as the fund had not yet been established.