MINNESOTA BALLPARK AUTHORITY

Hennepin County, Minnesota

2019 Annual Financial Report

Year Ended December 31, 2019

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MINNESOTA BALLPARK AUTHORITY, MINNESOTA

Annual Financial Report

Year Ended December 31, 2019

Executive Director, Daniel R. Kenney

Finance Coordinator, Brenda Juneau

Prepared by the Minnesota Ballpark Authority
Available online at ballparkauthority.com

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MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Minnesota Ballpark Authority
Hennepin County, Minnesota
2019 Annual Financial Report
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Hennepin County, Minnesota

Introductory Section

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Target Field
1 Twins Way, Suite 300
Minneapolis, MN 55403
612-659-3880
Fax: 612-466-6999
www.ballparkauthority.com

November 23, 2020

Dear 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, 2019.

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 audited the MBA's financial statements and issued an unmodified ("clean") opinion on the MBA's financial statements for the calendar year ended December 31, 2019. The goal of the independent audit was to provide reasonable assurance that the financial statements of the MBA are free from material misstatement. The State Auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the MBA's financial statements for the year ended December 31, 2019 are fairly presented in conformity with GAAP. 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. The MD&A section is meant to complement this letter of transmittal and should be read in conjunction with the letter.

Profile of the Government

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 the ballpark. The MBA leases the ballpark to the Twins, oversees its operations, and participates with the Twins in identifying and funding necessary future capital repairs and improvements 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, appointing an Executive Director, authorizing contracts, and 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. Budget to actual comparisons for the General Fund and the Capital Reserve Special Revenue Fund are presented in the Required Supplementary Information section of this report.

The MBA's mission statement is written as follows: "The Minnesota Ballpark Authority seeks to ensure that the Ballpark is a world-class facility that adheres to high standards of sustainability, creates economic opportunity, and serves as an anchor for the development of a vibrant new district." To achieve this mission the MBA has outlined the following strategies:

1. The Minnesota Ballpark Authority works to ensure that the Ballpark is designed, built and operated in a way that meets or exceeds the standards for community involvement and economic participation, environmental sustainability, and the prudent use of public funding.
2. The Minnesota Ballpark Authority uses designated resources to encourage and leverage investments by the private sector and other government agencies to maximize enhancements to the District to stimulate private investment, development and economic opportunity.
3. The Minnesota Ballpark Authority actively seeks to form partnerships with the public and private sector to envision and work toward the creation of a dynamic and enduring identity for the Ballpark District - that is meaningfully connected to adjoining neighborhoods.

Ballpark History

The Minnesota Legislature approved legislation 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-wide .15 percent general sales tax authorized in the legislation. Under the original agreement, the Minnesota Twins contribution is $130,000,000 for ballpark construction costs plus any ballpark cost overruns or enhancements. 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. That brought the Twins total contribution to $194,991,694 for construction. Another $10,025,000 was contributed from other sources, which included Target Corporation, the MBA, and the Minnesota Department of Transportation.

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

The land, land improvements and the ballpark 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.

The Twins and Target Corporation agreed to naming rights for Target Field and Target Plaza.

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 all of the ballpark's annual operating and maintenance expenses. To address future capital needs, the Twins make annual rent payments, initially $900,000 (with two-thirds of that amount indexed for inflation), and Hennepin County contributes $1,100,000 annually (indexed for inflation). These funds are accumulating in an account held by the MBA with a balance of $15,710,966 at the end of 2019. Use of these funds is restricted to CapEx work, which includes capital modifications, replacements or additions to the Ballpark.

The Twins invest additional funds in capital alterations each year. In 2019 the Twins reported investing $9,083,988 in ballpark upgrades and improvements. Redesign of the main entrance at Gate 34 was the most significant of these improvements.

Under the terms of the lease, the Twins also make annual contributions to youth activities and amateur sports within Hennepin County. The Twins reported a 2019 annual contribution of $632,915 in Hennepin County for youth activities and amateur sports, which is $139,846 more than is required by the lease agreement.

A Leader in Environmental Sustainability

The MBA and the Twins continue to be committed to environmental sustainability. In 2010 the ballpark was not only awarded LEED Silver Certification for Construction, but was also awarded Green Project of the Year by the Recycling Association of Minnesota.

In 2011 the Twins were awarded Silver Certification in LEED for Green Facility Operations and Maintenance. Target Field was the first professional sports facility in the United States to receive LEED Certification in both construction and facility operations. And in 2017, Target Field achieved LEED Gold Certification in Existing Buildings: Operations and Maintenance; the first professional sports facility to earn this certification as well. Target Field earned Recertification of LEED Gold in 2019.

Some of the ballpark's additional 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. The Twins report that more than 10,870 tons of waste has been diverted from local landfills since 2011.

◊ 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.

The playing field is designed to capture rain water and recycle it. The Twins report to have captured, purified and reused more than 19 million gallons of rainwater, reducing municipal water usage at Target Field. Most of the recycled water was used to wash down the seating bowl and the main concourse.

The Twins and their concession partner, Delaware North Sportservice, began donating unused food to local charities in 2011. In partnership with Rock and Wrap It Up! Inc., more than 10 tons of food is donated to local charities annually.

Around the Ballpark

The MBA and the Twins have always worked hard to make sure Target Field is one of the most transit-friendly sports facilities in the country. Target Field Station, located at the intersection of 5th Street North and 5th Avenue north, near gate #6, serves as the hub for the Blue Line, Green Line and the Northstar Commuter Rail line. For walkers and bikers, the Cedar Lake Trail provides both pedestrian and bicycle access to the ballpark.

Target Field Station serves as a multi-modal transportation hub and provides an expanded area for fans utilizing public transportation to the games. The public plaza includes a large public green space, an underground parking garage, a 29 by 16 foot video board and a 1,000-seat amphitheater, which provides opportunities for non-game day activities. The Twins, Hennepin County and Metro Transit all plan events in this area year-round that are open to the public.

From the development of a smart phone application for skyway wayfinding to pedestrian lighting around the ballpark, the MBA has continued to partner with local officials and business groups to assist patrons in navigating to, and around, the ballpark.

Budget

A budget is adopted annually for the general and special revenue fund, consistent with generally accepted accounting principles. The MBA's primary source of revenue for operations is a grant from Hennepin County. A grant agreement between the MBA and Hennepin County calls for an annual budget request to be submitted to Hennepin County by August 1st of each year. The MBA determines the amount needed for the annual operating grant based on the anticipated receipts and expenditures for the following year. A special revenue fund is established for ballpark capital improvement expenses, as set forth in the Development Agreement, and funded annually with contributions from Hennepin County and the Twins. The budget for these annual amounts, as outlined in the agreements, are also submitted annually to the County and Twins by August of each year.

More information on the budget process is described in the Notes to Required Supplementary Information on page 42.

Economic and Financial Condition

The information presented in the financial statements is 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, as shown in measurement of income and employment. The region has a strong employment base in medical device manufacturing, healthcare, retail sales, and financial and insurance services that adds to its stability and contributes to an unemployment rate below state and national averages.

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. This advance planning has positioned the MBA to maintain financial stability from the impact of a global pandemic that has affected most areas of government and business in 2020.

The MBA adopted a 2020 General Fund operating budget amount reflecting no increase from the previous year budget. The lower cost of consulting and insurance services has allowed the MBA to maintain the same level of annual operating costs.

Risk Management. The MBA contracts for the services of a risk manager who assists with maintaining an effective approach to ongoing risk exposure identification and monitoring. Additional information is shown in Note 9 to the basic financial statements.

Acknowledgements. The preparation of this report includes the dedication of all MBA staff. We would like to express our appreciation of all office staff for their contributions to this report. We also want to thank the MBA Board for their support and dedication to responsible management of MBA financial reporting.

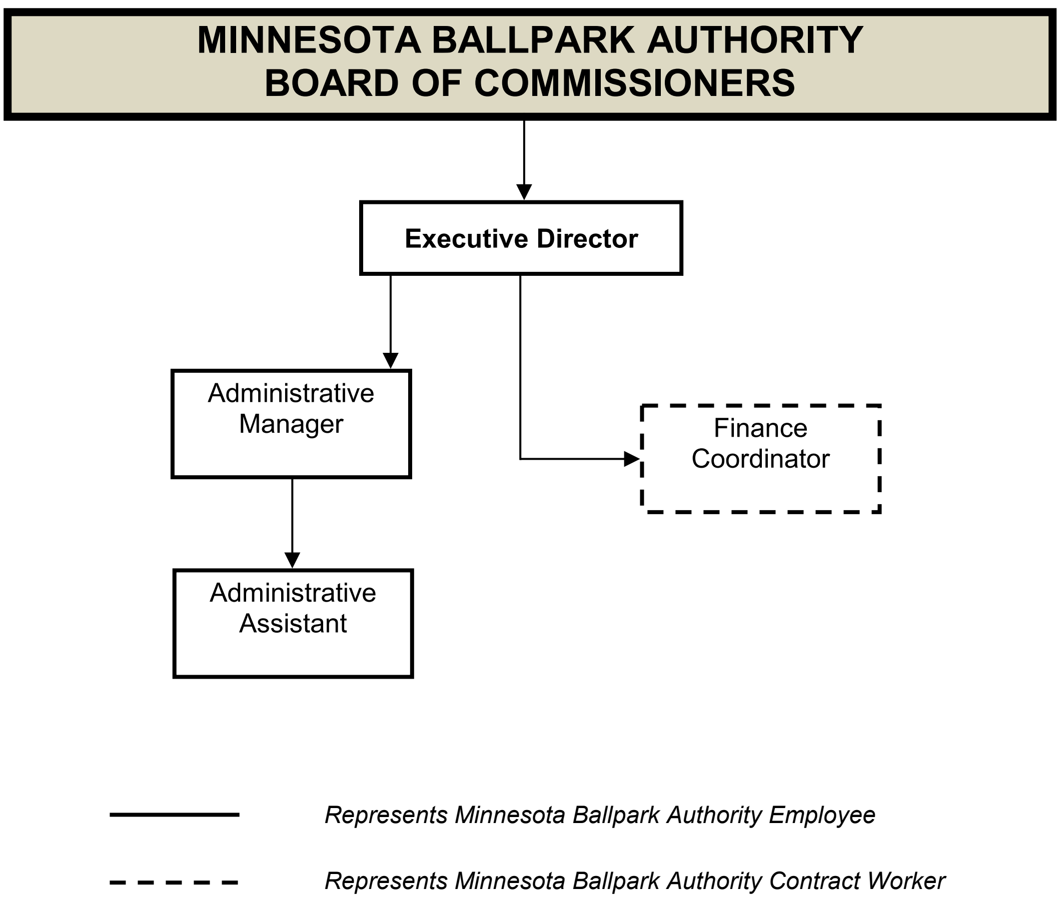
Respectfully submitted,

Daniel R. Kenney	Brenda Juneau
Executive Director	Finance Coordinator

Minnesota Ballpark Authority

Hennepin County, Minnesota

Organization Chart



Minnesota Ballpark Authority
Hennepin County, Minnesota
Principal Officials 2019

Board of Commissioners

Margaret Anderson Kelliher, Chair

Paul D. Williams, Vice Chair

David Ybarra, Secretary

Joan Campbell, Treasurer

James R. Campbell

Executive Director:

Daniel R. Kenney

Financial Section

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

JULIE BLAHA
STATE AUDITOR

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

(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
Hennepin County, Minnesota

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Event

As discussed in Note 12 to the financial statements, subsequent to year-end, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. A reduction of event revenue is expected to occur. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

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. The Introductory Section as 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, 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 solely 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 effectiveness of the Minnesota Ballpark Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minnesota Ballpark Authority's internal control over financial reporting and compliance.

Dianne Syverson

JULIE BLAHA
STATE AUDITOR

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

November 23, 2020

Management's Discussion and Analysis
(Unaudited)

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, 2019. This information should be considered in conjunction with the information contained in the notes to the financial statements and the transmittal letter.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2019, the assets and deferred outflows of resources of the MBA exceeded its liabilities and deferred inflows of resources by $358,772,645 (net position). The largest of this amount, $333,612,559, was the investment in capital assets (building and infrastructure) and is not available for future spending. A total of $15,924,771 was restricted by specific statutory requirements or external commitments. The remainder consisted of unrestricted net position of $9,235,315. Restricted assets are limited to costs relating to future capital improvements of the new Minnesota Twins Ballpark and district enhancements.

- The MBA total net position, as reported in the Statement of Activities, decreased by $7,670,710 during 2019, compared to a decrease of $7,748,562 in 2018. The decrease resulted mostly from capital asset depreciation.

Fund Level

- At the end of the fiscal year 2019, the MBA's governmental funds reported total ending fund balances of $25,441,209, an increase of $3,035,152 from the prior year balance of $22,406,057. The increase in fund balance is a result of annual payments in the special revenue fund from Hennepin County and the Twins for future capital needs.

- At the end of this same period, unassigned fund balance for the General Fund was $1,111,956, which is an increase of $43,174 from the previous year balance of $1,068,782. The increase is largely related to higher than anticipated investment earnings and lower than expected cost for general consulting services.

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 required 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 like a private-sector business. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the MBA using the *economic resources measurement focus* and the *full accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting MBA net position. Under the full 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 to present this information.

- *The Statement of Net Position* presents information on all MBA assets, liabilities, and deferred outflows and inflows of resources with the difference reported as *net position.* Over time, increases or decreases in net position 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 position changed during the year. All changes in net position 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 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.* Reconciliations are presented in the adjustment's 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. The Notes can be found on pages 22 to 37 of this report.

Required Supplementary Information

Required supplementary information begins on page 38 and includes a schedule of pension plan contributions, a schedule of MBA proportionate share of net pension liability, and a schedule of revenue and expenditures for the General Fund and the Capital Reserve Fund with a comparison of actual revenue and actual expenditures compared to budget and prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves over time as an indicator of a government's financial position. In 2019 the MBA assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $358,772,645. The Statement of Net Position presents all the MBA's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as "net position".

Summary of Net Position

	2019	2018
Current assets	$ 25,559,067	$ 22,461,217
Net capital assets	333,612,559	344,306,874
Total assets	359,171,626	366,768,091
Deferred outflows of resources	26,203	58,989
Current liabilities	115,150	55,819
Noncurrent liabilities	256,831	260,094
Total liabilities	371,981	315,913
Deferred inflows of resources	53,203	67,812
Net investment in capital assets	333,612,559	344,306,874
Restricted	15,924,771	13,245,621
Unrestricted	9,235,315	8,890,860
Total net position	$ 358,772,645	$ 366,443,355

The largest portion of MBA net position, 93%, reflects the investment in capital assets (e.g., land, land improvements, and ballpark structure). The MBA uses these capital assets to provide recreational services to citizens; consequently, these assets are not available for future spending. The restricted portion of the MBA's net position, 4%, 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 in various agreements with external parties partnering with the MBA on the capital improvements to the new ballpark and surrounding infrastructure.

The decrease of $7,670,710 in net position, 2%, is consistent with the historical decrease in each year and primarily relates to capital asset depreciation.

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 position during the fiscal year 2019, compared to the prior year.

Changes in Net Position

Governmental Activities:	2019	2018
Revenues:		
Program revenues:		
Intergovernmental contributions	$ 1,279,209	$ 1,243,501
Investment earnings	402,191	228,165
Event revenue	132,518	376,652
Tenant rent	997,750	978,273
General revenues:		
Intergovernmental	690,598	641,990
Investment earnings	264,821	128,277
Other	149	27
Total revenues	3,767,236	3,596,885
Expenses:		
MBA operating expenses	743,631	651,132
Depreciation	10,694,315	10,694,315
Total expenses	11,437,946	11,345,447
Increase (decrease) in net position	(7,670,710)	(7,748,562)
Net position – beginning	366,443,355	374,191,917
Net position – ending	$ 358,772,645	$ 366,443,355

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, *total 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 2019 fiscal year, MBA governmental funds reported combined ending fund balances of $25,441,209, a 13.5% increase from the prior year. Of this combined balance, 4.4% or $1,111,956 constitutes unassigned fund balance. These resources are available for meeting ongoing operational responsibilities in the General Fund. Another $8,404,482, or 33%, is assigned to indicate the MBA's intention to spend funds on district area enhancements, and $15,924,771, or 62.6%, is restricted.

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, and the year end fund balance in 2019 is $15,710,966. 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 Ballpark Lease Agreement.

Revenues

Governmental fund revenues by source are shown in the table below, along with the increase and decrease from the prior year.

Governmental Fund Revenues by Source

	2019	2018	Increase (Decrease)	
Revenues:	Amount	Amount	Amount	Percent Change
Program revenues:				
Intergovernmental contributions	$ 1,279,209	$ 1,243,501	$ 35,708	2.9%
Investment earnings	402,191	228,165	174,026	76.3%
Event revenue	132,518	376,652	(244,134)	-64.8%
Tenant rent	997,750	978,273	19,477	2.0%
General revenues:				
Intergovernmental	690,598	641,990	48,608	7.6%
Investment earnings (losses)	264,821	128,277	136,544	106.4%
Other	149	27	122	451.9%
Total revenues	$ 3,767,236	$ 3,596,885	$ 170,351	

Explanation of significant changes in revenue from previous year:

- The investment earnings, from Hennepin County's investment pool, for program revenues and general revenues in 2019 increased by $174,026 and $136,544 respectively. Interest earnings are a result of fluctuations in bond prices and yields. When combined with the calculation of realized gains and losses, investment earnings resulted in a net increase from the previous year.

- Event revenue decreased due to the number of events held at Target Field in 2019.

- Intergovernmental general revenue increased 7.6% as a result of an increased grant request from Hennepin County for General Fund operations.

- Other revenue includes insurance refunds, which were higher in 2019 than the prior year.

Expenditures

Governmental fund expenditures by function are shown in the table below, along with the increase and decrease from the prior year.

Governmental Expenditures by Function

	2019	2018	Increase (Decrease)	
	Amount	Amount	Amount	Percent Change
Expenditures:				
Current				
Culture and recreation				
Personal services	$ 429,321	$ 426,852	$ 2,469	0.6%
Commodities	1,048	1,040	8	0.8%
Contractual services	247,359	180,480	66,879	37.1%
Other	54,356	51,718	2,638	5.1%
Capital Outlay	-	5,000,000	(5,000,000)	-100.0%
Total expenditures/expenses	$ 732,084	$ 5,660,090	$ (4,928,006)	

Explanation of significant changes in expenditures from previous year:

- The increase in contractual services in 2019 reflects the additional legal services that were required to negotiate and draft multiple agreements in support of the Southwest Light Rail Transit project.
- The increase of $2,638 in other costs in 2019 is primarily due to an increase in director's insurance.
- The decrease of 100%, in capital outlay is related to the 2018 payment toward an agreement between the MBA and the Twins to share cost in the ballpark improvement project to renovate the Metropolitan Club in 2018. The Capital Reserve Fund is established to pay for such capital projects when needed.

General Fund Budgetary Highlights

General Fund expenditures in 2019 were $27,316 less than the budget of $700,000, while revenue exceeded the budget by $15,858. Though the cost of contracted services was higher than the prior year, there was still a cost savings in website management and bridge inspection services that created a budget surplus. There was also additional savings in personal services for benefits that changed. The MBA also budgeted for a higher increase in director's insurance for 2019, which is reflected in the budget for Other.

The MBA made a grant request of Hennepin County in November less than budgeted, considering the expenses for the year were projected lower than expected. No amendments were made to the 2019 General Fund Budget.

CAPITAL ASSETS

Capital Assets

MBA investment in capital assets as of December 31, 2019, amounts to $333,612,559 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, and ballpark structure. During the fiscal year 2019, the MBA's investment in capital assets decreased $10,694,315 from the prior year due to depreciation.

Additional information on the MBA's capital assets can be found in Note 5, on page 30 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The MBA Board approved a 2020 General Fund budget reduction in 2019 based on the lower costs for insurance and contractual services. The MBA's reliance on contractual services have decreased in recent years with less activity. And there are no expected capital expenses planned for 2020.

United States President Donald Trump declared a National Emergency in March of 2020 in response to a global coronavirus (COVID-19) pandemic. Most areas of business and government have been impacted by the pandemic with higher costs and lower revenue. The State of Minnesota and Hennepin County, the geographical area of the MBA, have both reported a stable outlook as they maintain some reserves to cover deficits. Hennepin County has reported little change in property tax receipts for 2020.

The MBA's expenditures are not significantly affected by the pandemic as they are mostly comprised of contractual services and personal services. The MBA revenue sources are from Hennepin County sales tax and Twins, LLC. Hennepin County sales tax revenue is down from the previous year but remains at a level sufficient for meeting all debt, contract and operating commitments in 2020. It is anticipated that Twins, LLC will make its required annual rent payment at the end of 2020. In a typical year, Twins, LLC would also make a payment to the MBA for non-MLB events held at the ballpark. With no public events being allowed at Target Field, there will not be an event revenue payment from Twins, LLC for 2020. While this will reduce overall revenue slightly, it will not have any material impact MBA operations.

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

Basic Financial Statements

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Minnesota Ballpark Authority
Hennepin County, Minnesota
Governmental Funds Balance Sheet and Statement of Net Position
December 31, 2019

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS						
Current assets:						
Cash and investments	$ 1,134,701	$ -	$ 8,331,364	$ 9,466,065	$ -	$ 9,466,065
Restricted cash and investments	-	15,710,966	213,805	15,924,771	-	15,924,771
Accounts receivable	149	-	132,518	132,667	-	132,667
Prepaid items	-	-	-	-	35,564	35,564
Total current assets	1,134,850	15,710,966	8,677,687	25,523,503	35,564	25,559,067
Noncurrent assets:						
Capital assets:						
Land	-	-	-	-	40,475,894	40,475,894
Buildings	-	-	-	-	308,516,562	308,516,562
Land improvements	-	-	-	-	90,479,683	90,479,683
Furniture and equipment	-	-	-	-	23,293	23,293
Total capital assets	-	-	-	-	439,495,432	439,495,432
Less accumulated depreciation	-	-	-	-	(105,882,873)	(105,882,873)
Net capital assets	-	-	-	-	333,612,559	333,612,559
Total noncurrent assets	-	-	-	-	333,612,559	333,612,559
Total Assets	1,134,850	15,710,966	8,677,687	25,523,503	333,648,123	359,171,626
Deferred outflows of resources:						
Pension-related	-	-	-	-	26,203	26,203
Total assets and deferred outflows of resources	$ 1,134,850	$ 15,710,966	$ 8,677,687	$ 25,523,503	333,674,326	359,197,829
LIABILITIES						
Current liabilities:						
Accounts and contracts payable	$ 12,864	$ -	$ 59,400	$ 72,264	-	72,264
Accrued liabilities	10,030	-	-	10,030	32,856	42,886
Total current liabilities	22,894	-	59,400	82,294	32,856	115,150
Noncurrent liabilities:						
Net Pension	-	-	-	-	256,831	256,831
Total liabilities	22,894	-	59,400	82,294	289,687	371,981
Deferred inflows of resources:						
Pension-related	-	-	-	-	53,203	53,203
FUND BALANCES/NET POSITION						
Fund balances:						
Restricted for:						
Ballpark capital	-	15,710,966	213,805	15,924,771	(15,924,771)	-
Assigned to:						
District enhancements	-	-	8,404,482	8,404,482	(8,404,482)	-
Unassigned	1,111,956	-	-	1,111,956	(1,111,956)	-
Total fund balances	1,111,956	15,710,966	8,618,287	25,441,209	(25,441,209)	-
Total liabilities and fund balances	$ 1,134,850	$ 15,710,966	$ 8,677,687	$ 25,523,503		
Net position:						
Investment in capital assets					333,612,559	333,612,559
Restricted for:						
Ballpark capital					15,924,771	15,924,771
Unrestricted					9,235,315	9,235,315
Total net position					$ 358,772,645	$ 358,772,645

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 Position
December 31, 2019

Total Governmental Fund Balances	**$**	**25,441,209**
Total net position reported for governmental activities is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds.		333,612,559
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds.		(32,856)
Other long-term assets that provide benefit for future periods are expensed in governmental funds.		35,564
Net pension liabilities and related deferred inflows and deferred outflows are not reported in the funds because the liability and related accounts are not due and payable in the current period.		(283,831)
Net Position - Governmental Activities	**$**	**358,772,645**

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, 2019

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES						
Program revenues:						
Intergovernmental contributions	$ -	$ 1,279,209	$ -	$ 1,279,209	$ -	$ 1,279,209
Investment earnings	-	402,191	-	402,191	-	402,191
Event revenue	-	-	132,518	132,518	-	132,518
Tenant rent	-	997,750	-	997,750	-	997,750
General revenues:						
Intergovernmental	690,598	-	-	690,598	-	690,598
Investment earnings	25,111	-	239,710	264,821	-	264,821
Other	149	-	-	149	-	149
Total revenues	715,858	2,679,150	372,228	3,767,236	-	3,767,236
EXPENDITURES/EXPENSES						
Current						
Culture and recreation						
Personal services	429,321	-	-	429,321	13,893	443,214
Commodities	1,048	-	-	1,048	-	1,048
Contractual services	187,959	-	59,400	247,359	-	247,359
Depreciation	-	-	-	-	10,694,315	10,694,315
Other	54,356	-	-	54,356	(2,346)	52,010
Total expenditures/expenses	672,684	-	59,400	732,084	10,705,862	11,437,946
Net change in fund balances/net position	43,174	2,679,150	312,828	3,035,152	(10,705,862)	(7,670,710)
FUND BALANCES/NET POSITION						
Beginning	1,068,782	13,031,816	8,305,459	22,406,057	344,037,298	366,443,355
Ending	$ 1,111,956	$ 15,710,966	$ 8,618,287	$ 25,441,209	$ 333,331,436	$ 358,772,645

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, 2019

Net change in governmental fund balances	**$**	**3,035,152**
Amounts reported for governmental activities in the statement of activities are different because:		
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds. This is the change in compensated absences and expenses related to net pension liability.		(13,893)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Less current year depreciation		(10,694,315)
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in prepaid items		2,346
Change in Net Position - Governmental Activities	**$**	**(7,670,710)**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

Minnesota state legislation created the Minnesota Ballpark Authority (MBA) as a public body 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.

The financial statements of the MBA have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as established for governmental units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies.

B. 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 into one statement. An adjustments column reflects the following differences between the two types of statements:

- Governmental funds report capital outlays as expenditures. Government-wide financial statements report these at historical cost. In the Statement of Activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.

- The adjustments column represents the recording of long-term obligations and the related effect of these transactions on the Statement of Activities. Long-term obligations, including accrued leave, net pension liabilities and related deferred inflows and deferred outflows 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 Position 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 *full 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 position. Under the full accrual basis of accounting, revenues are recognized when earned

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Basis of Presentation

and expenses are recognized 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 Position and the Statement of Activities) is described in the following two paragraphs.

Statement of Net Position – 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 position of the MBA is broken down into three categories: 1) investment in capital assets 2) restricted for ballpark capital; 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 2019, the MBA received program revenues in the form of contributions to be used for the capital improvement of the ballpark. Other items not properly included among program revenues are reported as general revenues. Just as the statement of net position 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 MBA 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 investment earnings (losses) at the end of each year. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent that they have matured.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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 accounted for in another fund. The fund includes revenues and expenditures for such activities as personal and contracted services.

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 on 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.

The *Capital Projects Fund* accounts for the activity relating to continued ballpark enhancements.

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Investments

The MBA's cash in the General Fund, Special Revenue Fund and majority of the Capital Projects Fund is deposited in pooled accounts with Hennepin County. Cash is invested by Hennepin County and investment earnings (losses), including gains and losses on sales of securities, are allocated to the MBA on the basis of average monthly cash balances.

Hennepin County obtains collateral to cover deposits in excess of insurance coverage with either federal depository insurance, surety bonds or collateral held by the County's agent in the County's name. Investments are stated at fair value or at cost. The fair value of investments is based on quoted market prices or inputs other than quoted prices that are observable for the investment, either directly or indirectly. Certain money market funds that have a maturity of one year or less at the time of purchase are reported at amortized cost. Certain nonparticipating interest-earning contracts (repurchase agreements) that have a maturity of one year or less at the time of purchase are reported at cost. State law authorizes the County to invest in the following instruments:

- U.S. government and agency issues
- Repurchase agreements and reverse repurchase agreements
- General obligations of state, local, and housing finance agencies that are rated "A" or better by a national bond rating service
- Bankers acceptances
- Futures contracts and guaranteed investment contracts
- Shares of certain investment companies
- Money market funds
- Certificates of deposit
- Revenue obligations of any state or local government that are rated "AA" or better by a national bond rating service
- Commercial paper
- Options

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

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. The cost of prepaid items is reported as expenses when consumed, rather than purchased.

OCIP Reimbursement Account

When it was determined that completion of all ballpark construction had occurred and all legally owing costs paid or provided for, the MBA and the Minnesota Twins, LLC authorized final distribution of all funds remaining in the accounts established under the Construction Funds Trust Agreement. This included distribution of a portion of such funds into a newly established account for the exclusive use of future reimbursement liabilities, as they become due, under the owner controlled insurance program (OCIP). Insurance costs are a shared responsibility allocated 81.25% to the Team and 18.75% to the Authority. The account is a non-interest bearing account held in the Team's name. The OCIP allows for gradual reductions over time. Any funds remaining at the close of this account will be distributed in the proportionate share of allocated responsibility to the MBA and the Minnesota Twins, LLC.

Receivables and Payables

Accounts receivable result from activities due to the MBA for the current year and paid after year-end. The portion of all receivables not included and not collected within 60 days is offset by deferred inflows of resources in the governmental fund financial statements.

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

Capital Assets

Capital assets are reported in the government-wide financial statements. Such assets are recorded at historical cost. Donated, or contributed, capital assets are recorded at their acquisition value at the date of donation. The 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 useful life assigned to land improvements and buildings is 20 to 50 years. Estimated life assigned to furniture and fixtures is 3 to 10 years.

Employee Compensated Absences

It is the MBA's policy to allow employees to accrue earned but unused compensated absences. Under certain conditions, employees are compensated upon termination of employment for their accumulated unpaid paid time off 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. All amounts accrued at December 31 are expected to be used in the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

Fund Balance and Net Position

In the governmental fund financial statements, fund balance is displayed in the following classifications that are based on the spending limitations imposed upon the use of the resources. The classifications are as follows:

- Nonspendable – amounts that cannot be spent because they are not in spendable form (such as prepaid insurance) or legally or contractually required to be maintained intact. Funds in this category are not expected to be converted to cash.
- Restricted – accounts for fund balance which has constraints externally imposed on the use of funds either by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes by the MBA Board as imposed by formal action.
- Assigned – amounts constrained by the MBA Board's intent to be used for specific purposes, but do not meet criteria to be classified as restricted or committed.
- Unassigned – residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes.

The MBA applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

In the government-wide financial statements, the investment in capital assets portion of net position is reported separately. Restricted net position is reported for amounts that are legally restricted by outside parties to be used for a specific purpose or imposed by law through enabling legislation. Unrestricted net position is reported for amounts that do not meet the definition of restricted or investment in capital assets.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The MBA has one item, deferred pension obligations outflows, that meets criteria for reporting in this category. These outflows arise only under the full accrual basis of

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Equity

accounting and consist of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, pension plan changes in proportionate share, and differences between expected and actual pension plan economic experience, and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The MBA has one item, deferred pension obligations inflows, that qualifies for reporting in this category. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience, changes in actuarial assumptions, the differences between projected and actual earnings on pension plan investments, and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

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, deferred outflows/inflows of resources, 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 position:

The basic financial statements include a reconciliation of the governmental fund balance sheet to the statement of net position. One element of that reconciliation relates to capital assets, which consists of the following:

		2019
Governmental activities capital assets	$	439,495,432
Governmental activities accumulated depreciation		(105,882,873)
Total Capital Assets Reconciliation Item	$	333,612,559

2. RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS - CONTINUED

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:

		2019
Compensated absences - Expenses reported in the statement of activities that do not require the use of current financial resources	$	(32,856)
Prepaid items represent governmental fund insurance premiums which benefit future periods	$	35,564
Recognition of pension-related activity that only relates to future periods	$	(283,831)

3. DEPOSITS AND INVESTMENTS

Deposits

As of December 31, 2019, the MBA had $25,390,836 in cash and investments, of which $25,177,031 is 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, an irrevocable standby letter of credit, 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/controlled by the financial institution furnishing the collateral. The bank balance at Hennepin County was covered by either federal depository insurance, surety bonds, an irrevocable standby letter of credit, or by collateral held by the County's agent in the County's name.

Custodial credit risk for deposits 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

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, 2019, 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. The MBA shares the investment rate risk of Hennepin County for its proportionate share of investments. Through its investment policy, the County manages exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the investment portfolio to six years or shorter. It is the County's practice to generally ensure that investments should be held to maturity if necessary.

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, 2019, none of the MBA's investments were subject to credit risk.

3. DEPOSITS AND INVESTMENTS - CONTINUED

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses

For deposit and investment purposes, most of the MBA's funds are pooled 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, 2019, the County had 74% of investments invested in U.S. government and agency issues, 18% in repurchase agreements, 7% in commercial paper and 1% invested in money market funds. Detailed information about the County's deposits with financial institutions, repurchase agreements, interest rate risk, credit risk, concentration of credit risk, and custodial credit risk can be obtained directly from the County's 2019 Comprehensive Annual Financial Report. Investment earnings (losses) are allocated to the MBA based on average monthly cash and investment balances. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year are recorded as a change in the fair value of investments in the current year. Net change in the fair value of investments is reported as a component of total investment earnings and presented below.

		2019
Investment income and realized gains and losses	$	407,103
Net decrease in the fair value of investments		259,909
Total Investment Earnings	$	667,012

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for measuring investments at fair value and the fair value hierarchy. The MBA's investments are included in the Hennepin County investment pool. Hennepin County has categorized its investments based on the priority of the valuation inputs into a three-level fair value hierarchy. In instances where the County does not have a readily determinable fair value, the County is permitted to establish fair value by using the observable or determinable value. Additional information on fair value measurement and hierarchy can be found in Hennepin County's 2019 Comprehensive Annual Financial Report.

4. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2019, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$33,877	$32,856	$33,877	$32,856	$32,856

5. CHANGES IN PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance January 1, 2019	Additions and Transfers In	Retirements and Transfers Out	Balance December 31, 2019
Capital assets not being depreciated:				
Land	$ 40,475,894	$ -	$ -	$ 40,475,894
Total capital assets not depreciated	40,475,894	-	-	40,475,894
Capital assets being depreciated:				
Buildings	308,516,562	-	-	308,516,562
Furniture and equipment	23,293	-	-	23,293
Land improvements	90,479,683	-	-	90,479,683
Total capital assets being depreciated	399,019,538	-	-	399,019,538
Less accumulated depreciation for:				
Buildings	(54,453,745)	(6,170,331)	-	(60,624,076)
Furniture and equipment	(23,292)	-	-	(23,292)
Land improvements	(40,711,521)	(4,523,984)	-	(45,235,505)
Total accumulated depreciation	(95,188,558)	(10,694,315)	-	(105,882,873)
Total capital assets being depreciated, net	303,830,980	(10,694,315)	-	293,136,665
Total Capital Assets, Net	$ 344,306,874	$ (10,694,315)	$ -	$ 333,612,559

6. ASSIGNED FUND BALANCE

Assigned fund balance represents tentative management plans that are subject to change. MBA Board action in 2011 authorized assigning unrestricted funds in the Capital Projects Fund, from MBA resources, for the purpose of district enhancements and public infrastructure needs around the ballpark.

7. RESTRICTED FUND BALANCE/NET POSITION

The use of restricted fund balance/net position is subject to constraints that are externally imposed by creditors, grantors, contributors, laws, or regulations. Restrictions indicate that the fund balance/net position may only be used for a specific purpose that is narrower than the purpose of the reporting unit. Restricted net position is reduced by liabilities related to those assets. Restricted net position that is reported in the Statement of Net Position may differ from the restricted fund balance shown in the Governmental Funds Balance Sheet. Government-wide restricted net position at December 31, 2019, total $15,924,771.

8. 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 Consumer Price Index (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 from the initial term of the lease is $27,000,000. This revenue is deposited into the Capital Reserve Fund and used for major capital improvements to the structure.

LEASE REVENUE

Year	Base Rent	Additional Rent	Total
2020	$ 600,000	$ 300,000	$ 900,000
2021	600,000	300,000	900,000
2022	600,000	300,000	900,000
2023	600,000	300,000	900,000
2024	600,000	300,000	900,000
2025 - 2029	3,000,000	1,500,000	4,500,000
2030 - 2034	3,000,000	1,500,000	4,500,000
2035 - 2039	3,000,000	1,500,000	4,500,000
Total	**$ 12,000,000**	**$ 6,000,000**	**$ 18,000,000**

9. 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 (OCIP). 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.

10. EMPLOYEE RETIREMENT SYSTEMS

MBA employees are covered by a statewide, defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan) which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

Plan Description

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. All full-time employees of the MBA belong to the Coordinated Plan.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

Beginning January 1, 2019, General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive 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 Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989.

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statutes Chapter 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2019.

In 2019, the MBA was required to contribute 7.50 percent of annual covered salary. The employee and employer contribution rates did not change from the previous year.

The MBA's contribution for the General Employees Plan for the year ended December 31, 2019, were $24,936. The contributions are equal to the contractually required contributions as set by state statute.

Pension Costs

At December 31, 2019, the MBA reported a liability of $256,831 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The MBA's proportion of the net pension liability was based on the MBA's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the MBA's proportion was 0.005 percent, which was the same proportion measured as of June 30, 2018. For the year ended December 31, 2019, the MBA recognized pension expense of $40,448 for its proportionate share of the General Employees Plan's pension expense.

The MBA also recognized $598 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually.

MBA's proportionate share of the net pension liability	$	256,831
State of Minnesota's proportionate share of the net pension liability associated with the MBA		7,982
Total	$	264,813

The MBA reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 7,423	$ -
Changes in actuarial assumptions	-	21,170
Difference between projected and actual investment earnings	-	27,649
Changes in proportion	6,328	4,384
Contributions paid to PERA subsequent to the measurement date	12,452	-
Total	$ 26,203	$ 53,203

The $12,452 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	$ (9,944)
2021	$ (23,508)
2022	$ (6,413)
2023	$ 413

Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent.

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. Inflation and investment assumptions were reviewed in the experience study report for the General Employees Plan dated June 27, 2019.

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50%	5.10%
International equity	17.50	5.30
Fixed income	20.00	0.75
Private markets	25.00	5.90
Cash equivalents	2.00	0.00

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions and Plan Provisions

The following change in actuarial assumption occurred in 2019.

- The mortality projection scale was changed from MP-2017 to MP-2018.

Pension Liability Sensitivity

The following presents the MBA's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the MBA's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	Proportionate Share of the General Employees Retirement Plan	
	Discount Rate	Net Pension Liability
1% Decrease	6.50%	$ 422,217
Current	7.50	256,831
1% Increase	8.50	120,273

10. EMPLOYEE RETIREMENT SYSTEMS - CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296 7460 1-800-652-9026.

11. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

The MBA adopted the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective dates of certain accounting and financial reporting provisions in GASB Statements.

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Accounting Standards Not Yet Adopted

GASB Statement No. 83, *Certain Asset Retirement Obligations*, requires the recognition of a liability when certain legal obligations exist to perform future asset retirement activities. This statement is effective for the MBA on January 1, 2020.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. This statement is effective for the MBA on January 1, 2020.

GASB Statement No. 87, *Leases*, requires government lessees to recognize lease liabilities and intangible assets, and report amortization expense, interest expense, and note disclosures about the leases. Government lessors are required to recognize a lease receivable and deferred inflow of resources, in addition to reporting the leased assets. Lessors then report lease revenue, interest income, and note disclosures about the leases. This statement is effective for the MBA on January 1, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes guidance relating to capital assets, interest cost incurred before the end of a construction period, and the cost of borrowing for a reporting period. This statement is effective for the MBA on January 1, 2021.

GASB Statement No. 90, *Majority Equity Interest,* establishes standards for reporting a government's majority equity interest in a legally separate organization. This statement is effective for the MBA on January 1, 2020.

GASB Statement No. 91, *Conduit Debt Obligations,* clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. This statement is effective for the MBA on January 1, 2022.

GASB Statement No. 92 *Omnibus 2020,* establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This statement is effective for the MBA on January 1, 2022.

11. NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

Accounting Standards Not Yet Adopted – continued

GASB Statement No. 93, *Replacement on Interbank Offered Rates,* establishes accounting and financial reporting requirements related to replacement of interbank offered rates (IBORs), such as the London Interbank Offered Rate (LIBOR) in hedging derivative instruments and leases. This statement is effective for the MBA on January 1, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* supersedes GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* and establishes standards of accounting and financial reporting for Public-private and public-public partnerships and availability payment arrangements. This statement is effective for the MBA on January 1, 2023.

GASB Statement No, 96, *Subscription-Based Information Technology Arrangements,* establishes accounting and financial reporting standards for subscription-based information technology arrangements and government end users. This statement is effective for the MBA on January 1, 2023.

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

12. SUBSEQUENT EVENTS

On March 13, 2020 President Donald J. Trump declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) Outbreak after the World Health Organization announced that the COVID-19 outbreak could be characterized as a pandemic. Minnesota Governor Tim Walz followed by declaring a Peacetime State of Emergency. Along with these declarations came restrictions on public gatherings, stay-at home orders for all non-essential workers, the temporary closing of schools and many businesses, and the establishment of social distancing guidelines. MBA Chair Margaret Anderson Kelliher concluded that future MBA meetings would be held remotely, consistent with the guidance from the Minnesota Department of Health and the Center for Disease Control and Prevention (CDC). The closing orders specified all sports and entertainment facilities, including Target Field. Though restrictions have changed and eased since March, Target Field remains closed to hosting public events, which will affect revenue streams for the Twins and for the MBA. The global pandemic has significantly impacted both government and business revenue streams. The MBA responded by approving a 2021 budget decrease of 3.9% and has funding reserves to make further reductions if necessary.

Required Supplementary Information

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of Defined Benefit Pension Plan Contributions
PERA General Employees Retirement Plan
December 31, 2019

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	$ 22,621	$ 22,621	$ -	$ 301,614	7.50%
2016	$ 23,277	$ 23,277	$ -	$ 310,360	7.50%
2017	$ 23,477	$ 23,477	$ -	$ 313,027	7.50%
2018	$ 24,330	$ 24,330	$ -	$ 324,408	7.50%
2019	$ 24,936	$ 24,936	$ -	$ 332,479	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The MBA's year-end is December 31.

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of MBA Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2019

Measurement Date	MBA's Proportion (Percentage) of the Net Pension Liability (Asset)	MBA's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the MBA (b)	Combined Proportionate Share of the Net Pension Liability Associated with the MBA (a + b)	MBA Covered Payroll (c)	MBA's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Actual Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.005%	$ 260,012	$ N/A	$ 260,012	$ 295,722	87.92%	78.19%
2016	0.005%	$ 401,694	$ 5,246	$ 406,940	$ 307,002	130.84%	68.91%
2017	0.005%	$ 324,281	$ 4,077	$ 328,358	$ 327,215	99.10%	75.90%
2018	0.005%	$ 260,094	$ 8,532	$ 268,626	$ 315,122	82.54%	79.53%
2019	0.005%	$ 256,831	$ 7,982	$ 264,813	$ 328,760	78.12%	80.23%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

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

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, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019				
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	2018 Actual
REVENUES					
Intergovernmental	$ 700,000	$ 700,000	$ 690,598	$ (9,402)	$ 641,990
Investment earnings	-	-	25,111	25,111	12,828
Other	-	-	149	149	27
Total revenues	700,000	700,000	715,858	15,858	654,845
EXPENDITURES					
Current					
Culture and recreation					
Personal services	435,800	435,800	429,321	6,479	426,852
Commodities	6,900	6,900	1,048	5,852	1,040
Contractual services	196,700	196,700	187,959	8,741	174,285
Other	60,600	60,600	54,356	6,244	51,718
Total expenditures	700,000	700,000	672,684	27,316	653,895
Net change in fund balance	-	-	43,174	$ 43,174	950
Fund Balance - Beginning	1,068,782	1,068,782	1,068,782		1,067,832
Fund Balance - Ending	$ 1,068,782	$ 1,068,782	$ 1,111,956		$ 1,068,782

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

Minnesota Ballpark Authority
Hennepin County, Minnesota
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Capital Reserve Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for the Year Ended December 31, 2018

	2019				
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	2018 Actual
REVENUES					
Intergovernmental contributions	$ 1,278,000	$ 1,278,000	$ 1,279,209	$ 1,209	$ 1,243,501
Investment earnings	100,000	100,000	402,191	302,191	228,165
Tenant rent	997,000	997,000	997,750	750	978,273
Total revenues	2,375,000	2,375,000	2,679,150	304,150	2,449,939
EXPENDITURES					
Capital outlay	2,375,000	2,375,000	-	2,375,000	5,000,000
Total expenditures	2,375,000	2,375,000	-	2,375,000	5,000,000
Net change in fund balance	-	-	2,679,150	$ 2,679,150	(2,550,061)
Fund Balance - Beginning	13,031,816	13,031,816	13,031,816		15,581,877
Fund Balance - Ending	$ 13,031,816	$ 13,031,816	$ 15,710,966		$ 13,031,816

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

The Financial Reporting Entity

Budgets are adopted on a basis consistent with generally accepted accounting principles. The MBA Board adopts annual appropriated budgets for the General Fund and Capital Reserve Special Revenue Fund in December of the previous year. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered.

For the following MBA non-lapsing project budgets, total actual project expenditures may not exceed total appropriated budgets:

	Ballpark Capital Reserve Fund		
Year	Appropriated Budget	Actual Expenditures	Remaining Budget
2011	$ 2,074,000	$ -	$ 2,074,000
2012	2,091,000	-	2,091,000
2013	2,142,000	-	2,142,000
2014	2,170,000	-	2,170,000
2015	2,208,000	-	2,208,000
2016	2,208,000	-	2,208,000
2017	2,242,000	1,759,535	482,465
2018	2,271,000	5,000,000	(2,729,000)
2019	2,375,000	-	2,375,000
	$ 19,781,000	$ 6,759,535	$ 13,021,465

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. Around July of every year, the Executive Director presents a proposed budget to the Audit Committee for review. The Audit Committee then recommends a proposed budget to the MBA Board.

Comparative Data and Reclassifications

Comparative totals data for the prior year has been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of the changes in the MBA's financial position and operations. In addition, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2019 Changes

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 Changes

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017 Changes

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.50% per year thereafter.

Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions - Continued

General Employees Retirement Plan

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2035 and 2.50% per year thereafter to 1% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6 million, which meets the special funding situation definition, is due September 2015.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.50% per year thereafter to 1% per year through 2035 and 2.50% per year thereafter.

MINNESOTA BALLPARK AUTHORITY
Hennepin County, Minnesota