MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

18-MONTH FISCAL PERIOD ENDED JUNE 30, 2017

— A COMPONENT UNIT OF THE STATE OF MINNESOTA —


usbank
stadium
THE BOLD NORTH PRESENTS
SUPER BOWL LII
FEBRUARY 4, 2018

MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

18-MONTH FISCAL PERIOD ENDED JUNE 30, 2017

— A COMPONENT UNIT OF THE STATE OF MINNESOTA —

FINANCE DEPARTMENT
1005 FOURTH STREET SOUTH
MINNEAPOLIS, MINNESOTA 55415-1752

MINNESOTA SPORTS FACILITIES AUTHORITY

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INTRODUCTORY SECTION

The Introductory Section contains the letter of transmittal, which provides an overview of the Minnesota Sports Facilities Authority's finances, economic prospects and achievements. Also included in this section is the list of commissioners and administrative officials, the organization chart and Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.

U.S. Bank Stadium Vikings Legacy Ship and Commemorative Bricks

Minnesota Sports Facilities Authority
1005 4th Street South, Suite 401, Minneapolis, MN 55415-1752

November 28, 2017

To the Honorable Chairman and Commissioners of the Minnesota Sports Facilities Authority:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Minnesota Sports Facilities Authority (Authority) for the 18-month fiscal period ended June 30, 2017. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Authority. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Authority's financial affairs.

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met and that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

In accordance with Minnesota Statutes 473J.07, subd.7, the Minnesota Office of the Legislative Auditor performed an audit of the financial statements of the Authority. The independent auditor's report is presented as the first component of the financial section of this report. The goal of the audit is to provide reasonable assurance that the financial statements of the Authority, for the 18-month fiscal period ended June 30, 2017, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Minnesota Office of the Legislative Auditor has issued an unqualified ("clean") opinion on the Authority's financial statements for the 18-month fiscal period ended June 30, 2017. A separate Report on Internal Control over Financial Reporting and Compliance and Other Matters is included as an addendum in this CAFR.

The reader is referred to Management's Discussion and Analysis (MD&A) section for additional information regarding the activities and financial position of the Authority. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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PROFILE OF THE AUTHORITY

In May 2012, the Minnesota legislature established the Authority as a public body and political subdivision of the state. Per the legislation the Authority is comprised of five members. The statutes require the governor of the state of Minnesota appoint the chair and two additional members, and it requires the mayor of the city of Minneapolis appoint two members. The members serve four-year terms.

Governor Mark Dayton appointed Michael Vekich as the Chair effective July 22, 2017. Mr. Vekich replaced Kathleen Blatz who served as the Interim Chair from March 9, 2017 until July 21, 2017. The Authority appointed Richard Evans as its Executive Director effective March 13, 2017. The governing body sets policy for the administration of the Authority and the Executive Director directs the Authority's operations and carries out the policies established by the board.

The Authority's mission is to provide for the construction, financing, and long-term use of U.S. Bank Stadium and the related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities.

An annual operating budget is adopted on a basis consistent with generally accepted accounting principles. Discussion and preparation of the fiscal year 2017-2018 annual operating and capital budgets began in May 2017. The Authority then approved and adopted the 2017-2018 operating and capital budgets in June 2017. This budget process will be followed for adoption of the 2018-2019 budget. Per Minnesota Statutes 3.8842, the Legislative Commission on Minnesota Sports Facilities (Legislative Commission) is required to oversee the Authority's operating and capital budgets. Staff presents quarterly budget reports to the Authority.

ECONOMIC CONDITION and OUTLOOK

Local Economy

The Grand Opening of U.S. Bank Stadium on July 22, 2016, began with a ribbon cutting ceremony and was followed by two days of public open houses that were attended by 190,000 visitors. Stadium operations began on July 1, 2016 and in August 2016 the stadium had a full calendar of events including an international soccer match, two large concerts, a pre-season Minnesota Vikings home football game, many private and club events, and daily tours. The busy event schedule continued throughout the first year of operations as U.S. Bank Stadium hosted more than 600 private events in the facility including corporate meetings, parties, conventions and weddings and approximately 88,000 guests toured the stadium.

U.S. Bank Stadium is located in the East Town neighborhood of Minneapolis, Minnesota, a thriving community that has experienced many changes with the opening of the stadium and the growth of new office, residential, and retail spaces. The Minneapolis-Saint Paul metropolitan area is one of the nation's 25 largest metropolitan areas with a population of approximately 3 million people in seven counties and it encompasses nearly 3,000 square miles. The metropolitan area has a strong and diverse economy, an excellent education system, and a high quality of life that attracts people to the area. It is a great place to live, work, play, raise a family, and conduct business.

There are 19 “Fortune 500” corporations that are headquartered in the Minneapolis-Saint Paul metropolitan area. The flourishing arts, music and theatre organizations and the professional sports teams make the metropolitan area a magnet for creative young professionals. Fans and visitors from the metropolitan area as well as greater Minnesota attend events in the stadium. Employment growth, consumer purchases, and household finances are important economic indicators for the sports and entertainment industry as they influence stadium event attendance, ticket pricing, food and beverage pricing, and event space rental pricing.

Minnesota’s economy is projected to continue on its moderate growth path as jobs are added at a steady rate. Minnesota Department of Employment and Economic Development reported that the metropolitan area is a driving force for growth in Minnesota, accounting for more than 60 percent of the jobs in the state. As employment has grown in the metropolitan area, demand for workers has increased. This has led to very low unemployment rates across the metropolitan area. There are signs of full employment with the recent increases in the average wage rate across many sectors of the economy. As of April 2017, average wages of private sector workers were up 7.5 percent from a year ago, with many industries contributing to this strong wage growth, including professional and business services, manufacturing, financial activities, education, health care, and leisure and hospitality. The unemployment rate dropped to 3.8 percent in April 2017. Minnesota employment grew 1.4 percent in 2016 and 34,175 jobs were added during the 12 months leading up to April 2017. The largest jobs gain, 18,929 jobs, was in the educational and health services sector. Overall unemployment has remained stable for the past three years.

Job vacancies reached their highest level in years indicating a healthy labor market. In fourth quarter 2016, 97,400 job vacancies were reported, up 1.3 percent from a year earlier. The job vacancy rate remained steady in 2016 at 3.5 percent. Minnesota’s job growth had a solid start in 2017 averaging 1.5 percent higher than a year ago. Employment growth is forecast to remain solid through the year. Labor market indicators were positive during the first quarter of 2017, which suggests that job growth will remain on track. Job vacancies are forecast to remain high, as employers search for new hires from a shrinking pool of unemployed workers. Manufacturing work hours are slowly climbing after having dipped the last two years.

Initial claims for unemployment remain at record low levels as employers keep their workforces in a tight job market. Those indicators point toward another year of steady employment expansion for the state. The current economic growth, low unemployment, and an aging population have combined to create a tight labor market in this metropolitan area.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

U.S. Bank Stadium

On June 17, 2016, the Authority announced substantial completion of U. S. Bank Stadium had been reached and that it would assume operational activities of the stadium. U.S. Bank Stadium, a world class stadium, opened in August 2016 with three retail stores, 135 private suites, six club lounges, and

1.75 million square feet of space for hosting the Minnesota Vikings home football games, concerts, motorsports events, family shows, conventions, trade/consumer shows, weddings, receptions, corporate events, and various other sporting events. Concourse widths range from 32 to 50 feet and two concourses have 360-degree circulation and various views into the stadium bowl. The seven levels of the stadium are connected by stairs, a ramp, 34 escalators, and 11 elevators.

The state-of–the-art technology infrastructure in the stadium includes 13 high-definition video and ribbon boards, which is the most in the National Football League (NFL), over 2,000 high-definition televisions throughout the stadium, 1,300 wireless (Wi-Fi) access points, and a distributed antenna system for enhanced cellular and wireless service. There are two large video boards, one on the east and one on the west side of the stadium. The east LED (light emitting diodes) board is 116 feet long by 50 feet tall and the west LED board is 148 feet long and 67 feet tall. LED ribbon boards are installed on two levels in the stadium.

There is an exterior LED video board on the west prow of the stadium that features game day highlights and live video from other stadium events. Another major enhancement is the Vikings Legacy Ship located on the west plaza. The ship has an abstract dragon design with Norse iconography, and a curved LED video board standing 55’ tall that serves as the ship’s sail. The ship has seating, railings, and displays.

The commemorative legacy brick sales program was initiated in 2015 and continued until March 31, 2017. The program offered three paver options, 8”x8” logo paver, 8”x8” paver, or a 4”x8” paver with the option to include three to six lines of text. Each brick order included a replica brick that features the inscription and a certificate of ownership. Additional replicas and custom engraved display cases were also sold. More than 17,000 commemorative bricks were sold. These bricks were installed on the ship’s deck in July and August 2016.

Downtown East Parking Garage, Mills Fleet Farm Parking Garage, Stadium Skyway and Ryan Skyways
The Authority owns the Downtown East Parking Garage which has 455 parking spaces and is located beneath the stadium plaza on a site adjacent to the stadium. The Authority also owns the six-level Mills Fleet Farm Parking Garage which has 1,610 parking spaces and is connected via the stadium skyway to U.S. Bank Stadium. Beginning on December 31, 2015, Ryan Companies assumed operational responsibility for the ramps. Ryan Companies hired a parking management company to operate both parking facilities. All parking revenues belong to Ryan Companies during their management period and they are responsible for all parking expenses.

Final payment for construction of the Mills Fleet Farm Parking Garage occurred in October 2016, and final payment for construction of the Ryan skyways and stadium skyway occurred in June 2016 and November 2016, respectively. The Ryan skyways connect the Mills Fleet Farm Parking Garage to the two Wells Fargo office towers and the Jerry Haaf Parking Ramp. These skyways parallel South Fourth Street and cross over South Fifth Avenue, Portland Avenue, and Park Avenue as it traverses through the two office towers. The stadium skyway crosses over Chicago Avenue and Fourth Street South and connects the Mills Fleet Farm Parking Garage to U.S. Bank Stadium. It is a heated and air conditioned walkway that allows stadium fans, patrons and visitors to access and enter the stadium.

Stadium Operator

From August 2014 through June 2016, SMG, LLP (SMG), U.S. Bank Stadium operator, developed plans and processes to manage the pre-opening stadium activities and provided stadium design and construction recommendations. SMG is also responsible for event promotions, event sales and marketing, event services, stadium security, and stadium management and operations. SMG's first year of U.S. Bank Stadium operations began on July 1, 2016, and the first event was held on August 3, 2016. The event calendar for the first year was busy with many corporate and private events, trade shows and conventions, more than 140 high school and college baseball games, 11 days of indoor rollerblading and running club events, and dozens of youth football games with teams from throughout Minnesota.

Per Minnesota Statutes 473J.27, subd. 2, the Authority is required to make the stadium available for use by the Minnesota State High School League (MSHSL) for seven days per year for high school soccer and football tournaments and may not charge a fee for this use. The Authority and SMG worked with MSHSL and booked eight days for MSHSL events at the stadium. SMG continues to aggressively market the stadium for future events and has booked a wide variety of events in U.S. Bank Stadium for its second year of operations.

Stadium Concessionaire

Aramark Sports and Entertainment Services, LLC (Aramark), provides the food and beverage service, premium catering service, and concession services in U.S. Bank Stadium. Aramark was hired in 2015 to develop food and beverage operational plans for the opening of the stadium. Aramark was an integral part of the stadium design team as they advised on various design decisions related to concession operations and equipment purchases. Aramark plans and prepares all premium catered and concession food and beverage services for the six clubs, the suites, the concession stands, and the various bars, portable carts, and vending locations. Aramark reported gross sales of $34.3 million for its first year of operations at U.S. Bank Stadium. Aramark paid commissions on certain food and beverage sales to the Minnesota Vikings for their events and the Authority reported food and beverage commission revenues of $4,844,874 for the first year of operations for Authority events. The Authority also reported capital contributions of $827,373 from Aramark, which is 2.5 percent of gross food and beverage sales, for deposit into the Authority's concession capital reserve account.

Future Events

Planning is underway for future major events to be hosted at U.S. Bank Stadium. These events will bring tremendous economic benefits to the region as thousands of visitors from all over the country will participate in the events. These events bring a multitude of opportunities for fans and visitors to be involved in the festivities and it will have a large economic impact on the community and the stadium.

Minnesota will host the NFL Super Bowl LII on February 4, 2018 in U.S. Bank Stadium. Super Bowl LLI is a 10-day event that culminates with the most watched sporting event in the world. Approximately 100,000 people will come to the Minneapolis/Saint Paul area to experience this special event and the various related activities. This championship game will be played in the stadium.

Minneapolis will host the 2019 National Collegiate Athletic Association (NCAA) Final Four Men's Basketball tournament in April 2019. The Authority staff and SMG staff continue to meet with NCAA Final Four Host Committee to finalize event plans, receive updates on ancillary event sites, and provide feedback on planning and preparations for this collegiate event.

Environmental Sustainability
The Authority is in the process of applying for LEED (Leadership in Energy and Environmental Design) Certification for construction of U.S. Bank Stadium and efforts are underway for the stadium to become a green facility for operations and maintenance. The Authority, SMG, and Aramark are committed to environmental sustainability at U.S. Bank Stadium and together they have implemented green design elements: energy use reduction and a waste diversion program.

High-efficiency lighting equipment, heating/cooling and ventilation equipment, and electrical and natural gas concession equipment were installed in the stadium to reduce future energy use. The stadium was built with LED sports lighting which consumes 75 percent less electricity than traditional lighting and will have a longer life. Renewable energy credits were purchased so that the stadium would be powered solely by renewable energy. Thus, the stadium has saved the equivalent of one year's worth of emissions of 900,000 cars.

The waste diversion program included locating recycling collection stations throughout the stadium concourses, suites, and clubs for patron usage. These stations have facilitated and increased game day recycling efforts. On October 15, 2017, approximately 70% of the waste from the Minnesota Vikings football game was recycled or composted. To date the stadium has recycled 245 tons of waste which has diverted 686 metric tons of carbon dioxide from the atmosphere. Water bottle filling stations are located on the upper and main concourses of the stadium and these stations have saved 178,377 plastic bottles from being used. One of the green design goals for the stadium is for it to be a zero waste facility where 90 percent of all waste is either compostable or recyclable.

FINANCIAL INFORMATION

Reserve Policy
In 2012 the Authority implemented a liquidity/reserves policy to ensure that adequate liquidity is maintained to meet operational expense requirements and avoid the use of short-term debt to fund cash flow requirements. Prudent financial management necessitates the maintenance of adequate financial cash balances. The Authority is required to maintain a cash position in its operating fund to meet six months of operational expenses. The minimum liquidity/reserve requirement is $6 million.

Minnesota Sports Facilities Authority
1005 4th Street South, Suite 401, Minneapolis, MN 55415-1752

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the fiscal year ended December 31, 2015. This was the fourth year that the Authority received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate. The Certificate of Achievement is a prestigious national award which recognizes conformance with the highest standards for preparation of state and local government financial reports.

This CAFR reflects our commitment to the Authority and all interested readers of this report to provide information in conformance with the highest standards of financial reporting. Preparation of this CAFR was made possible by the dedicated service of Sue Arcand and Caryn Goettsch, RSM. They have my sincere appreciation for the contributions they made in the preparation of this report. Appreciation is also expressed to the Commissioners for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the Authority.

Respectfully submitted,

Mary Fox-Stroman

Mary Fox-Stroman, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Minnesota Sports Facilities Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

COMMISSIONERS & ADMINISTRATIVE OFFICIALS

COMMISSIONERS (left to right):

TONY SERTICH • LAURA BISHOP • MIKE VEKICH
BARBARA BUTTS WILLIAMS • BILL MCCARTHY

	TERM OF OFFICE:	
COMMISSIONERS:	**Appointed**	**End of Term**
MICHAEL VEKICH, *Chair*[1]	July 2017	January 2019
BARBARA BUTTS WILLIAMS, *Vice Chair*	June 2012	December 2019
TONY SERTICH, *Secretary & Treasurer*	August 2015	December 2019
LAURA BISHOP[2]	July 2017	December 2020
BILL MCCARTHY	June 2012	December 2020

Executive Director
RICHARD EVANS

Director of Finance
MARY C. FOX-STROMAN, CPA

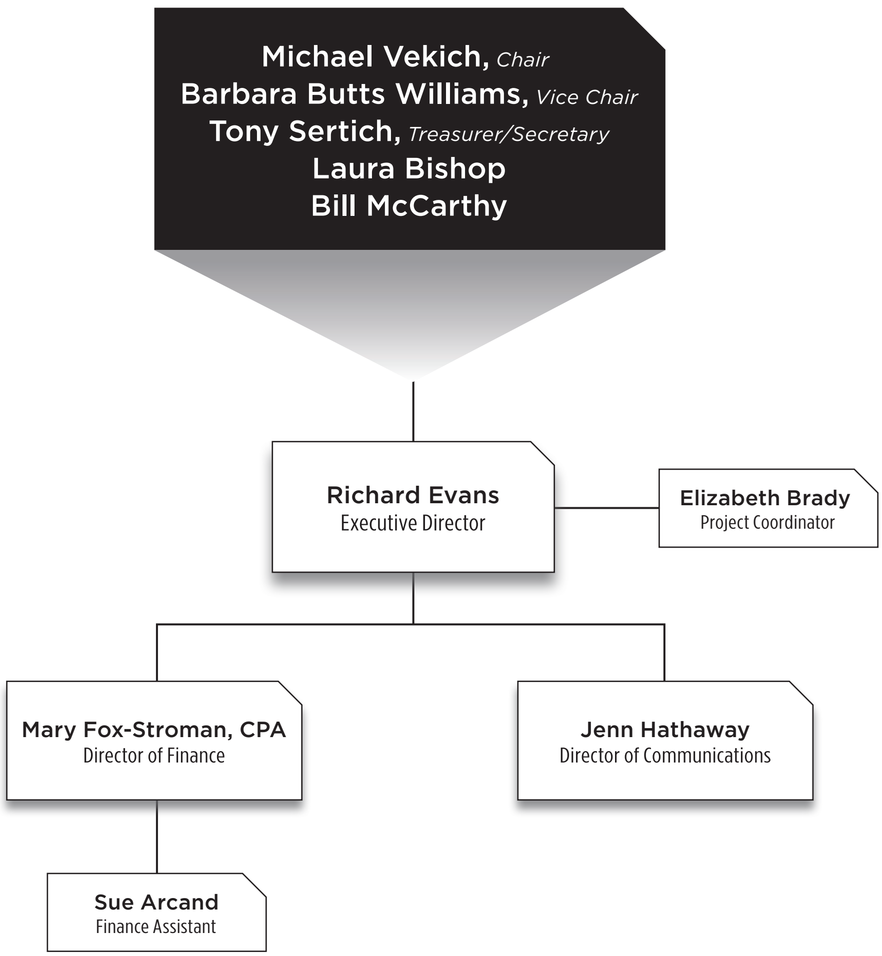
Director of Communications
JENN HATHAWAY

1 Mr. Michael Vekich was appointed Chair on July 22, 2017, he replaced Ms. Kathleen Blatz who served as Interim Chair from March 9, 2017 through July 21, 2017.

2 Ms. Laura Bishop was appointed on July 13, 2017, her position was vacant from January 1, 2017 until her appointment.

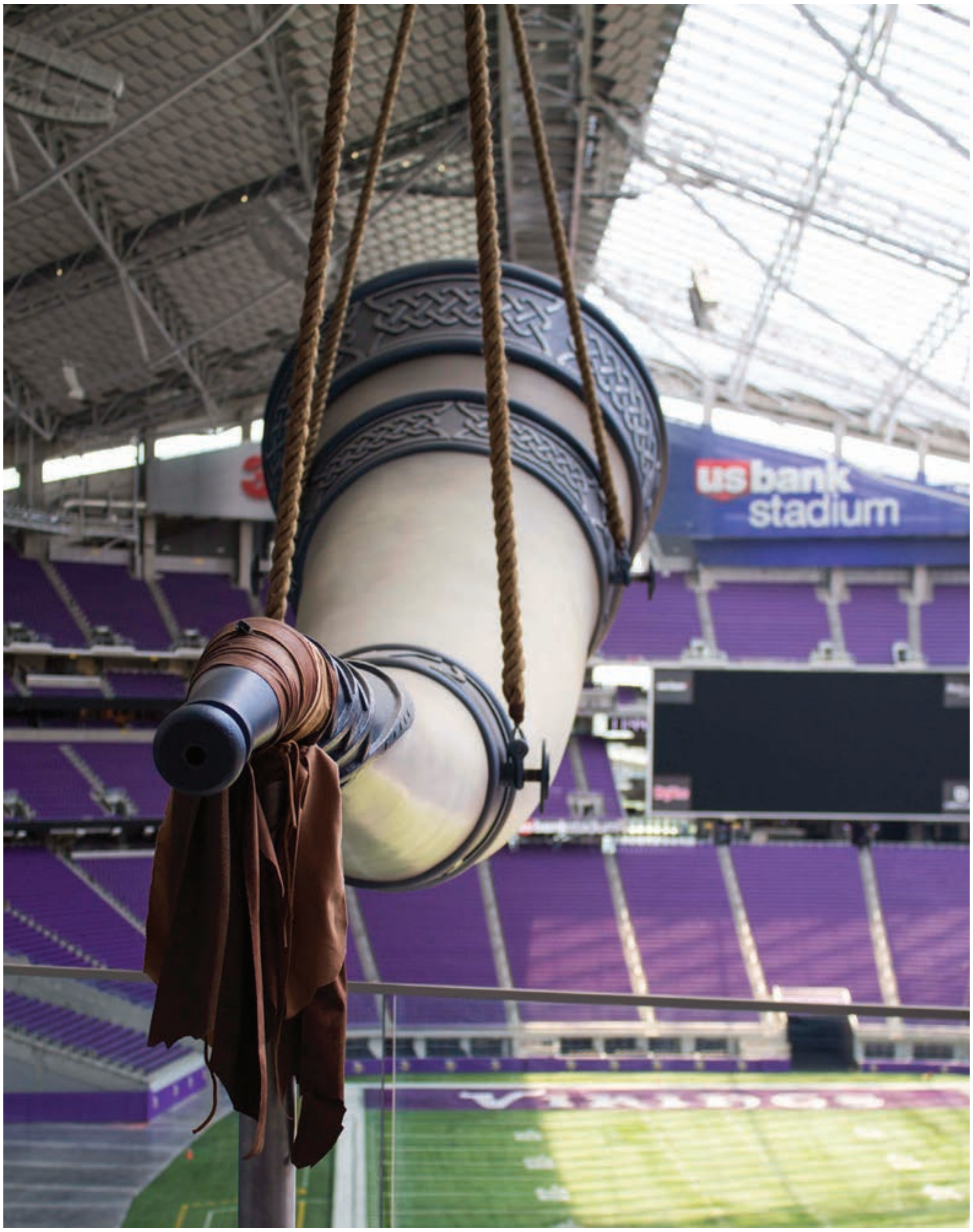
ORGANIZATION CHART

MSFA BOARD



FINANCIAL SECTION

The Financial Section includes the independent auditor's report, management's discussion and analysis, the basic financial statements including the notes to the financial statements, and required supplementary information.



U.S. Bank Stadium Vikings Ceremonial Gjallarhorn

Independent Auditor's Report

Senator Mary Kiffmeyer, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Michael Vekich, Chair
Minnesota Sports Facilities Authority

Members of the Minnesota Sports Facilities Authority

Mr. Richard G. Evans, Executive Director
Minnesota Sports Facilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Minnesota Sports Facilities Authority, a component unit of the State of Minnesota, as of and for the 18-month period ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Minnesota Sports Facilities Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Minnesota Sports Facilities Authority's 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 controls relevant to the Minnesota Sports Facilities Authority's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Minnesota Sports Facilities Authority's internal controls. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota Sports Facilities Authority as of June 30, 2017, and the changes in its financial position and its cash flows for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Reporting Period

As discussed in Note I. to the financial statements, during 2017 the Minnesota Sports Facilities Authority changed its reporting period from a fiscal year ending December 31 to a fiscal year ending June 30. As a result, the Minnesota Sports Facilities Authority presented the financial statements referred to above for an 18-month reporting period. 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 management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 Included With the Financial Statements

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Minnesota Sports Facilities Authority's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 28, 2017 on our consideration of the Minnesota Sports Facilities Authority's internal controls over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

James R. Nobles
Legislative Auditor

Scott Tjomsland, CPA, CISA
Audit Director

Saint Paul, Minnesota
November 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Minnesota Sports Facilities Authority (Authority) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the Authority's financial performance for the 18-month fiscal period ended June 30, 2017. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

On May 26, 2017, the Authority changed its fiscal year from a January 1 through December 31 calendar year to a July 1 through June 30 fiscal year. This change of year-end required an 18-month reporting period from January 1, 2016 through June 30, 2017.

Financial Highlights

The basic financial statements report information about the Authority using the economic resources measurement focus and accrual basis of accounting. On August 22, 2014 the Authority hired SMG to plan and manage the pre-opening, opening, and operations of U.S. Bank Stadium. SMG's first operating fiscal period of U.S. Bank Stadium began on July 1, 2016 and ended on June 30, 2017, and these operational activities are included in the Authority's financial statements. Key financial highlights for the Authority's 18-month fiscal period ended June 30, 2017 are as follows:

- Overall, the Authority's net position improved during the 18-month fiscal period ended June 30, 2017. The Authority's net position increased $177,215,837 from $915,050,480 as of December 31, 2015 to $1,092,266,317 as of June 30, 2017.
- Total capital assets increased $234,749,016 from $907,750,466 as of December 31, 2015 to $1,142,499,482 as of June 30, 2017. This increase is due to construction of U.S. Bank Stadium being substantially completed on June 17, 2016, and as of July 1, 2016 construction in progress was closed out and new capital assets for U.S. Bank Stadium were recognized including: land, building, building equipment, land improvements, and equipment.
- Operating expenses of $91,455,388 exceeded operating revenues of $46,278,574 which resulted in an operating loss of $45,176,814 for the 18-month fiscal period ended June 30, 2017. The operating loss is primarily due to depreciation expense of $51,313,184 which was the largest operating expense during this 18-month fiscal period.

Overview of the Financial Statements

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

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

This report also includes other required supplementary information in addition to the basic financial statements.

The Authority uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Authority maintains one proprietary fund, an enterprise fund. The enterprise fund financial statements report information about the Authority using accounting methods similar to those used by private-sector businesses in which costs are recovered primarily through user charges. Enterprise fund financial statements provide both short-term and long-term financial information about the Authority's overall financial status. The statements present information on the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position and show how net position has changed during the year.

Statement of net position

The statement of net position presents information on the financial resources and obligations of the Authority on June 30, 2017. The difference between the sum of total assets and deferred outflows of resources and the sum of total liabilities and deferred inflows of resources is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Authority is improving or deteriorating. Additionally, nonfinancial factors, such as stadium attendance and the number, type, and size of planned future events should be considered to assess the overall health of the Authority.

Statement of revenues, expenses and changes in net position

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the 18-month fiscal period ended June 30, 2017. All of the 18-month fiscal period's revenues and expenses are accounted for in this statement, regardless of when cash is received or paid.

Statement of cash flows

The statement of cash flows reports cash and cash equivalent activities for the 18-month fiscal period ended June 30, 2017 as a result of operating, noncapital financing, capital and investing activities.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements.

Required Supplementary Information

The required supplementary information consists of two schedules, Schedule of the Authority's Share of Net Pension Liability State Employees Retirement Fund and Schedule of Authority's Contributions State Employees Retirement Fund.

Financial Analysis

Following is a table that presents the Authority's Statement of Net Position as of June 30, 2017 and December 31, 2015:

Statement of Net Position at June 30, 2017 and December 31, 2015

	June 30, 2017	December 31, 2015	Increase/ (decrease)
ASSETS:			
Current and other assets	$34,458,931	$71,008,959	($36,550,028)
Capital assets (net of accumulated depreciation)	1,090,575,542	907,139,710	183,435,832
Noncurrent assets	8,078,731	4,442,574	3,636,157
Total assets	**1,133,113,204**	**982,591,243**	**150,521,961**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pensions	1,726,047	193,855	1,532,192
LIABILITIES:			
Current liabilities	28,723,448	66,109,533	(37,386,085)
Noncurrent liabilities	13,147,859	547,880	12,599,979
Total liabilities	**41,871,307**	**66,657,413**	**(24,786,106)**
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pensions	701,627	1,077,205	(375,578)
NET POSITION:			
Investment in capital assets	1,090,575,542	907,139,710	183,435,832
Unrestricted	1,690,775	7,910,770	(6,219,995)
Total net position	**$1,092,266,317**	**$915,050,480**	**$177,215,837**

The largest portion of the Authority's net position (99.8%) at June 30, 2017 reflects its investment in capital assets of $1,090,575,542. These assets are comprised of land, buildings, building equipment, land improvements, and equipment of U.S. Bank Stadium, Mills Fleet Farm Parking Garage, and the Downtown East Parking Garage. Accordingly, these assets are not available for future spending.

The unrestricted net position at June 30, 2017 of $1,690,775 (.2%) is available for future use to meet the Authority's ongoing and future obligations.

The Authority's overall net position increased $177,215,837 from the prior fiscal year ended December 31, 2015.

The following table presents the changes in net position at June 30, 2017 and December 31, 2015.

Changes in Net Position

	June 30, 2017	December 31, 2015	Increase/ (decrease)
Operating revenues	$46,278,574	$569,448	$45,709,126
Operating expenses	91,455,388	3,274,744	88,180,644
Total operating income or (loss)	**(45,176,814)**	**(2,705,296)**	**(42,471,518)**
Nonoperating revenues (expenses)			
Nonoperating revenues	22,022,307	10,000,721	12,021,586
Nonoperating expenses	(23,675,235)	(10,328,035)	(13,347,200)
Total nonoperating revenues (expenses)	(1,652,928)	(327,314)	(1,325,614)
Income (loss) before capital contributions	**(46,829,742)**	**(3,032,610)**	**(43,797,132)**
Capital contributions	224,045,579	511,883,685	(287,838,106)
Changes in net position	**177,215,837**	**508,851,075**	**(331,635,238)**
Total net position-beginning of year	915,050,480	406,199,405	508,851,075
Total net position-end of year	**$1,092,266,317**	**$915,050,480**	**$177,215,837**

Authority's Activities

During the 18-month fiscal period ended June 30, 2017 the Authority had many major achievements including: substantial completion of construction of U.S. Bank Stadium which occurred on June 17, 2016, grand opening and ribbon cutting ceremony of the stadium which occurred on July 22, 2016, and the first public event was held in the stadium on August 3, 2016. During the stadium's first operating year there were a variety of events held in the stadium including ten Minnesota Vikings home football games, two concerts, three motorsports shows, many conventions/tradeshows, corporate and private events, and youth and collegiate sporting events.

The original master project budget for construction of U.S. Bank Stadium and related stadium infrastructure was $975 million. During fiscal year 2014 the master project budget was increased to $1,026,065,450, in fiscal year 2015 the budget increased to $1,093,194,024, and as of June 30, 2017 the master project budget was $1,132,725,476. This budget included the following funding sources: contributions from the state of Minnesota of $498,000,000, Minnesota Vikings Football Stadium, LLC, of $509,436,047, private contributions of $100,000,000, and other contributions of $25,289,429. The city of Minneapolis is responsible for $150,000,000 of the funding that the state of Minnesota provided.

Operating revenues:

Operating revenues were $46,278,574 for the 18-month fiscal period ended June 30, 2017, which is an increase of $45,709,126 from the prior year ended December 31, 2015. This increase is due to the opening of U.S. Bank Stadium and its first fiscal year of operations that began on July 1, 2016. Operating revenues included operating payments, stadium operating revenues, and other revenues. The Authority received the first and second annual operating payments from the state of Minnesota and the annual operating payment from the Minnesota Vikings for total operating payments of $20,910,210. Revenues for U.S. Bank Stadium's first fiscal year of operations were $23,589,302 which included the following major revenues: rent revenues of $4,695,741, food and beverage commissions of $4,844,874, ticket rebate and facility fees of $2,492,858, and other event revenues of $10,831,797. Other revenues were $1,779,062.

Operating expenses:

Operating expenses were $91,455,388 for the 18-month fiscal period ended June 30, 2017 which is an increase of $88,180,644 from the prior year. This increase is primarily due to stadium operating expenses of $32,143,313 and depreciation expense of $51,313,184. Stadium operating expenses included the following major expenses: SMG employee compensation and benefits of $5,483,648, contract services of $1,682,624, general and administrative expenses of $1,398,550, operations expenses of $1,016,811, repairs and maintenance of $1,115,195, utilities of $4,225,310, and other event expenses of $15,260,068. Depreciation expense increased $50,994,721 from the prior year as this was the first year of depreciation for all depreciable assets of U.S. Bank Stadium.

Nonoperating revenues/expenses:

During the 18-month fiscal period ended June 30, 2017 the Authority received other contributions for the stadium project of $9,105,852 which is comprised of contributions from the Minnesota Vikings Football Stadium LLC of $2,969,888, state of Minnesota of $3,684,990, and private contributions of $2,450,974. These contributions were used to fund noncapital stadium project expenses. Nonoperating revenues/expenses also included sales taxes revenues from the state of Minnesota of $2,808,288, commemorative brick revenues of $3,288,045 and expenses of $1,025,818, stadium builders licenses revenues and expenses of $6,271,723, stadium project expenses of $13,552,184, and stadium operator pre-opening expenses of $2,825,510.

During the 18-month fiscal period ended June 30, 2017 the Authority received capital contributions of $224,045,579 which funded construction in progress activity and capital purchases.

Capital Assets

The Authority's investment in capital assets as of June 30, 2017 was $1,090,575,542 (net of accumulated depreciation) and consists of land, buildings, building equipment, land improvements, and equipment of U.S. Bank Stadium, Mills Fleet Farm Parking Garage, and Downtown East Parking Garage.

Additional information on the Authority's capital assets can be found in the notes to the financial statements, see note I.D.5 and note II.C.

The following table compares the Authority's capital assets as of June 30, 2017 and December 31, 2015.

Capital Assets

	June 30, 2017	December 31, 2015	Increase/ (decrease)
CAPITAL ASSETS:			
Non-depreciable-			
Land	$31,983,174	$25,974,120	$6,009,054
Construction in progress	-	831,409,578	(831,409,578)
Depreciable-			
Buildings	852,241,351	48,055,749	804,185,602
Building equipment	98,374,811	-	98,374,811
Land improvements	32,916,971	791,168	32,125,803
Equipment	126,983,175	1,519,851	125,463,324
Total capital assets	1,142,499,482	907,750,466	234,749,016
Less: accumulated depreciation	(51,923,940)	(610,756)	(51,313,184)
Total capital assets, net	**$1,090,575,542**	**$907,139,710**	**$183,435,832**

Economic Factors and Next Year's Budget

SMG aggressively markets and books events for U.S. Bank Stadium and their plans for next year include ten Minnesota Vikings home football games, three large stadium concerts, several motorsport events, and many conventions, tradeshows, corporate events, private events, youth and collegiate sporting events, and tours. X-Games Minneapolis held several events at the stadium in July 2017, and Super Bowl LII will be held in the stadium on February 4, 2018.

The Authority's 2017-2018 operating budget for the fiscal year from July 1, 2017, through June 30, 2018, includes operating revenues of $39,203,129, operating expenses of $38,445,068, and nonoperating revenues of $1,889,793. Major operating revenues include the operating payment of $6,198,387 from the state of Minnesota, the operating payment from the Minnesota Vikings of $8,755,000, and stadium operating revenues of $24,198,063. Major operating expenses include personal services of $912,400, professional services of $2,049,837, NFL reimbursement for sales tax exemption of $1,600,000, Super Bowl LII expenses of $1,000,000, and stadium operating expenses of $31,203,276. Net operating income is budgeted to be $758,061.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its financial position and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Minnesota Sports Facilities Authority, 1005 Fourth Street South, Minneapolis, Minnesota 55415. This report may also be found on the Authority's website at www.msfa.com.

MINNESOTA SPORTS FACILITIES AUTHORITY **Exhibit A**
STATEMENT OF NET POSITION
June 30, 2017

ASSETS		
Current assets:		
Cash and cash equivalents	$	26,076,698
Restricted cash and cash equivalents		491,093
Receivables:		
Accounts and other receivables		3,692,551
Trade accounts receivable		537,418
Construction contributions receivable		2,914,143
Prepaid items		747,028
Total current assets		34,458,931
Noncurrent assets:		
Restricted cash and cash equivalents		97,091
Restricted investments		6,150,594
Capital assets:		
Non-depreciable:		
Land		31,983,174
Depreciable:		
Buildings		852,241,351
Building equipment		98,374,811
Land improvements		32,916,971
Equipment		126,983,175
Accumulated depreciation		(51,923,940)
Total capital assets (net of accumulated depreciation)		1,090,575,542
Prepaid project insurance		1,831,046
Total noncurrent assets		1,098,654,273
Total assets		1,133,113,204
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions		1,726,047
LIABILITIES		
Current liabilities:		
Salaries and compensated absences payable		67,823
Accounts and other payables		1,861,484
Construction accounts and retainages payable		2,839,900
Advanced ticket sales and deposits		20,281,760
Restricted advanced deposits		177,261
Restricted stadium builders licenses liability		197,629
Revenue sharing distribution payable		552,751
Unearned revenue		2,744,840
Total current liabilities		28,723,448
Noncurrrent liabilities:		
Compensated absences payable		21,922
Net pension liability		2,603,765
Unearned revenue		10,522,172
Total liabilities		41,871,307
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions		701,627
NET POSITION		
Investment in capital assets		1,090,575,542
Unrestricted		1,690,775
Total net position		$1,092,266,317

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

MINNESOTA SPORTS FACILITIES AUTHORITY **Exhibit B**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the 18-Month Fiscal Period Ended June 30, 2017

Operating revenues:	
Operating payments from State of Minnesota and Minnesota Vikings	$20,910,210
Stadium operating revenues	23,589,302
Other revenues	1,779,062
Total operating revenues	46,278,574
Operating expenses:	
Personal services	1,611,570
Professional services	2,797,081
Supplies, repairs and maintenance	1,256,214
Rent	1,432,607
Other expenses	901,419
Stadium operating expenses	32,143,313
Depreciation	51,313,184
Total operating expenses	91,455,388
Total operating (loss)	(45,176,814)
Nonoperating revenues (expenses):	
Investment earnings	69,974
Other contributions for stadium project	9,105,852
Stadium builders licenses revenues	6,271,723
Sales tax revenues	2,808,288
Commemorative brick revenues	3,288,045
Stadium pre-opening revenues	478,425
Stadium pre-opening expenses	(2,825,510)
Stadium project expenses	(13,552,184)
Stadium builders licenses expenses	(6,271,723)
Commemorative brick expenses	(1,025,818)
Total nonoperating (expenses)	(1,652,928)
(Loss) before capital contributions	(46,829,742)
Capital contributions	224,045,579
Change in net position	177,215,837
Total net position, January 1, 2016	915,050,480
Total net position, June 30, 2017	$1,092,266,317

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

MINNESOTA SPORTS FACILITIES AUTHORITY **Exhibit C**
STATEMENT OF CASH FLOWS
For the 18-Month Fiscal Period Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from State of Minnesota and Minnesota Vikings	$20,598,388
Receipts from events	17,416,474
Receipts from future event ticket sales	19,159,899
Receipts from food and beverage commissions	4,600,612
Receipts from others	2,312,996
Payments for employee services	(11,279,421)
Payments to suppliers and others	(21,363,497)
Payments for event and stadium operations	(7,028,459)
Net cash provided by operating activities	24,416,992
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Sales taxes received from State of Minnesota	3,546,032
Other contributions received for stadium project	8,645,162
Stadium builders licenses revenues received	6,271,723
Payments restricted for stadium builders licenses	(800,173)
Payments for stadium project	(13,090,310)
Payments for pre-opening expenses of stadium operator	(2,526,587)
Payments for stadium builders licenses expenses	(6,271,723)
Net cash (used for) noncapital financing activities	(4,225,876)
CASH FLOWS FROM CAPITAL ACTIVITIES	
Capital contributions received	296,101,262
Acquisition and construction of assets	(292,084,685)
Net proceeds from commemorative bricks	1,391,326
Net cash provided by capital activities	5,407,903
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	25,448,559
Purchase of investments	(27,352,663)
Interest on investments	81,377
Net cash (used for) investing activities	(1,822,727)
Net (decrease) in cash and cash equivalents	23,776,292
Cash and cash equivalents, January 1, 2016	2,888,590
Cash and cash equivalents, June 30, 2017	$26,664,882

Reconciliation of operating (loss) to net cash provided by (used for) operating activities:	
Operating (loss)	$(45,176,814)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	51,313,184
Pension expense	179,853
Change in assets and liabilities:	
(Increase) in accounts receivable	(3,204,600)
(Increase) in prepaid items	(708,047)
(Decrease) in salaries and compensated absences payable	(145,653)
Increase in accounts payable and other payables	610,054
Increase in revenue sharing distribution payable	552,751
Increase in unearned revenues	714,504
Increase in advanced ticket sales and deposits	20,281,760
Total adjustments	69,593,806
Net cash provided by operating activities	$24,416,992
Noncash investing, capital and financing activities:	
Decrease in fair value of investments	$7,728
Accrued other contributions	$1,460,070
Accrued capital contributions	$2,419,965
Accrued construction in progress costs	$2,405,925

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

I. Summary of significant accounting policies

A. Organization and reporting entity

1. Organization

In May 2012, the Minnesota legislature enacted 2012 Minnesota Laws, Chapter 299 (codified at Minnesota Statutes Chapter 473J) to establish the Minnesota Sports Facilities Authority (Authority). The Authority is comprised of five board members: the chair and two members appointed by the governor of Minnesota and two members appointed by the mayor of the city of Minneapolis. Members serve four-year terms beginning January 1. The chair serves at the pleasure of the governor. The board makes policies for the administration of the Authority and it appoints an executive director to act as the administrative head of the Authority. The executive director serves at the pleasure of the board, carries out the policies established by the board, directs business and administrative procedures, and recommends personnel to be appointed by the board.

The Authority was created to provide for the construction, financing, and long-term operation of U.S. Bank Stadium and the related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural and commercial activities.

2. Financial reporting entity

As defined by U.S. generally accepted accounting principles (GAAP), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as:

a. Appointment of a voting majority of the component unit's board and either (1) the ability to impose will by the primary government or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
b. Fiscal dependency on the primary government.

Based upon the application of these criteria, the Authority has no component units. However, the Authority is a component unit of the state of Minnesota because the governor appoints three of the five board members and the state of Minnesota is responsible for the debt incurred for the Authority's share of the cost of construction of the stadium and stadium infrastructure.

B. Basis of presentation and measurement focus

1. Basis of presentation

The financial statements of the Authority have been prepared in conformity with GAAP as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental

I. Summary of significant accounting policies (continued)

accounting and financial reporting principles. Significant accounting policies of the Authority are described below.

The Authority reports its activities as a business-type activity. The operations of the Authority are accounted for in an enterprise fund which is a set of self-balancing accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. The fund is used to account for the construction and operation of U.S. Bank Stadium and related stadium infrastructure. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. All assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. Reported net position is segregated into two categories: investment in capital assets and unrestricted. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

2. Measurement focus and basis of accounting

The Authority's enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

C. Change of Year End

On May 26, 2017 the Authority approved changing its fiscal year from a January 1 through December 31 calendar year to a July 1 through June 30 fiscal year to conform with the fiscal year of the state of Minnesota, SMG operation of U.S. Bank Stadium, and Aramark catering and concessions operations at U.S. Bank Stadium. This change of year-end required an 18-month reporting period from January 1, 2016 through June 30, 2017.

D. Assets, liabilities, and net position

1. Cash, cash equivalents and investments

The Authority has defined cash and cash equivalents as cash on hand, cash on deposit in demand deposit accounts, commercial paper, and short-term investments with original maturities of three months or less from the date of acquisition. Authority deposits are backed by a combination of Federal Deposit Insurance Corporation (FDIC) and a letter of credit from Federal Home Loan Bank for the account of U.S. Bank National Association, Cincinnati, Ohio for an amount of $3 million. The letter of credit is irrevocable, unconditional, and nontransferable. Certain accounts are segregated and classified as restricted and may not be used except in accordance with contractual terms.

The Authority may invest funds as authorized by Minnesota Statutes, Chapter 118A, and the Authority's internal investment policy. Investments are reported at fair value and are based on quoted market prices.

I. Summary of significant accounting policies (continued)

2. Receivables

a. Accounts and other receivables

Accounts and other receivables consist of estimates of amounts due for sales tax revenues, operating payment from the Minnesota Vikings, commissions from the concessionaire, event revenues from promoters, and ticket revenues and rebates.

b. Trade accounts receivable

Trade accounts receivable consist of amounts due from customers for events held at U.S. Bank Stadium. Accounts receivable are due within 30 days. Accounts outstanding longer than the contractual payment terms are considered past due. Accounts are charged to the allowance account when a determination is made that a probable loss has occurred. At June 30, 2017, no allowance for doubtful accounts was considered necessary.

c. Construction contributions receivable

Construction contributions receivable consist of amounts due to fund construction expenses that were incurred prior to June 30, 2017.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statement. Prepaid items include software and maintenance agreement costs, insurance costs, and rent. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

4. Prepaid project insurance

Prepaid project insurance consists of the prefunded loss reserve fund that was established at construction inception. The insurance carrier for the owner controlled insurance program maintains the loss reserve fund. Insurance costs are expensed when incurred.

5. Capital assets

Capital assets include land, buildings, building equipment, land improvements, and equipment. Capital assets are defined by the Authority as assets with an individual or system cost of $5,000 or more and an estimated useful life greater than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. Summary of significant accounting policies (continued)

Capital assets are depreciated over their estimated useful lives using the straight-line method. Land is not depreciated. Estimated useful lives are as follows:

Capital assets	Useful life
Buildings	20 - 30 years
Building equipment	5 - 20 years
Land improvements	20 - 30 years
Equipment	3 - 30 years

6. Liabilities

a. Salaries and compensated absences

Salaries and compensated absences includes salaries and benefits incurred and unpaid as of June 30, 2017. The Authority accrues vacation and sick leave when earned. Full-time employees earn annual vacation leave based on years of service and are allowed to accumulate up to a maximum of 400 hours as of the end of each calendar year. Full-time employees also earn 96 hours of sick leave on an annual basis and are allowed to accumulate up to a maximum of 800 hours as of the end of each calendar year. Employees qualify for a vacation leave and a sick leave benefit paid at termination or retirement. The pay rate in effect at the end of the fiscal year and the employer's share of social security contributions are used to calculate compensated absences accruals at June 30.

b. Construction accounts and retainages payable

Construction accounts and retainages payable consist of costs incurred as of June 30, 2017 for stadium construction. Construction retainages are released upon completion of the contractor's work.

c. Advanced ticket sales and deposits

Revenues related to advance ticket sales for events that have not yet occurred are deferred until the event has been held at U.S. Bank Stadium. U.S. Bank Stadium box office sells tickets through box office sales, Ticketmaster sales, and consignment sales. Consignment sales consist of tickets pulled in advance for the promoter. Consignment sales are considered advance ticket sales, as the promoter is obligated to pay for the tickets at settlement which is after the event has occurred. Deposits represent payments received from event organizers in advance of an event.

I. Summary of significant accounting policies (continued)

d. Restricted advanced deposits

Proceeds from the sale of commemorative bricks were restricted by the stadium development agreement for stadium plaza improvements or stadium plaza improvements budget. Based on this restriction advanced deposits related to the sale of commemorative bricks are shown as restricted. Advance deposits represent deposits that have been collected for the sale of commemorative bricks, replication commemorative bricks, and display cases for which the contingency criterion has not yet been met, and it is net of cash held by Fund Raisers, Ltd.

e. Restricted stadium builders licenses liability

Restricted stadium builders licenses liability consists of funds held at June 30, 2017 for the stadium builders licenses program.

f. Revenue sharing distribution payable

As defined in the Management and Pre-Opening Agreement between the Authority and SMG, SMG is entitled to share in U.S. Bank Stadium's first year's net operating income that exceeds $6,750,000. The revenue sharing amount accrued for the first year of operations was $552,751. As of June 30, 2017 the revenue sharing distribution was unpaid.

g. Unearned revenues

Unearned revenues consist of revenues received from the Minnesota Vikings in advance of the contractual time period, and it includes the unamortized amount of the capital investments from Aramark, Minnesota Vikings, and SMG.

7. 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 represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (an expense) until then. The amount recognized as deferred outflows of resources is related to pensions.

In addition to liabilities, the Statement of Net Position also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The amount recognized as deferred inflows of resources is related to pensions.

8. Net position

Net position represents the sum of total assets and deferred outflows of resources less the sum of total liabilities and deferred inflows of resources. At June 30, 2017 the Authority had two categories of net position, investment in capital assets and unrestricted. Investment in capital assets is the amount of

I. Summary of significant accounting policies (continued)

net position representing capital assets net of accumulated depreciation. Unrestricted net position is the amount of net position that does not meet the definition of restricted or investment in capital assets.

9. Revenues and expenses

a. Operating and nonoperating revenues and expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are: operating payments from State of Minnesota and Minnesota Vikings, stadium operating revenues, and other revenues. Stadium operating revenues include: rent, food and beverage, advertising, ticket rebates and facility fees, suite ticket sales, merchandise sales, and other revenues.

Operating expenses include personal services, professional services, supplies, repairs and maintenance, rent, other expenses, stadium operating expenses, and depreciation on capital assets. Stadium operating expenses include operating and event expenses incurred by SMG to manage U.S. Bank Stadium. All revenues and expenses not meeting this definition as well as stadium pre-opening activities and construction related activities are reported as nonoperating revenues and expenses.

b. Other contributions for stadium project

Amounts reported as other contributions for the stadium project include contributions from: 1) the Minnesota Vikings, 2) the state of Minnesota, 3) private contributions, and 4) other contributions. These contributions fund their respective share of the non-capitalized stadium construction expenses and are reported as nonoperating revenues.

c. Stadium builders licenses revenues

Effective July 31, 2014, the Authority entered into an Amended and Restated Purchase and Sale Agreement with Minnesota Stadium Funding Trust whereby the Authority agreed to sell its interest in stadium builders licenses (SBL) tranches of SBL revenues to Minnesota Stadium Funding Trust pursuant to SBL contracts. SBLs entitle the holder to buy season tickets to certain Minnesota Vikings games held at U.S. Bank Stadium and for a certain seat in the stadium. The Authority has recognized a receivable and revenue in accordance with GASB Statement No. 48, *"Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues,"* as the transaction qualifies as a sale of future revenues. Revenue will be recognized as proceeds are received for the purpose of funding stadium construction costs and for costs associated with the sales of SBLs.

The total SBL tranches to be sold based on the SBL program as stated in the agreement is $125 million. As of June 30, 2017 SBL tranches of $120,235,231 had been sold, of that amount $98,595,819 was used to fund the stadium construction project costs and $21,639,412 was used to fund other expenses. These revenues are reported as nonoperating revenues.

I. Summary of significant accounting policies (continued)

d. Sales tax revenues

In accordance with Minnesota Statutes, 16A.726(b) and 297A.994, Subd.4.(5)(i) and (ii), a portion of the city of Minneapolis sales tax collections, are for the benefit of the Authority. Amounts are recognized as revenue by the Authority in the year the sales taxes are imposed on the underlying exchange transaction by the city of Minneapolis. The state of Minnesota withholds a portion of the Minneapolis sales tax disbursement to the city and issues the payment to the Authority. These revenues are reported as nonoperating revenues.

10. Summary of new accounting standard

GASB Statement No. 72, *"Fair Value Measurement and Application,"* was adopted by the Authority beginning with its 18-month fiscal period ended June 30, 2017. The statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

II. Detailed notes

A. Cash deposits with financial institutions

Minnesota Statutes, Chapter 118A, require that all Authority deposits in excess of available federal deposit insurance be protected by a corporate surety bond or collateral security. An irrevocable standby letter of credit issued by a Federal Home Loan Bank is an allowable form of collateral. The statute further requires the total amount of collateral computed at its fair market value shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, except for irrevocable standby letters of credit, the amount of collateral shall be at least equal to the amount on deposit at the close of the financial institution's banking day. At June 30, 2017, the carrying amount of the Authority's combined demand deposit bank accounts was $26,076,698. Bank balances were $27,216,283 of which $26,686,911 was invested in commercial paper, $250,000 was covered by federal depository insurance and the remaining $279,372 was collateralized by an irrevocable standby letter of credit issued by Federal Home Loan Bank of Cincinnati.

II. Detailed notes (continued)

At June 30, 2017, the carrying amount of the Authority's restricted cash demand deposit accounts was $580,931. Bank balances were $587,183 which was collateralized by the letter of credit described in the above paragraph. Restricted cash trust account balances were $7,253 at June 30, 2017.

The differences between carrying amount and bank balance generally result from checks outstanding and deposits in transit at June 30, 2017.

B. Cash equivalent investments

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

Interest rate risk. Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Although the Authority does not have a formal specific duration investment risk policy, it does have a formal investment policy by which the Authority manages its exposure to declines in fair value. To meet short-term cash flow needs, the Authority's investment portfolio will remain sufficiently liquid to enable the Authority to meet anticipated cash requirements without the occurrence of significant investment losses. To meet long-term needs, the average duration of the investment portfolio should match the average duration of liabilities subject to regulatory requirements. The Authority's investments in commercial paper have a maturity not to exceed 270 days.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment instruments purchased by the Authority must comply with Minnesota Statutes, Chapter 118A, and its investment policy which is more restrictive than state law. The Authority's investment policy limits investments to the following: money market funds, savings/demand deposits, bankers acceptances, commercial paper, U.S. Treasury Obligations, U.S. Agency Securities Government Sponsored Enterprises (GSE), Municipal Securities, Repurchase Agreements, and Guaranteed Investment Contracts. The ratings on all the agencies that the Authority can invest in are the highest available. It is the Authority's policy not to invest in inverse floaters, range notes, interest only strips derived from a pool of mortgages, and any security that could result in a zero interest accrual if held to maturity. The Authority's investments in commercial paper were in a U.S. corporation that was rated in the highest quality category and had maturities of less than 270 days.

Concentration of credit risk. Concentration of credit risk is the risk associated with investing a significant portion of investments in the securities of a single issuer, excluding U.S. Guaranteed investments, investment pools, and mutual funds. The Authority's investments in commercial paper are in a single U.S. corporation.

Custodial credit risk. The custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, then the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counter party to a transaction, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

II. Detailed notes (continued)

The Authority had no foreign currency exposure at June 30, 2017.

Following is a summary of the fair values of cash, cash equivalents and investments at June 30, 2017:

Security Type	Credit Risk	Custodial Credit Risk	% of Total Maturities	Fair Value	Portfolio
Cash and cash equivalents	n.a.	(a)	n/a	$26,664,882	81.3%
Federal National Mortgage Assoc.	AAA	(b)	10/26/17	1,483,946	4.5%
Federal Home Loan Mortgage Corp.	AAA	(b)	08/01/17	2,872,642	8.7%
Federal Home Loan Mortgage Corp.	AAA	(b)	10/24/17	1,794,006	5.5%
Total				$32,815,476	100.0%

(a) Individual bank balances less than or equal to $250,000 are FDIC insured. Individual balances greater than $250,000 are collateralized by the Authority holding a letter of credit from the Federal Home Loan Bank of Cincinnati for $3 million.
(b) Securities held in custody are in the Authority's name.

Fair value reporting. The Authority's investments that are not recorded at amortized cost or using the equity method are recorded at fair value as of June 30, 2017. GASB Statement No. 72, *"Fair Value Measurement and Application,"* defines fair value as the price that would be received to sell an asset between market participants at the measure date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the market place. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1: Investment values are based on quoted prices (unadjusted) for identical assets (liabilities) in active markets that a government can access at measurement date.
Level 2: Investments have inputs, other than quoted prices within Level 1 that are observable for an asset (liability), either directly or indirectly.
Level 3: Investments classified as Level 3 have unobservable inputs for an asset (liability) and may require a degree of professional judgment.

The following table summarizes the Authority's investments within the fair value hierarchy at June 30, 2017:

Security Type	Level 1	Level 2	Level 3	Total
Federal National Mortgage Assoc.	$ -	$1,483,946	$ -	$ 1,483,946
Federal Home Loan Mortgage Corp.	$ -	$4,666,648	$ -	4,666,648
Total	$ -	$6,150,594	$ -	$6,150,594

II. Detailed notes (continued)

U.S. government obligations classified in Level 2 are valued using either bid evaluations or a matrix based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

C. Capital assets

Construction of U.S. Bank Stadium was substantially complete on June 17, 2016 and as of July 1, 2016 construction in progress was closed out and the following new capital assets were recorded.

	Balance January 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$25,974,120	$ 6,009,054	$-	$ 31,983,174
Construction in progress	831,409,578	232,348,606	(1,063,758,184)	-
Total capital assets, not being depreciated	857,383,698	238,357,660	(1,063,758,184)	31,983,174
Capital assets, being depreciated:				
Buildings	48,055,749	804,185,602	-	852,241,351
Building equipment	-	98,374,811		98,374,811
Land improvements	791,168	32,125,803	-	32,916,971
Equipment	1,519,851	125,463,324	-	126,983,175
Total capital assets, being depreciated	50,366,768	1,060,149,540	-	1,110,516,308
Less: accumulated depreciation for:				
Buildings	(601,910)	(29,222,716)	-	(29,824,626)
Building equipment	-	(7,027,527)	-	(7,027,527)
Land improvements	-	(1,649,376)	-	(1,649,376)
Equipment	(8,846)	(13,413,565)	-	(13,422,411)
Total accumulated depreciation	(610,756)	(51,313,184)	-	(51,923,940)
Total capital assets, being depreciated, net	49,756,012	1,008,836,356	-	1,058,592,368
Total capital assets, net	$907,139,710	$ 1,247,194,016	$(1,063,758,184)	$1,090,575,542

II. Detailed notes (continued)

D. Changes in compensated absences payable

Compensated absences activity for the fiscal year ended June 30, 2017, was:

Balance January 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
$201,829	$31,610	$164,952	$68,487	$46,565

III. Other information

A. Retirement plans

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

1. Minnesota State Retirement System-State Employees Retirement Fund (SERF)

a. Plan Description

SERF is administered by the Minnesota State Retirement System (MSRS), and is established and administered in accordance with Minnesota Statutes, Chapters 352. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans. Certain employees of the Authority are covered by the General Plan. The General Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

MSRS issues a publicly available financial report that may be obtained at www.msrs.state.mn.us/financial-information; by writing to Minnesota State Retirement System, 60 Empire Drive, #300, St Paul, Minnesota 55103 or by calling (651) 296-2761 or 1-800-657-5757.

b. Benefits Provided

MSRS provides retirement, disability, and death benefits through the SERF to plan members and their beneficiaries. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January, and are related to the funded ratio of the plan. Annuitants receive a benefit increase of 2.0 percent each year. When the fund reaches a 90 percent funded status for two consecutive years, annuitants will receive a 2.5 percent increase. If, after reverting to a 2.5 percent increase, the funded ratio declines to less than 80 percent for the most recent actuarial valuation year, or 85 percent for two consecutive years, the benefit increase will return to 2.0 percent

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is

III. Other information (continued)

greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2 percent of the high-five average salary for each of the first 10 years of covered service, plus 1.7 percent for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7 percent of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

Disability benefits are determined; 1) at least three years of allowable service and meeting the definition of disability or 2) at least five years of service if hired on or after June 30, 2010, and meeting the definition of disability. Totally and permanently disabled is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that has existed or is expected to continue for a period of at least one year. Disability benefits are calculated following the same formulas as a regular retirement benefit.

Death benefits are calculated; if a member dies while still an active employee, the spouse is eligible for 100 percent survivor annuity or a refund if 1) the member was hired prior to July 1, 2010, and had at least three years of service at death, or 2) the member was hired after June 30, 2010, and had at least five years of service at death. Dependent children are eligible for the monthly benefit until age 20 if there is no surviving spouse.

c. Contributions

Minnesota Statutes, Section 352.04 requires that eligible employees contribute 5.5 percent of total compensation to the fund. Participating employers also are required to contribute 5.5 percent to this fund. The Authority's contribution to the General Plan for the 18-month fiscal period ending June 30, 2017 was $36,066. These contributions were equal to the contractually required contributions for each year as set by state statute.

d. Pension liabilities, pension expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Authority reported a liability of $2,603,765 for its proportionate share of MSRS' net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the contributions received by MSRS during the measurement period July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of MSRS' participating employers. At June 30, 2016 the Authority's proportion of was .021 percent, which was a decrease of .012 percent from its proportion measured as of June 30, 2015.

There were no changes in benefit provisions since the prior measurement date.

III. Other information (continued)

The following changes in assumptions affected the measurement of the total pension liability since the prior measurement date. The long-term expected rate of return on pension plan investments changed from 7.9 percent to 7.5 percent. The inflation assumption was changed from 2.75 percent to 2.5 percent. The payroll growth assumption changed from 3.5 percent to 3.25 percent. The single discount rate changed from 7.9 percent to 4.17 percent. The assumed post-retirement benefit increase rate was changed from 2.0 percent per year through 2043 and 2.5 percent per year thereafter to 2.0 percent per year for all future years. Assumed salary increase rates average 0.2 percent greater than the previous rates. Assumed rates of retirement were reduced. In addition, distinct rates for reduced (early) retirements were adopted for members hired prior to July 1, 1989, and members hired after June 30, 1989. Assumed rates of termination were changed, generally resulting in greater rates for three to nine years of service, and lower for fifteen or more years of service. Assumed rates of disability were reduced. The base mortality table for annuitants and employees was changed from RP-2000 to RP-2014, fully generational, white collar adjustments with age adjustments. The mortality improvement scale was changed from Scale AA to Scale MP-2015. The percent married assumption was changed from 85.0 percent to 80.0 percent of active male members and from 70.0 percent to 65.0 percent of active female members. Form of payment assumptions were modified.

For the 18-month fiscal period ended June 30, 2017, the Authority recognized pension expense of $187,997 for its proportionate share of the MSRS-SERF pension expense.

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$3,564	$106,635
Changes of assumptions	1,665,100	301,368
Net difference between projected and actual earnings on investments	16,709	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	18,611	293,624
Contributions paid to MSRS subsequent to the measurement date	22,063	-
Total	$1,726,047	$701,627

Amounts reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 18-month fiscal period ended June 30, 2017. Other amounts reported as deferred outflows

III. Other information (continued)

and inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Year ended June 30:	Pension Expense/(Income)
2018	$237,061
2019	$237,061
2020	($982)
2021	($214,234)
2022	$ -

e. Actuarial Assumptions

The Authority's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 generational mortality tables for males or females, as appropriate, with adjustments to match fund experience. Benefit increases for retirees are assumed to be 2.0 percent every January 1st.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies for the period July 1, 2008, through June 30, 2014.

The long-term expected rate of return on pension plan investments is 7.5 percent. This is a reduction from the assumed rate of 7.9 percent in fiscal 2015. The earlier rate assumption was selected as the result of a 2014 actuarial review of economic assumptions. The review combined the asset class target allocations and long-term rate of return expectations from the State Board of Investment (SBI) with return expectations from eight other investment consultants. The review also factored in information from the Social Security Trustees Report, U.S. Department of the Treasury yield curve rates, and historical observations of inflation statistics and investment returns. All calculations in the review were made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. During fiscal year 2016 the SBI hired an outside consultant to perform a thorough asset and liability study. Based on the study, the SBI staff proposed an update to the asset allocation, which yields a lower nominal expected return. As a result of this study, and based on the national trends toward lower investment rate assumptions, the MSRS Board of Directors approved the use of a 7.5 percent long-term expected rate of return assumption for

III. Other information (continued)

the fiscal year 2016 actuarial valuations.

The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best estimates of expected future real rates of return are developed for each major asset class. These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

Asset Class	Target Allocation	SBI's Long-term Expected Real Rate of Return (Geometric Mean)
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

f. Single discount rate

The discount rate used to measure the total pension liability as of June 30, 2016, was 4.17 percent, this rate was based on the expected rate of return on pension plan investments of 7.5 percent and municipal bond rate of 2.85 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current rate specified in statute. Based on these assumptions, the pension plan's fiduciary net position at June 30, 2016 and future contributions, were projected to be available to make all projected future benefit payments of current active and inactive employees through the year ending June 30, 2042. 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.

g. Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 4.17 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.17 percent) or 1 percentage point higher (5.17 percent) than the current rate:

	1% Decrease in Discount Rate (3.17%)	Discount Rate (4.17%)	1% Increase in Discount Rate (5.17%)
Authority's proportionate share of the net pension liability:	$3,432,932	$2,603,766	$1,937,133

III. Other information (continued)

h. Pension plan fiduciary net position
Detailed information about the pension plan's net position is available on the MSRS website www.msrs.state.mn.us/financial-information; by writing to Minnesota State Retirement System, 60 Empire Drive, # 300, St Paul, Minnesota 55103 or by calling (651) 296-2761 or 1-800-657-5757.

2. Minnesota State Retirement System-Unclassified Employees Retirement Fund (UER)
a. Plan description and contributions
The MSRS-UER is a tax-deferred, defined contribution fund entirely composed of a single, multiple-employer defined contribution plan. Participation is limited to certain specified employees. Minnesota Statutes, Section 352D.01, authorized creation of this plan. The Authority's Chair and CEO/Executive Director participated in the plan however currently only the Executive Director participates in this plan.

It is considered a money purchase plan, with participants vesting only to the extent of the value of their accounts (employee and employer contributions plus/minus investment gains/losses, less administrative expenses), but functions as a hybrid between a defined contribution plan and a defined benefit plan.

Minnesota Statutes, Section 352D.04, subdivision 2, requires a contribution rate of 5.5 percent of salary from participating employees. The employer contribution rate is 6.0 percent of salary. Employees of this plan also contribute to Social Security.

Participants in this plan are eligible to apply for the balance in their account after termination of public service. There is no minimum employment requirement to qualify for this lump-sum payment. Since contributions made to this plan are not taxed, participants pay taxes when funds are withdrawn and may be subject to a ten percent penalty if funds are withdrawn in a lump sum before the member reaches age 59 ½. Monthly benefits are available to terminated participants at age 55 or later, regardless of the individual's length of service. Participants age 55 or older may also apply for a portion of their account balance as a lump-sum payment and the remainder in lifetime, monthly benefits.

Retirement and disability benefits are available to some participants through conversion, at the participant's option, to the General Plan provided the employee has at least 10 years of allowable service in this plan and/or the General Plan if hired prior to July 1, 2010, or has no more than seven years of service if hired after June 30, 2010.

Employer contributions to MSRS-UEP which equaled the required contributions are:

Year	Contributions
2014	$17,194
2015	$17,355
2017*	$22,791

* The required contribution is for the 18-month fiscal period.

III. Other information (continued)

B. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; work related injuries; and natural disasters. The Authority purchased insurance policies for the following exposures with the deductible or the amount of risk retention indicated in parenthesis: general liability ($1,000 per claim for employee benefits only), umbrella liability (none), automobile/garage keepers liability ($1,000 per auto), crime insurance ($10,000), workers compensation (none), and public officials and employee liability insurance ($10,000).

The Authority had an Owner Controlled Insurance Program (OCIP) for construction of the stadium whereby the construction manager, all subcontractors and all direct contractors enrolled in this program for liability insurance coverage. This policy has a prefunded insurance loss reserve for claim and service fee expenses. Additional construction related insurance coverage included: contractors' pollution liability, pollution legal liability, owners' protective professional indemnity, and builders' risk.

Within the past three fiscal years, settled claims have not exceeded commercial coverage.

C. Operating leases

The Authority leased temporary office space and parking spaces at a location directly across from the U.S. Bank Stadium construction site. The office space lease period began on January 1, 2014 and terminated on November 30, 2016, rent expenses were $151,941 for the 18-month fiscal period ended June 30, 2017.

The Authority entered into three separate agreements to lease a total of 1,732 parking spaces for each of the ten Minnesota Vikings home games. The lease periods were from July 1, 2016 to June 30, 2017. Total rent expense for the 1,732 parking spaces was $1,271,122.

On November 20, 2015, the Authority entered into a lease agreement to lease 35,860 square feet of space at a location adjacent to U.S. Bank Stadium plaza area. The lease period began March 1, 2016 and will expire upon the expiration of the stadium use agreement. The lease agreement requires an annual base rent amount of $282,398, and provides for a fair market adjustment of the base rent on March 31, 2031, March 31, 2036, March 31, 2041, and March 31, 2046, subject to the terms of the agreement and agreement of the Authority. Rent expenses were $376,788 for the 18-month fiscal period ended June 30, 2017.

III. Other information (continued)

Future rent expense for the lease agreement is as follows:

Fiscal Year(s)	Rent Expense
2018	$282,398
2019	$282,398
2020	$282,398
2021	$282,398
2022	$282,398
2023 - 2027	$1,411,988
2028 - 2032	$1,411,988
2033 - 2037	$1,411,988
2038 – 2042	$1,411,988
2043 – 2046	$1,035,201

In accordance with the lease agreement, the landlord has the option to terminate the lease on the annual anniversary of the commencement date, March 1, 2016. If the landlord elects to terminate the lease, the landlord must reimburse the Authority for unamortized improvement costs, as defined by the lease agreement.

D. Stadium development

1. Development agreement

On October 3, 2013 the Authority and the Minnesota Vikings Football, LLC (Team) entered into the original development agreement to provide for the planning, design, development and construction of the stadium and stadium infrastructure which included an original master project budget of $975 million. The original agreement identified the architect and the construction manager retained for the stadium project and it identified the Authority as the stadium developer. Various program elements, design standards, design documents, construction matters, site acquisition, and financing requirements of the stadium project were specified in the agreement. As the stadium developer the Authority has oversight responsibility for the construction manager and is responsible for project accounting and reporting, value engineering, legal administration, and the project budget. In connection with certain financing arrangements anticipated for the stadium and stadium infrastructure the Team assigned the original agreement to Minnesota Vikings Football Stadium, LLC (Stadco).

The Authority entered into the Third Amended and Restated Development Agreement on February 19, 2016, and then on June 10, 2016 the First Amendment to the Third Amended and Restated Development Agreement was executed. This agreement incorporates the prior amended and restated agreement amendments into this agreement.

III. Other information (continued)

As of June 30, 2017 the stadium construction project budget was $1,132,725,476. The sources of funding for the construction project are: the state of Minnesota $498,000,000, Stadco, private and other contributions $634,725,476.

2. Use agreement and football playing agreement

Effective November 22, 2013 the Authority and Stadco entered into a long-term amended and restated stadium use agreement that grants the Team the right to use the stadium. The initial term of the agreement was from date of substantial completion of the stadium to the 30th National Football League (NFL) football season played by the Team in the stadium. As payment for its occupancy and use of the stadium, the Team is obligated to pay a use fee (operating payment) as defined in the agreement. This agreement also requires the Authority to have sole responsibility for the operation, direction, maintenance, supervision, and management of the stadium and stadium infrastructure.

This agreement has been amended and restated, and most recently on February 19, 2016 the Authority entered into the Second Amended and Restated Stadium Use Agreement to incorporate the amended and restated agreement amendments into this agreement. The amended and restated use agreement was superseded and replaced with this agreement.

In addition to the use agreement the Authority and the Team entered into a long-term agreement, football playing agreement, concerning the use of the stadium whereby the Team agreed to play home games during the NFL season at the stadium. This agreement terminates in conjunction with the termination of the amended and restated use agreement.

3. General fund appropriation bond proceeds grant agreement-construction grant

In fiscal year 2013 the Authority and Minnesota Management and Budget (MMB) entered into a grant agreement for MMB to pay $498 million to the Authority for expenses related to the acquisition, construction, improving and equipping of the stadium and stadium infrastructure. Draw requisitions were required for all project payments and the final payment was made on September 27, 2016. This agreement terminates on the last date of the useful life of the property.

4. Development agreement

On February 10, 2014 the Authority entered into a development agreement with the city of Minneapolis and Ryan Companies US, Inc. (Ryan) to develop, construct and operate the Mills Fleet Farm Parking Garage (Block 1) and the skyways in connection with the stadium and related facilities. The cost for site acquisition, design and construction of the Mills Fleet Farm Parking Garage was $49,001,544, the city of Minneapolis financed $32,632,392 of the cost and the Authority financed $16,369,152 of the cost. The stadium project budget provided the Authority’s source of funds. The garage began operations on December 31, 2015 and it has 1,610 parking spaces.

III. Other information (continued)

The skyways opened in August 2016 and the construction cost for the Ryan Skyways was $6,456,286 and the construction cost for the Stadium Skyway was $4,278,622. The skyways were 100% financed by the Authority as the stadium project budget provided the source of funds. The Ryan Skyways connect the Jerry Haaf Parking Ramp through two office towers to the Mills Fleet Farm Parking Garage. The Stadium Skyway connects the Mills Fleet Farm Parking Garage to U.S. Bank Stadium.

5. Parking agreement

On February 10, 2014 the Authority entered into a parking agreement with Ryan and the city of Minneapolis whereby the Authority owns the Downtown East Parking Garage and the Mills Fleet Farm Parking Garage. On December 31, 2015 Ryan began to manage both parking facilities. The revenues and expenses from this operation are not included in the Authority's statement of revenues, expenses and changes in net position.

6. Other third party agreements

The Authority entered into a service agreement with NRG Energy Center Minneapolis LLC (NRG) in June 2014. Based on the terms of the service agreement, NRG agreed to reimburse the Authority up to $235,000. In January 2016 NRG reimbursed costs of $232,345 and these funds were recorded as capital contributions to the stadium.

The Authority entered into a distributed antenna system (DAS) license agreement with Verizon Wireless, LLC (Verizon) in November 2015. Based on the terms of the DAS license agreement, Verizon agreed to pay the cost to operate and maintain the DAS and public safety systems. As of June 30, 2017 Verizon contributed $14,576,891 to the project for the cost of the DAS equipment.

7. Management and pre-opening services agreement

Effective August 22, 2014 the Authority entered into a management and pre-opening services agreement with a third party management company, SMG, under which SMG was responsible for assisting the Authority in the strategic planning, project development, and management services of the stadium from August 22, 2014 through the opening of the stadium (pre-opening period) and also managing, operating, maintaining and marketing U.S. Bank Stadium for ten years commencing with the stadium opening (operating period). The Authority also has the option to extend the agreement for an additional five years. SMG is required to operate in accordance with certain policies of the Authority.

The agreement required SMG to pay the Authority $2,750,000 for capital investment costs by April 1, 2016. On June 30, 2017 SMG contributed an additional $250,000 for event marketing. The unamortized capital investment will be paid to SMG upon early termination of the agreement. The capital investment amount was deferred and will be recognized as revenue over the term of the agreement.

The agreement also required that SMG guarantee $6,750,000, increased by 2 percent each year, of net operating income (NOI) to the Authority. In addition to the NOI guarantee of $6,750,000, the Authority is entitled to a pro rata share of NOI above $7,250,000, as defined by the agreement. The agreement assigns SMG agent rights to certain bank accounts held by the Authority in relation to

III. Other information (continued)

stadium operations and payroll. All stadium operating revenues are required to be deposited to the stadium operating bank account. The assets held in the pre-opening bank accounts are reported as restricted cash on the statement of net position, and at June 30, 2017 the cash account totaled $61,971.

Expenses incurred by SMG during the pre-opening period are the responsibility of the Authority. SMG incurred pre-opening expenses of $2,825,510, during the 18-month fiscal period ended June 30, 2017, these expense are reported in the statement of revenues, expenses and changes in net position as nonoperating expenses.

8. Food and Beverage, Catering and Concession Agreement

The Authority entered into a food and beverage, catering and concession agreement with Aramark Sports and Entertainment Services, LLC for the provision of premium food and beverage operations, catering services and concession services in the suites, the clubs, and the concession stands in the concourses and on the plaza. The ten-year agreement has a designated commission option which established the commission rates that would be paid by Aramark and it provided an option for the Minnesota Vikings to contribute to the required $10 million capital investment. The Minnesota Vikings chose the option to contribute $6.5 million to the capital investment, Aramark then contributed $3.5 million in February 2016 to the capital investment. This capital investment was a stadium project funding source for the purchase of concession equipment. The total capital investment of $10 million was deferred and will be recognized as revenue over the 10-year term of the agreement. The unamortized capital investment will be paid to the Minnesota Vikings and Aramark upon early termination of this agreement.

In addition to payment of commissions for food and beverage, catering and concession sales, Aramark is required to pay 2.5 percent of gross receipts to the Authority for deposit into the concession capital reserve account for future purchases.

9. Commemorative bricks agreement

The Authority entered into an agreement with Fund Raisers, Ltd. (Fund Raisers) whereby they managed the sales and manufacture of commemorative bricks and the shipment of specially engraved commemorative bricks, replications of commemorative bricks, and display cases. The Authority was responsible for the installation of the commemorative bricks and maintenance and cleaning of the commemorative bricks after installation. In the summer of 2016 commemorative bricks were installed on the plaza.

A second selling phase began November 17, 2016 and continued through March 31, 2017.

The Authority recognizes revenues and expenses in accordance with GASB Statement No. 33, *"Accounting and Financial Reporting for Nonexchange Transactions,"* as the transactions qualify as voluntary nonexchange transactions. Revenue and costs for the sale of the commemorative bricks were recognized when installation was completed at which point the contingency criterion is met. Revenue and costs related to the sale of replication commemorative bricks and display cases are recognized in the month the product is shipped to the customer. These revenues and expenses are reported as nonoperating.

III. Other information (continued)

The first $1,600,000 of net proceeds from the sale of commemorative bricks has been restricted by the stadium development agreement for plaza improvements. Any net proceeds from the sale of commemorative bricks in excess of $1,600,000 are designated to the stadium plaza improvements budget. Based on this restriction, cash and advance deposits related to the sale of commemorative bricks are shown as restricted assets or liabilities on the statement of net position for the 18-month fiscal period ended June 30, 2017.

10. Construction commitments and contingencies

Construction on the stadium project began in 2013 and continued until June 17, 2016 date of substantial completion of U.S. Bank Stadium. Construction closeout tasks continued through June 30, 2017.

The Authority had five construction contracts that had commitments at June 30, 2017:

	Spent to Date	Remaining Commitment
Architectural and engineering services	$ 42,472,169	$ 117,431
Construction management services	$898,169,913	$11,452,487
Owners representative services	$ 11,178,135	$ 498,567
Technology and other services	$ 6,395,103	$ 138,818

The Authority did not accrue a liability for the outstanding issues and claims related to the design and construction of U.S. Bank Stadium as it is not probable that a liability had been incurred as of June 30, 2017 and the amount of the liability could not be reasonably estimated.

The Authority is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of the Authority's management, the resolution of these matters will not have a material adverse effect on the Authority's financial condition.

MINNESOTA SPORTS FACILITIES AUTHORITY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
Last 10 Years[1]

Schedule of the Authority's Share of Net Pension Liability
State Employees Retirement Fund

	2014	2015	2017[2]
Authority's Proportion of the Net Pension Liability	0.051%	0.033%	0.021%
Authority's Proportionate Share of the Net Pension Liability	$ 827,002	$ 507,998	$ 2,603,765
Authority's Covered Employee Payroll	$ 1,343,195	$ 903,496	$ 690,798
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	61.57%	56.23%	376.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.64%	88.32%	47.51%

The measurement date is June 30 of each year.

1 This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

2 The amounts presented for 2017 are for the fiscal period from
January 1, 2016 through June 30, 2017.

Schedule of Authority's Contributions
State Employees Retirement Fund

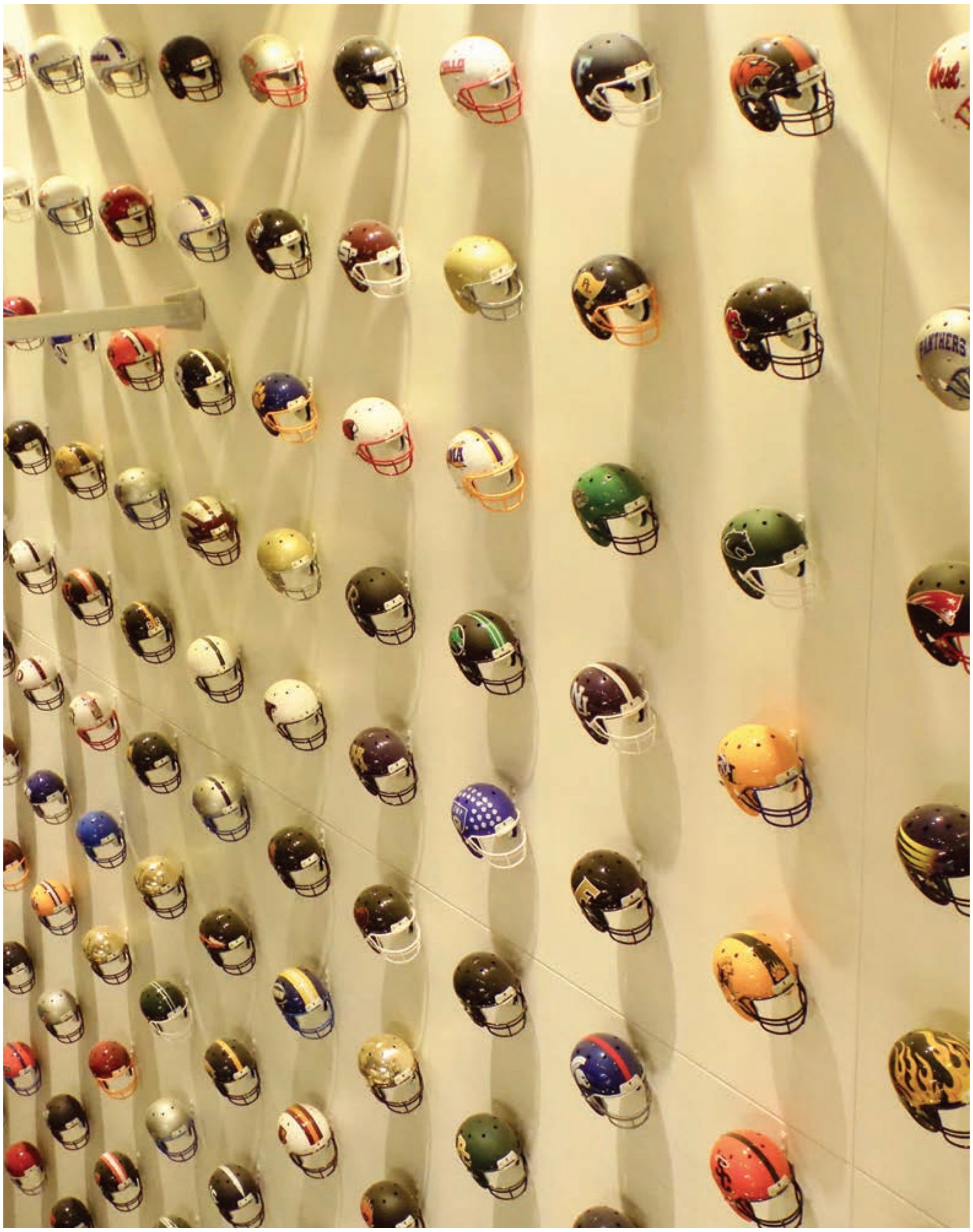
	2014	2015	2017[2]
Contractually Required Contribution	$ 44,016	$ 40,403	$ 36,066
Contributions in Relation to the Contractually Required Contribution	$ 44,016	$ 40,403	$ 36,066
Contribution Deficiency (excess)	$ -	$ -	$ -
Authority's Covered-employee Payroll	$ 1,343,195	$ 903,496	$ 690,798
Contributions as a Percentage of Covered-employee Payroll	3.28%	4.47%	5.22%

1 This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

2 The amounts presented for 2017 are for the fiscal period from
January 1, 2016 through June 30, 2017.

STATISTICAL SECTION

The Statistical Section provides financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, including the accompanying notes.



U.S Bank Stadium "Honor the Game"
Exhibit of replica helmets from Minnesota high school football teams

LIST OF STATISTICAL TABLES

1.0 FINANCIAL TRENDS

This information is intended to assist users in understanding and assessing how the Authority's financial position has changed over time. There are two tables presented in this section.

2.0 REVENUE CAPACITY

This information is intended to assist users in understanding and assessing the factors affecting the Authority's ability to generate its own-source revenues. Only one table is presented in this section.

3.0 DEMOGRAPHIC AND ECONOMIC INFORMATION

This information is intended to assist users in understanding the socioeconomic environment within which the Authority operates and to provide information that facilitates comparisons of financial statement information over time. There are two tables presented in this section.

4.0 OPERATING INFORMATION

This information is intended to provide contextual information about the Authority's operations and resources to assist readers in using financial statement information to understand and assess the Authority's employment. There is one table presented in this section.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 1.1**
Net Position by Component
Last Five Fiscal Years

	2017	2015	2014	2013	2012
Investment in capital assets	$1,090,575,542	$907,139,710	$389,507,399	$52,256,276	$15,497,844
Unrestricted	1,690,775	7,910,770	16,692,006	24,144,345	12,080,223
Total net position	$1,092,266,317	$915,050,480	$406,199,405	$76,400,621	$27,578,067

1 The Authority began operations on August 1, 2012 and net position for 2012 is reported as of December 31, 2012, for the five-month period then ended.

2 Net position for 2013, 2014, and 2015 is reported as of December 31 of each year.

3 The Authority changed its year-end from December 31 to June 30 and net position for 2017 is reported as of June 30, 2017, for the 18-month fiscal period then ended.

Unaudited
Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY — Table 1.2
Changes in Net Position
For the Last Five Fiscal Years

	2017	2015	2014	2013	2012
Operating revenues:					
Operating payments from State of Minnesota and Minnesota Vikings	$20,910,210	$-	$-	$-	$-
Stadium operating revenues	23,589,302	-	-	-	-
Concessions	-	-	-	9,438,927	8,479,625
Admission tax	-	-	-	4,276,114	4,098,350
Rent	-	-	-	4,810,944	4,068,914
Charges for services	-	-	13,067	1,501,944	908,813
Other	1,779,062	44,993	45,816	516,027	336,159
Parking operations and related revenues		524,455	405,166	-	-
Total operating revenues	46,278,574	569,448	464,049	20,543,956	17,891,861
Operating expenses:					
Concession costs	-	-	221,220	5,072,396	4,101,323
Tenants share of concession receipts	-	-	-	1,244,224	1,309,240
Facilities cost credit	-	-	-	3,653,703	3,704,030
Personal services	1,611,570	1,057,640	1,841,609	2,623,548	1,085,418
Professional services	2,797,081	865,679	616,112	981,614	922,956
Contractual services	-	-	68,521	1,711,276	1,137,579
Supplies, repairs and maintenance	1,256,214	273,015	214,056	685,645	470,478
Utilities	-	-	96,842	3,148,122	1,436,919
Rent	1,432,607	171,462	172,210	-	-
Insurance	-	58,518	113,373	856,543	367,127
Parking operations	-	235,013	719,573	-	-
Event costs	-	-	-	673,132	388,508
Miscellaneous/other	901,419	294,954	203,832	327,711	303,098
Stadium operating expenses	32,143,313	-	-	-	-
Depreciation	51,313,184	318,463	292,293	4,250,905	1,898,121
Total operating expenses	91,455,388	3,274,744	4,559,641	25,228,819	17,124,797
Total operating income (loss)	(45,176,814)	(2,705,296)	(4,095,592)	(4,684,863)	767,064
Nonoperating revenues (expenses)	(1,652,928)	(327,314)	1,765,515	993,582	70,645
Income (loss) before capital contributions	(46,829,742)	(3,032,610)	(2,330,077)	(3,691,281)	837,709
Capital contributions	224,045,579	511,883,685	334,047,793	52,513,835	2,546,938
Change in net position	$177,215,837	$508,851,075	$331,717,716	$48,822,554	$3,384,647

1 The Authority began operations on August 1, 2012 and net position for 2012 is reported as of December 31, 2012, for the five-month period then ended.

2 Net position for 2013, 2014, and 2015 is reported as of December 31 of each year.

3 The Authority changed its year-end from December 31 to June 30 and net position for 2017 is reported as of June 30, 2017, for the 18-month fiscal period then ended.

Unaudited

Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY

Table 2.1

User Fee Revenues by Source
For the Last Five Fiscal Years

Fiscal Period	Operating Payments	Stadium Operating Revenues	Concessions	Admission Tax	Rent	Parking Operations	Charges for Services	Other
2017	$20,910,210	$23,589,302	$-	$-	$-	$-	$-	$1,779,062
2015	$-	$-	$-	$-	$-	$524,455	$-	$44,993
2014	$-	$-	$-	$-	$-	$405,166	$13,067	$45,816
2013	$-	$-	$9,438,927	$4,276,114	$4,810,944	$-	$1,501,944	$516,027
2012	$-	$-	$8,479,625	$4,098,350	$4,068,914	$-	$908,813	$336,159

1 The Authority began operations on August 1, 2012 and revenues by source for 2012 are reported as of December 31, 2012, for the five-month period then ended.

2 Revenues by source for 2013, 2014, and 2015 are reported as of December 31 of each year.

3 The Authority changed its year-end from December 31 to June 30 and revenues by source for 2017 are reported as of June 30, 2017, for the 18-month fiscal period then ended.

4 Operating payments include payments from the State of Minnesota and the Minnesota Vikings for U.S. Bank Stadium

5 Stadium operating revenues include all revenues from U.S. Bank Stadium operations

6 Concessions include Metrodome food and beverage concession revenues

7 Admission tax includes 10% tax assessed on all ticket sales at Metrodome

8 Rent includes 9.5% rental fee on Minnesota Vikings ticket sales and $500 hourly rental fees for other Metrodome events

Unaudited

Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 3.1**
Demographic and Economic Statistics
Last Ten Calendar Years

Fiscal Year	Population (1,3)	Personal Income (In Millions) (1,3)	Per Capita Income (1,3)	Unemployment Rate (2)
2017	3,524,583	194,372	55,148	3.6%
2015	3,524,583	194,372	55,148	3.5%
2014	3,495,656	186,241	53,278	4.0%
2013	3,460,826	175,414	50,685	4.8%
2012	3,423,250	173,992	50,827	5.5%
2011	3,389,626	163,306	48,178	6.3%
2010	3,355,540	153,074	45,618	7.3%
2009	3,330,508	147,914	44,412	7.7%
2008	3,301,252	156,511	47,410	5.2%
2007	3,269,613	151,541	46,348	4.3%

Unaudited

Sources:

1) Metropolitan Council Comprehensive Annual Financial Report 12/31/2016 - internally updated information based on the U.S. Commerce Department and Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area.
2) Metropolitan Council Comprehensive Annual Financial Report 12/31/2016 - State of Minnesota, Department of Employment and Economic Development (seven county area).
3) 2016 data not available at time of report.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 3.2**
Principal Employers in Minnesota
Current Year and Nine Years Ago

Number of Minnesota Only Employees in thousands (except percentage)

	2017			2006		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
State of Minnesota	55	1	2.94%	55	1	3.10%
Mayo Clinic	42	2	2.25%	36	2	2.02%
United States Federal Gov't	33	3	1.77%	34	3	1.91%
Target Corporation	27	4	1.44%	25	4	1.41%
Allina Health System	26	5	1.39%	23	5	1.30%
University of Minnesota	26	6	1.39%	19	8	1.06%
HealthPartners Inc.	23	7	1.23%	-	-	-
Fairview Health Services	22	8	1.18%	19	7	1.06%
Wells Fargo Minnesota	20	9	1.07%	21	6	1.19%
United Health Group, Inc.	16	10	0.86%	-	-	-
3M Co.	-	-	-	17	10	0.96%
Wal-Mart stores, Inc.	-	-	-	18	9	1.02%
Total	290		15.52%	267		15.03%

Unaudited

Source: Metropolitan Council Comprehensive Annual Financial Report 12/31/2016-Minneapolis/St. Paul Business Journal July 8, 2016 and Business Journal Book of Lists, December 28, 2007.

Note: Available list covers employment for entire State of Minnesota. Walmart was not included because it declined to provide data for 2016.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 4.1**
Full-Time Employees by Department
Last Five Fiscal Years

Fiscal Year	Administrative	Building Maintenance	Security	Total
2017	5	-	-	5
2015	8	-	-	8
2014	10	-	-	10
2013	8	11	2	21
2012	7	11	2	20

1 The Authority began operations on August 1, 2012 and full-time employees by department for 2012 are reported as of December 31, 2012, for the five-month period then ended.

2 Employees by department for 2013, 2014, and 2015 are reported as of December 31 of each year.

3 The Authority changed its year end from December 31 to June 30 and employees by department for 2017 are reported as of June 30, 2017 for the 18-month fiscal period then ended.

Unaudited

Source: Authority Finance department

ADDENDUM

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

18-MONTH FISCAL PERIOD ENDED JUNE 30, 2017

— A COMPONENT UNIT OF THE STATE OF MINNESOTA —

Mills Fleet Farm Parking Garage
Connected to U.S. Bank Stadium via Stadium Skyway

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

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Senator Mary Kiffmeyer, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Michael Vekich, Chair
Minnesota Sports Facilities Authority

Members of the Minnesota Sports Facilities Authority

Mr. Richard G. Evans, Executive Director
Minnesota Sports Facilities Authority

We have audited the basic financial statements of the Minnesota Sports Facilities Authority, as of and for the 18-month period ended June 30, 2017, and have issued our report thereon dated November 28, 2017. The statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and the related notes to the financial statements collectively comprise the authority's basic financial statements. We conducted our audit in accordance with the 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.

Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the authority's internal controls over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal controls. Accordingly, we do not express an opinion on the effectiveness of the authority's internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies.[1] Given these limitations, we did not identify any

[1] A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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E-mail: legislative.auditor@state.mn.us • Website: www.auditor.leg.state.mn.us • Minnesota Relay: 1-800-627-3529 or 7-1-1

deficiencies in internal controls that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the authority's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the authority's internal controls over financial reporting and compliance as part of our financial statement audit. Accordingly, this communication is not suitable for any other purpose.

James R. Nobles
Legislative Auditor

Scott Tjomsland, CPA, CISA
Audit Director

November 28, 2017

Minnesota Sports Facilities Authority
1005 Fourth Street South
Minneapolis, Minnesota 55415-1752

Photo Credit: All photographs of U.S. Bank Stadium provided by Allison Sauer