MINNESOTA SPORTS FACILITIES AUTHORITY

MINNESOTA SPORTS FACILITIES AUTHORITY MEETING AGENDA
Thursday, December 21, 2023, 8:00 A.M.
U.S. Bank Stadium – Mystic Lake's Club Purple
401 Chicago Avenue, Minneapolis, MN 55415

1. CALL TO ORDER

2. APPROVAL OF PRIOR MEETING MINUTES – October 19, 2023

3. REPORT – JE Dunn and The Tegra Group
   a. Update on the Secured Perimeter Project – Phase 1

4. REPORT – Populous
   a. Update on the Secured Perimeter Project – Phase 2

5. BUSINESS
   a. Action Items
      i. Approve Trade Contract Agreement for Artificial Playing Surface Replacement Project
      ii. Approve Sixth Amendment to the Management and Pre-Opening Services Agreement with ASM Global
      iii. Approve Joint Powers Agreement with County of Wright for Stadium Security
      iv. Approve Professional Services Agreement with The Tegra Group for Owner's Representative Services
      v. Approve 2024 MSFA Board Meeting Dates
      vi. Nomination of Interim Executive Director

   b. Reports
      i. MSFA Annual Comprehensive Financial Report – June 30, 2023
      ii. U.S. Bank Stadium Updates
         a. ASM Global
         b. Aramark
      iii. Minnesota Vikings Update

6. PUBLIC COMMENTS

7. DISCUSSION

8. ANNOUNCEMENT OF NEXT MEETING – January 18, 2024
   Location: U.S. Bank Stadium – Mystic Lake's Club Purple

9. ADJOURNMENT

***Items in bold require action**

MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – October 19, 2023, 8:00 A.M.
U.S. Bank Stadium – Mystic Lake's Club Purple
401 Chicago Avenue, Minneapolis, MN 55415

1. CALL TO ORDER

Chair Vekich called the meeting of the Minnesota Sports Facilities Authority ("MSFA" or "Authority") to order at 8:00 A.M.

2. ROLL CALL

Commissioners present: Chair Michael Vekich, Angela Burns Finney, Bill McCarthy, and Tony Sertich.
Commissioners absent: Sharon Sayles Belton

3. APPROVAL OF MEETING MINUTES – September 21, 2023

Chair Vekich requested a motion to approve the minutes of the September 21, 2023, meeting. Commissioner Burns Finney moved, and Commissioner McCarthy seconded the motion. The minutes of the September 21, 2023, board meeting were unanimously approved and adopted as presented. *See, Exhibit A.*

4. UPDATE ON THE SECURED PERIMETER PROJECT – PHASE 1

Chair Vekich invited Mr. Alan L'esperance from JE Dunn to provide an update to the Board on the Secured Perimeter Project – Phase 1.

Mr. L'esperance presented JE Dunn's weekly summary report as of October 13, 2023, and a six-week schedule for their upcoming planned construction work. He noted that JE Dunn has completed the new retaining wall and bike path along 6th Street between the Pentair driveways. The rough-in work to install conduit at the east Pentair driveway for the wedge barrier has also been completed. Mr. L'esperance noted that the wedge barriers should begin to arrive in November 2023.

Mr. L'esperance said they have begun installing the new fence at the west end of the Pentair driveway and approximately two hundred feet on the south side of the administrative parking lot.

Mr. L'esperance reviewed a graphic of their upcoming schedule of work. He noted that JE Dunn will begin installation of new bollards and additional fence along 11th Avenue. Mr. L'esperance said work on the 4th Street pathway and fence will start after the November 10th Billy Joel – Stevie Nicks concert.

Mr. L'esperance said that everything is going as designed. He noted that JE Dunn has plans to schedule work during the winter months.

Mr. L'esperance said JE Dunn has good workforce participation and they are tracking towards their Targeted Business Participation goal of 16%.

5. INTRODUCTION TO THE SECURED PERIMETER PROJECT – PHASE 2

Chair Vekich invited Mr. Tyler Robertson from Populous to provide an initial overview of the Secured Perimeter Project – Phase 2. Mr. Robertson introduced himself to the Commissioners and provided a brief biography of his background. Mr. Robertson said he will be the principal architect for Phase 2, and Ms. Brooke Craig and Mr. Brandon Walsh will assist him.

Mr. Robertson said that the MSFA engaged Populous for the planning and design of the Secured Perimeter Project – Phase 2. He noted that he and Mr. Jay Graber, another Populous architect, attended the September 10th Minnesota Vikings to observe fans and entry points around the stadium. Mr. Robertson said the information gathered that day would guide their Phase 2 designs. Mr. Robertson said Populous will provide more design and pricing information for the Commissioners at the November Board meeting.

a. **Report Items**

i. 2023-2024 Property Insurance Program Report

Chair Vekich asked Ms. Mary Fox-Stroman, Director of Finance, to provide a report on the 2023-2024 Property Insurance Program. Ms. Fox-Stroman said Willis Towers Watson Midwest, Inc, the Authority's property insurance broker, marketed the program to multiple carriers. The program includes coverage for the stadium building and its contents, business interruption, flood, earthquake, boiler and machinery equipment, and terrorism for the policy period from October 1, 2023, to October 1, 2024. The property insurance program has a layered approach where the primary layer provides coverage of $1 billion, and the excess layer provides coverage above the $1 billion limit. This approach provided the best pricing and terms for the program. For the 2023-2024 property insurance program, the Authority increased its insured valuation by $129 million from $1.228 billion to $1.357 billion based on CBIZ property appraisal valuation of the stadium and its contents. The total premium for the property insurance program is $1,599,729.42 See, Exhibit B.

ii. U.S. Bank Stadium Updates

a. ASM Global Update

Chair Vekich asked Mr. John Drum, General Manager of U.S. Bank Stadium, to comment on their events. Mr. Drum said that Ms. Jenifer Freeman, Aramark Resident District Manager, was not available and he would provide her update as well.

Mr. Drum said the Minnesota Vikings hosted the Kansas City Chiefs on October 8th, and the pregame events and concert were well attended.

Mr. Drum said that the stadium hosted several other events. He noted the annual Youth in Music event had over 4,000 band members who participated in the event from Minnesota high schools and several other high schools from surrounding states.

Mr. Drum said they had an amazing field conversion immediately following the Minnesota Vikings game on October 8th . and the Stadium was ready for Ecolab to host their 100th anniversary celebration for over 4,000 people at the stadium with a special guest performance by Kelly Clarkson. He noted that this was Aramark's largest private catered event in the stadium, and they did an amazing job.

Mr. Drum said the stadium also hosted the Vikings' Teams Smiles event. He added that he appreciated Aramark's efforts and hard work for the stadium's public and private events.

Mr. Drum noted that it will be a busy November at the stadium with high school soccer and football championships, the Billy Joel and Stevie Nicks concert, two Minnesota Vikings home games, and the AHA Heart Ball.

iii. Minnesota Vikings Update

Chair Vekich asked Mr. Lester Bagley, Minnesota Vikings, to provide an update. Mr. Bagley said the Vikings are back on track with a win against the Chicago Bears. Mr. Bagley said they look forward to hosting the Monday Night Football game with the San Francisco 49ers on October 23rd. Mr. Bagley also commented on the work of the Minnesota Sports and Events group and the upcoming NCAA Championship bid cycle.

6. PUBLIC COMMENTS

There were no public comments.

7. DISCUSSION

Chair Vekich announced Ben Jay's upcoming retirement.

8. ANNOUNCEMENT OF NEXT MEETING

Chair Vekich announced that the next MSFA meeting will be held on Wednesday, November 22, 2023, at U.S. Bank Stadium in Mystic Lake’s Club Purple.

9. ADJOURNMENT

There being no further business to come before the MSFA, the meeting was adjourned at 8:36 a.m.

Approved and adopted the 21st day of December 2023, by the Minnesota Sports Facilities Authority

____

Angela Burns Finney, Secretary/Treasurer

____

Ben Jay, Executive Director

MINNESOTA
SPORTS FACILITIES
AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

TO: MSFA Commissioners

FROM: Ed Kroics, ASM Global Director of Operations at U.S. Bank Stadium

DATE: December 21, 2023

SUBJECT: Approve Trade Contract Agreement for Artificial Playing Surface Replacement Project

U.S. Bank Stadium's synthetic turf system that was installed in 2019 will reach its end of life at the end of this NFL football season and will need to be replaced prior to the 2024 NFL football season. Planning for this project began last spring as a project budget of $1,352,000 was included in the 2023-2024 Capital Budget.

The Authority published a Request for Qualifications (RFQ) for the 2024 Synthetic Turf Replacement Project on August 1, 2023. This RFQ was issued to pre-qualify contractors for the Request for Proposals (RFP) process. Statements of Qualifications were received from six respondents and all six respondents qualified for the RFP process.

The RFP was then issued on October 27, 2023, and it was focused on the selection of a proposer who would provide the best value to the Authority in the design, manufacture, coordination, supply, construction, installation, testing, commissioning, and retesting of the artificial playing surface in U.S. Bank Stadium. The project also included the procurement of twelve storage cobs for the turf, three new mechanically hinged goals posts, and new pylon camera conduit and boxes. As part of the Stadium's commitment to sustainability the RFP requested proposers to provide their waste reduction goals. The RFP also requested proposers to provide their targeted business and workforce goals.

Six proposals were received and reviewed by an advisory committee consisting of members of the Authority, ASM Global, D.A. Hogan and Associates (consultant), and the Minnesota Vikings. Five proposers were interviewed.

Based on the best and final proposals, results of the interviews, and final submittals, the Chair and Executive Director will make a final selection of a contractor.

The project timeline has a start date for removal of the existing turf beginning on February 26, 2024, the project will take five weeks to complete, and the project's substantial completion date is March 29, 2024.

Additional information will be provided at the board meeting.

Recommended Motion:

The Minnesota Sports Facilities Authority authorizes the Chair and the Executive Director to finalize negotiations and execute a contract with the selected artificial playing surface contractor for an amount to not exceed the project budget amount of $1,352,000.

MINNESOTA
SPORTS FACILITIES
AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

TO: MSFA Commissioners

FROM: Jay Lindgren

DATE: December 21, 2023

SUBJECT: Approve Sixth Amendment to the Management and Pre-Opening Services Agreement with ASM Global

The Authority wishes to amend the Management and Pre-Opening Services Agreement (Agreement) with ASM Global and to modify certain surety and guaranty provisions.

Currently, the Agreement requires ASM Global to provide a surety bond in the amount of $6,885,000 which was the amount of the Net Operating Income (NOI) Guarantee for the Stadium's second year of operations. Per the Agreement ASM Global was allowed to credit the NOI for a portion of the surety bond cost.

The Sixth Amendment requires ASM Global to furnish a surety bond in an amount equal to the annual NOI Guarantee, and beginning July 1, 2024 the required surety bond amount is $7,452,545. This bond amount will increase each subsequent year as the NOI Guarantee amount increases. In addition, the Amendment removes the credit to the NOI for the bond cost and it modifies the definition of Operating Expenses to include only fifty percent of the premium cost.

Recommended Motion:
The Minnesota Sports Facilities Authority authorizes the Chair and Executive Directo to finalize and execute the Sixth Amendment to the Management and Pre-Opening Services Agreement with ASM Global.

MINNESOTA
SPORTS FACILITIES
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Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

To: MSFA Commissioners

From: Jay Lindgren

Date: December 21, 2023

Subject: Approve Joint Powers Agreement with County of Wright for Stadium Security

On July 27, 2022, the MSFA authorized the Chair and Interim Executive Director to enter into joint powers agreements with Minnesota governmental units to provide law enforcement and security at the Stadium. On August 25, 2022, the MSFA executed a joint powers agreement with the County of Wright for their peace officers to provide law enforcement and security at the Stadium for a term from August 16, 2022 through December 31, 2023. Then on September 7, 2023 this agreement was amended to increase the compensation for their services.

The parties now desire to enter into a new joint powers agreement with the County of Wright to provide law enforcement services and security at the Stadium for the period from January 1 2024 through December 31, 2026. These services will be provided within the vicinity of the Stadium.

ASM Global as the stadium manager is responsible for security requirements at U.S. Bank Stadium events, and they will act on behalf of the Authority and assume all obligations of the Authority. ASM Global will continue to be responsible for making all payments for these services.

The Minneapolis Police Department will provide incident command for all events.

Recommended Motion:
The Chair and Executive Director are authorized to negotiate and enter into a joint powers agreement with County of Wright to provide law enforcement and security at the Stadium. .

MINNESOTA
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AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

To: MSFA Commissioners

From: Chair Michael Vekich

Date: December 21, 2023

Subject: Approve Professional Services Agreement with The Tegra Group for Owner's Representative Services

The Tegra Group is the owner's representative for the Secured Perimeter Project – Phase I, and they have provided services during the planning, design, and construction administration phases of this project. The estimated construction substantial completion date for this project is May 14, 2024.

The Tegra Group has also been leading the planning phase for the Secured Perimeter Project – Phase II. Additional owner's representative services will be needed to manage the planning, design, and construction administration phases for the Secured Perimeter Project – Phase II.

The current agreement with The Tegra Group expires on December 31, 2023. There is a continuing need for owner's representative services to complete the Secured Perimeter Project-Phase I and there is a need for these services for the Secured Perimeter Project-Phase II.

The Tegra Group has proposed to continue their services from January 1, 2024 through December 31, 2024, on an hourly fee basis, for a contract amount not to exceed $360,000.00.

Recommended Motion:
The Minnesota Sports Facilities Authority authorizes the Chair and Executive Director to execute a professional services agreement with The Tegra Group for owner's representative services for a contract amount not to exceed $360,000.00 for the period from January 1, 2024 through December 31,2024.

MINNESOTA
SPORTS FACILITIES
AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

TO: MSFA Commissioners

FROM: Chair Michael Vekich

DATE: December 21, 2023

SUBJECT: 2024 MSFA Board Meeting Dates

The MSFA Chair recommends the following dates for the 2024 monthly board meetings:

Thursday, January 18, 2024
Thursday, February 15, 2024
Thursday, March 21, 2024
Thursday, April 18, 2024
Thursday, May 16, 2024
Thursday, June 20, 2024
Thursday, July 18, 2024
Thursday, August 15, 2024
Thursday, September 19, 2024
Thursday, October 17, 2024
Thursday, November 21, 2024
Thursday, December 19, 2024

Recommended Motion:
The Minnesota Sports Facilities Authority adopts the above 2024 board meeting calendar.

MINNESOTA
SPORTS FACILITIES
AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

To: MSFA Commissioners

From: Chair Michael Vekich

Date: December 21, 2023

Subject: Nomination of Interim Executive Director

Cohen Taylor has started their search for the Executive Director and the Director of Finance positions, and we anticipate their search may take several weeks to complete.

Ben Jay's last day will be December 31, 2023, so we need to appoint an Interim Executive Director. I discussed this role with Mary Fox-Stroman, and she has agreed to fill the Interim role until a replacement is hired.

Recommended Motion:
I move to appoint Mary Fox-Stroman as Interim Executive Director and to exercise all authority given to the Executive Director at an annual salary of $192,144 during the interim period.

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AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

MEMORANDUM

TO: MSFA Commissioners

FROM: Mary Fox-Stroman

DATE: December 21, 2023

SUBJECT: MSFA Annual Comprehensive Financial Report - June 30, 2023

We are pleased to present to you our Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2023. The Annual Report has three major sections: introductory, financial, and statistical. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements, and the required supplementary information. The basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements. The Authority's financial statements include ASM Global's seventh year of operations of U.S. Bank Stadium.

CliftonLarsonAllen LLP (CLA) performed the audit and issued an unqualified audit opinion that the financial statements present fairly the financial position of the Authority as of June 30, 2023, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. CLA also issued a separate audit report titled: *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,* and they issued a Governance Communication letter. The additional report and the letter will be presented by CLA.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Report for the fiscal year ended June 30, 2022. This was the tenth award that the Authority has received. We believe this Annual Report meets the certificate program requirements and we will submit it to the GFOA to determine its eligibility. The award is typically received six months after submission of the financial report.

Attached to this memorandum are the following: Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, Governance Letter of Significant Audit Findings, and the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with Government Auditing Standards.

Recommended Motion:
None.

2023

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

MINNESOTA SPORTS FACILITIES AUTHORITY

MINNESOTA SPORTS FACILITIES AUTHORITY • MINNEAPOLIS, MINNESOTA

A COMPONENT UNIT OF THE STATE OF MINNESOTA

MINNESOTA SPORTS FACILITIES AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A COMPONENT UNIT OF THE STATE OF MINNESOTA

MINNESOTA SPORTS FACILITIES AUTHORITY

Finance Department
1005 Fourth Street South
Minneapolis, MN 55415

TABLE OF CONTENTS

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 the 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.

MINNESOTA
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AUTHORITY

Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

October 19, 2023

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

I am pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Minnesota Sports Facilities Authority (Authority) for the fiscal year ended June 30, 2023. 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, rest with management. To the best of my 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. Disclosures have been included to enable the reader to gain the maximum understanding of the Authority's financial and business affairs.

Management has been diligent in adhering to internal control guidelines to ensure the highest degree of accuracy in the data presented. 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. 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.

CliftonLarsonAllen, LLP, an independent audit firm, performed the audit of the financial statements included in this report to determine whether the financial statements are fairly presented in all material respects. They have concluded that the financial statements present fairly, in all material respects, the financial position of the Authority as of and for the fiscal year ended June 30, 2023.

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. All necessary disclosures have been included to enable the reader to gain the maximum understanding of the Authority's financial position. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The following subjects are discussed in this letter:

- Profile of the Authority,
- Economic Condition and Outlook,
- Major Initiatives and Accomplishments,
- Independent Audit,
- Awards, and
- Acknowledgements.

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Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

PROFILE OF THE AUTHORITY

The Authority is a public body and political subdivision of the state of Minnesota created pursuant to the Stadium Act, Minnesota Statutes, 473j, enacted by the Minnesota legislature and approved by the governor on May 14, 2012. The Authority operates under the policy oversight of a five-member board per Minnesota Statutes, 473J.07, Subd. 2, the governor of the state of Minnesota appoints the chair and two additional commissioners, and the mayor of the city of Minneapolis appoints two commissioners. Commissioners serve four-year terms. The Executive Director, appointed by the board, directs the daily operations of the Authority, oversees management of the stadium, and carries out the policies established by the board.

U.S. Bank Stadium's multi-purpose design allows for hosting local as well as major national and international events that create community, economic, fiscal, and social benefits for the region. Working closely with stadium partners and staff, the community, and event promoters and planners, the Authority ensures that everyone benefits from this award-winning facility.

U.S. Bank Stadium, located in Minneapolis, Minnesota, is a magnet for entertainment as guests from the Minneapolis-St. Paul metropolitan area and throughout Minnesota have attended and/or participated in events in and around the stadium.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

U.S. Bank Stadium provides a top-tier entertainment destination in the heart of Minneapolis welcoming guests nationally and internationally to Minnesota to experience some of the world's greatest events. Since opening in July 2016 U.S. Bank Stadium has welcomed almost 8 million guests at 1,727 events. The stadium has hosted some of the largest events in Minnesota including a record-breaking weekend of back-to-back Taylor Swift concerts which broke downtown hotel occupancy records (96.3%) for the city of Minneapolis.

Minnesota is home to more than 5.5 million people, it has a diverse culture and environment and economic landscape, and it is full of opportunities for job seekers and businesses. Minnesotans enjoy a high quality of life as Minnesota has the third highest home ownership rate and the fifth lowest poverty rate (9.6 percent) in the country (U. S. poverty rate is 12.6 percent).

Minnesota's economy grew in the first half of 2023 despite predictions that the U.S. would slip into a mild recession this year. Inflation has been slowing down as unemployment is low and job growth has been positive and consistent this year. Economists now believe the U.S. will avoid a recession and approach a soft landing in 2024.

Minnesota's economic growth is impacted by population growth, employment growth, consumer purchases, and household finances. These indicators are important for the sports and entertainment industry as they influence stadium and event attendance, ticket revenues, food and beverage revenues, and event space rental revenues.

Minnesota ranks tenth nationwide in 1-year natural population increase with more than 11,600 people. Minnesota's employers have added jobs and are nearing overall pre-pandemic employment levels. The number of job vacancies in sectors that have not regained pre-pandemic employment levels is a sign that job growth in the state is constrained by lack of workers to fill open positions despite Minnesota's high labor force participation rate at 68.2 percent which is higher than the national labor force participation rate at 62.6 percent.

Minnesota ranks 16th nationally in per capita gross domestic product ($61,274) which is two percent more than the national average ($60,051). Minnesota exported $27.3 billion in goods to more than 200 countries worldwide. Minnesota's largest markets in 2022 were Canada, Mexico, and China.

The unemployment rate rose to 3.1 percent in Minnesota in August 2023, the number of unemployed rose to 97,038 workers, and the number of employed was 3,015,707. This is below the U. S. unemployment rate of 3.8 percent.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Stadium Operator

ASM Global, stadium operator, is responsible for marketing and sales, event services, stadium security, management, and operations at U.S. Bank Stadium. The stadium's financial operations are included in the Authority's financial statements. Following are highlights of the 2022-2023 stadium events:

Minnesota Vikings Home Football Games and Other Events

Minnesota Vikings played their 2022-2023 NFL pre-season and regular season home football games in U.S. Bank Stadium, the Minnesota Vikings also hosted the Vikings Draft party on April 27, 2023.

In fiscal year 2023 the stadium hosted 176 events with 1,291,050 attendees. Major concerts took to the stage at U.S. Bank Stadium with music for all ages and all genres: Kenny Chesney Here and Now 2022 Stadium Tour was held on August 6, 2022, Def Leppard and Motley Crue The Stadium Tour was held on August 14, 2022, Rammstein's North America Stadium Tour 2022 was held on August 27, 2022, Red Hot Chili Peppers 2023 Tour was held on April 8, 2023, Luke Combs 2023 World Tour was held on May 13, 2023, and Taylor Swift The Eras Tour had back-to-back shows on June 23 and 24, 2023. In addition, the stadium hosted the Super Eid Celebration, Monster Jam shows, many high school and collegiate athletic events, high school proms, graduation ceremonies, and a variety of corporate and other private rental events.

Future Events

U.S. Bank Stadium's busy event calendar for fiscal year 2024, includes ten Minnesota Vikings home football games, two Monster Jam events in February 2024, collegiate and high school athletic events, and many private rental events, tours, Ed Sheeran Mathematics Tour was held on August 12, 2023, North Dakota State University vs. Eastern Washington University college football game was held on September 2, 2023, Billy Joel & Stevie Nicks One Night Only concert is scheduled for November 10, 2023, and Morgan Wallen "One Night At A Time" concerts are scheduled for June 20 and 21, 2024.

Event planning for fiscal year 2025 includes: Metallica's M72 World Tour scheduled for August 16 and 18, 2024, and Zach Bryan's The Quitting Time Tour scheduled for August 24, 2024.

Stadium Concessionaire

Aramark Sports and Entertainment Services, LLC (Aramark) the stadium's food and beverage service, premium catering service, and concession services provider reported gross sales revenues of $41,549,171 for its seventh 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 to the Authority for Authority events. The Authority reported food and beverage commission revenues of $6,266,490 for the seventh year of operations for Authority events. The Authority also reported capital contributions from Aramark of $1,004,900, which is 2.5 percent of commissionable gross food and beverage sales, that were deposited into the Authority's concession capital reserve account.

Capital Improvements

In the summer 2022 the Authority began planning for the Secure Perimeter Project-Phase 1, The Tegra Group was hired as the owner's representative for the project, and a project budget of $15,700,000 was established. Populous, Inc., an architectural and engineering design firm, was hired in November 2022 to design a crash-rated secure perimeter that includes installation of anti-ram/anti-climb fencing, wedge barriers, and bollards on the north, east and south sides of U.S. Bank Stadium. A construction manager, JE Dunn Construction, was hired in December 2022 to develop a Guaranteed Maximum Price (GMP) for construction of the project and a construction schedule.

The Authority requested funding from the state of Minnesota for this project and on June 30, 2023, a contribution of $15,700,000 was received from the state of Minnesota. On July 14, 2023, a contract revision with JE Dunn Construction was executed to add the GMP of $12,788,701 to the contract, and it established the project's substantial completion date of May 14, 2024.

Planning for the Secure Perimeter Project-Phase 2 began in the summer of 2023. This project will extend the secured perimeter to the west side of the stadium including the plaza area for an estimated budget of $48 million. A separate funding request for this project will be submitted to the state of Minnesota at a future date.

The following capital and concession capital improvements were made to U.S. Bank Stadium during the fiscal year:

- Construction in progress projects of $2,685,902 included the Portable Loudspeaker System, IPTV, LED Lighting Upgrade project, planning for turf replacement, and the Secured Perimeter Project-Phase 1.
- Purchase of Building Equipment of $414,850
- Purchase of Concession Equipment of $293,827
- Purchase of Furniture, Fixtures & Equipment of $144,175
- Purchase of technology equipment $1,151,331

Downtown East Parking Ramp and Stadium Parking Ramp

The Authority owns the Downtown East Parking Ramp 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 Stadium Parking Ramp 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 and management responsibility for the ramps. Ryan Companies hired a parking management company, Denison Parking, Inc., to operate both parking facilities. All parking revenues belong to Ryan Companies during their management period, and they are responsible for all parking expenses.

INDEPENDENT AUDIT

The Authority's financial statements have been audited as required by state statute and received an unmodified opinion by the independent accounting firm of CliftonLarsonAllen LLP (CLA). Minnesota Statutes 473J.07, subd.7, requires the Minnesota Office of the Legislative Auditor (Legislative Auditor) to conduct an annual audit of the financial statements of the Authority. The Legislative Auditor delegated this responsibility for the current audit to CLA. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements of 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. The report of the independent auditors on the basic financial statements can be found in the financial section of this report.

MINNESOTA
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Minnesota Sports Facilities Authority
1005 4th Street South, Minneapolis, MN 55415

AWARDS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Authority with the Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the tenth 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 Annual Comprehensive Financial Report, the contents of which conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. 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. The Certificate of Achievement is valid for a period of one year only. Management believes that the current Annual Comprehensive Financial Report meets the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

I express my sincere appreciation to Suzanne Arcand who contributed to this report. I commend her for her professionalism, hard work, dedication, and continued efforts to improve this report. Appreciation is also expressed to the Chair of the Authority and 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

COMMISSIONERS and ADMINISTRATIVE OFFICIALS

As of June 30, 2023

TONY SERTICH

ANGELA BURNS FINNEY

MICHAEL VEKICH

SHARON SAYLES BELTON

BILL MCCARTHY

	TERM OF OFFICE	
COMMISSIONERS	**Appointed**	**End of Term**
MICHAEL VEKICH, Chair	July 2017	January 2023*
BILL MCCARTHY, Vice Chair	June 2012	December 2020*
ANGELA BURNS FINNEY, Secretary & Treasurer	September 2019	January 2023*
SHARON SAYLES BELTON	September 2021	December 2023
TONY SERTICH	August 2015	December 2023

* The Commissioner will continue in his/her position until an appointment is made.

KEY ADMINISTRATIVE STAFF

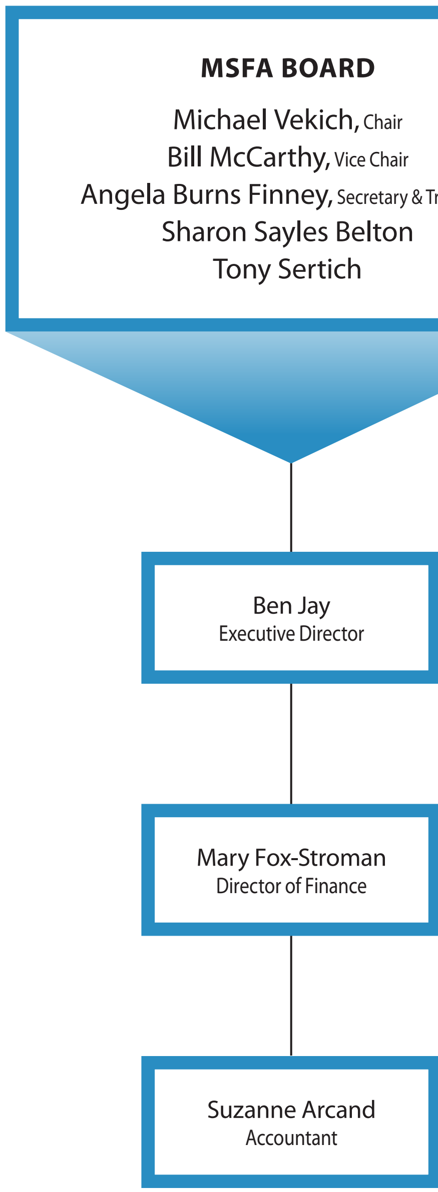
Executive Director
BEN JAY

Director of Finance
MARY FOX-STROMAN, CPA

Accountant
SUE ARCAND

ORGANIZATION CHART

As of June 30, 2023



FINANCIAL SECTION

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

MINNESOTA
SPORTS FACILITIES
AUTHORITY

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Minnesota Sports Facilities Authority
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

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 year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Minnesota Sports Facilities Authority, as of June 30, 2023, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Minnesota Sports Facilities Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1.C to the financial statements, effective July 1, 2022, the Minnesota Sports Facilities Authority adopted new accounting guidance for subscription-based information technology arrangements (SBITAs). Under this statement, the Authority should recognize a right-to-use subscription asset and a corresponding subscription liability for all SBITAs with subscription terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Minnesota Sports Facilities Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Minnesota Sports Facilities Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Minnesota Sports Facilities Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Commissioners
Minnesota Sports Facilities Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Authority's share of the net pension liability – State Employees Retirement Fund, and the schedule of the Authority's contributions – State Employees Retirement Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of the Minnesota Sports Facilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Minnesota Sports Facilities Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Minnesota Sports Facilities Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Minnesota Sports Facilities Authority (Authority) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the Authority's financial performance for the fiscal year ended June 30, 2023. 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 the Letter of Transmittal, located in the Introductory Section of the ACFR.

Financial Highlights

The basic financial statements report information about the Authority using the economic resources measurement focus and accrual basis of accounting. Key financial highlights for the Authority's fiscal year ended June 30, 2023 are as follows:

- The Authority's net position decreased $11,385,223, or 1.3 percent, from $901,185,816 as of June 30, 2022, to $889,800,593 as of June 30, 2023.
- Operating revenues increased $14,694,094 (35.3 percent) from $41,572,593 as of June 30, 2022, to $56,266,687 as of June 30, 2023 primarily due to an increase in stadium operating revenues of $13,824,264. Stadium operating revenues grew in fiscal 2023 as U.S. Bank Stadium hosted seven major concerts and many more private events than the prior year.
- Operating expenses increased $13,031,396 (15.2 percent), from $85,573,379 as of June 30, 2022 to $98,604,775 primarily due to an increase in stadium operating expenses of $11,760,036. Many more events were hosted in the stadium in fiscal year 2023 than the prior year which led to an increase in event expenses such as event security, event staffing, and event support costs.

Overview of the Financial Statements

The purpose of these financial statements, along with the accompanying notes to the financial statements and required supplementary information, is to present the financial position and results of operations to the financial statement users. The financial section of this report consists of:

(1) Independent Auditors' 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. These financial statements and explanatory notes are prepared in conformance with generally accepted governmental accounting principles and are reported using the accrual basis of accounting.

Statement of net position

The statement of net position presents information on the financial resources and obligations of the Authority on June 30, 2023. 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.

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 fiscal year ended June 30, 2023. All of the fiscal year'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 fiscal year ended June 30, 2023, 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

Statement of Net Position

Following is a table that presents the Authority's Statement of Net Position as of June 30, 2023 and 2022.

Statement of Net Position at June 30, 2023 and 2022

	June 30, 2023	June 30, 2022	Increase/ (decrease)
ASSETS:			
Current and other assets	$60,547,121	$44,385,950	$16,161,171
Capital assets and right-to-use assets (net of accumulated depreciation and amortization)	818,148,889	863,572,420	(45,423,531)
Noncurrent assets	362,658,338	348,442,108	14,216,230
Total assets	**1,241,354,348**	**1,256,400,478**	**(15,046,130)**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources related to pensions	188,617	270,782	(82,165)
LIABILITIES:			
Current liabilities	30,650,214	19,006,664	11,643,550
Noncurrent liabilities	9,046,173	10,491,308	(1,445,135)
Total liabilities	**39,696,387**	**29,497,972**	**10,198,415**
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources related to pensions	149,213	529,971	(380,758)
Deferred inflows of resources related to leases	311,896,772	325,457,501	(13,560,729)
Total deferred inflows of resources	**312,045,985**	**325,987,472**	**(13,941,487)**
NET POSITION:			
Net investment in capital assets	811,522,713	856,803,912	(45,281,199)
Restricted for capital projects	46,363,608	20,454,094	25,909,514
Unrestricted	31,914,272	23,927,810	7,986,462
Total net position	**$889,800,593**	**$901,185,816**	**($11,385,223)**

Total assets decreased $15,046,130 from $1,256,400,478 as of June 30, 2022 to $1,241,354,348 as of June 30, 2023. The decrease was primarily due to depreciation and amortization expense of $49,311,288 which increased accumulated depreciation and amortization as of year-end.

Total liabilities increased by $10,198,415 as of June 30, 2023 due to an increase of $5,775,202 in accounts and other payables and an increase of $4,933,312 in advanced ticket sales and deposits, these increases are due to a major concert was held on two dates in late June 2023 and the related event expenses were unpaid at year-end.

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-Based Technology Arrangements* effective as of July 1, 2022, and this standard required recognition of a current subscription liability of $44,770 and noncurrent subscription liability of $91,800 as the Authority entered into an agreement for firewall software. The standard also required recognition of right-to-use assets of $180,604.

The three components of net position are: net investment in capital assets, restricted for capital projects, and unrestricted. The largest portion of the Authority's net position (91.2 percent) as of June 30, 2023 reflects its net investment in capital assets of $811,522,713. These assets are comprised of land, buildings, building equipment, land improvements, and equipment of U.S. Bank Stadium, Stadium Parking Ramp, and the Downtown East Parking Ramp and right-to-use assets less lease liabilities and subscription liability. Accordingly, these assets are not available for future spending. Restricted net position as of June 30, 2023, was $46,363,608 and this represents resources that are restricted for future capital purchases. Unrestricted net position as of June 30, 2023 was $31,914,272. These resources are available and may be used to meet the Authority's ongoing and future obligations.

Summary of Changes in Net Position

The following table summarizes the changes in net position for the fiscal year ended June 30, 2023 and 2022.

Summary of Changes in Net Position

	June 30, 2023	June 30, 2022	Increase/ (decrease)
Operating revenues:			
Operating payments from State of Minnesota (city of Minneapolis) and Minnesota Vikings	$7,262,810	$6,538,586	$724,224
Lease revenue	11,526,620	11,526,620	-
Stadium operating revenues	36,893,416	23,069,152	13,824,264
Other revenues	583,841	438,235	145,606
Total operating revenues	56,266,687	41,572,593	14,694,094
Operating expenses	(98,604,775)	(85,573,379)	13,031,396
Total operating income or (loss)	**(42,338,088)**	**(44,000,786)**	**1,662,698**
Nonoperating revenues (expenses):			
Nonoperating revenues:			
Interest revenue and Investment earnings	6,781,771	5,636,438	1,145,333
Sales tax revenues	2,210,197	-	2,210,197
Other nonoperating revenues	573,107	1,014,788	(441,681)
Lease revenues	2,034,109	2,034,109	-
Nonoperating expenses	(485,497)	(1,999,610)	1,514,113
Total nonoperating revenues (expenses)	11,113,687	6,685,725	4,427,962
Income/(Loss) before capital contributions	**(31,224,401)**	**(37,315,061)**	**6,090,660**
Capital contributions	19,839,178	10,770,777	9,068,401
Changes in net position	(11,385,223)	(26,544,284)	15,159,061
Total net position-beginning of year	901,185,816	927,730,100	(26,544,284)
Total net position-end of year	**$889,800,593**	**$901,185,816**	**($11,385,223)**

Operating revenues include operating payments from the state of Minnesota (city of Minneapolis) and Minnesota Vikings, lease revenue, stadium operating revenues, and other revenues. In fiscal year 2023 operating revenues increased by $14,694,094 (35.3 percent) when compared to the prior fiscal year. The changes in operating revenues include the following:

- GASB Statement No. 87 *Leases* required recognition of operating lease revenues of $11,526,620 in both fiscal years based on the present value of expected receipts over the term of the Stadium Use Agreement with the Minnesota Vikings. This statement also required a reduction in operating payments from the state of Minnesota (city of Minneapolis) and Minnesota Vikings of $10,172,281.
- Stadium operating revenues increased $13,824,264 (59.9 percent) from the prior fiscal year primarily due to an increase in the number of concerts and private rental events in fiscal year 2023. In fiscal year 2023 U.S. Bank Stadium's events generated $8,754,907 of ticket rebates and facility fees, $6,022,515 of rental revenues, $6,266,490 of food and beverage commissions, and suite ticket revenues of $2,067,596.
- Other revenues increased by $145,606 from the prior year.

Operating expenses include personal services, professional services, supplies, repairs, and maintenance, rent, other expenses, stadium operating expenses, and depreciation. For fiscal year 2023 operating expenses totaled $98,604,775 which is an increase of $13,031,396 (15.2 percent) when compared to fiscal year 2022. This increase is primarily due to an increase in stadium operating expenses of $11,760,036 (35.7 percent) from the prior fiscal year. As the number of stadium events increases so do event related expenses such as employee compensation, security, cleaning services, operations, repairs and maintenance, supplies, and utilities.

Other changes in fiscal year 2023 include the following:

- Nonoperating revenues increased by $2,913,849 primarily due to receipt of the excess city of Minneapolis sales tax of $2,210,197. The Authority did not receive this tax in fiscal year 2021 and 2022 due to the reduction in the city of Minneapolis' sales tax collections that were impacted by COVID-19.
- Nonoperating expenses decreased by $1,514,113.
- Capital contributions increased by $9,068,401 primarily due to the recognition of the contribution from the state of Minnesota of $15,700,000 for construction of the Secured Perimeter Project-Phase 1.

Additional information on the Authority's lease liability can be found in the notes to the financial statements, see note III.D.

Capital Assets

The following table compares the Authority's capital assets as of June 30, 2023 and 2022 net of accumulated depreciation and amortization:

Capital Assets

	June 30, 2023	June 30, 2022	Increase/ (decrease)
Capital assets (net of depreciation):			
Non-depreciable-			
Land	$31,983,174	$31,983,174	-
Construction in progress	2,685,902	982,932	$1,702,970
Depreciable-			
Buildings	658,859,854	687,538,407	(28,678,553)
Building equipment	52,197,606	58,568,951	(6,371,345)
Land improvements	21,414,018	23,020,574	(1,606,556)
Equipment	44,378,434	54,599,922	(10,221,488)
Right-to-use assets (net of amortization):			
Building equipment	880,936	1,027,759	(146,823)
Land improvements	5,613,511	5,850,701	(237,190)
Subscription assets	135,454	-	134,454
Total capital and right-to-use assets, being depreciated/amortized net	**$818,148,889**	**$863,572,420**	**($45,424,531)**

The Authority's investment in capital and right-to-use assets as of June 30, 2023 was $818,148,889 (net of accumulated depreciation and amortization) and consists of land, buildings, building equipment, land improvements, and equipment of U.S. Bank Stadium, Stadium Parking Ramp, and Downtown East Parking Ramp. Total capital and right-to-use assets, being depreciated decreased $45,424,531 from the prior year. This decrease is primarily due to depreciation and amortization expense of $49,311,288.

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

Next Year's Budget

An annual operating budget is adopted on a basis consistent with generally accepted accounting principles. Discussion and preparation of the fiscal year 2023-2024 annual operating and capital budgets began in the spring 2023. The Authority then approved and adopted the 2023-2024 operating and capital budgets in June 2023. This budget process will be followed for adoption of the 2024-2025 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. An annual report is presented to the Legislative Commission. Staff presents quarterly budget reports to the Authority board.

The Authority's adopted 2023-2024 operating budget includes operating revenues of $48,939,020 which includes: stadium operating payments from the state of Minnesota (city of Minneapolis) of $7,362,000 and the Minnesota Vikings of $10,453,928 for a combined total of $17,815,928, stadium operating revenues of $31,058,892, and miscellaneous revenues of $64,200. Also included in this budget are operating expenses of $44,952,280 which includes stadium operating expenses of $40,705,637, professional services of $1,341,154, rent of $836,888, personal services of $855,180, supplies and network support of $131,453, insurance of $421,532, and other expenses of $660,436.

Operating revenues of $48,939,020 are budgeted to exceed operating expenses of $44,952,280 by $3,986,740, investment earnings of $1,080,000 are included in the budget as nonoperating revenues, and net income before transfers is budgeted to be $5,066,740. The budget also includes a transfer of $7,000,000 from the operating account to the capital reserve account.

In addition to the 2023-2024 operating budget, the capital and concession capital budgets include capital expenses of $25,710,411 and concession capital expenses of $655,674. These expenses will be funded by capital revenues of $5,496,703, concession capital revenues of $800,000, the transfer from the operating account of $7,000,000, and the capital reserve and concession capital reserve.

The Authority considered the following factors when setting the 2023-2024 budget and fees that will be charged for use of U.S. Bank Stadium:

- Stadium event schedule
- Number and type of stadium events
- Stadium event attendance
- Market rental pricing
- Product pricing

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
STATEMENT OF NET POSITION
June 30, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	$42,727,287
Restricted cash and cash equivalents	1,398,596
Receivables:	
Accounts and other receivables	7,255,505
Restricted accounts receivables	1,204,979
Lease receivable	6,954,687
Prepaid items	1,006,067
Total current assets	60,547,121
Noncurrent assets:	
Restricted cash and cash equivalents	14,114,879
Restricted investments	29,387,500
Lease receivable	317,876,473
Capital assets:	
Non-depreciable:	
Land	31,983,174
Construction in progress	2,685,902
Depreciable:	
Buildings	860,270,853
Building equipment	100,621,384
Land improvements	32,838,177
Equipment	132,862,276
Right-to-Use assets:	
Amortizable:	
Building equipment	1,174,582
Land improvements	5,929,765
Subscription assets	180,604
Accumulated depreciation and amortization	(350,397,828)
Total capital and right-to-use assets (net of accumulated depreciation and amortization)	818,148,889
Prepaid project insurance	1,279,486
Total noncurrent assets	1,180,807,227
Total assets	1,241,354,348
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	188,617
LIABILITIES	
Current liabilities:	
Salaries and compensated absences payable	615,319
Accounts and other payables	10,466,046
Restricted accounts payable	845,938
Advanced ticket sales and deposits	16,924,991
Lease liability	344,191
Subscription liability	44,770
Unearned revenue	1,408,959
Total current liabilities	30,650,214
Noncurrent liabilities:	
Compensated absences payable	5,792
Net pension liability	180,763
Unearned revenue	2,622,404
Lease liability	6,145,414
Subscription liability	91,800
Total noncurrent liabilities	9,046,173
Total liabilities	39,696,387
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	149,213
Deferred inflows of resources related to leases	311,896,772
Total deferred inflows of resources	312,045,985
NET POSITION	
Net investment in capital assets	811,522,713
Restricted for capital projects	46,363,608
Unrestricted	31,914,272
Total net position	$889,800,593

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

MINNESOTA SPORTS FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

Operating revenues:	
Operating payments from state of Minnesota (city of Minneapolis) and Minnesota Vikings	$7,262,810
Lease revenue	11,526,620
Stadium operating revenues	36,893,416
Other revenues	583,841
Total operating revenues	56,266,687
Operating expenses:	
Personal services	515,763
Professional services	1,013,467
Supplies, repairs and maintenance	2,097,304
Rent	580,568
Other expenses	409,488
Stadium operating expenses	44,676,897
Depreciation and amortization	49,311,288
Total operating expenses	98,604,775
Total operating (loss)	(42,338,088)
Nonoperating revenues/(expenses):	
Interest revenue and investment earnings	6,781,771
Other contributions	573,107
Sales tax revenues	2,210,197
Lease revenue	2,034,109
Interest expense	(106,498)
Other expenses	(26,640)
Stadium builders licenses expenses	(352,359)
Total nonoperating revenues/(expenses)	11,113,687
(Loss) before capital contributions	(31,224,401)
Capital contributions	19,839,178
Change in net position	(11,385,223)
Total net position, July 1, 2022	901,185,816
Total net position, June 30, 2023	$889,800,593

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

MINNESOTA SPORTS FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from state of Minnesota (city of Minneapolis) and Minnesota Vikings	$7,262,806
Receipts from events	21,122,027
Receipts from food and beverage commissions	5,913,972
Receipts from others	583,841
Payments for ticket sales	8,454,790
Payments for employee services	(7,241,022)
Payments to suppliers and others	(22,348,779)
Payments for event and stadium operations	(9,344,184)
Net cash provided by operating activities	4,403,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Sales taxes received	1,088,771
Other contributions received	589,323
Payments for other activities	(423,171)
Net cash used for noncapital financing activities	1,254,923
CASH FLOWS FROM CAPITAL ACTIVITIES	
Capital contributions received	18,702,454
Lease payments received	11,967,389
Lease principal payments	(278,903)
Lease interest payments	(106,498)
Subscription principal payments	(44,034)
Acquisition and construction of assets	(3,271,955)
Net cash provided by capital activities	26,968,453
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	30,636,346
Purchase of investments	(59,983,770)
Interest on investments	1,164,394
Net cash provided by investing activities	(28,183,030)
Net increase in cash and cash equivalents	4,443,797
Cash and cash equivalents, July 1, 2022	53,796,965
Cash and cash equivalents, June 30, 2023	$58,240,762

Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	$(42,338,088)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization expense	49,311,288
Change in assets, liabilities, deferred outflows, and deferred inflows:	
(Increase) in accounts receivable	(1,481,848)
(Increase) in prepaid items	(372,518)
(Decrease) in net pension liability and related deferred inflows and deferred outflows	(127,616)
Increase in salaries and compensated absences payable and accounts and other payables	6,025,838
(Decrease) in unearned revenues	(20,296)
Increase in advance deposits and ticket sales	4,933,311
(Decrease) in deferred inflows related to leases	(11,526,620)
Total adjustments	46,741,539
Net cash provided by operating activities	$4,403,451
Noncash investing, capital, and financing activities:	
Increase/(decrease) in fair value of investments	$40,076

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

The Minnesota Sports Facilities Authority (Authority) was established pursuant to Minnesota Statutes, Section 473J.07, as amended. The Authority is comprised of five commissioners: the chair and two commissioners appointed by the governor of Minnesota and two commissioners appointed by the mayor of the city of Minneapolis. Commissioners 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, and directs business and administrative procedures.

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 was 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 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 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.

I. Summary of significant accounting policies (continued)

Reported net position is segregated into three categories: net investment in capital assets, restricted, 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. Adoption of New Accounting Standard

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Authority adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the Authority reporting a SBITA asset and a SBITA liability as disclosed in Note II.C and Note III.D.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position

1. Cash and cash equivalents

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.

2. Receivables
   a. Accounts and other receivables

Accounts and other receivables consist of estimates of amounts due for commissions from Aramark, stadium event revenues from promoters, amounts due from ASM Global for prior years' Net Operating Income (NOI) shortfall, and amounts due for ticket revenues and rebates from the ticketing vendor.

   b. Lease receivable

The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under some lease agreements, the Authority may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the applicable lease and is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

I. Summary of significant accounting policies (continued)

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 insurance costs, and software and maintenance agreement costs. 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 stadium construction inception. The insurance carrier for the owner-controlled insurance program maintains the loss reserve fund. Insurance costs are expensed when incurred.

5. Capital and right-to-use assets

Capital assets include land, buildings, building equipment, land improvements, equipment, and construction in progress. 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 acquisition 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.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term with applicable and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner at the start of the subscription term of the useful life of the underlying information technology assets.

Additional information about Right-to-Use Assets is disclosed in Note I.D.7.

Capital and right-to-use assets are depreciated or amortized 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
Right-to-use assets	
Land improvements	25 years
Building equipment	5 - 10 years
Subscription assets	3 - 30 years

6. Liabilities

   a. Salaries and compensated absences payable

Salaries and compensated absences payable include salaries and benefits incurred and unpaid as of June 30, 2023. The Authority accrues vacation and sick leave when earned. Certain employees qualify for a vacation leave and a sick leave

I. Summary of significant accounting policies (continued)

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. 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. This includes ticket rebates, which are royalties and facility fees, which relate to events that have yet to occur. 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 once the event has occurred. Deposits represent payments received from event organizers in advance of an event.

c. Unearned revenues

Unearned revenues primarily consist of the unamortized amount of the capital investments from Aramark, Minnesota Vikings, and ASM Global, and amounts received in advance of an event are deferred until the event has been held.

7. Lease liabilities and Right-to-use assets

The Authority determines if an arrangement is a lease at inception. Leases are included in right-to-use assets and lease liabilities in the statement of net position. Right-to-use assets represent the Authority's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Authority will exercise that option.

The Authority recognizes payments for short-term leases with a lease term of twelve months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

The Authority accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Authority treats the components as a single lease unit.

8. Deferred outflows/inflows of resources related to pensions

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 assets 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.

I. Summary of significant accounting policies (continued)

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 assets 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 and leases.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and additions to/deductions from MSRS' fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

10. 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, 2023 the Authority had three categories of net position: net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets is the amount of net position representing capital and right-to-use assets net of accumulated depreciation and amortization and related liabilities.
- Restricted net position represents resources that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation. This category represents resources that are restricted for future capital purchases.
- Unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment in capital assets.

The Authority will first apply restricted resources then unrestricted resources when an expense occurs for which both are available.

11. 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 the state of Minnesota (city of Minneapolis) and the Minnesota Vikings, lease revenues, stadium operating revenues, and other revenues. The major revenue generating activities for the stadium are concerts, consumer shows, trade shows, sporting events and other event rentals. Stadium operating revenues include rent, service revenues, food and beverage, advertising, ticket rebates and facility fees, suite tickets, and other revenues.

Operating expenses include personal services, professional services, supplies, repairs and maintenance, rent, other expenses, stadium operating expenses, and depreciation and amortization on capital assets. Stadium operating expenses include operating and event expenses incurred by ASM Global to manage U.S. Bank Stadium including service expenses, compensation and benefits, contract services, general and administrative, operations, repairs and maintenance, operational supplies, insurance, and utilities. All revenues and expenses not meeting this definition and other related activities are

I. Summary of significant accounting policies (continued)

reported as nonoperating revenues and expenses.

12. Subscription-Based Information Technology Arrangements (SBITAs)

The Authority determines if an arrangement is a SBITA at inception. SBITAs are included in subscription assets and subscription liability in the Statement of Net Position. SBITA subscription liability represents the Authority's obligation to make SBITA payments arising from the arrangement. SBITA subscription liability is recognized at the commencement date based on the present value of expected SBITA payments over the SBITA term, less any SBITA vendor incentives. Interest expense is recognized ratably over the contract term.

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 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. The Authority holds a letter of credit from the Federal Home Loan Bank of Cincinnati for $3,000,000. On June 30, 2023, the carrying amount of the Authority's combined demand deposit bank accounts was $35,192,916. Bank balances were $35,408,672 of which $35,406,372 was invested in commercial paper, and $2,300 was covered by federal depository insurance. On June 30, 2023 the balance in the money markets account was $23,047,846.

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. 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.

II. Detailed notes (continued)

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. Minnesota Statute Chap, 118A requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the Authority's name. Throughout the current fiscal year, the combined depository insurance and collateral was sufficient to meet legal requirements and secure all Authority deposits, thus eliminating exposure to custodial credit risk. The Authority had no foreign currency exposure at June 30, 2023.

Following is a summary of the carrying amount of cash and cash equivalents at June 30, 2023:

Security Type	Credit Risk	Custodial Credit Risk	Maturities	Carrying Amount	% of Total Portfolio
Cash and cash equivalents	(a)	(b)(c)	n/a	$58,240,762	66%
Treasury Bills	AAA	(c)	12/21/2023	29,387,500	34
			Total	$87,628,262	100%

(a) Cash and cash equivalents include Commercial paper which has a AAA credit rating.
(b) 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.
(c) Commercial paper and 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, 2023. 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 marketplace. 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.

II. Detailed notes (continued)

The following table summarizes the Authority's investments within the fair value hierarchy at June 30, 2023:

Security Type		Level 1	Level 2	Level 3	Total
U.S. Treasury Bills		$ -	$29,387,500	$ -	$29,387,500
	Total	$ -	$29,387,500	$ -	$29,387,500

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.

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II. Detailed notes (continued)

C. Capital and Right-to-Use assets

Capital and right-to-use asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	$31,983,174	$ -	$ -	$31,983,174
Construction in progress	982,932	2,685,902	(982,932)	2,685,902
Total capital assets, not being depreciated	32,966,106	2,685,902	(982,932)	34,669,076
Capital assets, being depreciated:				
Buildings	860,270,853	-	-	860,270,853
Building equipment	100,206,534	414,850	-	100,621,384
Land improvements	32,838,177	-	-	32,838,177
Equipment	131,272,943	1,589,333	-	132,862,276
Total capital assets, being depreciated	1,124,588,507	2,004,183	-	1,126,592,690
Right-to-Use Assets, being amortized:				
Building equipment	1,174,582	-	-	1,174,582
Land improvements	5,929,765	-	-	5,929,765
Subscription assets	180,604	-	-	180,604
Total right-to-use assets, being amortized	7,284,951	-	-	7,284,951
Less: Accumulated depreciation for:				
Buildings	(172,732,446)	(28,678,553)	-	(201,410,999)
Building equipment	(41,637,583)	(6,786,195)	-	(48,423,778)
Land improvements	(9,817,603)	(1,606,556)	-	(11,424,159)
Equipment	(76,673,021)	(11,810,821)	-	(88,483,842)
Total accumulated depreciation	(300,860,653)	(48,882,125)	-	(349,742,778)
Less: Accumulated amortization for:				
Building equipment	(146,823)	(146,823)	-	(293,646)
Land improvements	(79,064)	(237,190)	-	(316,254)
Subscription assets	-	(45,150)	-	(45,150)
Total accumulated amortization	(225,887)	(429,163)	-	(655,050)
Total capital and right-to-use assets, being depreciated/amortized net	830,786,918	(47,307,105)	-	783,479,813
Total capital and right-to-use assets, net	$863,753,024	$(44,621,203)	$(982,932)	$818,148,889

* Restated due to the implementation of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*.

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

III. Other information (continued)

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. 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. Employee and employer contributions were funded at 100.0 percent of the required contributions set by statute.

Minnesota Statutes, Section 352.04 requires that eligible employees contribute 6.0 percent of their total compensation to the fund. Participating employers are also required to contribute 6.25 percent to this fund. The Authority's contribution to the General Plan for the year ended June 30, 2023 was $22,285. All active and deferred members are fully vested to the extent of their contributions plus interest at a rate of 6.0 percent through June 30, 2011, 4.0 percent through June 30, 2018, and 3.0 percent thereafter. For monthly retirement benefits, members hired before July 1, 2010, are vested after three years of covered service; members hired after June 30, 2010, are vested after five years of covered service. 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, Suite #300, St Paul, Minnesota 55103 or by calling (651) 296-2761 or 1-800-657-5757 or via e-mail at info@msrs.us.

b. Benefits provided

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 greater. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). 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 1.20 percent of the high-five average salary for each of the first ten years of covered service, plus 1.70 percent for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). The Level formula does not include the Rule of 90. Under the Level formula, members receive 1.70 percent of the high-five average salary for all years of covered service with full benefits at normal retirement age.

Annuitants receive post-retirement benefit increases of 1.0 percent through 2023, and 1.50 percent per year thereafter.

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

At June 30, 2023, the Authority reported a liability of $180,763 for its proportionate share of MSRS' net pension liability. The net pension liability was measured at June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of MSRS' participating employers. At June 30, 2022 the Authority's proportion was .011 percent.

The following change in actuarial assumptions affected the measurement of the total pension liability since the prior measurement date:

- The investment rate of return and single discount rates increased from 6.50 percent to 6.75 percent.

III. Other information (continued)

For the year ended June 30, 2023, the Authority recognized pension income of $127,616 for its proportionate share of the MSRS-SERF pension expense. At June 30, 2023, 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	$1,410	($1,160)
Changes in assumptions	123,762	(65,725)
Differences between projected and actual investment earnings	8,613	–
Changes in proportion and differences between actual contributions and proportionate share of contributions	32,547	(82,328)
Contributions paid to MSRS subsequent to measurement date	22,285	–
Total	$188,617	($149,213)

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 fiscal year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

Year ended June 30:		Pension Income
2024		$5,746
2025		(27,609)
2026		6,371
2027		32,611
	Net pension income	$17,119

d. Actuarial Assumptions

The Authority's net pension liability was measured as of June 30, 2022, 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	2.25 percent per year
Active Member Payroll Growth	3.00 percent per year
Long-Term Expected Rate of Return	6.75 percent per year

Salary increases were based on service-related rates. Mortality rates were based on Pub-2010 mortality tables using projection scale MP-2018, adjusted by a multiplier to match fund experience. Actuarial assumptions are based on experience studies conducted every four years.

III. Other information (continued)

The Minnesota State Board of Investment (SBI) invests all state funds and manages the investments of MSRS. To match the long-term nature of pension obligations, SBI maintains a strategic asset allocation that includes allocations to public equity, fixed income, and private markets. The long-term expected rate of return is based on an asset allocation completed by SBI in 2016. The SBI's long-term expected rate of return was determined using a building-block method. Best estimates of future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and target allocations were combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The current SBI Target Asset Allocations and Long-Term Expected Real Rate of Return:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Geometric Mean)
Domestic equity	33.5%	5.10%
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0%	

e. Single discount rate

Projected benefit payments are discounted to their actuarial present values using a single discount rate. The single discount rate reflects the long-term expected rate of return on pension plan investments for the period in which assets are projected to be available to pay benefits, and a tax-exempt municipal bond rate based on an index of 20-year general obligations bonds with an average AA credit rating for the remaining years. The fiduciary net position of SERF was projected to be available to make all future benefit payments of current plan members through fiscal year 2122. Therefore, the discount rate is the long-term expected rate of return on pension plan investments, which was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability was 6.75 percent, an increase of .25 percent from the single discount rate that was used in fiscal year 2021.

f. 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 current single discount rate of 6.75 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 one percentage-point lower (5.75 percent) or one percentage-point higher (7.75 percent) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Authority's proportionate share of the net pension liability	$424,208	$180,763	($20,623)

Additional information related to the plan is presented in Required Supplementary Information (RSI) following the Notes to the Financial Statements.

III. Other information (continued)

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. Minnesota Statutes, Section 352D.01, authorized creation of this plan. Participation is limited to certain, specific employees of the State of Minnesota and various statutorily designated entities. The Authority's Executive Director participated in the 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 of a defined contribution plan and a defined benefit plan.

Minnesota Statutes, Section 352D.04, subdivision 2, requires a contribution rate of 6.0 percent of salary from participating employees. The employer contribution rate is 6.25 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 10.0 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 aged 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 to the General Plan, at the participant's option, provided the employee has at least ten 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
2023	$6,928

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), excess liability (none), automobile/garage keepers liability ($1,000 deductible hired auto physical damage, $1,000 comprehensive deductible, and $1,000 collision deductible per auto), crime insurance ($10,000), workers compensation (none), public officials and employee liability insurance ($25,000 and $50,000 for employment practices), cyber/privacy liability ($25,000 per claim), property ($1,000,000 for snow, sleet, or ice perils, $2,500,000 for hail perils, and $100,000 for all other perils), property insurance buy down deductible ($500,000 for snow, sleet or ice), property insurance buy down deductible ($500,000 for hail) and terrorism insurance (none).

The Authority had an Owner Controlled Insurance Program (OCIP) during 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.

III. Other information (continued)

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

C. Lease receivables

The Authority recorded a lease receivable and deferred inflow of resources based on the present value of expected receipts over the term of the agreement. The expected receipts are discounted using an estimated interest rate as the Authority does not have bonding authority or other finance type arrangements. Variable payments are excluded from the valuation unless they are fixed in substance. During the year ended June 30, 2023, the Authority recognized revenue related to this agreement of $13,560,729.

The Authority entered into a Stadium Use Agreement with the Minnesota Vikings and in accordance with GASB Statement No. 87 *Leases*, this agreement is referred to as a lessor agreement. The agreement commenced on June 17, 2016 and is in place for 30 years. The agreement also includes two optional 10-year renewal periods, which were excluded from the initial calculation as it is undetermined if those options will be exercised at this time. Payments are made in the form of an operating payment which is due monthly each year from July through December and a capital payment which is due in January each year. The agreement also includes an annual increase of three percent per year, and this was factored into the present value of the receipts for the initial recording. The discount rate used for the agreement was 1.67 percent.

The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the applicable lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Year Ending June 30		Principal	Interest	Total
2024		$6,954,687	$5,371,724	$12,326,411
2025		7,444,356	5,251,847	12,696,203
2026		7,953,444	5,123,645	13,077,089
2027		8,482,614	4,986,788	13,469,402
2028		9,032,548	4,840,936	13,873,484
2029-2033		54,189,177	21,676,720	75,865,897
2034-2038		71,485,464	16,463,904	87,949,368
2039-2043		92,290,678	9,666,744	101,957,422
2044-2046		66,998,192	1,761,086	68,759,278
	Total	$324,831,160	$75,143,394	$399,974,554

D. Long-term Liabilities

1. Lease liabilities

On November 20, 2015, the Authority entered into an agreement to lease land improvements, 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 on February 28, 2047. The initial lease liability for this land improvement was $5,741,500. The discount rate used for the agreement was 1.71 percent.

III. Other information (continued)

The Authority entered into an agreement to lease equipment for air purification equipment in the stadium. The lease period began June 15, 2019 and will expire on June 15, 2029. The initial lease liability for this equipment was $1,174,582. The discount rate used for the agreement was .8 percent.

2. Subscription-Based Information Technology Arrangements

The Authority entered into SBITAs for firewall software. The SBITA began September 24, 2021 and expires on September 24, 2026.

Schedule of changes in long-term liabilities:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due within 1 Year
Long-term Lease liabilities	$6,768,508	$ -	$278,903	$6,489,605	$344,191
Long-term Subscription liabilities	180,604*	-	44,034	136,570	44,770
Total Long-term liabilities	$6,949,112	$ -	$322,937	$6,626,175	$388,961

*Restated due to the implementation of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, see Note II.C.

Total future minimum lease payments under the lease agreements are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$344,191	$99,861	$444,052
2025	361,830	95,296	457,126
2026	366,514	90,612	457,126
2027	371,266	85,860	457,126
2028	376,088	81,039	457,127
2029-2033	1,230,257	341,901	1,572,158
2034-2038	1,166,232	245,758	1,411,990
2039-2043	1,270,254	141,736	1,411,990
2044-2046	1,002,973	32,486	1,035,459
Total	$6,489,605	$1,214,549	$7,704,154

Total future minimum subscription payments under SBITA are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$44,770	$1,703	$46,473
2025	45,519	954	46,473
2026	46,281	192	46,473
Total	$136,570	$2,849	$139,419

Right-to-use assets acquired through outstanding leases and SBITAs are shown below, by underlying asset class.

III. Other information (continued)

Building equipment	$1,174,582
Land improvement	5,929,765
Subscription assets	180,604
Less: accumulated amortization	(655,050)
Total right-to-use assets net of amortization	$6,629,901

E. Agreements

1. Use agreement and football playing agreement

Effective November 22, 2013, the Authority and Minnesota Vikings Football Stadium, LLC 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 the 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 an annual operating cost payment and an annual capital cost 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.

On February 19, 2016, the Authority entered into the Second Amended and Restated Stadium Use Agreement to incorporate amendments into this agreement. This amended and restated use agreement superseded and replaced the prior agreements. This agreement is reflected as a lease receivable in accordance with GASB Statement No. 87 *Leases*.

In addition to the use agreement the Authority and the Team entered into a long-term 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.

2. Parking agreement

On February 10, 2014, the Authority entered into a parking agreement with Ryan Companies US, Inc. (Ryan) and the city of Minneapolis whereby the Authority owns the Downtown East Parking Ramp and the Stadium Parking Ramp and Ryan operates the parking facilities for the first ten years. Since December 31, 2015, Ryan has managed both parking facilities. The revenues and expenses from the parking operation are not included in the Authority's statement of revenues, expenses and changes in net position.

3. 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 now known as ASM Global, who is responsible for managing, operating, maintaining and marketing U.S. Bank Stadium for ten years commencing with the stadium opening (operating period) with an option to extend the agreement for an additional five years. ASM Global is required to operate in accordance with certain policies of the Authority.

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

III. Other information (continued)

be recognized as revenue over the term of the agreement. The unamortized capital investment balance at June 30, 2023 was $837,288.

The agreement also required ASM Global to guarantee $6,750,000, increased by 2.0 percent each year, of net operating income (NOI) to the Authority for the first year of operations. 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 NOI guarantee for the seventh year of operations was $7,306,417. The agreement assigns ASM Global agent rights to certain bank accounts held by the Authority in relation to stadium operations and payroll. All stadium operating revenues are required to be deposited to the stadium operating bank account.

On May 20, 2021, the Authority executed an amendment to the agreement to adjust revenue sharing and ASM Global's compensation, and to make other changes due to COVID-19 and its impact on stadium events. The parties agreed to the following: a reduction in the NOI guarantee of $225,000 per year beginning with the current fiscal year and continuing through the end of the agreement, deferral of the NOI shortfall payment for years ending June 30, 2020, 2021, and 2022 until excess funds are paid to the Authority or the end of the agreement, annual management fee of $350,000, which is increased by 2.0 percent a year beginning with the current fiscal year through the end of the agreement, and the term of the agreement was extended to June 30, 2032.

4. 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 (Aramark) 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. The unamortized capital investment balance at June 30, 2023 was $3,088,710.

In addition to payment of commissions for food and beverage, catering and concession sales, Aramark is required to pay 2.50 percent of gross receipts to the Authority for deposit into the concession capital reserve account for future purchases.

5. Commemorative bricks program
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 related to the sale of commemorative bricks is shown as restricted assets of $240,852 on the statement of net position for the year ended June 30, 2023.

E. Contingencies
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.

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

Fiscal Year	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.051%	$827,002	$1,303,478	63.45%	87.64%
2015	0.033	507,998	874,171	58.11	88.32
2016	0.021	2,603,765	563,727	461.88	47.51
2017	0.014	1,038,507	383,628	270.71	62.73
2018	0.012	162,375	367,562	44.18	90.56
2019	0.016	225,096	494,074	45.56	90.73
2020	0.012	159,380	380,884	41.84	91.25
2021	0.012	9,786	390,352	2.51	90.53
2022	0.011	180,763	381,379	47.40	90.60

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 each fiscal year were determined as of June 30.

Schedule of Authority's Contributions
Minnesota State Retirement System - State Employees Retirement Fund

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$48,519	$48,519	$-	$928,080	5.23%
2015	40,403	40,403	-	735,734	5.49
2017	36,066	36,066	-	638,223	5.65
2018	20,216	20,216	-	367,562	5.50
2019	29,089	29,089	-	494,074	5.89
2020	23,805	23,805	-	380,884	6.25
2021	24,397	24,397	-	390,352	6.25
2022	23,836	23,836	-	381,379	6.25
2023	22,285	22,285	-	356,566	6.25

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 2014 and 2015 were determined as of December 31.

3 The amounts presented for 2017 are for the 18-month fiscal period from January 1, 2016 through June 30, 2017.

4 The amounts presented for 2018-2023 were determined as of June 30.

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 to assess the Authority's economic condition.

MINNESOTA
SPORTS FACILITIES
AUTHORITY

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 OUTSTANDING DEBT/LIABILITIES INFORMATION

This information is intended to assist users in understanding the Authority's debt/liabilities percentage to personal income and population.

5.0 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 Ten Fiscal Years

Fiscal Period	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2023	$811,522,713	$46,363,608	$31,914,272	$889,800,593
2022	856,803,912	20,454,094	23,927,810	901,185,816
2021	904,052,091	19,447,786	4,230,223	927,730,100
2020	953,867,695	21,845,565	4,838,875	980,552,135
2019	1,000,408,761	3,845,171	3,492,274	1,007,746,206
2018	1,044,474,586	5,993,494	(628,667)	1,049,839,413
2017	1,090,575,542	-	1,690,775	1,092,266,317
2015	907,139,710	-	7,910,770	915,050,480
2014	389,507,399	-	16,692,006	406,199,405
2013	52,256,276	-	24,144,345	76,400,621

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

2 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 Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2015	2014	2013
Operating revenues:										
Operating payments from State of Minnesota and Minnesota Vikings	$7,262,810	$6,538,586	$16,185,325	$15,907,958	$15,569,573	$15,146,301	$20,910,210	$-	$-	$-
Lease revenues	11,526,620	11,526,620	-	-	-	-	-	-	-	-
Stadium operating revenues	36,893,416	23,069,152	2,811,521	14,142,738	30,897,106	29,656,584	23,589,302	-	-	-
Concessions	-	-	-	-	-	-	-	-	-	9,438,927
Admission tax	-	-	-	-	-	-	-	-	-	4,276,114
Rent	-	-	-	-	-	-	-	-	-	4,810,944
Charges for services	-	-	-	-	-	-	-	-	13,067	1,501,944
Other	583,841	438,235	2,256,361	2,022,141	1,390,377	94,107	1,779,062	44,993	45,816	516,027
Parking operations and related revenues	-	-	-	-	-	-	-	524,455	405,166	-
Total operating revenues	56,266,687	41,572,593	21,253,207	32,072,837	47,857,056	44,896,992	46,278,574	569,448	464,049	20,543,956
Operating expenses:										
Concession costs	-	-	-	-	-	-	-	-	221,220	5,072,396
Tenants share of concession receipts	-	-	-	-	-	-	-	-	-	1,244,224
Facilities cost credit	-	-	-	-	-	-	-	-	-	3,653,703
Personal services	515,763	389,693	604,003	660,059	361,383	560,909	1,611,570	1,057,640	1,841,609	2,623,548
Professional services	1,013,467	987,603	1,450,545	1,385,177	1,224,722	1,795,052	2,797,081	865,679	616,112	981,614
Contractual services	-	-	-	-	-	-	-	-	68,521	1,711,276
Supplies, repairs and maintenance	2,097,304	1,324,155	1,191,647	920,323	910,439	1,268,687	1,256,214	273,015	214,056	685,645
Utilities	-	-	-	-	-	-	-	-	96,842	3,148,122
Rent	580,568	700,541	286,957	800,699	796,939	746,505	1,432,607	171,462	172,210	-
Insurance	-	-	-	-	-	-	-	58,518	113,373	856,543
Parking operations	-	-	-	-	-	-	-	235,013	719,573	-
Event costs	-	-	-	-	-	-	-	-	-	673,132
Miscellaneous/other	409,488	306,330	588,778	311,155	803,290	3,203,500	901,419	294,954	203,832	327,711
Stadium operating expenses	44,676,897	32,916,861	14,368,751	25,106,754	44,338,597	37,417,765	32,143,313	-	-	-
Depreciation and amortization	49,311,288	48,948,196	50,751,793	50,795,764	50,675,172	50,459,104	51,313,184	318,463	292,293	4,250,905
Total operating expenses	98,604,775	85,573,379	69,242,474	79,979,931	99,110,542	95,451,522	91,455,388	3,274,744	4,559,641	25,228,819
Total operating income (loss)	(42,338,088)	(44,000,786)	(47,989,267)	(47,907,094)	(51,253,486)	(50,554,530)	(45,176,814)	(2,705,296)	(4,095,592)	(4,684,863)
Nonoperating revenues (expenses)	11,113,687	6,685,725	(9,404,790)	(8,052,434)	2,088,342	1,664,664	(1,652,928)	(327,314)	1,765,515	993,582
Income (loss) before capital contributions	(31,224,401)	(37,315,061)	(57,394,057)	(55,959,528)	(49,165,144)	(48,889,866)	(46,829,742)	(3,032,610)	(2,330,077)	(3,691,281)
Capital contributions	19,839,178	10,770,777	4,572,022	28,765,457	7,071,937	6,462,962	224,045,579	511,883,685	334,047,793	52,513,835
Change in net position	$(11,385,223)	$(26,544,284)	$(52,822,035)	$(27,194,071)	($42,093,207)	($42,426,904)	$177,215,837	$508,851,075	$331,717,716	$48,822,554

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

2 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.

3 The Authority adopted GASB Statement No. 87, *Leases*, effective July 1, 2021 and began to recognize lease revenues.

Unaudited
Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 2.1**

User Fee Revenues by Source

For the Last Ten Fiscal Years

Fiscal Period	Operating Payments	Lease Revenues	Stadium Operating Revenues	Concessions	Admission Tax	Rent	Parking Operations	Charges for Services	Other	Total
2023	$7,262,810	$11,526,620	$36,893,416	$-	$-	$-	$-	$-	$583,841	$56,266,687
2022	6,538,586	11,526,620	23,069,152	-	-	-	-	-	438,235	41,572,593
2021	16,185,325	-	2,811,521	-	-	-	-	-	2,256,361	21,253,207
2020	15,907,958	-	14,142,738	-	-	-	-	-	2,022,141	32,072,837
2019	15,569,573	-	30,897,106	-	-	-	-	-	1,390,377	47,857,056
2018	15,146,301	-	29,656,584	-	-	-	-	-	94,107	44,896,992
2017	20,910,210	-	23,589,302	-	-	-	-	-	1,779,062	46,278,574
2015	-	-	-	-	-	-	524,455	-	44,993	569,448
2014	-	-	-	-	-	-	405,166	13,067	45,816	464,049
2013	-	-	-	9,438,927	4,276,114	4,810,944	-	1,501,944	516,027	20,543,956

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

2 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.

3 Operating payments include payments from the State of Minnesota (city of Minneapolis) and the Minnesota Vikings for U.S. Bank Stadium.

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

5 Concessions include Metrodome food and beverage concession revenues.

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

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

8 The Authority adopted GASB Statement No. 87, Leases, effective July 1, 2021 and began to recognize lease revenues.

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)
2013	3,458,513	$175,414	$50,719	4.8%
2014	3,491,838	186,385	53,377	4.0
2015	3,518,252	195,613	55,599	3.5
2016	3,551,036	201,427	56,723	3.6
2017	3,600,618	215,087	59,736	3.3
2018	3,614,162	227,292	62,889	2.8
2019	3,640,043	233,890	64,255	3.0
2020	3,657,477	245,833	67,214	4.5
2021	3,690,512	265,392	71,912	2.4
2022	3,690,512	265,392	71,912	2.8

Unaudited

Sources:
1 Metropolitan Council Annual Comprehensive Financial Report 12/31/2022-information from U.S. Commerce Department and Bureau of Economic Analysis for the Minneapolis-St. Paul Metropolitan Statistical Area.
2 State of Minnesota, department of Employment and Economic Development (seven-county area).
3 2022 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)					
	2022			**2013**		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
State of Minnesota	51	1	2.60%	55	1	3.10%
Mayo Clinic	48	2	2.45	41	2	2.31
Allina Health System	41	3	2.09	25	5	1.41
United States Federal Gov't	32	4	1.63	31	4	1.75
Fairview Health Services	32	5	1.63	22	7	1.24
University of Minnesota	26	6	1.32	25	6	1.41
HealthPartners Inc.	25	7	1.27	21	8	1.18
Wal-Mart Stores, Inc.	25	8	1.27	21	9	1.18
United Health Group, Inc.	18	9	0.92	-	-	-
Wells Fargo Minnesota	16	10	0.82	20	10	1.13
Target Corporation	-		-	31	3	1.75
Total	314		16.00%	292		16.46%

Unaudited

Source: Metropolitan Council Annual Comprehensive Financial Report 12/31/2022-State of Minnesota Department of Employment and Economic Development, Minneapolis-St. Paul Business Journal, July 13, 2022.
Note: Available list covers employment for entire State of Minnesota.
State of Minnesota includes Minnesota State Colleges & Universities.

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 4.1**
Ratios of Outstanding Debt/Liabilities by Type
Last Two Fiscal Years

Fiscal Year	Lease Liability[3]	Subscription Liability[3]	Total	Percentage of Personal Income[2]	Per Capita[2]
2023	$6,489,605	$136,570	$6,626,175	0.0025%	$1.80
2022	6,768,508	-	6,768,508	0.0026	1.83

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

2 See the demographic and economic statistics table for personal income and population data. All ratios are calculated using personal income and population from prior calendar year.

3 Lease liability related to GASB Statement No. 87 and Subscription liability related to GASB Statement No. 96.

Unaudited
Source: Authority Finance department

MINNESOTA SPORTS FACILITIES AUTHORITY **Table 5.1**
Full-Time Employees by Department
Last Ten Fiscal Years

Fiscal Year	Administrative	Building Maintenance	Security	Total
2023	3	-	-	3
2022	2	-	-	2
2021	4	-	-	4
2020	4	-	-	4
2019	4	-	-	4
2018	5	-	-	5
2017	5	-	-	5
2015	8	-	-	8
2014	10	-	-	10
2013	8	11	2	21

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

2 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

MINNESOTA
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Board of Commissioners
Minnesota Sports Facilities Authority
Minneapolis, Minnesota

We have audited the financial statements of the Minnesota Sports Facilities Authority (Authority) as of and for the year ended June 30, 2023, and have issued our report thereon dated October, 19, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated July 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Minnesota Sports Facilities Authority are described in Note 1 to the financial statements.

As described in Note 1, the Authority changed accounting policies related to subscription-based information technology arrangements (SBITAs) by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, in 2023.

The Authority changed accounting policies related to public-private and public-public partnerships by adopting Statement of Governmental Accounting Standards Board (GASB Sttatement) No. 94, *Public-Private And Public-Public Partnerships And Availability Payment Arrangements*. Implementation resulted in no impact to the financial statements.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the fair value of investments is based on quoted market prices provided by the Authority's brokers. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Accounting estimates (continued)

- Management's estimate of the Authority's net pension liability and related deferred inflows and outflows of resources is based on allocation schedules which are provided by the pension plan which is based on an actuarially derived liability. We evaluated the key factors and assumptions used to develop the Authority's net pension liability and related deferred inflows and outflows of resources in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the useful lives of capital assets is based on managements estimated useful lives of those assets along with guidance provide by a third party consultant. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the Authority's liability for compensated absences is based on employee wage information and the Authority's policies for earning vacation and sick leave. We evaluated the key factors and assumptions used to develop the Authority's liability for compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis of a matter paragraph related to the Authority's adoption of GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October, 19, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Quality of component auditor's work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Commissioners and management of the Minnesota Sports Facilities Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October, 19, 2023

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*

Board of Commissioners
Minnesota Sports Facilities Authority
Minneapolis, Minnesota

We have audited, 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, the financial statements of the Minnesota Sports Facilities Authority, a component unit of the State of Minnesota, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Minnesota Sports Facilities Authority's basic financial statements, and have issued our report thereon dated October, 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Minnesota Sports Facilities Authority's internal control over financial reporting (internal control) as a basis for designing 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 Minnesota Sports Facilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Minnesota Sports Facilities Authority's internal control.

A *deficiency in internal control* 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 control, such that there is a reasonable possibility that a material misstatement of the entity'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 control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Commissioners
Minnesota Sports Facilities Authority

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Minnesota Sports Facilities 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 financial statements. 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 control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October, 19, 2023