



MBA Audit Committee Meeting Minutes – January 18, 2017

Chair Joan Campbell called to order the MBA Audit Committee Meeting for January 18, 2017, at 11:00 a.m. Commissioners Margaret Anderson-Kelliher and Paul Williams were present.

Audit Entrance Meeting - Interview with State Auditor's Office

Randy Vogt from the Minnesota State Auditor's office reviewed the Audit Entrance letter with the Audit Committee. He said that the Statement in Auditing Standards (SAS), defines "those charged with governance" and establishes communication requirements between auditors and those charged with governance which at the MBA have been identified as the MBA Board and the Audit Committee. Mr. Vogt reviewed the Auditor's responsibilities under generally accepted auditing standards and the client's responsibilities. (Entrance letter attached)

The State Auditor's office will Audit the basic financial statements of the MBA for year ended December 31, 2016. Any significant findings will be communicated to management and the MBA Audit committee at the conclusion of the Audit.

Mr. Vogt said that Aaron Tri will likely be assisting with the MBA Audit this year and the engagement letter from the State Auditor to the MBA will be sent out soon. The week of June 5, 2017 is when the audit is scheduled to begin. Ms. Juneau said that if possible to start in May instead of June, the MBA would be ready at that time.

New Accounting Pronouncements

The government Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. The following are new statements issued by the GASB that are effective for the year ended December 31, 2016:

GASB Statement No. 72, Fair Value Measurement and Application

This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. Additionally, it requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This may result in additional disclosures in the Authority's notes to financial statements.

GASB Statement No. 77, Tax Abatement Disclosures

This statement defines a tax abatement as an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. It requires disclosures in the notes to the financial statements about a reporting government's own tax abatement agreements and those of other governments that reduce the reporting government's revenues. We anticipate this statement will have no effect on the Authority's financial report.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants

This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. It is unclear at this point what effect, if any, this Statement will have on the Authority's financial report.

Mr. Vogt said that he would send the audit preparation checklist in the coming months. He reviewed other questions on the audit entrance letter and asked if there were any questions of the board. Committee members said that there were no further questions.

There being no further business, Chair Campbell moved to adjourn. The meeting of the MBA Audit Committee for January 18, 2017 was adjourned at 11:14 a.m.

**MINNESOTA BALLPARK AUTHORITY
ANNUAL AUDIT ENTRANCE MEETING
FOR THE YEAR ENDED 12/31/2016**

Date: Wednesday, January 18, 2017
Time: 11:00 a.m.
Location: Minnesota Ballpark Authority Offices, Target Field, Minneapolis

Present: Joan Campbell – member, Board of Commissioners/Chair, Audit Committee
Margaret Anderson Kelliher – Chair, Board of Commissioners/member, Audit Committee
Paul D. Williams – member, Board of Commissioners and Audit Committee
Dan Kenney – Executive Director
Brenda Juneau – Finance Coordinator
Sharon Reinhart – Administrative Assistant
Randy Vogt – Audit Director, Office of the State Auditor (OSA)
Aaron Tri – Intermediate Auditor, OSA

1. **Staffing/Administration**

Returning staff: Randy Vogt, Aaron Tri

2. **Statement on Auditing Standards (SAS) AU-C Section 260 - The Auditor's Communication with Those Charged with Governance**

Auditing standards establish communication requirements between auditors and those charged with governance. For the Minnesota Ballpark Authority we've identified those charged with governance as the members of the Board of Commissioners and the Executive Director. Our audit engagement letter covers the specific matters to be communicated, including:

A. Auditor's responsibilities:

- Forming and expressing opinions on the financial statements.
- Performing the audit in accordance with generally accepted auditing standards and the legal provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*.
- Considering the Authority's internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting.
- Communicating significant matters related to the financial statement audit.

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2. **SAS AU-C Section 260, *The Auditor's Communication with Those Charged with Governance* (Continued)**

B. Client's responsibilities:

- Preparing the basic financial statements and all accompanying information as well as all representations contained therein.
- Making all management decisions and performing all management functions regarding the financial statements.
- Establishing and maintaining internal controls, including evaluating and monitoring the ongoing activities.
- The selection and application of accounting principles.
- The fair presentation of the financial statements.
- Designating a qualified management-level individual to be responsible and accountable for overseeing our services. In the past this has been Dan Kenney assisted by Brenda Juneau.
- Making sure all financial records and related information is accurate, complete, and available for audit.
- Designing and implementing programs and controls to prevent and detect fraud.
- Informing us about all known or suspected fraud or illegal acts.
- Adjusting the financial statements to correct material misstatements.
- Establishing and maintaining a process for tracking the status of audit findings and recommendations.
- Providing management views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.

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2. SAS AU-C Section 260, *The Auditor's Communication with Those Charged with Governance*

- C. Overview of the planned scope and timing of the audit:
- We will audit the basic financial statements of the Minnesota Ballpark Authority for the year ended December 31, 2016.
 - It is our understanding that the Authority received no federal funding during 2016, so a federal single audit will not be required.
 - Our tentative schedule has Aaron on site at the Ballpark Authority the week of June 5, 2017.
- D. Any significant audit findings will be communicated to the Audit Committee at the conclusion of the audit.
- E. Items to be communicated to those charged with governance in a separate letter at the conclusion of the audit:
- significant accounting policies;
 - sensitive accounting estimates;
 - significant audit adjustments;
 - disagreements with management;
 - difficulties encountered in performing the audit; and
 - other significant issues arising from the audit.

3. Update on Prior Year Management Letter Comments

There were no findings reported for the year ended December 31, 2015.

4. New Accounting Pronouncements

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4. New Accounting Pronouncements (Continued)

• ***GASB Statement No. 72, Fair Value Measurement and Application***

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• ***GASB Statement No. 77, Tax Abatement Disclosures***

This Statement defines a tax abatement as an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. It requires disclosures in the notes to the financial statements about a reporting government's own tax abatement agreements and those of other governments that reduce the reporting government's revenues. We anticipate this Statement will have no effect on the Authority's financial report.

• ***GASB Statement No. 79, Certain External Investment Pools and Pool Participants***

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5. Other Items

- A. Once we get closer to the start of the 2016 audit we will email the audit preparation checklist to be completed and returned to us.
- B. During 2016, were there any:
- Significant accounting issues or unusual transactions?
 - Changes in accounting methods or application of accounting principles?
 - New legislation having an impact on the financial report?

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5. Other Items

B. During 2016, were there any (Continued):

- Regarding fraud or suspected fraud:
 - Do you have knowledge of any actual, suspected, or alleged fraud affecting the Authority or federal award programs, if any?
 - Do you have knowledge of any possible or actual noncompliance or abuses of programs and controls occurring during the period being audited or the subsequent period?
 - Is the Authority in compliance with laws, regulations, contracts, and grant agreements?
- Related party transactions? (If so, note disclosures.)
- Changes to the Authority's accounting policies or procedures?
- Significant or unusual capital expenditures?
- Contracts with service organizations?
- Significant legal matters and/or contingencies?
- New debt issues?
- Federal grants?
- Any other items of significance we should be aware of?

C. Auditing standards require us to meet and communicate certain items to those charged with governance. Would you like us to meet with the full Board of Commissioners to go over what we discussed here today? If not, the notes on this meeting will be distributed to the Board members not attending this meeting.

D. Questions, comments, concerns?