



Southeast Wisconsin Professional Baseball Park District

**Financial Statements
(with Required Supplementary Information)
Year Ended December 31, 2019**

Southeast Wisconsin Professional Baseball Park District

Financial Statements
(with Required Supplementary Information)
Year Ended December 31, 2019

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

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Independent Auditor's Report

Board of Directors
Southeast Wisconsin Professional Baseball Park District
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Southeast Wisconsin Professional Baseball Park District (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Southeast Wisconsin Professional Baseball Park District, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP

June 9, 2020

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

The Southeast Wisconsin Professional Baseball Park District (the "District"), a local government unit created under 1995 State of Wisconsin Act 56, with the authority to issue bonds and impose a sales tax for the purpose of construction and operations of a baseball park facility ("Miller Park"), is honored to present the fiscal year 2019 financial statements. The District's responsibilities, in addition to bond issuance and sales tax collection, include joint ownership of Miller Park, with the Milwaukee Brewers Baseball Club (the "Team"), under a shared ownership agreement. The District leases its ownership interest in Miller Park to the Team under a formal lease agreement. Additional responsibilities include District management and administration, annual public budget hearings, and contributions to and oversight of the Segregated Reserve Fund for short and long-term capital and discretionary improvements. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

OVERVIEW

- > As a result of the conversion to the full accrual basis for the government-wide statements required by GASB Statement No. 34, the assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$182,340,349 (*net position*). Of this amount, \$71,544,387 (*unrestricted net position*) may be used to meet the District's obligations to citizens and creditors and \$95,183,037 represents its net investment in capital assets. The total net position includes all capital assets including major infrastructure networks.
- > The District's total net position increased by \$17,825,403 during 2019.
- > At the end of 2019, the District's governmental funds reported combined ending fund balances of \$87,157,312. Of this amount, \$15,612,925 is restricted for major capital repairs and improvements and \$55,386,638 is committed for long term contractual liabilities.

MAJOR CAPITAL REPAIRS AND IMPROVEMENTS

- > The 1995 Memorandum of Understanding for the Milwaukee Stadium Project (the "MOU") called for a Segregated Reserve Fund (the "SRF") that would be funded jointly by the District and the Team and would be used for major capital repairs and improvements. Per the MOU, the Segregated Reserve Fund has been defined and described under the terms of the lease agreement between the District and the Team. Each year the District and the Team make an annual contribution into the Segregated Reserve Fund and the expenditure of those funds is limited to such major capital repairs and improvements. At the end of 2019, the SRF had a balance of \$15,612,925, which is included in the restricted assets of the general fund.

DEBT

- > In its efforts to be financially responsible and retire the debt used to finance Miller Park early, the District took action to defease a portion of its debt in 2005, 2008, 2015, 2016, and 2019 by establishing escrow accounts containing U.S. government securities. Through these debt defeasances, the District invested \$178.8 million in available operating funds, which resulted in the elimination of \$260.7 million in future scheduled debt service payments (\$160.8 million in principal payments and \$99.9 million in interest payments). In addition, the District has made \$263.2 million in regularly scheduled debt service payments. In total, the District paid \$442 million to retire \$524 million in debt. With the execution of a debt escrow on December 18, 2019, the District fully defeased all of its future bond payments. The following exhibits further illustrate the effects of the debt defeasances and the remaining non-callable debt service payments held in irrevocable trust at the end of 2019.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

FINANCIAL HIGHLIGHTS (cont.)

Pre-defeased December 31, 2001 Debt Service

Year	Series 2001A		Series 2001B		Series 1999		Series 1998A		Series 1997	Series 1996		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	P&I (CABs)	Principal	Interest	
2002	85,000	2,604,798	2,350,000	2,697,263	690,000	465,566	110,000	6,908,993	-	730,000	127,410	16,769,030
2003	85,000	2,602,248	2,440,000	2,597,388	705,000	435,551	115,000	6,904,593	-	955,000	96,020	16,935,800
2004	90,000	2,599,485	2,525,000	2,493,688	725,000	403,826	115,000	6,899,993	-	1,200,000	54,000	17,105,992
2005	90,000	2,596,290	4,080,000	2,386,375	740,000	370,476	120,000	6,895,278	-	-	-	17,278,419
2006	95,000	2,592,960	4,470,000	2,182,375	760,000	335,696	125,000	6,890,238	-	-	-	17,451,289
2007	100,000	2,589,279	4,885,000	1,958,875	785,000	299,216	130,000	6,884,925	-	-	-	17,632,295
2008	105,000	2,585,279	5,350,000	1,690,200	805,000	260,751	140,000	6,879,335	-	-	-	17,815,565
2009	105,000	2,580,869	5,845,000	1,395,950	825,000	220,501	145,000	6,873,315	-	-	-	17,990,635
2010	4,800,000	2,576,354	1,970,000	1,074,475	555,000	178,426	150,000	6,866,935	-	-	-	18,171,190
2011	5,110,000	2,312,354	2,235,000	966,125	570,000	149,566	155,000	6,860,185	-	-	-	18,358,230
2012	5,435,000	2,031,304	2,515,000	843,200	575,000	119,356	165,000	6,853,055	-	-	-	18,536,915
2013	155,000	1,732,379	2,700,000	730,025	680,000	88,306	5,795,000	6,848,300	-	-	-	18,726,010
2014	165,000	1,725,094	2,780,000	605,825	905,000	50,906	6,160,000	6,526,575	-	-	-	18,918,400
2015	1,315,000	1,717,174	2,880,000	452,925	-	-	6,555,000	6,187,775	-	-	-	19,107,874
2016	1,575,000	1,654,711	2,985,000	294,525	-	-	6,965,000	5,827,250	-	-	-	19,301,486
2017	1,760,000	1,577,930	2,370,000	130,350	-	-	7,405,000	5,444,175	720,000	-	-	19,407,455
2018	1,840,000	1,489,930	-	-	-	-	7,880,000	5,036,900	3,295,000	-	-	19,541,830
2019	1,935,000	1,397,930	-	-	-	-	8,370,000	4,603,500	3,235,000	-	-	19,541,430
2020	2,030,000	1,301,180	-	-	-	-	8,895,000	4,143,150	3,170,000	-	-	19,539,330
2021	2,135,000	1,199,680	-	-	-	-	9,455,000	3,653,925	3,100,000	-	-	19,543,605
2022	2,240,000	1,092,930	-	-	-	-	10,050,000	3,133,900	3,025,000	-	-	19,541,830
2023	2,345,000	978,690	-	-	-	-	10,680,000	2,581,150	2,950,000	-	-	19,534,840
2024	2,470,000	859,095	-	-	-	-	11,355,000	1,993,750	2,860,000	-	-	19,537,845
2025	2,595,000	733,125	-	-	-	-	12,065,000	1,369,225	2,775,000	-	-	19,537,350
2026	2,730,000	600,780	-	-	-	-	12,830,000	705,650	2,675,000	-	-	19,541,430
2027	2,870,000	461,550	-	-	-	-	-	-	16,210,000	-	-	19,541,550
2028	3,015,000	315,180	-	-	-	-	-	-	16,210,000	-	-	19,540,180
2029	3,165,000	161,415	-	-	-	-	-	-	16,210,000	-	-	19,536,415
Total	50,440,000	46,669,993	52,380,000	22,499,564	9,320,000	3,378,143	125,930,000	133,769,070	76,435,000	2,885,000	277,430	523,984,200

Debt Service payments made on schedule	(263,255,767)
Debt Service defeased with extra sales tax revenue in 2005	(73,138,983)
Debt Service defeased or partially defeased with extra sales tax revenue in 2008	(45,372,975)
Debt Service defeased with extra sales tax revenue in 2015	(62,165,650)
Debt Service defeased or partially defeased with extra sales tax revenue in 2016	(41,294,225)
Debt Service defeased or partially defeased with extra sales tax revenue in 2019	(38,756,600)

Remaining Debt Service payments as of December 31, 2019 -

Post-defeased December 31, 2019 Debt Service

Year	Series 2001A		Series 2001B		Series 1999		Series 1998A		Series 1997	Series 1996		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	P&I (CABs)	Principal	Interest	
2020	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

Debt Service defeased with extra sales tax revenue in 2005
Debt Service defeased or partially defeased with extra sales tax revenue in 2008
Debt Service defeased with extra sales tax revenue in 2015
Debt Service defeased or partially defeased with extra sales tax revenue in 2016
Debt Service defeased or partially defeased with extra sales tax revenue in 2019

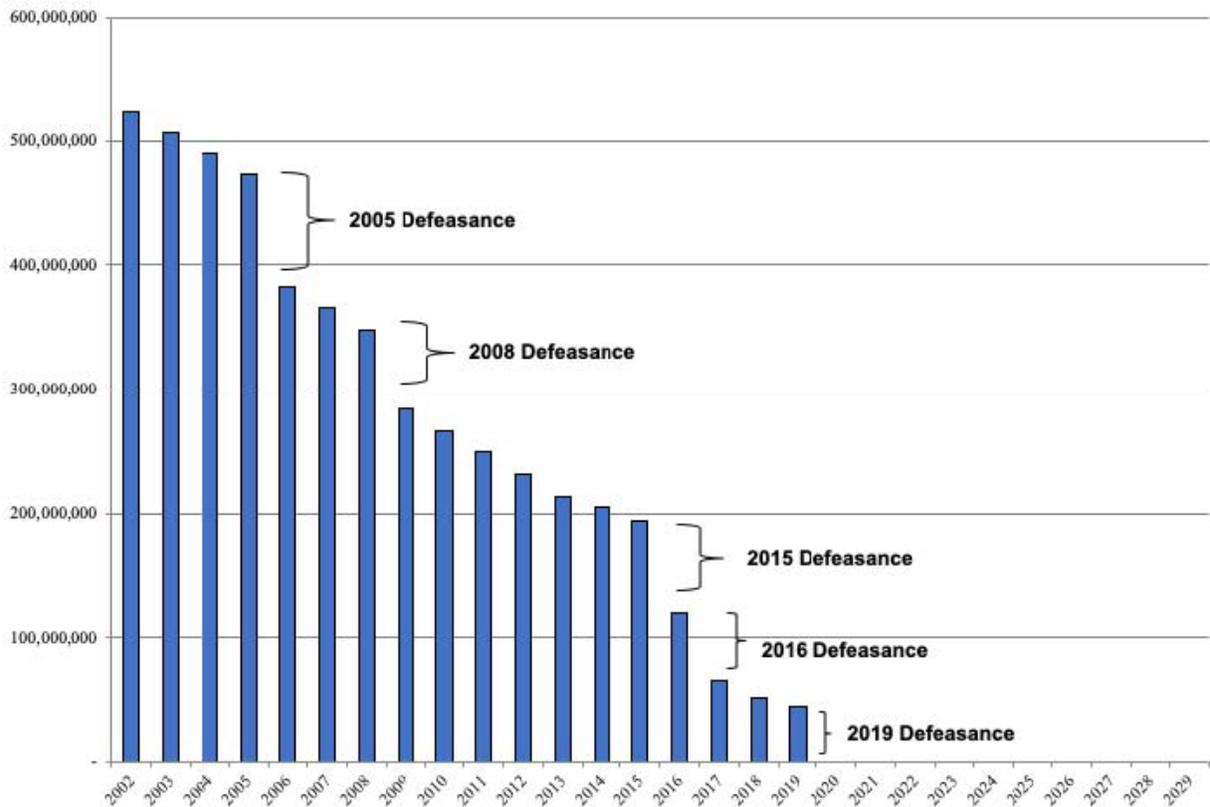
SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and For the Year Ended December 31, 2019

FINANCIAL HIGHLIGHTS (CONT.)

Outstanding Debt Service



Non-Callable Debt Service Payments Held in Irrevocable Trust

Year	1998A		Series 1997	Total
	Principal	Interest	P&I (CABs)	
2020	8,895,000	4,143,150	3,170,000	16,208,150
2021	9,455,000	3,653,925	3,100,000	16,208,925
2022	10,050,000	3,133,900	3,025,000	16,208,900
2023	10,680,000	2,581,150	2,950,000	16,211,150
2024	11,355,000	1,993,750	2,860,000	16,208,750
2025	12,065,000	1,369,225	2,775,000	16,209,225
2026	12,830,000	705,650	2,675,000	16,210,650
2027			16,210,000	16,210,000
2028			16,210,000	16,210,000
2029			16,210,000	16,210,000
Total	75,330,000	17,580,750	69,185,000	162,095,750

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

FINANCIAL HIGHLIGHTS (cont.)

SALES TAX RETIREMENT

- > The District's enabling legislation, 1995 State of Wisconsin Act 56, and more specifically Section 229.685(2), says the District shall make a certification to the department of revenue and the department of transportation as soon as practicable after 1) the retirement of all bonds issued for the initial construction of baseball park facilities and all bonds issued to fund or refund those bonds and 2) after funding a fund for maintenance costs and capital improvements sufficient to meet any maintenance or capital improvement obligations between the District and any professional baseball team using baseball park facilities constructed under this subchapter as a home stadium.
 - > The District received a bond counsel opinion on February 21, 2020 that all bond payments are in an irrevocable trust and therefore its obligations under the General Resolution have been fully discharged. In addition, the District received a report on March 2, 2020 from its independent financial advisor verifying that the funds to meet the District's other statutory and contractual obligations have been set aside in designated committed funds. With the conditions of Wisconsin Statute, Section 229.685(2) met, the District Board of Directors met on March 10, 2020 and approved a resolution authorizing the retirement of the 0.1% sales tax.
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OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as overall economic conditions and new regulations.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

The *Statement of Activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected sales taxes).

The government-wide financial statements can be found on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds-Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, both of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 18 to 20 of this report.

Notes to the Financial Statements-The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 40 of this report.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Other Information-In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. This information can be found on pages 42 and 43 of this report. Also included are notes to required supplementary information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

An analysis of the District's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the District's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions and new regulations.

As noted earlier, net position may serve over time as a useful indicator of District's financial position. In the case of the District, assets exceeded liabilities by \$182,340,349 as of December 31, 2019.

A portion of the District's net position, \$95,183,037, reflects its investments in capital assets (e.g., leasehold improvements, building, works of art and infrastructure). This amount is significantly higher than the \$17,353,959 net investment in capital assets in 2018. In 2019 the District used available operating funds to defease all of its remaining debt. As such, the District has no debt related to its capital assets. The District uses these capital assets to operate Miller Park; consequently these assets are not available for future spending.

A portion of the District's net position, \$15,612,925, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$71,544,387, may be used to meet the District's ongoing obligations.

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**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

As of and for the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT.)

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT'S NET POSITION

	Governmental Activities	
	2019	2018
Current and Other Assets	\$ 87,432,504	\$ 150,035,616
Capital Assets	<u>95,183,037</u>	<u>101,893,700</u>
Total Assets	<u>182,615,541</u>	<u>251,929,316</u>
Long-term Liabilities	-	86,747,797
Other Liabilities	<u>275,192</u>	<u>666,573</u>
Total Liabilities	<u>275,192</u>	<u>87,414,370</u>
Net Position		
Net Investment in Capital		
Assets	95,183,037	17,353,959
Restricted	15,612,925	80,505,239
Unrestricted	<u>71,544,387</u>	<u>66,655,748</u>
Total Net Position	<u>\$ 182,340,349</u>	<u>\$ 164,514,946</u>

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SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (cont.)

Analysis of the District's Operations - The following table provides a summary of the District's operations for the year ended December 31, 2019, with comparative information for the fiscal year ended December 31, 2018.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	2019	2018
Revenues		
Program Revenues		
Charges for services	\$ 1,500,000	\$ 1,500,000
General Revenues		
Taxes - sales and use tax	33,910,213	32,744,945
License plate sales	268,417	248,216
Investment income	8,479,847	1,731,054
Miscellaneous	40,156	1,439
Total Revenues	44,198,633	36,225,654
Expenses		
General government	10,765,380	10,778,659
Interest and fiscal charges	6,594,055	5,384,892
Loss on defeasance of debt	9,013,795	-
Total Expenses	26,373,230	16,163,551
Increase in Net Position	17,825,403	20,062,103
Net Position - Beginning of Year	164,514,946	144,452,843
Net Position - End of Year	\$ 182,340,349	\$ 164,514,946

Program revenues of the District are generated by two primary sources. The first is the annual rent paid by the Milwaukee Brewers Baseball Club, Limited Partnership (the "Team") in accordance with the lease agreement for the stadium (\$1,200,000 in 2019). The second is the segregated reserve fund payment also made by the Team, which is used for future major capital repairs and improvements of the stadium (\$300,000 in 2019).

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (cont.)

General revenues of the District are generated by two primary sources. The first is the collection of State Sales Tax (\$33,910,213 in 2019). The District receives 0.1% in sales tax from the five county District jurisdiction areas: Milwaukee, Ozaukee, Racine, Washington and Waukesha Counties. The revenues of the District are used to pay off debt service the District has incurred in the construction of Miller Park as well as on-going obligations and future capital improvements to Miller Park. The second source of revenue is investment earnings on restricted and unrestricted cash assets. Investment earnings for 2019 were \$8,479,847 as compared to \$1,731,054 in 2018. The increase of \$6,748,793 was primarily attributable to an increase in the market value of bonds held in the bond redemption escrow accounts and an increase in funds committed for contractual liabilities. Total investments earnings for the District by fund in 2019 and 2018 were as follows:

Fund/Source	2019	2018
Bond Redemption Escrow	3,101,185	589,991
Unrestricted	878,263	373,249
Restricted for Major Capital Repairs and Improvements	473,558	219,339
Committed for Contractual Liabilities	<u>4,002,873</u>	<u>521,208</u>
Total General Fund	\$8,455,879	\$1,703,787
Debt Service Fund	<u>23,968</u>	<u>27,267</u>
Total Investment Earnings	\$8,479,847	\$1,731,054

In addition, in 2019 the District collected \$268,417 from the sale of specialized Brewers license plates.

Expenses increased from \$16,163,551 in 2018 to \$26,373,230 in 2019, primarily due to the loss on defeasance of debt. During 2019, the District defeased all of the remaining 1998A Sales tax revenue refunding bonds by placing investments in a fourth and final irrevocable trust to provide for all future debt service payments. The loss on defeasance of debt represents the difference between the amounts paid into the four trust accounts and the net carrying amount of the bonds.

The Statement of Activities shows an increase of \$17,825,403 in the net position at year end.

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SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

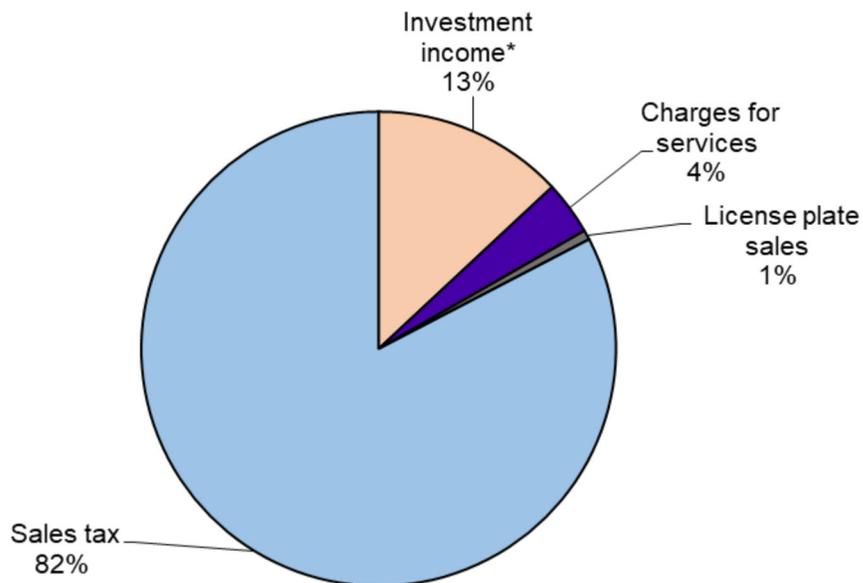
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (cont.)

The following graph shows the revenues by source, excluding the investment income of the escrowed U.S. Treasuries and Agencies, for the governmental activities:

Revenue by Source - Governmental Activities



*Excludes investment income of the U.S. Treasuries and Agencies held in escrow for future bond redemption.

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SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

GOVERNMENTAL FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, an unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the District's governmental funds reported combined ending fund balances of \$87,157,312. Approximately 19% of this total amount, \$16,143,829, constitutes unassigned fund balance, \$13,920 is considered nonspendable for prepaids and another \$55,386,638 is considered committed for contractual liabilities. The remaining \$15,612,925 of the fund balance is restricted for major capital repairs and improvements from the segregated reserve fund.

The District reports the following major governmental funds:

General Fund - accounts for the District's primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Debt Service Fund - accounts for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

The general fund balance decreased from \$141,133,771 at December 31, 2018, to \$87,157,312 at December 31, 2019. This was primarily due to the full and final escrowing of funds for payment of all outstanding debt. The debt service fund balance decreased from \$8,437,624 at December 31, 2018, to \$0 at December 31, 2019, reflecting the full payment of all debt during 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The favorable variance in revenues was primarily due to an unrealized gain on investments in the escrow accounts held for future bond redemption and contractual obligations which was not budgeted for. The expenditures experienced an unfavorable variance due to segregated reserve fund expenditures being more than the budgeted annual required contribution into the fund. The 2019 expenditures were paid for out of current year contributions and prior year surplus funding. The unfavorable variance was offset by a number of outside services coming in under budget.

The transfers out of the General Fund exceeded the budgeted amount by \$86,150,199. The District used available operating funds to defease the remaining outstanding 1998A Sales tax revenue refunding bonds in 2019. This irrevocable trust, combined with the three prior trusts created in 2008, 2015 and 2016 resulted in the full and final defeasance of the 1998A Sales tax revenue refunding bonds. Therefore, all of the trust account assets for these bonds were removed from the General Fund in 2019. The associated liability for the 1998A Sales tax revenue refunding bonds have also been removed from the District's financial statements.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

CAPITAL ASSETS

At the end of 2019, the District had invested a total of \$95,183,037 in capital assets (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, buildings, works of art (reimbursed expenditures) and infrastructure.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	
	2019	2018
Leasehold improvements	\$ 5,745,658	\$ 5,745,658
Buildings	86,198,165	94,024,566
Equipment	2,880,832	1,727,822
Statues and monuments (reimbursed expenditures)	284,105	309,933
Parking lot and parking lot Improvements	74,277	85,721
Total	\$ 95,183,037	\$ 101,893,700

Additional information on the District's capital assets can be found in Note II.D. of this report.

LONG-TERM OBLIGATIONS

During 2019, long-term obligations of the District decreased by \$86,747,797 due to the retirement and defeasance of all remaining Revenue and Capital Appreciation Bonds, thereby eliminating all long-term obligations. This was due to the final escrow funded at the end of 2019 that eliminated all remaining outstanding bond payments.

DISTRICT'S OUTSTANDING LONG-TERM OBLIGATIONS

	Governmental Activities	
	2019	2018
Revenue bonds payable	\$ -	\$ 84,539,741
Other liabilities	-	2,208,056
Total Long-Term Liabilities	\$ -	\$ 86,747,797

Additional information on the District's long-term obligations can be found in Note II.F. of this report.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The District is not aware of any facts, decisions or conditions that will have a significant impact on the financial conditions during the fiscal year other than those mentioned earlier in this discussion and beyond those unforeseen situations that will have the same global effect on virtually all types of business operations.

In January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact that the COVID-19 outbreak will have on the District is unknown at the time of this report. Management is actively monitoring the impact of the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Refer to Note III.D for further discussion.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. Refer to Note III.D for further discussion.

The District Board will continue to monitor revenues and closely watch expenditures in a continuing effort to protect the taxpayers of the five-county district.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the District's finances. If you have questions about this report or need any additional information, contact the District's Office at Miller Park, One Brewers Way, Milwaukee, Wisconsin, 53214, call (414) 902-4040 or email contact@millerparkdistrict.com.

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**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

STATEMENT OF NET POSITION
As of December 31, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 65,586,697
Sales and use tax receivable	6,174,111
Interest receivable	44,851
Prepaid items	13,920
Restricted assets-cash and investments	15,612,925
Capital Assets	
Leasehold improvements, non-depreciable	5,745,658
Capital assets, net of depreciation	89,437,379
Total Assets	182,615,541
LIABILITIES	
Accounts payable	275,192
Total Liabilities	275,192
NET POSITION	
Investment in capital assets	95,183,037
Restricted	
Major capital repairs and improvements	15,612,925
Unrestricted	71,544,387
Total Net Position	\$ 182,340,349

See accompanying notes to financial statements.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
		Charges for Services	Governmental Activities
Governmental Activities			
General government	\$ 10,765,380	\$ 1,500,000	\$ (9,265,380)
Interest and fiscal charges	6,594,055	-	(6,594,055)
Loss on defeasance of debt	9,013,795	-	(9,013,795)
Total Governmental Activities	26,373,230	1,500,000	(24,873,230)
			General Revenues
			Taxes - sales and use tax
			33,910,213
			License plate sales
			268,417
			Investment income
			8,479,847
			Miscellaneous
			40,156
			<u>Total General Revenues</u>
			<u>42,698,633</u>
			Change in Net Position
			17,825,403
			Net Position - Beginning of Year
			<u>164,514,946</u>
			Net Position - End of Year
			<u><u>\$ 182,340,349</u></u>

See accompanying notes to financial statements.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 65,586,697	\$ -	\$ 65,586,697
Receivables			
Sales tax	6,174,111	-	6,174,111
Interest	44,851	-	44,851
Prepaid items	13,920	-	13,920
Restricted Assets			
Cash and investments	15,612,925	-	15,612,925
Total Assets	87,432,504	-	87,432,504
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	275,192	-	275,192
Total Liabilities	275,192	-	275,192
Fund Balances			
Nonspendable for prepaid items	13,920	-	13,920
Restricted for major capital repairs and improvement	15,612,925	-	15,612,925
Committed for contractual liabilities	55,386,638	-	55,386,638
Unassigned	16,143,829	-	16,143,829
Total Fund Balances	87,157,312	-	87,157,312
Total Liabilities and Fund Balances	\$ 87,432,504	\$ -	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.			95,183,037
Net Position of Governmental Activities			\$ 182,340,349

See accompanying notes to financial statements.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Sales and use tax	\$ -	\$ 33,910,213	\$ 33,910,213
License plate sales	-	268,417	268,417
Income from other entities	1,500,000	-	1,500,000
Investment income	8,455,879	23,968	8,479,847
Miscellaneous	40,156	-	40,156
Total Revenues	9,996,035	34,202,598	44,198,633
EXPENDITURES			
Current			
General government	4,054,717	-	4,054,717
Debt Service			
Principal retirement	-	86,747,797	86,747,797
Interest and fiscal charges	-	15,810,202	15,810,202
Total Expenditures	4,054,717	102,557,999	106,612,716
Excess (deficiency) of revenues over expenditures	5,941,318	(68,355,401)	(62,414,083)
OTHER FINANCING SOURCES (USES)			
Transfers in	36,271,322	96,189,099	132,460,421
Transfers out	(96,189,099)	(36,271,322)	(132,460,421)
Total Other Financing Sources (Uses)	(59,917,777)	59,917,777	-
Net Change in Fund Balances	(53,976,459)	(8,437,624)	(62,414,083)
Fund Balances - Beginning of Year	141,133,771	8,437,624	149,571,395
Fund Balances - End of Year	\$ 87,157,312	\$ -	\$ 87,157,312

See accompanying notes to financial statements.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$ (62,414,083)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of these assets is capitalized and they are depreciated over their estimated useful lives, and reported as depreciation expense in the statement of activities.

Some items capitalized were reported as current expenditures	2,057,622
Depreciation is reported in the government-wide statements	(8,768,285)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payment	84,539,741	
Decrease in accretion due to payment of debt (See Note III.F.)	2,208,056	86,747,797

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on debt	202,352
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Change in Net Position of Governmental Activities	\$ 17,825,403
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See accompanying notes to financial statements.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Southeast Wisconsin Professional Baseball Park District (“District”) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

The reporting entity for the District does not consist of a primary government but instead is that of a joint venture. The foundation for a primary government is a separately elected governing body - one that is elected by the citizens in a general, popular election. A primary government can also be a special-purpose government that meets all of the following criteria: (a) it has a separately elected governing body, (b) it is legally separate and (c) it is fiscally independent of other state and local governments. The District Board is appointed (see below) and, therefore, is not defined as a primary government.

The District is a special district that is a local governmental unit existing under the laws of the State of Wisconsin. The District was created under 1995 Wisconsin Act 56. The District has the authority to issue bonds and impose a sales and use tax for the purpose of constructing and maintaining baseball park facilities.

The District’s jurisdiction is comprised of Milwaukee, Ozaukee, Racine, Washington and Waukesha Counties, Wisconsin. The District was created to assist in the development of a professional baseball park for the use of the Milwaukee Brewers Baseball Club, Limited Partnership. The Board has the authority to adopt by-laws to govern the District’s activities.

The business and affairs of the District are managed by a Board consisting of thirteen members. The composition of the Board is governed by Section 229.66 of the Wisconsin statutes as follows:

- a. Six members appointed by the Governor, subject to confirmation or rejection by the Wisconsin State Senate. At least one member shall reside within each of the five counties in the District.
- b. Two members appointed by the Chief Executive Officer of Milwaukee County, subject to confirmation or rejection by a majority of the members-elect of the county’s Board of Supervisors.
- c. One member appointed by the Chief Executive Officer of Ozaukee County, subject to confirmation or rejection by a majority of the members-elect of the county’s Board of Supervisors.
- d. One member appointed by the Chief Executive Officer of Racine County, subject to confirmation or rejection by a majority of the members-elect of the county’s Board of Supervisors.
- e. One member appointed by the Chief Executive Officer of Washington County, subject to confirmation or rejection by a majority of the members-elect of the county’s Board of Supervisors.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. *REPORTING ENTITY* (cont.)

- f. One member appointed by the Chief Executive Officer of Waukesha County, subject to confirmation or rejection by a majority of the members-elect of the county's Board of Supervisors.
- g. One member appointed by the Mayor of the City of Milwaukee, subject to confirmation or rejection by a majority of the members-elect of the common council of the City of Milwaukee.

Three of the six Board members appointed by the Governor are appointed to two-year terms, while the other three Board members appointed by the Governor are appointed to four-year terms. Each of the seven other Board members serves at the pleasure of the official responsible for making the member's appointment. By statute, not more than four members of the Board may reside in any one county.

The Governor selects the Chairperson of the Board. The Board has the power to elect from its own membership a vice chairperson, a secretary and a treasurer. The Board has delegated the responsibility for the general supervision and control of the business and affairs of the District to its Executive Director. The District also has an Associate Director, who is responsible for the oversight of all District financial operations.

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - accounts for the District's primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs. The Debt Service Fund's revenue sources are generated by two primary sources. The first is the collection of State Sales Tax and proceeds from the sale of specialized Brewers license plates. The District receives 0.1% in sales tax from the five county District jurisdiction areas: Milwaukee, Ozaukee, Racine, Washington, and Waukesha Counties. The second source of revenue is investment earnings on restricted and unrestricted cash assets.

This report contains no non-major funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Sales taxes are recognized as revenues in the year in which the underlying sale relating to it takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, and judgments, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Revenues susceptible to accrual include sales taxes and interest. Sales tax is accrued as a receivable when the underlying sale relating to it takes place.

Other miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Deposits consist of demand deposits and money market accounts. Investment of District funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The District has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Custodial Credit Risk

The District's policy states that amounts on deposit in excess of FDIC and State Deposit Guarantee amounts must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. Collateral must be equal to 100% of the market value of the amount invested plus interest to be earned at the time of investment.

For investments, the District's policy states that securities will be held by a third-party custodian and shall be registered in the name of the District or in the name of a nominee of the District or in the name of the custodian or its nominee.

Interest Rate Risk

The District's policy requires the maturities of individual securities to be in compliance with Section 66.0603 of the Wisconsin Statutes. Individual issues that are guaranteed as to principal and interest by the Federal Government or its agencies or a Wisconsin municipality shall not exceed ten years in maturity from the date of purchase unless the asset is designated for a specific future liability and is held in an Asset-Liability Matching Fund as authorized by the Board of Directors. For paydown securities, the average life shall be considered the effective maturity date. For floating rate securities, the time to coupon reset shall be used as the effective maturity.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Credit Risk

The District's policy requires all investments be made in accordance with Section 66.0603 of the Wisconsin Statutes. The District's policy further limits its investment choices to permitted investments defined within the policy.

Concentration of Credit Risk

It is the intent of the District's policy to diversify the investments made under the policy to avoid exposure to unreasonable risks associated with the volatility of any single, particular investment. Total holdings of any one issuer may not exceed ten percent of the market value of the portfolio at the time of purchase, with the exception of U.S. Government issues and issues of U.S. Government agencies fully guaranteed as to both principal and interest by the U.S. Government.

See Note II.A. for further information.

2. Receivables

Sales Tax

The District has a 0.1% sales tax which is collected by the State of Wisconsin and remitted to the District monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2019, the District has accrued two months of the subsequent year's collections as receivable.

3. Prepaid Items

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. See Note II.C.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$120,000 for both general capital assets and infrastructure assets after applying the District's ownership percentage, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30	Years
Equipment	10-20	Years
Works of Art	30	Years
Infrastructure	15	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt issued (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. Equity Classifications (cont.)

Fund Statements (cont.)

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note II.H. for further information.

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**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The District's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 5,374,278	\$ 5,374,278	Custodial credit
U.S. agencies - implicitly guaranteed	6,587,774	6,587,774	Custodial credit, credit, concentration of credit, interest rate
Mutual funds (U.S. Government Money Market fund)	11,611,542	11,611,542	N/A
U.S. treasuries	47,614,627	47,614,627	Custodial credit, interest rate
Municipal bonds	7,638,551	7,638,551	Custodial credit, credit, concentration of credit, interest rate
Corporate bonds	2,372,850	2,372,850	Custodial credit, credit, concentration of credit, interest rate
	<u>\$ 81,199,622</u>	<u>\$ 81,199,622</u>	
Reconciliation to financial statements Per statement of net position			
Unrestricted cash and investments	\$ 65,586,697		
Restricted cash and investments	<u>15,612,925</u>		
Total Deposits and Investments	<u>\$ 81,199,622</u>		

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**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation methods for recurring methods fair value measurements are as follows:

Investment Type	December 31, 2019			Total
	Level 1	Level 2	Level 3	
U.S. treasuries	\$ 47,614,627	\$ -	\$ -	47,614,627
U.S. agencies - implicitly guaranteed	-	6,587,774	-	6,587,774
Mutual funds (U.S. Government Money Market fund)	11,611,542	-	-	11,611,542
Municipal bonds	-	7,638,551	-	7,638,551
Corporate bonds	-	2,372,850	-	2,372,850
Total	\$ 59,226,169	\$ 16,559,175	\$ -	75,825,344

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

The District does not have any deposits exposed to custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). Any amounts on deposit above FDIC limits are further protected by pledged collateral. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The District maintains a collateral agreement with one of its banks. At December 31, 2019, the bank had pledged various government securities in the amount of \$5,463,328 to secure the District's deposits.

The market value of pledged collateral may have changed significantly after year-end.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2019, the District exceeded its collateralization by \$2,242,673 due to the early receipt of sales tax revenues that are normally received in the subsequent year.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2019, the District's investments were rated as follows:

Investment Type	Standard & Poor's Investor Service	Moody's Investor Service	Amount
U.S. Agencies - implicitly guaranteed	AA+	Aaa	\$ 6,587,774
Municipal bonds	AAA - AA-	Aaa - Aa3	7,638,551
Corporate bonds	AAA - AA-	Aaa - Aa2	2,372,850

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The District does not have any investments exposed to concentration of credit risk as there are no investments greater than 5% in any one issuer.

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2019, the District's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1	1 - 10	10 - 40*
U.S. treasuries	\$ 47,614,627	\$ 4,894,515	\$ 23,024,632	\$ 19,695,480
U.S. agencies - implicitly guaranteed	6,587,774	1,074,767	5,424,884	88,123
Municipal bonds	7,638,551	2,591,427	5,047,124	-
Corporate bonds	<u>2,372,850</u>	<u>-</u>	<u>2,372,850</u>	<u>-</u>
Totals	\$ <u>64,213,802</u>	\$ <u>8,560,709</u>	\$ <u>35,869,490</u>	\$ <u>19,783,603</u>

*U.S. treasuries in this category are held in the Asset-Liability Matching Fund and designated for a specific future liability and therefore are in compliance with the District's investment policy.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

The District has no receivables that are not expected to be collected within one year, and has no allowance for uncollectible receivables.

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**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

Under the terms of the lease agreement, the District and the Brewers make an annual payment to provide for future capital repairs and improvements at the stadium. The District's required payment was \$1,791,852 for 2019. Additional contributions from the Milwaukee Brewers Baseball Club (MBBC) bring the total contribution to the segregated reserve fund to \$2,500,000. On January 1, 2019, \$15,886,175 was held in the segregated reserve fund from unused funds deposited in previous years. The 2019 expenditures were paid out of the current year contributions and the prior year surplus funding. The balance in the segregated reserve fund at December 31, 2019, was \$15,612,925 and is shown as restricted cash and investments in the General Fund.

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Leasehold improvements	\$ 5,745,658	\$ -	\$ -	\$ 5,745,658
Total Capital Assets Not Being Depreciated	\$ 5,745,658	\$ -	\$ -	\$ 5,745,658
Capital assets being depreciated				
Buildings	\$ 234,570,733	\$ -	\$ -	\$ 234,570,733
Equipment	9,821,713	2,057,622	2,219,366	9,659,969
Statues and monuments (reimbursed expenditures)	774,835	-	-	774,835
Parking lot and parking lot improvements	19,373,326	-	-	19,373,326
Total Capital Assets Being Depreciated	<u>\$ 264,544,007</u>	<u>\$ 2,057,622</u>	<u>\$ 2,219,366</u>	<u>\$ 264,378,863</u>

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**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Less: Accumulated depreciation for				
Buildings	\$ (140,546,167)	\$ (7,826,401)	-	\$ (148,372,568)
Equipment	(8,093,891)	(904,612)	2,219,366	(6,779,137)
Statues and monuments (reimbursed expenditures)	(464,902)	(25,828)	-	(490,730)
Parking lot and parking lot improvements	(19,287,605)	(11,444)	-	(19,299,049)
Total Accumulated Depreciation	(168,392,565)	(8,768,285)	2,219,366	(174,941,484)
New Capital Assets Being Depreciated	\$ <u>96,148,042</u>	\$ <u>(6,710,663)</u>	<u>-</u>	\$ <u>89,437,379</u>

Depreciation expense was charged to functions as follows:

Governmental Activities		
General government		\$ <u>8,768,285</u>
Total Governmental Activities Depreciation Expense		\$ <u><u>8,768,285</u></u>

E. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Debt Service Fund	\$ 36,271,322	Sales tax collections not needed to meet current debt obligations
Debt Service Fund	General Fund	96,189,099	Repayment of callable debt and defeasance of non-callable debt
Total - Fund Financial Statements		<u>132,460,421</u>	
Less: Fund Eliminations		<u>(132,460,421)</u>	
Total Transfers - Government Wide Statement of Activities		<u><u>\$ -</u></u>	

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Revenue bonds	\$ 84,539,741	\$ -	\$ 84,539,741	\$ -	\$ -
Sub-total	<u>84,539,741</u>	<u>-</u>	<u>84,539,741</u>	<u>-</u>	<u>-</u>
Other Liabilities					
Accretion of long-term obligations	2,208,056	-	2,208,056	-	-
Total Other Liabilities	<u>2,208,056</u>	<u>-</u>	<u>2,208,056</u>	<u>-</u>	<u>-</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 86,747,797</u>	<u>\$ -</u>	<u>\$ 86,747,797</u>	<u>\$ -</u>	<u>\$ -</u>

Current and Prior-Year Defeasance of Debt

In anticipation of certifying the end of the 0.1% sales tax used to finance Miller Park, the District took action to defease the remaining portion of its 1998A Sales tax revenue refunding bonds in 2019. This irrevocable trust, combined with the three prior trusts created in 2008, 2015 and 2016, resulted in the full and final defeasance of the 1998A Sales tax revenue refunding bonds. Similarly, in 2015 and 2016, the District defeased portions of the 1997 Sales tax revenue capital appreciation bonds by placing investments in an irrevocable trust to provide for all future debt service payments. Therefore, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. At December 31, 2019, \$162,095,750 in principal and interest of bonds outstanding are considered defeased. The bonds are being paid off in accordance with the original repayment schedule as follows:

Maturity Date	Amount
2020	\$ 16,208,150
2021	16,208,925
2022	16,208,900
2023	16,211,150
2024	16,208,750
2025	16,209,225
2026	16,210,650
2027	16,210,000
2028	16,210,000
2029	16,210,000

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES

Lessor - Operating Leases

On December 31, 1996, the District entered into a lease agreement with the Milwaukee Brewers Baseball Club, Limited Partnership (the "Team") for the new stadium. The cost of the stadium being leased is \$231,006,401 and the accumulated depreciation is \$146,304,053 at December 31, 2019. Therefore, the carrying value of the stadium is \$84,702,348 at December 31, 2019. The lease was effective upon completion of the new baseball stadium project. The terms of the lease agreement are: the Team agrees to pay the District \$900,000 annual rent for the first 10 years of the lease, \$1,200,000 annually for the second 10 years of the lease and \$1,208,401 for the third 10 years of the lease. The scheduled lease payments by the Team to the District for the next five years are \$1,200,000 for 2020 and \$1,208,401 for the years 2021-2024.

H. NET POSITION

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 95,183,037
Total Investment in Capital Assets	95,183,037
Restricted	
Major capital repairs and improvements	15,612,925
Total Restricted	15,612,925
Unrestricted	71,544,387
Total Governmental Activities Net Position	\$ 182,340,349

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SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION

A. *RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

B. *COMMITMENTS AND CONTINGENCIES*

The liability for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred.

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

C. *JOINT VENTURES*

The District and the Milwaukee Brewers Baseball Club Limited Partnership (the Team) entered into a shared ownership agreement for the Milwaukee Stadium project on December 31, 1996. The agreement has subsequently been amended and restated.

The agreement states that the District and the Team will be the owner of the improvements constituting the stadium project and all infrastructure other than public highways and roads. Subject to the terms and conditions of the agreement, the Team will own an undivided 35.77% interest in the stadium project and the District will own an undivided 64.23% interest in the stadium project. The agreement also discusses the contributions of the District and the Team towards the financing of the stadium project along with conditions for re-calculating the percentage of shared ownership for each party.

D. *SUBSEQUENT EVENTS*

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management does not foresee any significant negative impact of the pandemic to the financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations and industry.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

D. SUBSEQUENT EVENTS (cont.)

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The District examined the impact that the CARES Act may have on the business and considering that the District is a tax-exempt government entity with no employees the Act will have no impact on the financial condition, results of operations, or liquidity of the District.

On March 10, 2020, the District Board approved a resolution to certify the end of the 0.1% Miller Park sales tax. This certification was turned over the Wisconsin Department of Revenue for final implementation.

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following standards that may affect the District:

- > *Statement No. 87, Leases*
- > *Statement No. 88, Certain Disclosures Related to Debt*
- > *Statement No. 91, Conduit Debt Obligations*
- > *Statement No. 92, Omnibus 2020*
- > *Statement No. 93, Replacement of Interbank Offered Rates*
- > *Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > *Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance*

The District is reviewing the impact of these statements. When they become effective, application of these standards may restate portions of these financial statements.

Required Supplementary Information

**SOUTHEAST WISCONSIN PROFESSIONAL
BASEBALL PARK DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
REVENUES				
INCOME FROM OTHER ENTITIES	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ -
INVESTMENT INCOME				
Interest on general fund investments	1,070,000	1,070,000	5,354,694	4,284,694
Interest on debt defeasance escrow accounts	-	-	3,101,185	3,101,185
Total Investment Income	<u>1,070,000</u>	<u>1,070,000</u>	<u>8,455,879</u>	<u>7,385,879</u>
Miscellaneous				
Miscellaneous general revenue	-	-	40,156	40,156
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>40,156</u>	<u>40,156</u>
TOTAL REVENUES	<u>2,570,000</u>	<u>2,570,000</u>	<u>9,996,035</u>	<u>7,426,035</u>
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Operating	30,000	30,000	16,825	13,175
Outside services	1,185,000	1,185,000	820,667	364,333
Insurance	255,000	255,000	198,966	56,034
Annual maintenance and repair contribution	408,148	408,148	-	408,148
Segregated reserve fund expenditures	1,791,852	1,791,852	3,018,259	(1,226,407)
Total General Government	<u>3,670,000</u>	<u>3,670,000</u>	<u>4,054,717</u>	<u>(384,717)</u>
TOTAL EXPENDITURES	<u>3,670,000</u>	<u>3,670,000</u>	<u>4,054,717</u>	<u>(384,717)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>5,941,318</u>	<u>7,041,318</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	32,410,000	32,410,000	36,271,322	3,861,322
Transfers out	(10,038,900)	(10,038,900)	(96,189,099)	(86,150,199)
Total Other Financing Sources (Uses)	<u>22,371,100</u>	<u>22,371,100</u>	<u>(59,917,777)</u>	<u>(82,288,877)</u>
Net Change in Fund Balance	21,271,100	21,271,100	(53,976,459)	(75,247,559)
Fund Balance - Beginning of Year	<u>141,133,771</u>	<u>141,133,771</u>	<u>141,133,771</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 162,404,871</u>	<u>\$ 162,404,871</u>	<u>\$ 87,157,312</u>	<u>\$ (75,247,559)</u>

See accompanying notes to required supplementary information.

SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

As of and for the Year Ended December 31, 2019

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

A budget has been adopted for the general fund and the debt service fund.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the major expenditure category.

SEGREGATED RESERVE FUND

Under the terms of the lease agreement, the District and the Brewers make an annual payment to provide for future capital repairs and improvements at the stadium. The District's required payment was \$1,791,852 for 2019. Additional contributions from the Milwaukee Brewers Baseball Club (MBBC) bring the total contribution to the segregated reserve fund to \$2,500,000. On January 1, 2019, \$15,886,175 was held in the segregated reserve fund from unused funds deposited in previous years. In 2019, capital repair and improvement expenditures exceeded the budgeted annual required contribution by \$1,226,407. However, project budgets that exceeded expenditures were approved by the Finance and Operations Committee. The 2019 expenditures were paid out of the current year contributions and the prior year surplus funding. The balance in the segregated reserve fund at December 31, 2019, was \$15,612,925.

Under the terms of the lease agreement, the Brewers have pledged the annual maintenance and repair contribution directly to the segregated reserve fund. Therefore, the \$408,148 maintenance and repair contribution is not paid directly to the Brewers but instead transferred directly from the District's operating fund to the segregated reserve fund.

TRANSFERS OUT

The transfers out of the General Fund exceeded the budgeted amount by \$86,150,199. The District used available operating funds to defease the remaining outstanding 1998A Sales tax revenue refunding bonds in 2019. Therefore, all of the trust account assets for these bonds were removed from the General Fund in 2019. The associated liability for the 1998A Sales tax revenue refunding bonds have also been removed from the District's financial statements.