



**Southeast Wisconsin Professional  
Baseball Park District**

Financial Statements  
(with Required Supplementary Information)  
Year Ended December 31, 2018

# **Southeast Wisconsin Professional Baseball Park District**

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Financial Statements  
(with Required Supplementary Information)  
Year Ended December 31, 2018

# 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, 2018, 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, 2018, 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 14 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 11, 2019

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2018

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 2018 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.

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### FINANCIAL HIGHLIGHTS

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- > 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 \$164,514,946 (*net position*). Of this amount, \$66,655,748 (*unrestricted net position*) may be used to meet the District's obligations to citizens and creditors and \$17,353,959 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 \$20,062,103 during 2018.
- > At the end of 2018, the District's governmental funds reported combined ending fund balances of \$149,571,395. Of this amount, \$56,383,792 is restricted as part of the bond redemption escrow for debt retirement, \$8,437,624 is restricted for other debt service, \$15,886,175 is restricted for major capital repairs and improvements and \$39,141,455 is committed for long term contractual liabilities.
- > 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 2018, the SRF had a balance of \$15,886,175, which is included in the restricted assets of the general fund.
- > 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, and 2016 by establishing escrow accounts containing U.S. government securities. In addition, a portion of the 1997 Capital Appreciation Bonds were advance refunded and are considered defeased. Through these debt defeasances, the District invested \$142.1 million in available operating funds, which resulted in the elimination of \$222 million in future scheduled debt service payments (\$136.1 million in principal payments and \$85.9 million in interest payments). The following exhibits further illustrate the effects of the debt defeasances.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2018

## FINANCIAL HIGHLIGHTS (cont.)

### Pre-defeased December 31, 2001 Debt Service

| Year         | Series 2001A      |                   | Series 2001B      |                   | Series 1999      |                  | Series 1998A       |                    | Series 1997       | Series 1996      |                | Total<br>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          | -                 | -                | -              | 17,451,269            |
| 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          | 6,845,300          | -                 | -                | -              | 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            |
| <b>Total</b> | <b>50,440,000</b> | <b>46,669,993</b> | <b>52,380,000</b> | <b>22,499,564</b> | <b>9,320,000</b> | <b>3,378,143</b> | <b>125,930,000</b> | <b>133,769,070</b> | <b>76,435,000</b> | <b>2,885,000</b> | <b>277,430</b> | <b>523,984,200</b>    |

|  |               |
|--|---------------|
| Debt Service payments made on schedule   | (256,886,867) |
| 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)  |

**Remaining Debt Service payments as of December 31, 2018** **45,125,500**

### Post-defeased December 31, 2018 Debt Service

| Year         | Series 2001A |          | Series 2001B |          | Series 1999 |          | Series 1998A      |                   | Series 1997      | Series 1996 |          | Total<br>Debt Service |
|--------------|--------------|----------|--------------|----------|-------------|----------|-------------------|-------------------|------------------|-------------|----------|-----------------------|
|              | Principal    | Interest | Principal    | Interest | Principal   | Interest | Principal         | Interest          | P&I (CABs)       | Principal   | Interest |                       |
| 2019         | -            | -        | -            | -        | -           | -        | -                 | 3,133,900         | 3,235,000        | -           | -        | 6,368,900             |
| 2020         | -            | -        | -            | -        | -           | -        | -                 | 3,133,900         | -                | -           | -        | 3,133,900             |
| 2021         | -            | -        | -            | -        | -           | -        | -                 | 3,133,900         | -                | -           | -        | 3,133,900             |
| 2022         | -            | -        | -            | -        | -           | -        | 10,050,000        | 3,133,900         | -                | -           | -        | 13,183,900            |
| 2023         | -            | -        | -            | -        | -           | -        | 10,680,000        | 2,581,150         | -                | -           | -        | 13,261,150            |
| 2024         | -            | -        | -            | -        | -           | -        | 4,050,000         | 1,993,750         | -                | -           | -        | 6,043,750             |
| 2025         | -            | -        | -            | -        | -           | -        | -                 | -                 | -                | -           | -        | -                     |
| 2026         | -            | -        | -            | -        | -           | -        | -                 | -                 | -                | -           | -        | -                     |
| 2027         | -            | -        | -            | -        | -           | -        | -                 | -                 | -                | -           | -        | -                     |
| 2028         | -            | -        | -            | -        | -           | -        | -                 | -                 | -                | -           | -        | -                     |
| 2029         | -            | -        | -            | -        | -           | -        | -                 | -                 | -                | -           | -        | -                     |
| <b>Total</b> | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b>    | <b>-</b> | <b>24,780,000</b> | <b>17,110,500</b> | <b>3,235,000</b> | <b>-</b>    | <b>-</b> | <b>45,125,500</b>     |

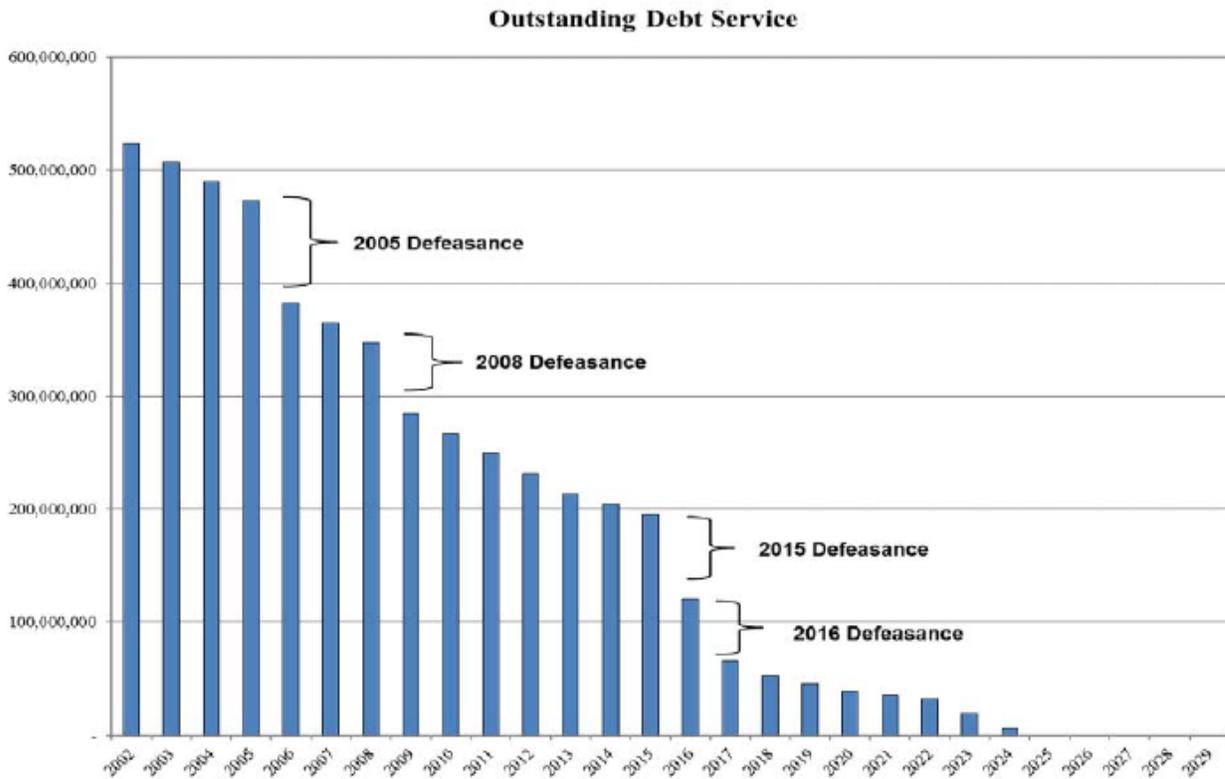
|  |
|--|
| Debt Service defeased with extra sales tax revenue in 2005                       |
| Debt Service defeased or partially defeased with extra sales tax revenue in 2008 |
| Debt Service defeased with extra sales tax revenue in 2015                       |
| Debt Service defeased or partially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

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2018

### FINANCIAL HIGHLIGHTS (cont.)



### 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.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2018

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *GOVERNMENT-WIDE STATEMENTS (cont.)*

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.

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 15 and 16 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 17 to 19 of this report.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2018

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *FUND FINANCIAL STATEMENTS (cont.)*

*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 20 to 40 of this report.

*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.

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### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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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 \$164,514,946 as of December 31, 2018.

A portion of the District's net position, \$17,353,959, reflects its investments in capital assets (e.g., leasehold improvements, building, works of art and infrastructure), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate Miller Park; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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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, 2018

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

**SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT'S NET POSITION**

|                           | Governmental Activities |                |
|---------------------------|-------------------------|----------------|
|                           | 2018                    | 2017           |
| Current and Other Assets  | \$ 150,035,616          | \$ 132,060,158 |
| Capital Assets            | 101,893,700             | 110,456,223    |
| Total Assets              | 251,929,316             | 242,516,381    |
| Long-term Liabilities     | 86,747,797              | 97,555,755     |
| Other Liabilities         | 666,573                 | 507,783        |
| Total Liabilities         | 87,414,370              | 98,063,538     |
| Net Position              |                         |                |
| Net Investment in Capital |                         |                |
| Assets                    | 17,353,959              | 17,128,644     |
| Restricted                | 80,505,239              | 86,730,174     |
| Unrestricted              | 66,655,748              | 40,594,025     |
| Total Net Position        | \$ 164,514,946          | \$ 144,452,843 |

A portion of the District's net position, \$80,505,239, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$66,655,748, 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, 2018

**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, 2018, with comparative information for the fiscal year ended December 31, 2017.

**SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT  
CONDENSED STATEMENT OF ACTIVITIES**

|                                  | Governmental Activities |                |
|----------------------------------|-------------------------|----------------|
|                                  | 2018                    | 2017           |
| Revenues                         |                         |                |
| Program Revenues                 |                         |                |
| Charges for services             | \$ 1,500,000            | \$ 1,500,000   |
| General Revenues                 |                         |                |
| Taxes - sales tax                | 32,744,945              | 31,093,287     |
| License plate sales              | 248,216                 | 241,256        |
| Investment income                | 1,731,054               | 2,897,465      |
| Miscellaneous                    | 1,439                   | -              |
| Total Revenues                   | 36,225,654              | 35,732,008     |
| Expenses                         |                         |                |
| General government               | 10,778,659              | 10,725,033     |
| Interest and fiscal charges      | 5,384,892               | 5,813,395      |
| Total Expenses                   | 16,163,551              | 16,538,428     |
| Increase in Net Position         | 20,062,103              | 19,193,580     |
| Net Position - Beginning of Year | 144,452,843             | 125,259,263    |
| Net Position - End of Year       | \$ 164,514,946          | \$ 144,452,843 |

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 2018). 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 2018).

**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

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

As of and for the Year Ended December 31, 2018

**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 (\$32,744,945 in 2018). 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 down 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 2018 were \$1,731,054 as compared to \$2,897,465 in 2017. The decrease of \$1,166,411 was primarily attributable to a reduction in the market value of bonds held in the bond redemption escrow accounts. Total investments earnings for the District by fund in 2018 and 2017 were as follows:

| Fund/Source   | 2018               | 2017               |
|---|--------------------|--------------------|
| Bond Redemption Escrow                                | 589,991            | 1,798,332          |
| Unrestricted  | 373,249            | 135,655            |
| Restricted for Major Capital Repairs and Improvements | 219,339            | 99,666             |
| Committed for Contractual Liabilities                 | 521,208            | 813,289            |
| <b>Total General Fund</b>                             | <b>\$1,703,787</b> | <b>\$2,846,942</b> |
| Debt Service Fund                                     | 27,267             | 50,523             |
| <b>Total Investment Earnings</b>                      | <b>\$1,731,054</b> | <b>\$2,897,465</b> |

In addition, in 2018 the District collected \$248,216 from the sale of specialized Brewers license plates.

The Statement of Activities shows an increase of \$20,062,103 in the net position at year end.

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# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

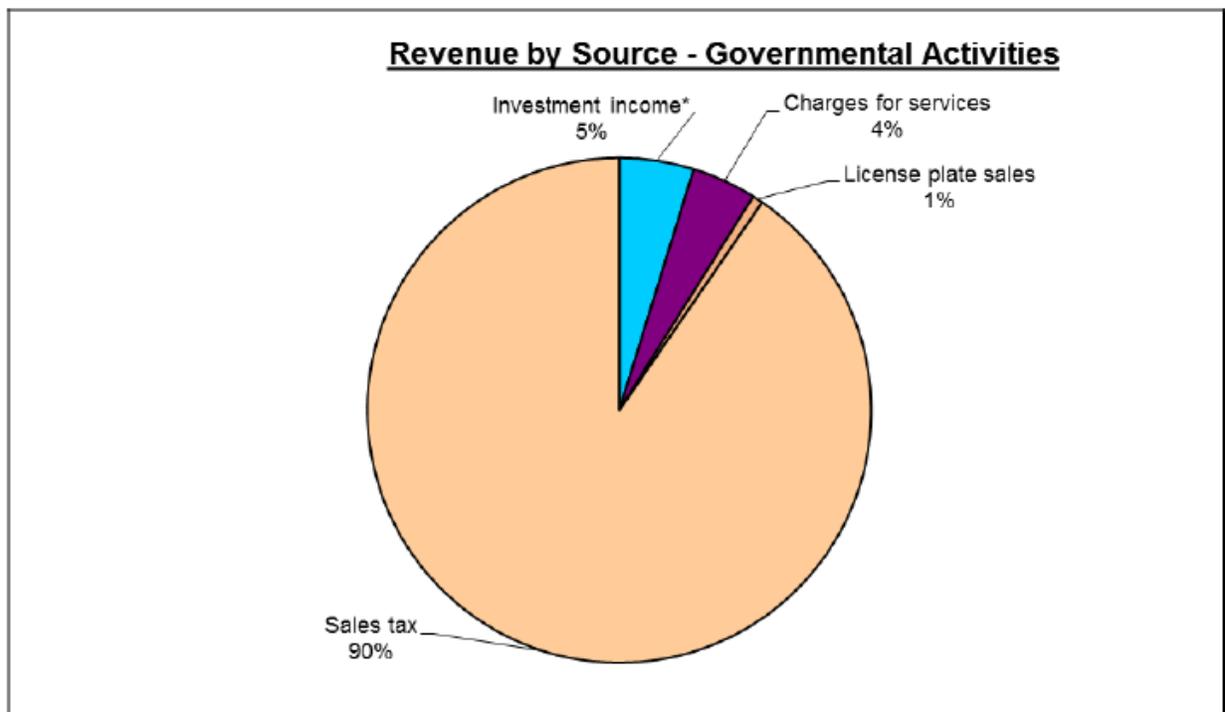
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
As of and for the Year Ended December 31, 2018

---

## 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:



\*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, 2018

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### 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 \$149,571,395. Approximately 20% of this total amount, \$29,708,429, constitutes unassigned fund balance. \$13,920 is considered nonspendable for prepaids and another \$39,141,455 is considered committed for contractual liabilities. The remainder of the fund balance is restricted for 1) major capital repairs and improvements from the segregated reserve fund \$15,886,175, and 2) debt retirement \$64,821,416.

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 increased from \$123,839,599 at December 31, 2017, to \$141,133,771 at December 31, 2018. This was primarily due to sales tax revenue not needed to meet current year debt obligations. The debt service fund balance increased from \$7,934,178 at December 31, 2017, to \$8,437,624 at December 31, 2018 due to an increase in sales tax revenues in 2018.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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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 a favorable variance due to a decrease in segregated reserve fund expenditures and a number of outside services coming in under budget.

**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

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

As of and for the Year Ended December 31, 2018

**CAPITAL ASSETS**

At the end of 2018, the District had invested a total of \$101,893,700 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 |                |
|--|-------------------------|----------------|
|  | 2018                    | 2017           |
| Leasehold improvements                             | \$ 5,745,658            | \$ 5,745,658   |
| Buildings  | 94,024,566              | 101,850,967    |
| Equipment  | 1,727,822               | 2,426,672      |
| Statues and monuments<br>(reimbursed expenditures) | 309,933                 | 335,761        |
| Parking lot and parking lot<br>Improvements        | 85,721                  | 97,165         |
| Total  | \$ 101,893,700          | \$ 110,456,223 |

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

**LONG-TERM OBLIGATIONS**

During 2018, long-term obligations of the District decreased by \$10,807,958 due to the scheduled retirement of Revenue and Capital Appreciation Bonds. This resulted in \$86,747,797 in long-term obligations payable at the end of 2018.

**DISTRICT'S OUTSTANDING LONG-TERM OBLIGATIONS**

|                             | Governmental Activities |               |
|-----------------------------|-------------------------|---------------|
|                             | 2018                    | 2017          |
| Revenue bonds payable       | \$ 84,539,741           | \$ 93,327,579 |
| Other liabilities           | 2,208,056               | 4,228,176     |
| Total Long-Term Liabilities | \$ 86,747,797           | \$ 97,555,755 |

Additional information on the District's long-term obligations can be found in Note III.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, 2018

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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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.

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.

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### REQUESTS FOR INFORMATION

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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](mailto:contact@millerparkdistrict.com).

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**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

STATEMENT OF NET POSITION  
As of December 31, 2018

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                           |                            |
| Cash and investments                    | \$ 69,296,925              |
| Sales tax receivable                    | 5,994,009                  |
| Interest receivable                     | 18,698                     |
| Prepaid items                           | 13,920                     |
| Restricted assets-cash and investments  | 74,712,064                 |
| Capital Assets                          |                            |
| Leasehold improvements, non-depreciable | 5,745,658                  |
| Capital assets, net of depreciation     | 96,148,042                 |
| <b>Total Assets</b>                     | <b>251,929,316</b>         |
| <b>LIABILITIES</b>                      |                            |
| Accounts payable                        | 464,221                    |
| Accrued interest payable                | 202,352                    |
| Noncurrent liabilities                  |                            |
| Due within one year                     | 11,417,797                 |
| Due in more than one year               | 75,330,000                 |
| <b>Total Liabilities</b>                | <b>87,414,370</b>          |
| <b>NET POSITION</b>                     |                            |
| Net investment in capital assets        | 17,353,959                 |
| Restricted                              |                            |
| General debt service                    | 64,619,064                 |
| Major capital repairs and improvements  | 15,886,175                 |
| Unrestricted                            | 66,655,748                 |
| <b>Total Net Position</b>               | <b>\$ 164,514,946</b>      |

*See accompanying notes to financial statements.*

**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

| <u>Functions/Programs</u>            | <u>Expenses</u>   | <u>Charges for<br/>Services</u> | <u>Net Expenses<br/>(Revenues) and<br/>Changes in<br/>Net Position</u> |
|--------------------------------------|-------------------|---------------------------------|--|
| Governmental Activities              |                   |                                 |  |
| General government                   | \$ 10,778,659     | \$ 1,500,000                    | \$ (9,278,659)   |
| Interest and fiscal charges          | 5,384,892         | -                               | (5,384,892)  |
| <b>Total Governmental Activities</b> | <b>16,163,551</b> | <b>1,500,000</b>                | <b>(14,663,551)</b>  |
|                                      |                   |                                 |  |
| General Revenues                     |                   |                                 |  |
| Taxes - sales tax                    |                   |                                 | 32,744,945   |
| License plate sales                  |                   |                                 | 248,216  |
| Investment income                    |                   |                                 | 1,731,054  |
| Miscellaneous                        |                   |                                 | 1,439  |
| <b>Total General Revenues</b>        |                   |                                 | <b>34,725,654</b>  |
| <b>Change in Net Position</b>        |                   |                                 | <b>20,062,103</b>  |
| Net Position - Beginning of Year     |                   |                                 | 144,452,843  |
| <b>Net Position - End of Year</b>    |                   |                                 | <b>\$ 164,514,946</b>  |

*See accompanying notes to financial statements.*

**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

|   | General<br>Fund       | Debt Service<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------|--------------------------------|
| <b>ASSETS</b>   |                       |                      |                                |
| Cash and investments                                  | \$ 69,296,925         | \$ -                 | \$ 69,296,925                  |
| Receivables   |                       |                      |                                |
| Sales tax   | -                     | 5,994,009            | 5,994,009                      |
| Interest  | 17,180                | 1,518                | 18,698                         |
| Prepaid items   | 13,920                | -                    | 13,920                         |
| Restricted Assets                                     |                       |                      |                                |
| Cash and investments                                  | 72,269,967            | 2,442,097            | 74,712,064                     |
| <b>Total Assets</b>                                   | <b>141,597,992</b>    | <b>8,437,624</b>     | <b>150,035,616</b>             |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                       |                      |                                |
| Liabilities   |                       |                      |                                |
| Accounts payable                                      | 464,221               | -                    | 464,221                        |
| <b>Total Liabilities</b>                              | <b>464,221</b>        | <b>-</b>             | <b>464,221</b>                 |
| Fund Balances   |                       |                      |                                |
| Nonspendable for prepaid items                        | 13,920                | -                    | 13,920                         |
| Restricted for debt service                           | 56,383,792            | 8,437,624            | 64,821,416                     |
| Restricted for major capital repairs and improvements | 15,886,175            | -                    | 15,886,175                     |
| Committed for contractual liabilities                 | 39,141,455            | -                    | 39,141,455                     |
| Unassigned  | 29,708,429            | -                    | 29,708,429                     |
| <b>Total Fund Balances</b>                            | <b>141,133,771</b>    | <b>8,437,624</b>     | <b>149,571,395</b>             |
| <b>Total Liabilities and Fund Balances</b>            | <b>\$ 141,597,992</b> | <b>\$ 8,437,624</b>  |                                |

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. 101,893,700

Long-term liabilities, including accrued interest and long-term debt, are not due and payable  
in the current period and therefore are not reported in the funds (see Note II.A.). (86,950,149)

**Net Position of Governmental Activities** \$ 164,514,946

*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, 2018

|   | General<br>Fund       | Debt Service<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------|----------------------|--------------------------------|
| <b>REVENUES</b>                                   |                       |                      |                                |
| Sales and use tax                                 | \$ -                  | \$ 32,744,945        | \$ 32,744,945                  |
| License plate sales                               | -                     | 248,216              | 248,216                        |
| Income from other entities                        | 1,500,000             | -                    | 1,500,000                      |
| Investment income                                 | 1,703,787             | 27,267               | 1,731,054                      |
| Miscellaneous                                     | 1,439                 | -                    | 1,439                          |
| <b>Total Revenues</b>                             | <b>3,205,226</b>      | <b>33,020,428</b>    | <b>36,225,654</b>              |
| <b>EXPENDITURES</b>                               |                       |                      |                                |
| Current   |                       |                      |                                |
| General government                                | 2,216,136             | -                    | 2,216,136                      |
| Debt Service                                      |                       |                      |                                |
| Principal retirement                              | -                     | 11,175,000           | 11,175,000                     |
| Interest and fiscal charges                       | -                     | 5,036,900            | 5,036,900                      |
| <b>Total Expenditures</b>                         | <b>2,216,136</b>      | <b>16,211,900</b>    | <b>18,428,036</b>              |
| Excess (deficiency) of revenues over expenditures | 989,090               | 16,808,528           | 17,797,618                     |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                       |                      |                                |
| Transfers in                                      | 25,136,582            | 8,831,500            | 33,968,082                     |
| Transfers out                                     | (8,831,500)           | (25,136,582)         | (33,968,082)                   |
| <b>Total Other Financing Sources (Uses)</b>       | <b>16,305,082</b>     | <b>(16,305,082)</b>  | <b>-</b>                       |
| <b>Net Change in Fund Balances</b>                | <b>17,294,172</b>     | <b>503,446</b>       | <b>17,797,618</b>              |
| Fund Balances - Beginning of Year                 | 123,839,599           | 7,934,178            | 131,773,777                    |
| <b>Fund Balances - End of Year</b>                | <b>\$ 141,133,771</b> | <b>\$ 8,437,624</b>  | <b>\$ 149,571,395</b>          |

*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, 2018

|  |           |                      |
|--|-----------|----------------------|
| Net change in fund balances - total governmental funds   |           | \$ 17,797,618        |
| 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. |           |                      |
| Depreciation is reported in the government-wide statements   |           | (8,562,523)          |
| 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  | 8,787,838 |                      |
| Decrease in accretion due to payment of debt (See Note III.F.)   | 2,387,162 | 11,175,000           |
| 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.   |           |                      |
| Increase in accretion (See Note III.F.)  |           | (367,042)            |
| Accrued interest on debt   |           | 19,050               |
| <b>Change in Net Position of Governmental Activities</b>   |           | <b>\$ 20,062,103</b> |

*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, 2018

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# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### 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, 2018

---

### 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, 2018

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### 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. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major 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 - 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, 2018

---

### 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*

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, 2018

---

### 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. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

#### *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, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *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 III.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, 2018, 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 bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position. See Note III.C.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *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. The long-term obligations consist primarily of bonds payable.

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, 2018

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

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#### *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. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 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 "net 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, 2018

### 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 III.H. for further information.

### NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION*

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

|   |    |                          |
|---|----|--------------------------|
| Bonds payable                                 | \$ | 84,539,741               |
| Accretion of long-term obligations            |    | 2,208,056                |
| Accrued interest                              |    | <u>202,352</u>           |
| Combined Adjustment for Long-Term Liabilities | \$ | <u><u>86,950,149</u></u> |

**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE III - DETAILED NOTES ON ALL FUNDS**

*A. DEPOSITS AND INVESTMENTS*

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

|   | Carrying<br>Value     | Statement<br>Balance  | Associated<br>Risks  |
|---|-----------------------|-----------------------|--|
| Deposits  | \$ 7,187,777          | \$ 7,216,847          | Custodial credit   |
| U.S. agencies - implicitly guaranteed                                   | 62,866,029            | 62,866,029            | Custodial credit, credit,<br>concentration of credit,<br>interest rate |
| Mutual funds (U.S. Government<br>Money Market fund)                     | 459,131               | 459,131               | Credit, interest rate  |
| U.S. treasuries   | 64,382,861            | 64,382,861            | Custodial credit, interest<br>rate                                     |
| Municipal bonds   | 7,135,041             | 7,135,041             | Custodial credit, credit,<br>concentration of credit,<br>interest rate |
| Corporate bonds   | 1,978,150             | 1,978,150             | Custodial credit, credit,<br>concentration of credit,<br>interest rate |
|   |                       |                       |  |
| Total Deposits and Investments  | <u>\$ 144,008,989</u> | <u>\$ 144,038,059</u> |  |
| Reconciliation to financial statements<br>Per statement of net position |                       |                       |  |
| Unrestricted cash and investments                                       | \$ 69,296,925         |                       |  |
| Restricted cash and investments   | 74,712,064            |                       |  |
| Total Deposits and Investments  | <u>\$ 144,008,989</u> |                       |  |

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# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - 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, 2018    |                      |             | Total                 |
|--|----------------------|----------------------|-------------|-----------------------|
|  | Level 1              | Level 2              | Level 3     |                       |
| U.S. treasuries                                  | \$ 64,382,861        | \$ -                 | \$ -        | \$ 64,382,861         |
| U.S. agencies - implicitly guaranteed            | -                    | 62,866,029           | -           | 62,866,029            |
| Mutual funds (U.S. Government Money Markey fund) | 459,131              | -                    | -           | 459,131               |
| Municipal bonds                                  | -                    | 7,135,041            | -           | 7,135,041             |
| Corporate bonds                                  | -                    | 1,978,150            | -           | 1,978,150             |
| <b>Total</b>                                     | <b>\$ 64,841,992</b> | <b>\$ 71,979,220</b> | <b>\$ -</b> | <b>\$ 136,821,212</b> |

##### *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, 2018

### NOTE III - 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, 2018, the bank had pledged various government securities in the amount of \$5,206,375 to secure the District's deposits.

Market values 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, 2018, the District exceeded its collateralization by \$2,414,530 due to the early receipt of sales tax revenues that are normally received in the subsequent year.

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

##### *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, 2018, the District's investments were rated as follows:

| Investment Type                                     | Standard &<br>Poor's Investor<br>Service | Moody's<br>Investor<br>Service | Amount        |
|---|--|--------------------------------|---------------|
| U.S. Agencies - implicitly<br>guaranteed            | AAA - AA+                                | Aaa                            | \$ 62,866,029 |
| Municipal bonds                                     | AAA - AA-                                | Aaa - Aa3                      | 7,135,041     |
| Corporate bonds                                     | AAA - AA-                                | Aaa - Aa3                      | 1,978,150     |
| Mutual funds (U.S. Government<br>Money Market fund) | AAA                                      | Aaa                            | 459,131       |

##### *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.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### *Concentration of Credit Risk* (cont.)

At December 31, 2018, the investment portfolio was concentrated as follows:

| Issuer                         | Investment Type                          | Percentage<br>of Portfolio |
|--------------------------------|--|----------------------------|
| Resolution Funding Corporation | U.S. Agencies -<br>implicitly guaranteed | 41%                        |

##### *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, 2018, the District's investments were as follows:

| Investment Type                                     | Fair Value     | Maturity (In years) |               |               |
|---|----------------|---------------------|---------------|---------------|
|   |                | Less than<br>1      | 1 - 10        | 10 - 40*      |
| U.S. treasuries                                     | \$ 64,382,861  | \$ 28,979,496       | \$ 17,057,217 | \$ 18,346,148 |
| U.S. agencies - implicitly<br>guaranteed            | 62,866,029     | 12,572,613          | 50,293,416    | -             |
| Mutual funds (U.S. Government<br>Money Market fund) | 459,131        | 459,131             | -             | -             |
| Municipal bonds                                     | 7,135,041      | 4,211,869           | 2,923,172     | -             |
| Corporate bonds                                     | 1,978,150      | 763,430             | 1,214,719     | -             |
| Totals  | \$ 136,821,212 | \$ 46,986,539       | \$ 71,488,524 | \$ 18,346,148 |

\*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.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### *C. RESTRICTED ASSETS*

The following represent the balances of the restricted assets:

##### *Long Term Debt Accounts*

- Redemption Escrow - Used to segregate resources accumulated for debt service payments on certain portions of the 1998A debt issue.
- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Following is a list of restricted assets at December 31, 2018:

|                                  | Restricted<br>Assets |
|----------------------------------|----------------------|
| General Fund                     |                      |
| Bond redemption escrow           | \$ 56,383,792        |
| Segregated reserve fund accounts | 15,886,175           |
| Debt Service Fund                |                      |
| Bond redemption account          | 2,442,097            |
| Total Restricted Assets          | \$ 74,712,064        |

#### *D. CAPITAL ASSETS*

Capital asset activity for the year ended December 31, 2018, was as follows:

|  | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|--|----------------------|-----------|-----------|-------------------|
| <b>Governmental Activities</b>                     |                      |           |           |                   |
| 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            | -         | -         | 9,821,713         |
| Statues and monuments<br>(reimbursed expenditures) | 774,835              | -         | -         | 774,835           |
| Parking lot and parking lot<br>improvements        | 19,373,326           | -         | -         | 19,373,326        |
| Total Capital Assets Being Depreciated             | \$ 264,540,607       | \$ -      | \$ -      | \$ 264,540,607    |

**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

|  | Beginning<br>Balance  | Additions             | Deletions   | Ending<br>Balance    |
|--|-----------------------|-----------------------|-------------|----------------------|
| <b>Governmental Activities</b>                     |                       |                       |             |                      |
| Less: Accumulated depreciation for                 |                       |                       |             |                      |
| Buildings  | \$ (132,719,766)      | \$ (7,826,401)        | \$ -        | \$ (140,546,167)     |
| Equipment  | (7,395,041)           | (698,850)             | -           | (8,093,891)          |
| Statues and monuments<br>(reimbursed expenditures) | (439,074)             | (25,828)              | -           | (464,902)            |
| Parking lot and parking lot<br>improvements        | <u>(19,276,161)</u>   | <u>(11,444)</u>       | <u>-</u>    | <u>(19,287,605)</u>  |
| Total Accumulated Depreciation                     | <u>(159,830,042)</u>  | <u>(8,562,523)</u>    | <u>-</u>    | <u>(168,392,565)</u> |
| Net Capital Assets Being<br>Depreciated            | <u>\$ 104,710,565</u> | <u>\$ (8,562,523)</u> | <u>\$ -</u> | <u>\$ 96,148,042</u> |

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

|  |                     |
|--|---------------------|
| <b>Governmental Activities</b>                     |                     |
| General government                                 | <u>\$ 8,562,523</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 8,562,523</u> |

**E. INTERFUND TRANSFERS**

The following is a schedule of interfund transfers:

| Fund Transferred To  | Fund Transferred From | Amount              | Principal Purpose   |
|--|-----------------------|---------------------|---|
| General Fund   | Debt Service Fund     | \$ 25,136,582       | Sales tax collections not needed to meet current debt obligations |
| Debt Service Fund  | General Fund          | <u>8,831,500</u>    | Repayment of callable debt  |
| Total - Fund Financial Statements                            |                       | <u>33,968,082</u>   |   |
| Less: Fund Eliminations                                      |                       | <u>(33,968,082)</u> |   |
| Total Transfers - Government-Wide<br>Statement of Activities |                       | <u>\$ -</u>         |   |

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2018, was as follows:

|  | Beginning<br>Balance | Increases         | Decreases            | Ending<br>Balance    | Amounts<br>Due Within<br>One Year |
|--|----------------------|-------------------|----------------------|----------------------|-----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                         |                      |                   |                      |                      |                                   |
| Bonds Payable  |                      |                   |                      |                      |                                   |
| Revenue bonds  | \$ 93,327,579        | \$ -              | \$ 8,787,838         | \$ 84,539,741        | \$ 9,209,741                      |
| Sub-total  | <u>93,327,579</u>    | <u>-</u>          | <u>8,787,838</u>     | <u>84,539,741</u>    | <u>9,209,741</u>                  |
| Other Liabilities                                      |                      |                   |                      |                      |                                   |
| Accretion of long-term obligations                     | 4,228,176            | 367,042           | 2,387,162            | 2,208,056            | 2,208,056                         |
| Total Other Liabilities                                | <u>4,228,176</u>     | <u>367,042</u>    | <u>2,387,162</u>     | <u>2,208,056</u>     | <u>2,208,056</u>                  |
| Total Governmental Activities<br>Long-Term Liabilities | <u>\$ 97,555,755</u> | <u>\$ 367,042</u> | <u>\$ 11,175,000</u> | <u>\$ 86,747,797</u> | <u>\$ 11,417,797</u>              |

#### *Revenue Debt*

Revenue bonds are payable only from revenues derived from the operation of the District.

The District has pledged future sales tax revenues to repay revenue bonds issued and still outstanding. Proceeds from the bonds provided financing for construction of Miller Park. The bonds are payable solely from sales tax revenues and are payable through 2026. The proportion of the revenue stream that is pledged for the debt is approximately 95%. Total principal and interest remaining to be paid on the bonds is \$109,119,250. Principal and interest paid for the current year and total sales tax revenues were \$16,211,900 and \$32,744,945, respectively.

Revenue debt payable at December 31, 2018, consists of the following:

| Governmental Activities<br>Revenue Debt                         | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Indebtedness | Balance<br>12/31/18  |
|---|------------------|-------------------|-------------------|--------------------------|----------------------|
| Sales tax revenue capital<br>appreciation bonds, Series<br>1997 | 04/29/97         | 12/15/19          | 6.00 - 6.175% \$  | 13,269,465               | \$ 839,741           |
| Sales tax revenue refunding<br>bonds, Series 1998A              | 09/16/98         | 12/15/26          | 4.00 - 5.50%      | 126,225,000              | <u>83,700,000</u>    |
| Total Governmental Activities - Revenue Debt                    |                  |                   |                   |                          | <u>\$ 84,539,741</u> |

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

| <u>Years</u> | Governmental Activities<br>Revenue Debt |               |
|--------------|---|---------------|
|              | Principal                               | Interest      |
|              | 2019                                    | \$ 9,209,741  |
| 2020         | 8,895,000                               | 4,143,150     |
| 2021         | 9,455,000                               | 3,653,925     |
| 2022         | 10,050,000                              | 3,133,900     |
| 2023         | 10,680,000                              | 2,581,150     |
| 2024 - 2026  | 36,250,000                              | 4,068,625     |
| Totals       | \$ 84,539,741                           | \$ 24,579,509 |

The Series 1997 Sales Tax Revenue Capital Appreciation Bonds is a deep discount financial instrument which is issued in such denominations as will result in the total amount received by the purchaser at maturity being equal to \$5,000 or any integral multiple thereof. As such, a portion of the appreciation in value of the certificates "accretes" to the certificate annually. Accretion of the certificate recorded as a long-term obligation payable at maturity of the certificate totaled \$2,208,056 at December 31, 2018. At maturity, the total amount of the Series 1997 Sales Tax Revenue Capital Appreciation Bonds will be \$3,235,000.

#### *PRIOR-YEAR DEFEASANCE OF DEBT*

In prior years, 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. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At December 31, 2018, \$69,185,000 of bonds outstanding are considered defeased. The bonds are being paid off in accordance with the original repayment schedule as follows:

| <u>Maturity Date</u> | <u>Amount</u> |
|----------------------|---------------|
| 2020                 | \$ 3,170,000  |
| 2021                 | 3,100,000     |
| 2022                 | 3,025,000     |
| 2023                 | 2,950,000     |
| 2024                 | 2,860,000     |
| 2025                 | 2,775,000     |
| 2026                 | 2,675,000     |
| 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, 2018

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

*G. LEASE DISCLOSURES*

*Lessee - Capital Leases*

The District has no material outstanding sales-type or direct financing leases as lessee.

*Lessee - Operating Leases*

The District has no material operating leases with a remaining noncancellable term exceeding one year.

*Lessor - Capital Leases*

The District has no material outstanding sales-type or direct financing leases as lessor.

*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 \$138,603,840 at December 31, 2018. Therefore, the carrying value of the stadium is \$92,402,561 at December 31, 2018. 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 per year for the years 2019-2020 and \$1,208,401 for the years 2021-2023.

*H. NET POSITION*

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

*Governmental Activities*

|   |                       |
|---|-----------------------|
| Net investment in capital assets                |                       |
| Capital assets, net of accumulated depreciation | \$ 101,893,700        |
| Less: related long-term debt outstanding        | (84,539,741)          |
| Total Net Investment in Capital Assets          | <u>17,353,959</u>     |
| Restricted                                      |                       |
| General debt service                            | 64,619,064            |
| Major capital repairs and improvements          | 15,886,175            |
| Total Restricted                                | <u>80,505,239</u>     |
| Unrestricted                                    | <u>66,655,748</u>     |
| Total Governmental Activities Net Position      | <u>\$ 164,514,946</u> |

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *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*

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. 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.

### *NOTE IV - Other Information (CONT.)*

#### *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 31.54% interest in the stadium project and the District will own an undivided 68.46% 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.

# SOUTHEAST WISCONSIN PROFESSIONAL BASEBALL PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV - OTHER INFORMATION (cont.)

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#### *D. 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. 83, Certain Asset Retirement Obligations*
- > *Statement No. 84, Fiduciary Activities*
- > *Statement No. 85, Omnibus 2017*
- > *Statement No. 86, Certain Debt Extinguishment Issues*
- > *Statement No. 87, Leases*
- > *Statement No. 88, Certain Disclosures Related to Debt*
- > *Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period*
- > *Statement No. 90, Accounting and Financial Reporting for Majority Equity Interests*

As they become effective, application of these standards may restate portions of these financial statements. Statements 85 and 86 became effective during fiscal year 2018 but had no impact to the financial statements.

## Required Supplementary Information

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**SOUTHEAST WISCONSIN PROFESSIONAL  
BASEBALL PARK DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)  
GENERAL FUND

For the Year Ended December 31, 2018

|  | Budgeted Amounts      |                       | Actual                | Variance With<br>Final Budget |
|--|-----------------------|-----------------------|-----------------------|-------------------------------|
|  | Original              | Final                 |                       |                               |
| <b>REVENUES</b>                                      |                       |                       |                       |                               |
| <b>INCOME FROM OTHER ENTITIES</b>                    | \$ 1,500,000          | \$ 1,500,000          | \$ 1,500,000          | \$ -                          |
| <b>INVESTMENT INCOME</b>                             |                       |                       |                       |                               |
| Interest on general fund investments                 | 540,000               | 540,000               | 1,113,796             | 573,796                       |
| Interest on debt defeasance escrow accounts          | -                     | -                     | 589,991               | 589,991                       |
| Total Investment Income                              | 540,000               | 540,000               | 1,703,787             | 1,163,787                     |
| <b>Miscellaneous</b>                                 |                       |                       |                       |                               |
| Miscellaneous general revenue                        | -                     | -                     | 1,439                 | 1,439                         |
| Total Miscellaneous                                  | -                     | -                     | 1,439                 | 1,439                         |
| <b>TOTAL REVENUES</b>                                | 2,040,000             | 2,040,000             | 3,205,226             | 1,165,226                     |
| <b>EXPENDITURES</b>                                  |                       |                       |                       |                               |
| <b>CURRENT</b>                                       |                       |                       |                       |                               |
| <b>GENERAL GOVERNMENT</b>                            |                       |                       |                       |                               |
| Operating  | 30,000                | 30,000                | 13,240                | 16,760                        |
| Outside services                                     | 690,000               | 690,000               | 596,578               | 93,422                        |
| Insurance  | 270,000               | 270,000               | 205,280               | 64,720                        |
| Annual maintenance and repair contribution           | 310,194               | 310,194               | -                     | 310,194                       |
| Segregated reserve fund expenditures                 | 1,889,806             | 1,889,806             | 1,401,038             | 488,768                       |
| Total General Government                             | 3,190,000             | 3,190,000             | 2,216,136             | 973,864                       |
| <b>TOTAL EXPENDITURES</b>                            | 3,190,000             | 3,190,000             | 2,216,136             | 973,864                       |
| Excess (deficiency) of revenues<br>over expenditures | (1,150,000)           | (1,150,000)           | 989,090               | 2,139,090                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                       |                       |                       |                               |
| Transfers in   | 23,984,600            | 23,984,600            | 25,136,582            | 1,151,982                     |
| Transfers out  | (8,831,500)           | (8,831,500)           | (8,831,500)           | -                             |
| Total Other Financing Sources (Uses)                 | 15,153,100            | 15,153,100            | 16,305,082            | 1,151,982                     |
| Net Change in Fund Balances                          | 14,003,100            | 14,003,100            | 17,294,172            | 3,291,072                     |
| Fund Balance - Beginning of Year                     | 123,839,599           | 123,839,599           | 123,839,599           | -                             |
| <b>Fund Balance - End of Year</b>                    | <b>\$ 137,842,699</b> | <b>\$ 137,842,699</b> | <b>\$ 141,133,771</b> | <b>\$ 3,291,072</b>           |

*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, 2018

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### *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 object level of expenditure.

### *SEGREGATED RESERVE FUND*

Under the terms of the lease agreement, the District and the Brewers make an annual payment to provide for future projects at the stadium. The District's required payment was \$1,889,806 for 2018. 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, 2018, \$14,392,097 was held in the segregated reserve fund from unused funds deposited in previous years. The 2018 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, 2018, was \$15,886,175.

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 \$310,194 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.