WISCONSIN CENTER DISTRICT

Milwaukee, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2019 and 2018

WISCONSIN CENTER DISTRICT

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wisconsin Center District
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the Wisconsin Center District, Wisconsin, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Wisconsin Center District' 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 over financial reporting relevant to the Wisconsin Center District' 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 Wisconsin Center District' 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 opinion.

To the Board of Directors
Wisconsin Center District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wisconsin Center District as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the Wisconsin Center District adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective January 1, 2019. Our opinion is not modified with respect to this matter.

The accompanying financial statements have been prepared assuming that the Wisconsin Center District will continue as a going concern. As discussed in Note 18 the Wisconsin Center District, beginning in 2020, has suffered unexpected losses from operations. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 18. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020 on our consideration of the Wisconsin Center District' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wisconsin Center District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wisconsin Center District' internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 21, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

WISCONSIN CENTER DISTRICT

Management's Discussion and Analysis

Years ended December 31, 2019, 2018 and 2017

(Unaudited)

The Wisconsin Center District (the District) is a political subdivision, unit of local government body corporate and politic, and municipality existing under the laws of the State of Wisconsin. The District is a "local exposition district" created under, and with the taxing powers described in 1993 Wisconsin Act 263. As management, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2019, along with comparative information for 2018 and 2017.

Financial Highlights

Year Ended December 31, 2019

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the District at December 31, 2019 by $193,528,334 (net position). Of this amount, $17,877,845 is restricted for debt service and $222,653,461 is associated with net investment in capital assets. This leaves a deficit of $47,002,972 for unrestricted net position.

- The District's December 31, 2019 total net position of $193,528,334 reflected an increase of $2,151,533 from December 31, 2018 balance of $191,376,801.

Year Ended December 31, 2018

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the District at December 31, 2018 by $191,376,801 (net position). Of this amount, $19,235,422 is restricted for debt service and $226,079,107 is associated with net investment in capital assets. This leaves a deficit of $53,937,728 for unrestricted net position.

- The District's December 31, 2018 total net position of $191,376,801 reflected an increase of $225,276,169 from December 31, 2017 balance of $(30,716,092).

- Effective January 1, 2018, the District implemented GASB statement no. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The District implemented this standard effective January 1, 2018. This implementation resulted in a cumulative effect of a change in accounting principles of $3,183,276.

- On August 1, 2018 the Arena, as defined in Footnote 1 and currently known as the Fiserv Forum, was deemed substantially complete and was recognized as a depreciable asset on the District's books at its full value, inclusive of

$221,128,282 in Capital Contributions from Deer District LLC and the Greater Milwaukee Foundation, pursuant to the Arena Finance, Funding, and Construction Funds Escrow Agreement. In 2018, the District recognized depreciation expense pertaining to the Fiserv Forum of $4,397,088.

Year Ended December 31, 2017

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2017 by $30,716,092 (net position-deficit). Of this amount, $19,985,716 is restricted for debt service and $22,206,122 is associated with net investment in capital assets. This leaves a deficit of $72,907,930 for unrestricted net position.

- The District's December 31, 2017 total net position of $(30,716,092) reflected an increase of $3,988,679 from December 31, 2016 balance of $(34,704,771).

Overview of the Financial Statements

The District follows enterprise fund reporting; accordingly the financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Financial statements offer short and long-term financial information about the activities and operations of the District. These statements are presented in a manner similar to a private business.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise four components: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows and 4) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The statements of net position present information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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. Additionally, unrestricted net position represents amounts available for spending at the District's discretion. Such information may be useful in evaluating near-term financing requirements.

The statements of revenues, expenses, and changes in net position present information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected space and equipment rental revenues, labor service revenues).

Overview of the Financial Statements (continued)

The statements of cash flows, using the direct method, present information on the District's decrease in cash resulting from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows can be found on pages 10 – 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes to the financial statements can be found on pages 15 – 52 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the District, assets and deferred outflows of resources were greater than liabilities and deferred inflows of resources by $193,528,334 at the close of the most recent fiscal year. This compares to $191,376,801 at the close of the previous year.

The table below presents a comparison of net position fiscal year ended December 31, 2019, along with comparative information for 2018 and 2017.

Condensed Statement of Net Position

	2019	2018	2017
Assets			
Current and other assets	$ 57,144,833	$ 64,599,517	$ 139,311,446
Capital assets and deferred outflows	542,860,446	552,207,347	287,224,503
Total Assets and deferred outflows	600,005,279	616,806,864	426,535,949
Liabilities			
Current liabilities	26,205,686	32,948,549	52,423,289
Long-term liabilities and deferred inflows	380,271,259	392,481,514	404,828,752
Total Liabilities and deferred inflows	406,476,945	425,430,063	457,252,041
Net Position			
Net investment in capital assets	222,653,461	226,079,107	22,206,122
Restricted	17,877,845	19,235,422	19,985,716
Unrestricted	(47,002,972)	(53,937,728)	(72,907,930)
Total Net Position (Deficiency)	$ 193,528,334	$ 191,376,801	$ (30,716,092)

Changes in Net Position

A significant portion of the District's net position is the net investment in capital assets, which as of year ended was $222,653,461 ($226,079,107 and $22,206,122 at December 31, 2018 and 2017 respectively) and reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses those capital assets to provide services; consequently, those 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 will not be used to liquidate these liabilities.

In addition, $17,877,845 of the District's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position (deficit). This unrestricted net position balance is a deficit of $47,002,972 ($53,937,728 and $72,907,930 at December 31, 2018 and 2017 respectively). The deficit in unrestricted net position can be broken down into two components. The first component is an accumulation of interest costs on capital appreciation bonds, approximately $55,543,895 ($54,883,406 and $53,999,630 at December 31, 2018 and 2017 respectively). The second component is the accumulation of surpluses and deficits, excluding interest expense on capital appreciation bonds, since the creation of the District, approximately $8,540,923 in net surplus ($945,678 and $(18,908,300) at December 31, 2018 and 2017 respectively).

Changes in Net Position (continued)

	2019	2018	2017
Operating Revenues			
Rental and labor service revenues	$ 6,607,182	$ 6,221,220	$ 4,518,642
Other	12,068,485	8,758,387	6,507,672
Total Operating Revenues	18,675,667	14,979,607	11,026,314
Operating Expenses			
Allocated operating expenses	9,774,348	9,353,727	7,613,414
Unallocated operating expenses	19,280,944	16,018,951	14,781,880
Depreciation and amortization	19,848,661	13,661,708	9,119,071
Total Operating Expenses	48,903,953	39,034,386	31,514,365
Nonoperating Income (Expenses)			
Net tax revenue	37,600,994	36,024,426	34,193,073
Bond amortization and interest expense	(17,435,535)	(17,978,106)	(19,745,068)
State of Wisconsin contribution	8,000,000	8,000,000	8,000,000
Other	(438,539)	2,156,346	2,028,725
Net Nonoperating Income (Expense)	27,726,920	28,202,666	24,476,730
Capital Contribution	4,652,899	221,128,282	-
Increase in net position	2,151,533	225,276,169	3,988,679
Cumulative effect of a change in accounting principle	-	(3,183,276)	-
Net Position - Beginning of Year	191,376,801	(30,716,092)	(34,704,771)
Net Position - End of Year	$ 193,528,334	$ 191,376,801	$ (30,716,092)

Year Ended December 31, 2019

The 2019 total operating revenues of $18,675,667 reflects an increase of $3,696,060 (or 24.7%) when compared to the prior year total amount of $14,979,607. This increase in revenue is primarily attributable to above average year of convention business as well as a full year of revenues earned from the Fiserv Forum in the form of District Ticket Surcharge and Rent [Fiserv Forum was substantially completed in August, 2018 and hosted its first event in September 2018, therefore revenues collected in 2018 were based on only a partial year].

The 2019 total operating expenses of $48,903,953 reflects an increase of $9,869,567 (or 25.3%) when compared to the prior year amount of $39,034,386. This increase is primarily attributable to higher depreciation driven by the Fiserv Forum.

The 2019 net non-operating income of $27,726,920 reflects an decrease of $$475,746 (or 1.7%) when compared to the prior year amount of $28,202,666. This change is primarily attributable to a decrease in interest income as District held less project funds in its account for the Fiserv Forum, and also incurred $1,524,730 in one-time non-capitalized arena development costs.

Year Ended December 31, 2018

The 2018 total operating revenues of $14,979,607 reflects an increase of $3,953,293 (or 35.9%) when compared to the prior year total amount of $11,026,314. This increase in revenue is primarily attributable to above average year of convention business as well as revenues earned from the Fiserv Forum [District Ticket Surcharge and Rent].

The 2018 total operating expenses of $39,034,386 reflects an increase of $7,520,021 (or 23.9%) when compared to the prior year amount of $31,514,365. This increase is primarily attributable to higher depreciation driven by the Fiserv Forum.

The 2018 net non-operating income of $28,202,666 reflects an increase of $3,725,936 (or 15.2%) when compared to the prior year amount of $24,476,730. This change is primarily attributable to increased net tax revenues and an accounting adjustment to bond interest expense.

Year Ended December 31, 2017

The 2017 total operating revenues of $11,026,314 reflects a decrease of $3,154,841 (or 22.2%) when compared to the prior year total amount of $14,181,155. This decrease in revenue is primarily attributable to below average year in the Wisconsin Center as well as 2016 reflecting a one-time contribution from the Milwaukee Admirals.

The 2017 total operating expenses of $31,514,365 reflects an increase of $2,234,596 (or 7.6%) when compared to the prior year amount of $29,279,769. This increase is primarily attributable to an updated calculation of pension benefit expense and higher depreciation.

The 2017 net non-operating income of $24,476,730 reflects an increase of $2,219,862 (or 10.0%) when compared to the prior year amount of $22,256,868. This change is primarily attributable to increased net tax revenues.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of December 31, 2019, amounts to $536,995,954 (net of accumulated depreciation). At the end of the prior year, the investment was $549,008,188. Capital assets include land, buildings, improvements, and machinery and equipment. The total decrease in the District's capital assets from 2018 to 2019 was $12,012,234 (or 2.2%).

A summary of capital Assets as of December 31, 2019 and the two prior years is as follows:

	2019	2018	2017
Land	$ 25,458,953	$ 25,458,953	$ 22,958,953
Construction in progress	353,685	-	146,684,127
Buildings and improvements, net	506,001,408	518,028,412	108,993,491
Machinery and equipment, net	5,181,908	5,520,823	4,672,532
Total	$ 536,995,954	$ 549,008,188	$ 283,309,103

Additional information on the District's capital assets can be found in note 6 on pages 30 - 31 of this report.

Long-term debt.

At December 31, 2019, the District had total bonded debt outstanding of $333,433,904 (net of unamortized bond premiums, discounts, and losses on refunding), of which $15,821,636 is current. At the end of the prior year, the District had total bonded debt outstanding of $349,489,317, of which $14,452,012 was current. This debt represents bonds secured by specified future tax collections of the District. In addition, the District had $55,543,895 in accrued interest at December 31, 2019 ($54,883,406 at prior year end) related to the capital appreciation bonds.

	2019	2018	2017
Long-Term Debt			
Bonded debt outstanding	$ 333,433,904	$ 349,489,317	$ 364,411,216
Accrued interest	55,543,895	54,883,406	53,999,630
Total	388,977,799	404,372,723	418,410,846
Current Portion of Long-Term Debt			
Bonded debt	(15,821,636)	(14,452,012)	(13,246,174)
Accrued interest	(5,690,512)	(6,003,652)	(5,889,169)
Total	(21,512,148)	(20,455,664)	(19,135,343)
Long-Term Portion	$ 367,465,651	$ 383,917,059	$ 399,275,503

Additional information on the District's long-term debt can be found in note 9 on pages 32 - 37 of this report.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Senior Vice President of Finance, Wisconsin Center District, 400 West Wisconsin Avenue, Milwaukee, WI 53203.

BASIC FINANCIAL STATEMENTS

WISCONSIN CENTER DISTRICT
STATEMENTS OF NET POSITION
As of December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 10,622,194	$ 6,300,049
Accounts receivable, less allowance for doubtful accounts of $88,807 in 2019 and $17,025 in 2018	1,809,335	3,088,809
Grant receivable	-	1,000,000
Tax revenues receivable	6,234,807	6,150,051
Prepaid expenses and other current assets	26,645	378,589
Total current assets	18,692,981	16,917,498
Noncurrent assets		
Restricted cash and cash equivalents	36,665,785	45,386,819
Restricted interest receivable	-	380,172
Prepaid insurance	1,786,067	1,915,028
Capital assets		
Non-depreciable	25,812,638	25,458,953
Depreciable	511,183,316	523,549,235
Total noncurrent assets	575,447,806	596,690,207
Total assets	594,140,787	613,607,705
Deferred outflows of resources		
Deferred charges on refunding	1,444,249	1,818,420
Deferred outflows of resources related to OPEB	891,930	-
Deferred outflows of resources related to pensions	3,528,313	1,380,739
Total deferred outflows of resources	5,864,492	3,199,159
Liabilities		
Current liabilities		
Accounts payable	553,919	8,791,756
Accrued expenses	3,439,625	2,495,178
Concession improvement deposits	699,994	899,998
Obligation under capital lease, current portion	-	305,953
Current installments of accrued interest	5,690,512	6,003,652
Current installments of bonds payable	15,821,636	14,452,012
Total current liabilities	26,205,686	32,948,549
Long-term liabilities		
Net pension liability	5,141,000	1,606,000
Other postemployment benefits	4,333,947	3,301,976
Accrued interest expense, less current portion	49,853,383	48,879,754
Bonds payable, net, less current portion	317,612,268	335,037,305
Total long-term liabilities	376,940,598	388,825,035
Total liabilities	403,146,284	421,773,584
Deferred inflows of resources		
Unearned revenue	2,630,051	2,781,312
Deferred inflows of resources related to OPEB	278,610	164,167
Deferred inflows of resources related to pensions	422,000	711,000
Total deferred inflows of resources	3,330,661	3,656,479
Net Position (Deficiency)		
Net investment in capital assets	222,653,461	226,079,107
Restricted for debt service	17,877,845	19,235,422
Unrestricted (deficit)	(47,002,972)	(53,937,728)
Total net position (deficiency)	$ 193,528,334	$ 191,376,801

See accompanying notes to the financial statements.

WISCONSIN CENTER DISTRICT

STATEMENTS OF REVENUES,

EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating revenue		
Space rentals	$ 4,655,409	$ 4,013,285
Equipment rentals	1,226,333	1,305,755
Commission on concession sales	5,047,170	3,437,857
Labor service revenue	725,440	902,180
Advertising revenue	956,674	941,822
Information technology revenue	836,254	606,890
Box office revenue	3,270,675	1,891,732
Parking revenue	720,394	779,144
Other	1,237,318	1,100,942
Total operating revenue	18,675,667	14,979,607
Operating expenses		
Allocated expenses		
Wages	4,445,381	3,866,399
Utilities	2,456,884	2,254,851
Building maintenance and repairs	1,282,249	1,183,189
Ticket expenses	2,728	30,761
Other	1,587,106	2,018,527
Total allocated operating expenses	9,774,348	9,353,727
Unallocated expenses		
Administrative salaries and wages	3,332,813	2,940,034
Employee benefits	3,707,331	2,979,819
Advertising and promotion	8,877,314	8,219,652
Legal services	351,605	272,179
Insurance	674,692	650,060
Professional services	229,909	243,152
Depreciation	19,848,661	13,661,708
Other	2,107,280	714,055
Total unallocated operating expenses	39,129,605	29,680,659
Total operating expenses	48,903,953	39,034,386
Operating loss	$ (30,228,286)	$ (24,054,779)

See accompanying notes to the financial statements.

WISCONSIN CENTER DISTRICT
STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
For the Years Ended December 31, 2019 and 2018

	2019	2018
Nonoperating income (expense)		
Tax revenue		
Additional room tax revenue	$ 15,769,441	$ 15,095,799
Basic room tax revenue	7,612,083	7,181,744
Food and beverage tax revenue	12,154,445	11,757,558
Rental car tax revenue	3,048,940	2,931,986
	38,584,909	36,967,087
State of Wisconsin administrative fee	(983,915)	(942,661)
Net tax revenue	37,600,994	36,024,426
State of Wisconsin and Milwaukee County contributions	8,000,000	8,000,000
Interest income	1,086,191	2,156,346
Non-capitalized costs - arena	(1,524,730)	-
Bond amortization and interest expense	(17,435,535)	(17,978,106)
Total nonoperating income	27,726,920	28,202,666
Capital contribution	4,652,899	221,128,282
Change in net position	2,151,533	225,276,169
Net position (deficiency), beginning of year	191,376,801	(30,716,092)
Cumulative effect of change in accounting principles	-	(3,183,276)
Net position, end of year	$ 193,528,334	$ 191,376,801

See accompanying notes to the financial statements.

WISCONSIN CENTER DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Receipts from customers	$ 20,519,120	$ 11,162,639
Payments to suppliers	(16,810,151)	(13,834,332)
Payments to employees	(11,231,041)	(9,664,225)
Net cash flows from operating activities	(7,522,072)	(12,335,918)
Cash flows from noncapital financing activities		
Receipts from additional room tax	15,769,441	15,095,799
Non-capitalized costs - arena	(1,524,730)	-
Payment of tax collection administrative fee	(983,915)	(942,661)
Net cash flows from noncapital financing activities	13,260,796	14,153,138
Cash flows from capital and related financing activities		
Receipts from basic room tax	7,612,083	7,181,744
Receipts from food and beverage tax	12,154,445	11,757,558
Receipts from rental car tax	3,048,940	2,931,986
Contribution from State of Wisconsin and Milwaukee County	8,000,000	8,000,000
Principal payment on bonds payable	(14,452,012)	(13,288,936)
Interest paid on bonds payable	(17,883,825)	(18,302,447)
Payment on capital lease agreement	(297,444)	(272,247)
Capital assets purchased	(9,786,163)	(78,644,634)
Net cash flows from capital and related financing activities	(11,603,976)	(80,636,976)
Cash flows from investing activities		
Interest income	1,466,363	2,156,346
Net change in cash and cash equivalents	(4,398,889)	(76,663,410)
Cash and cash equivalents, beginning of year	51,686,868	128,350,278
Cash and cash equivalents, end of year	$ 47,287,979	$ 51,686,868

See accompanying notes to the financial statements.

WISCONSIN CENTER DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	$ (30,228,286)	$ (24,054,779)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Depreciation and amortization	19,848,661	13,661,708
Change in operating assets and liabilities		
Accounts receivable	2,194,718	(1,953,926)
Prepaid expenses and other assets	351,944	(131,483)
Accounts payable and other liabilities	(690,754)	(964,092)
Concession improvement deposits	(351,265)	593,345
Pension and OPEB related deferrals and liabilities	1,352,910	513,309
Net cash flows from operating activities	$ (7,522,072)	$ (12,335,918)
Reconciliation of cash and cash equivalents to the statement of net position		
Unrestricted cash and cash equivalents	$ 10,622,194	$ 6,300,049
Restricted cash and cash equivalents	36,665,785	45,386,819
Cash and cash equivalents, end of year	$ 47,287,979	$ 51,686,868
Noncash investing, capital and financing activities		
Acquisition of capital assets through accounts payable	$ 24,503	$ 6,627,138
Contributed capital assets	$ 4,652,899	$ 221,128,282
Accrued interest on capital appreciation bonds	$ 8,692,653	$ 6,562,155
Amortization of premiums and loss on refunding	$ 1,229,230	$ 1,269,938

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wisconsin Center District (the District) is a political subdivision, unit of local government body corporate and politic, municipality existing under the laws of the State of Wisconsin. The District is a “local exposition district” created under, and with the taxing powers described in 1993 Wisconsin Act 263. The District is a separate unit of government, distinct from the City and County of Milwaukee and from the State of Wisconsin. The District’s geographical boundaries include Milwaukee County and portions of some cities and villages that are not within Milwaukee County. The District was created to assume ownership of certain existing convention facilities and to construct an expansion of such facilities.

On July 31, 1995, the City of Milwaukee and the Milwaukee Exposition and Convention Center and Arena (MECCA) transferred all real and personal property of MECCA (net assets totaling $17,441,794) to the District. The District accepted operating responsibility and assignment of all contracts in effect with respect to the MECCA property including an agreement to fund the operations of the Greater Milwaukee Convention and Visitors Bureau, now known as Visit Milwaukee, which shares responsibility for marketing the District’s facilities.

The facilities conveyed to the District were located at and around 500 West Kilbourn Avenue in downtown Milwaukee and included three distinct facilities for public gatherings, private meetings, conventions, trade shows, and other expositions: (1) the Milwaukee Auditorium (now known as the Miller High Life Theatre), originally constructed in 1908 with approximately 38,000 square feet of space used for performing arts presentations, (2) an 11,000-12,000 seat arena now known as the UW-Milwaukee Panther Arena (the Arena), constructed in 1952 with approximately 44,000 square feet of flat surface space used primarily for sporting events and concerts, and (3) a convention center (the Convention Hall), built in 1974 with approximately 350,000 gross square feet of space, including meeting rooms, three large exhibit halls, and a ballroom.

In 1999, the District constructed a convention center, now known as the Wisconsin Center, to significantly enhance the economies of the City of Milwaukee, Milwaukee County, and the State of Wisconsin, and allow the District to compete effectively with other regional, national, and international convention facilities for convention and business meetings by providing more and higher quality space and upgraded convention center amenities.

In 2016, law changes established the ownership of a new NBA quality arena in Milwaukee with the Wisconsin Center District. As of December 31, 2019, construction is complete on the new Arena (“Arena”). Capital assets reflect the full value of the Arena, including contributions made by Deer District LLC and the Greater Milwaukee Foundation, pursuant to the Arena Finance, Funding, and Construction Funds Escrow Agreement.

Reporting Entity

The accounting policies of the Wisconsin Center District, Wisconsin conform to accounting principles generally accepted in the United States of America 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).This report includes all of the funds of the District. The reporting entity for the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The District has not identified any organizations that meet this criteria.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District is presented as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements 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 or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In March 2018, the GASB issued statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of the District funds is restricted by Wisconsin state statutes. Available investments are limited to:

a. Time deposits in any credit union, bank, savings bank or trust company.

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 District, or the Wisconsin Aerospace District.

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.

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.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

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 methods and inputs as outlined in Note 4. 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 District has not adopted a formal investment policy as of December 31, 2019.

Receivables

Receivables represent amounts due from tax collections and other organizations. Receivables are stated at their estimated net realizable value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid insurance is the surety bond insurance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The revenue bonds also require redemption accounts. These accounts are set aside for payment of principal and interest due on revenue bonds.

Capital Assets

Capital assets, which include property, buildings, and equipment, along with related improvements, are reported in the Statement of Net Position. Capital assets are assets with an initial cost of more than $500, 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. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

	Building	Improvements	Furniture, Machinery, and Equipment
Wisconsin Center	50 years	10-20 years	5-20 years
Miller High Life Theatre	20 years	8-20 years	5-20 years
UW-Milwaukee Panther Arena	50 years	5-22 years	5-20 years
FiServ Arena	40 years	20 years	n/a

The District’s policy is to capitalize interest incurred on bond obligations relating to construction in progress during the course of the project. There was no interest capitalized in 2019 and 2018.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Milwaukee Employees' Retirement System (ERS) and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Long-Term Obligations

Long-term debt and other obligations are reported as District liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Unearned Revenue

Unearned revenue represents advertising and naming rights revenue received prior to being earned. The revenue is recognized as earned over the period of the respective contract.

Net Position

Net Investment in Capital Assets – Consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted net position – Consists of net position with constraints placed on their use by either 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of all other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Revenue

The District has classified its revenues as either operating or nonoperating. Operating revenue includes activities that have the characteristics of exchange transactions. Nonoperating revenues include interest income on investments and activities that have characteristics of non-exchange transactions including federal, state, and local grants and tax revenues.

Operating Expenses

The District reports operating expenses as allocated and unallocated. Expenses reported as allocated are specific costs allocated to events. The District has not allocated employee benefits, but rather reports all benefit costs as unallocated.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, Leases
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 91, Conduit Debt Obligations

When they become effective, application of these standards may restate portions of these financial statements.

NOTE 2 - MARKETING AND PROMOTIONAL AGREEMENT

The District has an agreement with Visit Milwaukee through 2020 which provided that the District would fund Visit Milwaukee based upon tax collections and revenue generation for advertising and promotion services directly benefiting the District.

The District paid $8,465,687 and $7,915,971 to Visit Milwaukee related to this agreement in 2019 and 2018, respectively.

NOTE 3 - TAX REVENUE

Pursuant to its limited taxing authority, the District is authorized to impose the following taxes:

Basic Room Tax

The District imposes the Basic Room Tax at the rate of 2.5 % on the gross receipts derived from the rental of rooms and lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations available to the public. The Basic Room Tax is imposed on all such lodging within Milwaukee County. Under the Authorizing Legislation, the District Board adopted a resolution providing that if the balance for the Junior Debt Service Reserve Fund is less than the applicable special debt service reserve fund requirement, the Basic Room Tax will become 3% as of the succeeding January 1, April 1, July 1, or October 1 and such tax rate is irrepealable if any bonds issued by the District and secured by a special debt service reserve fund are outstanding.

The District voted to impose the Basic Room Tax at a rate of 3% on April 2, 2020, by a vote of a majority of the District Board. This rate will be effective January, 2021.

Additional Room Tax

The District imposes the Additional Room Tax at the rate of 7% on the gross receipts derived from the rental of rooms and lodging to transients by hotelkeepers, motel operators, and other persons furnishing accommodations available to the public. The tax is imposed on all such lodging within the City of Milwaukee. Under the Authorizing Legislation, the District has no authority to increase the 7% Additional Room Tax rate.

Local Food and Beverage Tax

The District imposes the Local Food and Beverage Tax at the rate of 0.50% on the gross receipts derived from the sales of food and beverages that are subject to the Wisconsin sales or use tax. The tax is imposed on all such sales within Milwaukee County. Under the Authorizing Legislation, the District may not increase the rate of the Local Food and Beverage Tax beyond 0.50%.

Local Rental Car Tax

The District imposes the Local Rental Car Tax at the rate of 3% on the gross receipts derived from the rental (for a period of 30 days or less) on motor vehicles designed and used primarily for carrying persons, by establishments engaged in business within Milwaukee County which are primarily engaged in the short-term rental of passenger cars without drivers.

NOTE 3 - TAX REVENUE (continued)

Local Rental Car Tax (continued)

Under the Authorizing Legislation, the maximum rate for the Local Rental Car Tax is 4%. The tax rate can increase to 4% only if the State of Wisconsin makes a payment to restore the District's Junior Debt Service Reserve Fund under Section 229.50(7) of the Wisconsin Statute and the District Board then votes to increase such tax rate.

These District taxes are imposed on a seller's taxable receipts. Each of the District's taxes are collected, administered, and enforced for the District by the Wisconsin Department of Revenue (the Department). Each taxpayer is required to report its liability for District taxes to the Department, and remit the full amount of such taxes, on or before the last day of the month following the end of such taxpayer's reporting period. The Department is required to remit to the District the tax amounts collected, less a 2.55% statutory deduction which is retained by the Department to cover its administrative expenses. The District has entered into an agreement with the Department under which the Department will remit the net amounts collected, less the statutory deduction, by the 20th of each month.

The proceeds of the Additional Room Tax may be used for any lawful purpose of the District once sufficient restricted tax revenues are available on deposit to fund annual debt obligations.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits and investments are presented in the financial statements as follows:

	2019	2018	
Deposits	$ 26,997,587	$ 28,723,175	Custodial credit risk
Petty cash	32,245	4,500	N/A
U.S. Treasuries	352,775	2,077,701	Custodial credit and interest rate risk
U.S. Agencies	2,258,759	3,233,722	Credit, custodial credit, concentration of credit, and interest rate risk
Guaranteed Investment Contract	17,646,613	17,647,770	Credit and concentration of credit
Totals	$ 47,287,979	$ 51,686,868	
Unrestricted	$ 10,622,194	$ 6,300,049	
Restricted	36,665,785	45,386,819	
Totals	$ 47,287,979	$ 51,686,868	

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Deposits in each local 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 accounts (interest-bearing and noninterest-bearing). 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 deposit accounts.

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 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.

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

- Market Value

	December 31, 2019			
Investment Type	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ -	$ 2,258,759	$ -	$ 2,258,759
U.S. Treasuries	352,775	-	-	352,775
Total	$ 352,775	$ 2,258,759	$ -	$ 2,611,534

	December 31, 2018			
Investment Type	Level 1	Level 2	Level 3	Total
U.S. Agencies	$ -	$ 3,233,722	$ -	$ 3,233,722
U.S. Treasuries	2,077,701	-	-	2,077,701
Total	$ 2,077,701	$ 3,233,722	$ -	$ 5,311,423

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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.

As of December 31, 2019, $27,104,281 of the District's total deposit bank balances of $27,354,281 was exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2018, $29,090,762 of the District's total deposit bank balances of $29,340,762 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

As of December 31, 2019, $2,402,545 of the District's total investment bank balances of $20,299,158 was exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2018, $5,056,340 of the District's total investment bank balances of $22,954,110 was exposed to custodial credit risk as uninsured and uncollateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a district's investment in a single issuer. At December 31, 2019, the investment portfolio had concentration of investments greater than 5% of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	US agency	6%

At December 31, 2018, the investment portfolio had concentration of investments greater than 5% of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	US agency	6%

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that, an issuer or other counterparty to an investment will not fulfill its obligations to the District. The District does not have a formal policy addressing this type of investment risk.

The District's investments in US agencies of $2,258,759 and $3,233,722 are rated Aaa by Moody's as of December 31, 2019 and 2018, respectively.

The District invests in guaranteed investment contracts (GIC); these types of investments are not rated. As of December 31, 2019 and 2018, the District had $17,646,613 and $17,647,770, respectively, in these types of investments.

Interest Rate Risk

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

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
US Agencies	$ 924,670	Less than one year
US Agencies	1,334,089	1 to 5 years
	$ 2,258,759	
US Treasuries	$ 99,640	Less than one year
US Treasuries	253,135	1 to 5 years
	$ 352,775	

As of December 31, 2018, the District's investments were as follows:

Investment Type	Value	(Years)
US Agencies	$ 870,139	Less than one year
US Agencies	2,363,583	1 to 5 years
	$ 3,233,722	
US Treasuries	$ 2,077,701	Less than one year

NOTE 5 - RESTRICTED ASSETS

Restricted assets consist of deposits, U.S. Agencies, U.S. Treasuries, and Guaranteed Investment Contracts and are summarized as follows:

	2019	2018
1996AB Bonds - Revenue Fund Restricted Tax Revenue Account	$ 8,146,717	$ 8,829,305
1996AB Bonds - Principal Account	731,606	895,262
1996AB Bonds - Operating Reserve	2,500,000	2,500,000
1996AB Bonds - Surplus Account	145,953	3,389
1996AB Bonds - Surplus RDM	734	720
1996AB Bonds - Principal Account	7,021	9,928
1996AB Bonds - Capital maintenance	1,140,786	1,107,178
1996 AB Bonds - Bond Expense Account	-	3,359
1999 Junior Debt Service - Reserve Fund	15,046,613	15,047,772
1999 Bonds - Principal Account	7,073	8,426
1999 Bonds - Interest Account	8	18
1999 Bonds - Bond Expense account	61	1,360
2003 Bonds - Bond Expense	-	1,800
2013A Bonds - Reserve Account	3,072,784	3,075,073
2013A Bonds - Cost of Issuance Account	26,962	26,469
2013A Bonds - Interest Account	38,725	19,963
2013A Bonds - Bond expense account	-	2,503
2013A Dedicated Theatre Bonds - Principal Account	636	872
2016 Appropriation Revenue Bonds - Principal Account	2,031,568	2,090,093
2016 Appropriation Revenue Bonds - Admin Expenses Account	58,863	53,865
2016 Appropriation Revenue Bonds - Bond expense account	12,844	12,844
2016A Senior Dedicated Bonds - Principal Account	475	671
2016B Junior Dedicated Tax Revenue Bonds - Bond Expense Account	-	3,004
2016A Junior Dedication Tax Revenue Bonds - Construction Account	100,544	99,000
2016B Junior Dedicated Tax Revenue Bonds - Bond Expense account	-	3,000
2016B Junior Dedicated Tax Revenue Bonds - Taxable Capitalized Interest Account	120,757	659,975
2016B Junior Dedicated Tax Revenue Bonds - Taxable Construction Account	-	7,397,448
2016B Junior Dedicated Tax Revenue Bonds - Taxable COI Account	270,734	265,782
2016B Junior Dedicated Tax Revenue Bonds - Taxable Reserve Account	3,204,321	3,267,740
	$ 36,665,785	$ 45,386,819

Pursuant to the terms of the General Resolution for the 1996 Series A and Series B bonds, as well as the 2016 Series A and B bonds, the District maintains the required trust funds, which are held and administered by the bond trustee. The District's management assures the District is in compliance with the terms of the General Resolution.

<u>Project Fund Construction Account</u>

The trustee disburses funds from the account upon receipt of a requisition or certificate of a District representative specifying that the amount requisitioned will be applied to pay or reimburse the District for payment and cost of the Project costs financed from the proceeds of the applicable series of Bonds.

NOTE 5 - RESTRICTED ASSETS (continued)

Junior Debt Service Reserve Fund

An initial deposit to the Junior Debt Service Reserve Fund was made by the bond trustee from the proceeds of each series of Junior Bonds in an amount sufficient to satisfy the Junior Debt Service Reserve Fund requirement. If on any payment date the amount on deposit in the Junior Debt Service Reserve Fund is less than the requirement, the bond trustee is to promptly notify the District and withdraw from other funds in the following order: (a) the Revenue Fund Restricted Tax Revenues Account; (b) the Revenue Fund Unrestricted Tax Revenues for the amount of the deficiency.

Revenue Fund Restricted Tax Revenues Account

All tax revenue restricted for the District's debt service on bond obligations are deposited into this account, including the Basic Room Tax, Local Food and Beverage Tax, and Local Rental Car Tax.

Senior Principal Account

Amounts deposited into the Principal Account are for making principal payments on the Series 1996A Senior Dedicated Tax Revenue Bonds. The account is funded by transfer from the Revenue Fund Restricted Tax Revenue Account.

Junior Interest Account

A semi-annual transfer is made from the Revenue Fund Restricted Tax Revenues Account into this account for the semi-annual interest payment on the Junior Bonds. Interest income derived from the investment of amounts on deposit in this account remain in the account and are credited against the amount next due to be transferred from the Revenue Fund. On each interest payment date, the trustee withdraws from this account an amount sufficient to pay the interest coming due on the Junior Bonds.

Capital Maintenance

This account was established to fund capital maintenance requirements.

Operating Reserve Account

This account was established and required by the 1996 bond issuance.

1996AB Bonds - Surplus Account

This account was established and required by the 1996 bond issuance. These are funds established as a surplus/reserve amount for the 1996AB Bonds.

1996AB Bonds - Surplus RDM

This account was established and required by the 1996 bond issuance. These are funds established as a surplus/reserve amount for the 1996AB Bonds.

NOTE 5 - RESTRICTED ASSETS (continued)

1996AB Bonds - Principal Account

Amounts deposited into the Principal Account are for making principal payments on the Series 1996AB Bonds. The accounts are funded by transfer from the Revenue Fund Restricted Tax Revenue Account.

1999 Bonds - Principal Account

Amounts deposited into the Principal Account are for making principal payments on the Series 1999 Bonds. Amounts deposited into the Principal Accounts are for making principal payments on the indicated Bond series. The accounts are funded by transfer from the Revenue Fund Restricted Tax Revenue Account.

2013A Bonds - Cost of Issuance Account

This account was established and required by the 2013 bond issuance. These are funds available for the costs of issuance of the 2013A Bonds.

2013A Bonds - Interest Account

A semi-annual transfer is made from the Revenue Fund Restricted Tax Revenues Account into this account for the semi-annual interest payment on the 2013A Bonds. Interest income derived from the investment of amounts on deposit in this account remain in the account and are credited against the amount next due to be transferred from the Revenue Fund. On each interest payment date, the trustee withdraws from this account an amount sufficient to pay the interest coming due on the 2013A Bonds.

2013A Dedicated Theatre Bonds - Principal Account

This account was established and required by the 2013 bond issuance. Amounts deposited into the Principal Account are for making principal payments on the Series 2013A Bonds. Amounts deposited into the Principal Accounts are for making principal payments on the indicated Bond series. The accounts are funded by transfer from the Revenue Fund Restricted Tax Revenue Account.

2016 Appropriation Revenue Bonds - Principal Account

This account was established and required by the 2016 bond issuance. Amounts deposited into the Principal Accounts are for making principal payments on the indicated Bond series. The accounts are funded by annual appropriations made by the State of Wisconsin.

2016 Appropriation Revenue Bonds - Admin Expenses Account

This account was established and required by the 2016 bond issuance. These are funds available for the costs of issuance of the 2016 Bonds.

NOTE 5 - RESTRICTED ASSETS (continued)

2016A Senior Dedicated Bonds - Principal Account

This account was established and required by the 2016 bond issuance. Amounts deposited into the Principal Accounts are for making principal payments on the indicated Bond series. The accounts are funded by transfer from the Revenue Fund Restricted Tax Revenue Account.

2016A Junior Dedication Tax Revenue Bonds - Construction Account

This account was established and required by the 2016 bond issuance. These are funds utilized for the construction of the new Arena project.

2016B Junior Dedicated Tax Revenue Bonds - Taxable Capitalized Interest Account

This account was established and required by the 2016 bond issuance. These are funds utilized to make interest payments on the 2016B Bonds through December 15, 2018.

2016B Junior Dedicated Tax Revenue Bonds - Taxable Construction Account

This account was established and required by the 2016 bond issuance. These are funds utilized for the construction of the new Arena project.

2016B Junior Dedicated Tax Revenue Bonds - Taxable COI Account

This account was established and required by the 2016B bond issuance. These are funds available for the costs of issuance of the 2016B Bonds.

2016B Junior Dedicated Tax Revenue Bonds - Taxable Reserve Account

This account was established and required by the 2016 bond issuance. These are funds established as a reserve amount for the 2016B Bonds.

WISCONSIN CENTER DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2019 and 2018

NOTE 6 - CAPITAL ASSETS

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

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets not being depreciated				
Land	$ 25,458,953	$ -	$ -	$ 25,458,953
Construction in progress	-	353,685	-	353,685
Total capital assets not being depreciated	25,458,953	353,685	-	25,812,638
Capital assets being depreciated				
Buildings and improvements	667,637,061	6,807,189	20,837	674,423,413
Furniture, machinery, and equipment	15,849,880	679,471	1,239,128	15,290,223
Total capital assets being depreciated	683,486,941	7,486,660	1,259,965	689,713,636
Less accumulated depreciation for:				
Buildings and improvements	149,608,649	18,834,193	20,837	168,422,005
Furniture, machinery, and equipment	10,329,057	1,014,468	1,235,210	10,108,315
Total accumulated depreciation	159,937,706	19,848,661	1,256,047	178,530,320
Total capital assets being depreciated, net	523,549,235	(12,362,001)	3,918	511,183,316
Total capital assets, net	$ 549,008,188	$ (12,008,316)	$ 3,918	$ 536,995,954

NOTE 6 - CAPITAL ASSETS (continued)

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

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated				
Land	$ 22,958,953	$ 2,500,000	$ -	$ 25,458,953
Construction in progress	146,684,127	47,960,132	194,644,259	-
Total capital assets not being depreciated	169,643,080	50,460,132	194,644,259	25,458,953
Capital assets being depreciated				
Buildings and improvements	245,992,210	421,644,851	-	667,637,061
Furniture, machinery, and equipment	13,949,811	1,900,069	-	15,849,880
Total capital assets being depreciated	259,942,021	423,544,920	-	683,486,941
Less accumulated depreciation for:				
Buildings and improvements	136,998,719	12,609,930	-	149,608,649
Furniture, machinery, and equipment	9,277,279	1,051,778	-	10,329,057
Total accumulated depreciation	146,275,998	13,661,708	-	159,937,706
Total capital assets being depreciated, net	113,666,023	409,883,212	-	523,549,235
Total capital assets, net	$ 288,309,103	$ 460,343,344	$ 194,644,259	$ 549,008,188

NOTE 7 - CONCESSION IMPROVEMENT DEPOSITS

The District renewed a contract with Levy effective July 1, 2018 through June 30, 2023. Under this renewed contract, the District pays a flat annual fee of $165,000 per year. Levy retains a variable incentive fee equal to 2% of gross revenues for the first, second and third contract years, and an amount equal to 3% of gross revenues for the fourth, fifth, sixth and seventh contract years.

Over the period of the contracts, Levy made several deposits to the District, totaling $2,300,000. The unamortized balance is recognized as revenue on a monthly basis over a 120 month amortization period for the deposit beginning in July 2008 and ending June 2018 and over a 60 month amortization period for the deposit beginning July 2018 and ending in June 2023. A minimum of $100,000 of this deposit is to be used to upgrade concession stands. As of December 31, 2019 and 2018, the District has $699,994 and $899,998 remaining on deposit, respectively.

NOTE 8 - OBLIGATION UNDER CAPITAL LEASE

In 2010, 2011, and 2014, the District acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital leases is $2,498,871, which are included in capital assets. The lease obligation was paid off during the year ended December 31, 2019.

NOTE 9 - LONG-TERM OBLIGATIONS

In February 1996, the District issued $63,455,548 in Senior Dedicated Tax Revenue Bonds, Series 1996A (1996 Senior Bonds). The bonds are special, limited obligations of the District payable from and secured by a pledge of tax revenues, bond proceeds, and certain of the funds and other monies held under the General Resolution.

The 1996 Senior Bonds are capital appreciation bonds and bear interest compounded semi-annually on each June 15 and December 15 at approximate yields ranging from 3.90% to 5.8%. Installments of the bonds mature on December 15 of each year through 2027. Interest on each installment is payable only at maturity. The bonds are insured by MBIA Insurance Corporation and not subject to optional redemption prior to maturity.

February 1999, the District issued $125,775,000 in Junior Dedicated Tax Revenue Refunding Bonds, Series 1999 (1999 Junior Bonds). The 1999 Junior Bonds were issued in order to refund the outstanding balance of the 1996 Junior Bonds and also, to pay costs of issuance of the 1999 Junior Bonds. The bonds mature on December 15 of each year commencing 2012 through 2027. The bonds bear interest ranging from 4.25% to 5.25%. Interest on the bonds is payable semi-annually on June 15 and December 15. These bonds are insured by Financial Security Assurance, Inc. and are not subject to redemption prior to the state maturity.

The difference between the reacquisition price on the 1999 Junior Bonds and the net carrying amount of the old debt is reflected as an accounting loss of $9,460,975, which is recognized as a deferred outflow and amortized on a bonds outstanding method, which approximates an effective interest method, as a component of interest expense through the year 2027. The unamortized balance of the accounting loss was approximately $1,180,463 and $1,488,688 at December 31, 2019 and 2018, respectively.

The Junior Debt Service Reserve Fund, which secures the 1999 Junior Bonds, has been established as a “special debt service reserve fund” under Wisconsin Statues. The District Board has adopted resolutions which provide that the rates for two of the District taxes (the Basic Room Tax and the Local Food and Beverage Tax) will increase in the event the amount on deposit in the Junior Debt Service Reserve Fund is less than the Junior Debt Service Reserve Fund requirement on any payment date.

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

In June 2001, the District issued $30,000,000 in Variable Rate Demand Revenue Bonds, Series 2001A. These bonds were retired as discussed in the following paragraph. The Bonds were special, limited obligations of the District payable from and secured by a pledge of tax revenues and certain of the funds and other monies held under the indenture. The Milwaukee Theatre Renovation Debt Service Reserve Fund, which secures the Series 2001A Bonds, has been established as a “special debt service reserve fund” under Wisconsin Statutes. The bonds were to mature on December 15, 2026.

In March 2013, the District issued $28,235,000 Junior Dedicated Tax Revenue Refunding Bonds, Series 2013A. The proceeds from the sale of the Series 2013A Junior Bonds were used to refund the District’s Variable Rate Demand Revenue Bonds, Series 2001A, to fund a deposit to the Series Reserve Account of the Junior Debt Service Reserve Fund, and to pay costs of issuance. The Series 2013A Junior Bonds are special, limited obligations of the District payable from and secured by a pledge of tax revenues and certain of the funds and other monies held under the indenture. The interest rates are from 3.5%. The bonds mature on December 15, 2032.

In August 2003, the District issued $7,804,892 in Senior Dedicated Tax Revenue Refunding Bonds, Series 2003A. These bonds are capital appreciation bonds and bear interest compounded semi-annually on each June 15 and December 15 at approximate yields ranging from 5.73% to 5.76%. Installments of the bonds mature on December 15 of 2028 through 2032. Interest on each installment is payable only at maturity. The bonds are insured by Financial Security Assurance, Inc. and are not subject to optional redemption prior to maturity.

The difference between the reacquisition price on the 2003 Refunding Bonds and the net carrying amount of the old debt is reflected as an accounting loss of $2,145,164, which is recognized as a deferred outflow and amortized on a bonds outstanding method, which approximates an effective interest method, as a component of interest expense through the year 2027. The unamortized balance of the accounting loss was approximately $263,786 and $329,732 at December 31, 2019 and 2018, respectively.

In June 2016, the District issued $54,257,238 in Senior Dedicated Tax Revenue Bonds, Series 2016A (2016 Senior Bonds). The proceeds from the sale of the 2016 Senior Bonds will be used for the purpose of financing a portion of certain of the costs associated with the initial construction and development of a sports and entertainment arena facility and related expenditures, and also to pay costs of issuance of the 2016 Senior Bonds. The bonds mature on December 15 of each year commencing 2016 through 2046. The bonds bear interest ranging from 2.00% to 5.00%. Interest on the bonds is payable semi-annually on June 15 and December 15. These bonds are insured by Financial Security Assurance, Inc. and are not subject to redemption prior to the state maturity. The 2016 Senior Bonds are special, limited obligations of the District, and neither the full faith and credit nor the taxing power of the State of Wisconsin, the City of Milwaukee, the County of Milwaukee, or any political subdivision of the State of Wisconsin other than the District (with respect to the Tax Revenues) will be pledged to the payment of the principal of, premium, if any, or interest on the 2016 Senior Bonds.

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

The 2016 Senior Bonds are capital appreciation bonds and bear interest compounded semi-annually on each June 15 and December 15 at approximate yields ranging from .60% to 3.81%. Installments of the bonds mature on December 15 of each year through 2046. Interest on each installment is payable only at maturity. The bonds are insured by Assured Guaranty Municipal Corp.

In June 2016, the District also issued $108,065,000 Appropriation Revenue Bonds, Series 2016 (2016 Appropriation Bonds). The proceeds from the sale of the 2016 Appropriation Bonds will be used for the purpose of financing a portion of certain of the costs associated with the initial construction and development of a sports and entertainment arena facility and related expenditures, and also to pay costs of issuance of the 2016 Appropriation Bonds. The bonds mature on December 15 of each year commencing 2016 through 2046. The bonds bear interest ranging from 2.00 % to 5.00%. Interest on the bonds is payable semi-annually on June 15 and December 15. The 2016 Appropriation Bonds are special, limited obligations of the District, and neither the full faith and credit nor the taxing power of the State of Wisconsin, the City of Milwaukee, the County of Milwaukee, the District or any other political subdivision of the State of Wisconsin will be pledged to the payment of principal of and interest on the 2016 Appropriation Bonds.

In June 2016, the District also issued $35,000,000 Senior Ticket Surcharge and Annual Fee Revenue and Subordinate Unrestricted Tax Revenue Bonds, Series 2016A (2016 Senior II Bonds). The proceeds from the sale of the 2016 Appropriation Bonds will be used for the purpose of financing a portion of certain of the costs associated with the initial construction and development of a sports and entertainment arena facility and related expenditures, to pay costs of issuance of the 2016 Senior II Bonds, and to pay capitalized interest on the 2016 Senior II Bonds. The 2016 Senior II Bonds are one-term bonds with a final maturity on December 15, 2046, with annual mandatory sinking fund redemptions beginning on December 15, 2021. The bonds bear interest at 6.25%. Interest on the bonds is payable semi-annually on June 15 and December 15. The 2016 Senior II Bonds were refunded in 2016 by the $37,915,000 Junior Dedicated Tax Revenue Refunding Bonds, Series 2016B.

In September 2016, the District issued $37,915,000 Junior Dedicated Tax Revenue Refunding Bonds, Series 2016B (2016 Junior Bonds). The proceeds from the sale of the 2016 Junior Bonds will be used to refund the 2016 Senior II bond issue. The bonds mature on December 15 of each year commencing 2016 through 2046. The bonds bear interest ranging from 4.05% to 4.59%. Interest on the bonds is payable semi-annually on June 15 and December 15.

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Outstanding long-term debt as of December 31, 2019 and 2018 consist of the following:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
Senior Dedicated Tax Revenue Bonds, Series 1996A	$ 13,724,120	$ -	$ 1,912,012	$ 11,812,108	$ 1,806,636
Accrued interest	37,608,475	2,970,115	5,515,047	35,063,543	5,690,512
	51,332,595	2,970,115	7,427,059	46,875,651	7,497,148
Senior Dedicated Tax Revenue Refunding Bonds, Series 2003	7,804,892	-	-	7,804,892	-
Accrued interest	10,467,119	1,082,492	-	11,549,611	-
	18,272,011	1,082,492	-	19,354,503	-
Senior Dedicated Tax Revenue Bonds, Series 2016A	52,257,238	-	500,000	51,757,238	500,000
Accrued Interest	6,807,812	8,930,741	6,807,812	8,930,741	-
	59,065,050	8,930,741	7,307,812	60,687,979	500,000
Junior Dedicated Tax Revenue Refunding Bonds, Series 1999	102,035,000	-	7,455,000	94,580,000	8,730,000
Junior Dedicated Tax Revenue Refunding Bonds, Series 2016B	37,915,000	-	-	37,915,000	-
Junior Dedicated Tax Revenue Refunding Bonds, Series 2013A	24,410,000	-	670,000	23,740,000	690,000
2016 Appropriation Bonds	97,090,000	-	3,915,000	93,175,000	4,095,000
Premiums	14,253,067	-	1,603,401	12,649,666	-
Total	$ 404,372,723	$ 12,983,348	$ 28,378,272	$ 388,977,799	$ 21,512,148

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
Bonds	$ 404,372,723	$ 12,983,348	$ 28,378,272	$ 388,977,799	$ 21,512,148

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Due within one year
Senior Dedicated Tax Revenue Bonds, Series 1996A	$ 15,770,288	$ -	$ 2,046,168	$ 13,724,120	$ 1,912,012
Accrued interest	39,795,223	3,209,846	5,396,594	37,608,475	6,003,652
	55,565,511	3,209,846	7,442,762	51,332,595	7,915,664
Senior Dedicated Tax Revenue Refunding Bonds, Series 2003	7,804,892	-	-	7,804,892	-
Accrued interest	9,444,250	1,022,869	-	10,467,119	-
	17,249,142	1,022,869	-	18,272,011	-
Senior Dedicated Tax Revenue Bonds, Series 2016A	52,757,238	-	500,000	52,257,238	500,000
Accrued Interest	4,760,157	6,807,812	4,760,157	6,807,812	-
	57,517,395	6,807,812	5,260,157	59,065,050	500,000
Junior Dedicated Tax Revenue Refunding Bonds, Series 1999	108,315,000	-	6,280,000	102,035,000	7,455,000
Junior Dedicated Tax Revenue Refunding Bonds, Series 2016B	37,915,000	-	-	37,915,000	-
Junior Dedicated Tax Revenue Refunding Bonds, Series 2013A	25,060,000	-	650,000	24,410,000	670,000
2016 Appropriation Bonds	100,860,000	-	3,770,000	97,090,000	3,915,000
Premiums	15,928,798	-	1,675,731	14,253,067	-
Total	$ 418,410,846	$ 11,040,527	$ 25,078,650	$ 404,372,723	$ 20,455,664

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Due within one year
Bonds	$ 418,410,846	$ 11,040,527	$ 25,078,650	$ 404,372,723	$ 20,455,664

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Estimated payments of other post-employment benefits and net pension liability are not included in the debt service requirement schedules.

Aggregate maturities for the bonds for years subsequent to December 31, 2019 are as follows:

Year ended December 31,	Principal	Interest	Total
2020	$ 15,821,636	$ 17,381,186	$ 33,202,822
2021	16,925,794	16,817,153	33,742,947
2022	18,012,110	16,190,107	34,202,217
2023	18,748,606	15,431,368	34,179,974
2024	19,505,060	14,666,072	34,171,132
2025-2029	86,323,895	59,436,903	145,760,798
2030-2034	64,868,300	40,674,105	105,542,405
2035-2039	38,517,699	30,704,251	69,221,950
2040-2044	30,003,404	31,083,593	61,086,997
2045-2046	12,057,734	12,386,210	24,443,944
Total	320,784,238	$ 254,770,948	$ 575,555,186
Plus: Unamortized premium	12,649,666		
Plus: Accrued interest	55,543,895		
	$ 388,977,799		

The District has pledged future tax revenues, net of specified operating expenses, to repay revenue bonds issued in 1996 through 2016. Proceeds from the bonds provided financing for the various projects of the District, including the refunding of outstanding debt. The bonds are payable solely from revenues and are payable through 2046. Annual principal and interest payments on the bonds are expected to require 33% and 33% as of December 31, 2019 and 2018, respectively, of net revenues. The total principal and interest remaining to be paid on the bonds is $575,555,186 and $607,871,120 as of December 31, 2019 and 2018, respectively. Principal and interest paid for the current year and total net customer revenues were $32,315,934 and $31,448,234 and $14,934,169 and $22,394,176 as of December 31, 2019 and 2018, respectively.

The District’s outstanding long-term debt contains provisions that in an event of default, outstanding amounts become immediately due and payable.

NOTE 10 –NET POSITION

Net position reported on the statement of net position at December 31, 2019 and 2018, includes the following:

	2019	2018
Net Investment in Capital Assets		
Land	$ 25,458,953	$ 25,458,953
Construction in progress	353,685	-
Other capital assets, net of accumulated depreciation	511,183,316	523,544,270
Less: Long-term debt outstanding, Net of unspent bond proceeds	(314,342,493)	(322,924,116)
Total Net Investment in Capital Assets	$ 222,653,461	$ 226,079,107
Restricted for Debt Service	$ 17,877,845	$ 19,235,422

NOTE 11 – EMPLOYEES RETIREMENT SYSTEM

Plan Description – The District makes contributions to the Employees' Retirement System of the City of Milwaukee (the "System"), a cost-sharing multiple-employer defined pension plan, on behalf of all eligible District employees. The System provides retirement, disability, and death benefits to plan members and beneficiaries. The City Charter assigns the District to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees' Retirement System of the City of Milwaukee, 789 North Water Street, Suite 300, Milwaukee, WI 53202.

Funding Policy – For general employees participating prior to January 1, 2014, they are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5% of their annual pensionable income, and for general employee, participating on or after January 1, 2014, they are required to contribute 4% of their annual pensionable income. The City Charter assigns the District to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute 5.5% of their earnable compensation for pension benefits. The District's contributions to the System for the years ended December 31, 2019 and 2018, was $344,024 and $396,188, respectively, equal to the required contributions on behalf of the plan members for each year.

At December 31, 2019, the District reported a liability of $5,141,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actual valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions of benefit terms occurred between the actuarial date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.38397851% which was a decrease of .05904389% from its proportion measured as of December 31, 2017.

At December 31, 2018, the District reported a liability of $1,606,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actual valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions of benefit terms occurred between the actuarial date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was .4430224% which was a decrease of .0153895%from its proportion measured as of December 31, 2016.

NOTE 11 - EMPLOYEES RETIREMENT SYSTEM (continued)

For the year ended December 31, 2019 and 2018, the District recognized pension expense of $1,443,165 and $900,188, respectively.

At December 31, 2019, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 127,000	$ 280,000
Changes in assumptions	1,833,000	1,000
Net differences between projected and actual earnings on pension plan investments	1,186,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,000	141,000
Employer contributions subsequent to the measurement date	380,313	-
Total	$ 3,528,313	$ 422,000

$380,313 reported as deferred outflows related to pension resulting from the System employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources and Deferred Inflow of Resources (net)
2020	$ 1,033,835
2021	761,084
2022	494,109
2023	436,972
Thereafter	-

NOTE 11 - EMPLOYEES RETIREMENT SYSTEM (continued)

At December 31, 2018, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 222,000	$ 61,000
Changes in assumptions	809,000	7,000
Net differences between projected and actual earnings on pension plan investments	-	623,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,000	20,000
Employer contributions subsequent to the measurement date	344,739	-
Total	$ 1,380,739	$ 711,000

$344,739 reported as deferred outflows related to pension resulting from the System employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources and Deferred Inflow of Resources (net)
2019	$ 418,326
2020	295,274
2021	(30,200)
2022	(358,400)
Thereafter	-

NOTE 11 - EMPLOYEES RETIREMENT SYSTEM (continued)

Actuarial assumptions. The last actuarial valuation was performed as of January 1, 2018, and the amounts were used to roll-forward the total pension liability to the plan's year-end December 31, 2018, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

	2019	2018
Actuarial valuation date	January 1, 2018	January 1, 2017
Measurement Date of Net Pension Liability	December 31, 2018	December 31, 2017
Actuarial cost method	Entry age normal-Level Percentage of Pay	Entry age normal-Level Percentage of Pay
Amortization method	Level percent of payroll, closed	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected reamining service lives of all members. The differences between projected and actual earning are amortized over a closed period of five years.
Asset Valuation method	5-year smoothing of difference between expected return on actuarial value and actual return on market value	Fair Market Value
Actuarial Assumptions:		
Investment rate of return and discount rate	7.5% per annum, compounded annually	8.00% for calendar years through 2022, and 8.25% beginning with calendar year 2023
Projected Salary increases	General City 2.5%-5.5% Police & Fire 4.0% - 13.4%	General City 2.5%-5.5% Police & Fire 4.0% - 13.4%
Inflation Assumption	2.50%	2.50%
Cost of living Adjustments	Vary by employee group and decrement type (see plan provisions)	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table, using 111% of rates for males and 110% of rates for females, projected generationally with Scale MP-2016. Disabled mortality rates are based on RP-2014 Disabled Mortality Table, using 102% of rates for males and 98% of rates for females, projected generationally using Scale MP-2016. Active mortality rates are based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2016.	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table projected generationally with Scale MP-2016.
Experience Study	The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience studey for the period January 1, 2012- December 31, 2016.	The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience studey for the period January 1, 2012- December 31, 2016.

NOTE 11 - EMPLOYEES RETIREMENT SYSTEM (continued)

Long-term expected rate of return-the long-term expected rate of return on pension plan investments was determined using Callan Associates' 10 year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Rate of Return
Public Equity	47.00%	7.30%
Fixed Income	25.00%	3.10%
Real Estate	7.70%	5.60%
Real Assets	3.30%	4.50%
Private Equity	8.00%	10.60%
Absolute Return	9.00%	2.90%
	100%	

Long-term expected rate of return-the long-term expected rate of return on pension plan investments was determined using Callan Associates' 10 year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System's target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Rate of Return
Public Equity	49.00%	8.25%
Fixed Income	13.00%	1.83%
Cash	1.00%	0.94%
Real Estate	7.70%	6.91%
Real Assets	3.30%	5.38%
Private Equity	8.00%	12.54%
Absolute Return	18.00%	4.66%
	100%	

Discount Rate – The discount rate used to measure the total pension liability for the years ended December 31, 2019 and December 31, 2018 was 7.50 percent and 8.24 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 7.50 percent for the year ended December 31, 2019 and 8.24 percent for the year ended December 31, 2018, which reflects the long-term expected rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 - EMPLOYEES RETIREMENT SYSTEM (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability as of allocation as of December 31, 2019 and 2018, calculated using the discount rate percent as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1 – percentage-point higher (8.50 percent), respectively, than the current rate (in thousands):

2019	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	$ 11,151,000	$ 5,141,000	$ 2,727,000

2018	1% Decrease (7.24%)	Current Discount (8.24%)	1% Increase (9.24%)
District's proportionate share of the net pension liability (asset)	$ 4,510,000	$ 1,606,000	$ (826,000)

Additional Financial Information for the ERS- For additional information regarding ERS's financial statements and audit report, please visit the ERS web site at http:/www.cmers.com/About-Us/Reports.htm.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

The District participates in the City of Milwaukee healthcare plan. The City is self-insured for benefits under the plan. The plan provides other postemployment benefits (OPEB) to its retirees for health insurance. The plan provides for benefits based on several employee groups. For purposes of the plan, the District's employees are classified as "general City of Milwaukee employees".

Plan Description and Benefits Provided

The City plan is a single-employer defined benefit healthcare plan administered by both the City of Milwaukee and Milwaukee's Employee Retirement System (MERS) and United Health Care. The City of Milwaukee provides medical insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City of Milwaukee to its active employees. Currently, a PPO plan, (aka the Basic Plan) and an EPO plan, (aka a Health Maintenance Organization (HMO) plan) are offered to active employees.

The plan provides full health insurance coverage to "general City of Milwaukee employees" hired prior to 1/1/14 who retire at age 55, but less than age 65, with 30 years of creditable service or age 60, but less than age 65, with 15 years of creditable service until the age of 65. For those employees hired after 1/1/14, they may retire at age 60 with 30 years of creditable service or are 65 with 15 years of creditable service. Management employees retiring beginning in 2004 at age 55, but less than 65, pay a portion of health insurance the same manner as active management employees, currently 12%.

After attaining the age of 65 and having completed a minimum of 15 years of creditable service, all retirees are eligible to enroll in a subsidized plan for medical insurance. The retiree pays 100% of the cost except for those grandfathered that retired prior to June 11, 2015. WCD contributes 25% subsidy of the premium for those retirees.

Employees covered by benefit terms

At December 31, 2019, the District had 17 active members and 10 inactive plan members or beneficiaries currently receiving benefits. At December 31, 2018, the District had 18 active members and 9 inactive plan members or beneficiaries currently receiving benefits.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

The District's total OPEB liability of $4,333,947 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019. The District's total OPEB liability of $3,301,976 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2019	2018
Inflation	2.50 Percent	3.0 Percent
Salary Increases	For general employees, salary increase rates start at 5.5% at age 20 and decrease steadily to 2.5% at age 45.	For general employees, salary increase rates start at 6.9% at age 25 and decrease steadily to 3.0% at age 50.
Healthcare cost trend rates	Pre-Medicare trend rates are 8.0% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2027. Post-Medicare trend rates are 9.50% for 2020 and grade down in 0.50% increments to an ultimate trend rate of 4.50% in 2030. Actual trend rates of 3.02% for pre-Medicare and 6.63% for post-Medicare are used in 2019.	Based on actual premium and were equal to -6.0% for pre-medicare benefits and 6.6% for post-medicare benefits. Pre-Medicare trend rates were 8.0% for 2019 and grade down in .5% increments to an ultimate trend rates of 4.5% in 2026. Post-Medicare trend rates are 9.5% for 2019 and grade down in .5% increments to an ultimate trend rates of 4.5% in 2029. Effective in 2022, pre-Medicare/post-Medicare excess trend of 0.39%/0.00% for the PPO Plan and 0.43%/0.10% for the EPO Plan are applied to the base trend healthcare rates to account for the Excise Tax under the Healthcare Reform Act
Retirees' share of benefit related costs	45 percent of projected health insurance premiums for retirees	45 percent of projected health insurance premiums for retirees
Mortality	For regular retirees and for survivors, the RP-2014 Healthy Annuitant Mortality Table (using 111% of rates for males and 110% of rates for females) (base year 2006) projected generationally with Scale MP-2016. For duty and ordinary disability retirees, the RP-2014 Disability Mortality Table (using 102% of rates for males and 98% of rates for females) (base year 2006) projected generationally with Scale MP-2016 was used. For death in active service, the RP-2014 Non-annuitant Mortality Table (base year 2006) projected generationally with Scale MP-2016.	For regular retirees and for survivors, the RP-2000 Combined Mortality Table with mortality improvements projected to the year 2009 for the actuarial valuation as of January 1, 2017, for males and females. For death in active service, the RP-2000 Combined Mortality Table with mortality improvements projected to the year 2009 for the actuarial valuation as of January 1, 2017, for males and females, then a 6-year setback for males and females. For purposes of the retiree healthcare valuation, the mortality assumption for disabled retirees is the assumption for regular retirees and survivors with a 3-year set forward to the mortality rates.

The discount rate was based on Fidelity's 20-Year Municipal GO AA Index as of each measurement date.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability	
	2019	2018
Balance - beginning of year	$ 3,301,976	$ 3,344,116
Changes for the year:		
Service cost	136,311	136,033
Interest on the Total OPEB liability	132,287	111,310
Difference between expected and actual experience	(167,725)	(496)
Difference due to change in proration percentage	338,015	-
Changes in assumptions	715,649	(191,208)
Benefit payments	(122,566)	(97,779)
Net changes	1,031,971	(42,140)
Balance - end of year	$ 4,333,947	$ 3,301,976

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71 percent in 2018 to 2.75 percent in 2019. Changes of assumptions and other inputs reflect a change in the discount rate from 3.31 percent in 2017 to 3.71 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District as of December 31, 2019 and 2018 as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

2019	1% Decrease (1.75%)	Current Discount (2.75%)	1% Increase (3.75%)
Total OPEB Liability	$ 5,092,631	$ 4,333,947	$ 3,733,231

2018	1% Decrease (2.71%)	Current Discount (3.71%)	1% Increase (4.71%)
Total OPEB Liability	$ 3,812,413	$ 3,301,976	$ 2,887,697

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District as of December 31, 2019 and 2018 as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

2019	1% Decrease	Current Healthcare Cost Assumption	1% Increase
Total OPEB Liability	$ 3,833,420	$ 4,333,947	$ 5,009,449

2018	1% Decrease	Current Healthcare Cost Assumption	1% Increase
Total OPEB Liability	$ 2,863,288	$ 3,301,976	$ 3,856,647

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019 and 2018, the District recognized OPEB expenses of $377,049 and $219,806, respectively. At December 31, 2019, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual non-investment experience	$ -	$ 142,333
Difference in proration percentages	286,131	-
Changes in assumptions or other inputs	605,799	136,277
Total	$ 891,930	$ 278,610

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2020	$	108,452
2021		108,452
2022		108,452
2023		108,452
2024		109,506
Thereafter		70,006

At December 31, 2018, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred inflows of resources
Differences between expected and actual non-investment experience	$ 425
Changes in assumptions or other inputs	163,742
Total	$ 164,167

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2019	$	27,537
2020		27,537
2021		27,537
2022		27,537
2023		27,537
Thereafter		26,482

NOTE 13 - ADVERTISING AGREEMENTS

The District has negotiated advertising agreements with several corporations for the right to advertise on the Arena's main and auxiliary scoreboards and the video walls of the Wisconsin Center's Exhibit Halls. The original terms of these agreements require varying annual payments and have expiration dates ranging through 2020. The District has negotiated trade agreements with several corporations for miscellaneous advertising in promotional material in exchange for equipment and rate reductions.

The District entered into an agreement with MillerCoors for advertising and naming rights in 2015, extending through 2020, with an option for renewal until 2025. The District recognized advertising and naming rights revenues of $383,333 and $373,333 in 2019 and 2018, respectively, for this advertising agreement.

For all advertising and naming rights revenues collectively, the District recognized $956,674 and $941,822 in 2019 and 2018, respectively, under the advertising and naming rights agreements.

In June of 2014, the District entered into a 10 year agreement with UW-Milwaukee, under the terms, the District granted UW-Milwaukee the right to change the name of the U.S. Cellular Arena to the UW-Milwaukee Panther Arena, the right to promote its business through comprehensive signage and pertinent marketing activities in exchange for significant financial support and the right to book priority. UW-Milwaukee is to pay a total of $3,425,000 to the District over the ten year term of the agreement payable in annual installments ranging from $2,450,000 to the District over the seven-year term of the agreement payable in annual installments ranging from $300,000 to $375,000.

NOTE 14 – LEASE AGREEMENTS

The District has entered into a 30 year lease agreement with Deer District LLC to operate the Arena [currently known as the FiServ Forum]. Pursuant to the lease agreement Deer District LLC shall be responsible for paying, throughout the 30 year leasehold term all costs necessary to manage and operate the Arena including all costs of maintenance, capital repairs, replacements, additions, renovation, remodeling, removal, alteration, improvements, insurance, and taxes.

For the rights to operate the Arena, the District recognized lease revenue in the amount of $1,010,623 in 2019, which is year two of the lease agreement. The District recognized lease revenue in the amount of $417,186 in 2018, which is year one of the lease agreement, a prorated operating year that commenced August 1, 2018 upon substantial completion of the Arena and concluded June 30, 2019.

Additionally, WCD is paid $2.00 for each qualified ticket [the District Ticket Surcharge] issued for publically ticketed events occurring at the Arena, of which $.50 of each qualified ticket is paid to the State of Wisconsin. In 2019 and 2018, the District recognized District Ticket Surcharge revenue of $2,348,316 and $978,333, respectively.

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. 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.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds 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's 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 17 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No.75 – *Accounting and Financial Reporting for Post-Employment Benefits other than Pensions (OPEB)* for the year ended December 31, 2018.This statement requires the total OPEB liability and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The cumulative effect of implementation is reflected as a change in net position as follows:

Add: OPEB reported at December 31, 2017	$ 160,841
Less: Total OPEB liability	(3,344,117)
Cumulative effect of change in accounting principle	$ (3,183,276)

NOTE 18 – GOING CONCERN/SUBSEQUENT EVENT

The District has evaluated subsequent events through May 21, 2020 which is the date that the financial statements were approved and issued.

The accompanying audited financial statements have been prepared on the assumption that the District will continue as a going concern. In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the District. As of the date above, the Districts evaluation of the effects of these events is ongoing. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions. Beginning in March, 2020, eighty-six events scheduled at the District facilities were either cancelled or postponed, thirty-four of which have committed to rescheduling either later in 2020 or in future years. The resulting loss in operating revenues due to the cancellations is estimated to be approximately $7.5 million by fiscal year-end. Future event cancellations may occur as a result of the responses to COVID-19 and the duration of the pandemic. However, the District expects event activity to stabilize, with opportunities to increase bookings in third and fourth quarter of 2020, as demand for event space in the market increases over a compressed period.

NOTE 18 – GOING CONCERN/SUBSEQUENT EVENT (continued)

Through the end of April, 2020, the District generated a preliminary net loss of $11.933 million. Much of this loss is attributable to a decline in hotel and food and beverage tax revenue collections due to the pandemic. Through April, District tax revenues are estimated to be down from budget by $5.4 million. All four tax revenue streams the District collects have been negatively impacted by the government response to Covid-19, including but not limited to travel restrictions, limitations on meeting sizes, prohibition on table service at restaurants, and social distancing guidelines.

The District's operating income through April, 2020, was $2.464 million which is down from year to date budget of $5.807 million. The pandemic has impacted all operating revenue streams of the District as previously scheduled events have either cancelled or postponed. The District's non-operating revenues are also down, including District Ticket Surcharge Revenue, which has declined as a result of event cancellations and postponements at the Fiserv Forum. The District expects the remaining 10 Bucks regular season home games of the 2019/2020 NBA season to be cancelled, which would reduce Bucks rent revenue by approximately $250,000.

District management worked quickly to offset operating revenue shortfalls through a series of broad mitigative type actions. These actions have stabilized the District during this current lull in event activity. Actions implemented to-date by District management include a 20% pay reduction for all full-time staff, mandatory hiring freeze on all non-essential staff, proactive management of energy use in order to reduce utility consumption, deferral of payments to select vendors, including a 40% deferral on Visit Milwaukee's fee, deferred or reduced discretionary spending across the entire non-operating budget including capital expenditures, CEO and CFO approval requirement for any expenditure and the temporary lay-off of 50% of full-time employees.

On April 2, 2020, in response to the anticipated loss of tax revenues, the District Board adopted an Authorizing Resolution permitting management to proceed with a $150 million debt restructuring plan in order to reduce short term debt service obligations to ensure the District can continue to make timely payments. The District expects the restructuring plan to reduce the 2020 debt service obligation from $25.1 million to approximately $8.2 million. As of March 1, 2020, the District has collected enough tax revenues to meet the 2020 debt service payments as contemplated in the restructuring plan, which is expected to close prior to the June 15, 2020 interest payment date. Additionally, this plan will reduce debt service in 2021 and 2022 by $13.1 million and $7.4 million, respectively. The Authorizing Resolution also allows management to issue $15 million in new money debt. These funds will be used to reimburse the District's operating account for up to $1 million in monies spent on preconstruction efforts of the convention center expansion project. The remainder of funds will be used to fund prior year District capital expenditures, which will result in an immediate infusion of cash into the District's operating account of approximately $10 million. The Authorization Resolution further provided the following authority to management that will aid the District's efforts to mitigate the impacts of the Covid-19 pandemic by allowing a draw, if and when necessary, on the District's Operating Reserve account, which currently has a balance of $2.5 million, to fund operating expenses, an increase of the basic hotel county room tax from 2.5% to 3.0% effective January, 2021 and authorization of the President/CEO to exercise certain emergency powers over the next (6) months in order to maintain District facilities and operations at their current state, and maintain staffing and personnel at appropriate levels.

Due to management's already implemented actions to reduce expenses, as well as leveraging the authority given to it by the Board via the Authorizing Resolution, the District expects to generate enough cash to continue to meet its obligations for no less than the12 month period beginning as of the date the financial statements were approved and issued.

REQUIRED SUPPLEMENTARY INFORMATION

WISCONSIN CENTER DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS -
OTHER POSTEMPLOYMENT BENEFITS OBLIGATION - DISTRICT RETIREE BENEFITS PLAN
For the Year Ended December 31, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 136,311	$ 136,033
Interest	132,287	111,310
Differences between expected and actual experience	(167,725)	(496)
Difference due to change in proration percentage	338,015	-
Changes of assumptions	715,649	(191,208)
Benefit payments	(122,566)	(97,779)
Net Change in Total OPEB Liability	1,031,971	(42,140)
Total OPEB Liability - Beginning	3,301,976	3,344,116
Total OPEB Liability - Ending	$ 4,333,947	$ 3,301,976
Covered-employee payroll	$ 1,134,035	$ 1,169,486
Total OPEB liability as a percentage of covered-employee payroll	382.17%	282.34%

Note: This schedule is to show information for 10 years.
However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

WISCONSIN CENTER DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
OBLIGATION - DISTRICT RETIREE BENEFITS PLAN
For the Year Ended December 31, 2019

	2019	2018
Actuarially determined contribution	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 1,134,035	$ 1,169,486
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

Note: This schedule is to show information for 10 years.
However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

WISCONSIN CENTER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended December 31, 2019

ERS Fiscal Year Ending Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proprotionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.4724990%	$ 534,000	$ 2,492,000	21.43%	97.76%
12/31/15	0.4452734%	1,873,000	2,386,000	78.50%	91.87%
12/31/16	0.4584119%	1,953,000	2,677,000	72.95%	91.98%
12/31/17	0.4430224%	1,606,000	2,557,000	62.81%	93.70%
12/31/18	0.3839785%	5,141,000	2,205,000	233.15%	78.71%

WISCONSIN CENTER DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS -
CITY OF MILWAUKEE EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended December 31, 2019

District Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 355,500	$ 355,500	$ -	$3,961,063	8.97%
12/31/16	367,387	367,387	-	4,065,887	9.04%
12/31/17	396,188	396,188	-	4,217,087	9.39%
12/31/18	344,739	344,739	-	4,319,375	7.98%
12/31/19	380,313	380,313	-	5,470,162	6.95%

EMPLOYEES' RETIREMENT SYSTEM (ERS)

The amounts presented in relation to the schedule of employer's proportionate share of the net pension liability and the schedule of employer contributions represents the specific data of the District. The Information was derived using a combination of the employer's contribution data along with data provided by the ERS in relation to the District as a whole.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in ERS.

Change of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 8.24 percent in 2018 to 7.50 percent in 2019.

The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

OTHER POST EMPLOYMENT BENEFITS – DISTRICT RETIREE BENEFITS PLAN

The District is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for District.

Changes in Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.71 percent in 2018 to 2.75 percent in 2019. Changes of assumptions and other inputs reflect a change in the discount rate from 3.31 percent in 2017 to 3.71 percent in 2018.

OTHER AUDITORS' REPORT

REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Board of Directors
Wisconsin Center District
Milwaukee, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wisconsin Center District ("District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Wisconsin Center District's basic financial statements and have issued our report thereon dated May 21, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses,that we consider to be material weaknesses. These material weaknesses are items 2019-001 and 2019-002.

To the Board of Directors
Wisconsin Center District

Compliance and Other Matters

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

Wisconsin Center District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 21, 2020

8Finding reference number:	2019-001
Finding title:	Internal Control Environment
Criteria:	Management is responsible for establishing and maintaining effective internal control over financial reporting, the selection of accounting principles and the safeguarding of assets. Proper segregation of duties provides a system of checks and balances on the accounting system and reduces the risk of errors and irregularities, both intentional and unintentional.
Condition:	The size of the District's office staff precludes an adequate segregation of accounting and reporting functions necessary to ensure an adequate internal control system. The District primarily operates its accounting and reporting function with four individuals.
Context:	The District operates its accounting and reporting function with principally four individuals which precludes a proper segregation of duties between the physical custody of assets and the related recordkeeping.
Effect:	Errors or irregularities could occur and not be detected in a timely manner.
Cause:	The District has a limited number of staff.
Recommendations:	Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions.
Management's response:	Management concurs with the finding and has determined that the economic cost of addressing this issue out weighs the benefits to be achieved at this time. Management will continue to operate its accounting and reporting functions with two individuals. Management will continue to monitor and supervise the accounting and reporting functions.

WISCONSIN CENTER DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
As of and for the Year Ended December 31, 2019

Finding reference number:	2019-002
Finding title:	Internal control over financial reporting
Criteria:	Generally accepted auditing standards AU-C section 265 requires the communication of significant deficiencies and material weaknesses in the year end reporting process.
Condition:	The District's personnel do not have the necessary technical expertise in governmental accounting and reporting to prepare the financial statements in accordance with generally accepted accounting principles.
Effect:	Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.
Cause:	Due to staffing and financial limitations, the District chooses to contract with the auditors to prepare the annual financial statements.
Recommendations:	Management should evaluate the cost benefit relationship of continuing to use the services of the audit firm to prepare financial statements. Management should continue to review and closely monitor the financial affairs of the organization.
Management's response:	Management agrees with the finding and has determined that due to the size of the organization and the limited number of accounting and administrative personnel, it is not cost effective to hire additional personnel or use the services of another CPA firm to prepare the organization's financial statements.