ATTOLLES LAW, s.c.

July 24, 2024

VIA EMAIL: joe.chrisman@legis.wisconsin.gov
Mr. Joe Chrisman
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Re: Public Finance Authority
2023 Audited Financial Statements

Dear Mr. Chrisman:

As General Counsel to the Public Finance Authority ("PFA"), a governmental entity organized and existing under Wis. Stat. § 66.0304, please find enclosed for filing PFA's 2023 audited financial statements. The enclosed is being filed with your office in compliance with Wis. Stat. § 66.0304(10)(c). Please also note that pursuant to this statute, we are filing the enclosed with the Secretary of Administration, as well as providing a copy of the enclosed to Bayfield County, Marathon County, Waupaca County, Adams County and the City of Lancaster.

If you have any questions regarding the enclosed, please do not hesitate to contact us.

Very truly yours,

ATTOLLES LAW, s.c.

Andrew T. Phillips

ATP:slf
Enclosure

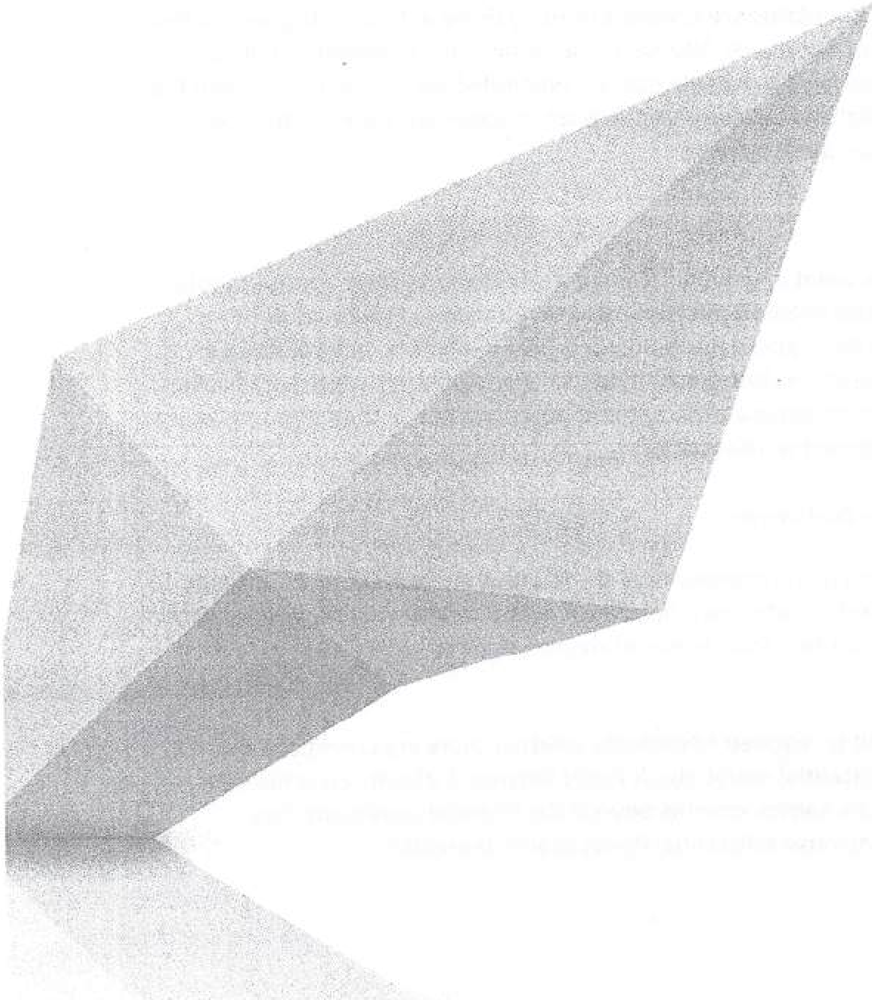
cc: Secretary Kathy Blumenfeld (w/enc.)
Marathon County (w/enc.)
Waupaca County (w/enc.)
Adams County (w/enc.)
Bayfield County (w/enc.)
Wisconsin Counties Association (w/enc.)
National Association of Counties (w/enc.)
League of Wisconsin Municipalities (w/enc.)
National League of Cities (w/enc.)
City of Lancaster (w/enc.)

Public Finance Authority Core Business Operations

A Division of Public Finance Authority

Financial Statements

Years Ended December 31, 2023 and 2022



PUBLIC FINANCE AUTHORITY

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Independent Auditor's Report

Board of Directors
Public Finance Authority Core Business Operations
Madison, Wisconsin

Opinion

We have audited the accompanying financial statements of Public Finance Authority Core Business Operations, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Public Finance Authority Core Business Operations as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Finance Authority Core Business Operations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Public Finance Authority Core Business Operations and do not purport to, and do not present fairly, the financial position of Public Finance Authority, as of December 31, 2023 and 2022, and the changes in its financial position and, where applicable, its cash flows for the years then ended in accordance with GAAP. All other divisions of Public Finance Authority are part of Public Finance Authority's Asset Ownership Program and are separately audited in accordance with their bond covenant requirements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Finance Authority Core Business Operations' ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Management has omitted the management's discussion and analysis that GAAP requires to be presented to supplement the basic financial statements. Such missing 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 historic context. Our opinion on the basic financial statements is not affected by this missing information.

Wipfli LLP

Wipfli LLP

Milwaukee, Wisconsin
July 1, 2024

Public Finance Authority Core Business Operations

Statements of Net Position

As of December 31,	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 1,321,745	$ 1,257,639
Restricted cash and cash equivalents	466,403	376,784
Accounts receivable, net	4,264,853	3,662,460
Prepaid expenses and other	7,567	6,502
TOTAL ASSETS	$ 6,060,568	$ 5,303,385
Liabilities and Net Position		
Current liabilities:		
Accounts payable	$ 2,556,549	$ 2,617,940
Unearned revenue	197,566	292,978
Total current liabilities	2,754,115	2,910,918
Long-term liabilities		
Long-term notes payable	2,750,000	2,000,000
Total long-term liabilities	2,750,000	2,000,000
TOTAL LIABILITIES	5,504,115	4,910,918
Net position:		
Restricted for authority reserve	77,132	111,740
Restricted for program manager reserve	495,344	374,277
Unrestricted (deficit)	(16,023)	(93,550)
TOTAL NET POSITION	556,453	392,467
TOTAL LIABILITIES AND NET POSITION	$ 6,060,568	$ 5,303,385

See accompanying notes to financial statements.

Public Finance Authority Core Business Operations
Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31,	2023	2022
Revenues:		
Bond application and issuance fees, net	$ 2,670,710	$ 3,002,863
Bond administration fees	4,730,392	4,801,408
Mortgage assistance revenues	1,718,208	811,468
Total revenues	9,119,310	8,615,739
Operating expenses:		
Management fees	8,552,955	8,099,267
Professional fees	155,131	168,531
Marketing expenses	97,000	104,000
Other expenses	45,054	55,758
Total operating expenses	8,850,140	8,427,556
Operating income	269,170	188,183
Nonoperating revenues (expenses):		
Project legal fee income	15,033	37,585
Interest income	9,671	2,537
Interest expense	(129,888)	(33,502)
Total nonoperating revenues (expenses) - net	(105,184)	6,620
Change in net position	163,986	194,803
Total net position - Beginning	392,467	197,664
Total net position - Ending	$ 556,453	$ 392,467

See accompanying notes to financial statements.

Public Finance Authority Core Business Operations

Statements of Cash Flows

For the Years Ended December 31,	2023	2022
Cash flows from operating activities:		
Cash received from customers	$ 8,421,505	$ 7,252,327
Cash paid to service providers	(8,897,563)	(8,304,261)
Net cash flows from operating activities	(476,058)	(1,051,934)
Cash flows from investing activities:		
Interest and dividends received	9,671	2,537
Net cash flows from investing activities	9,671	2,537
Cash flows from capital and related financing activities:		
Proceeds from Debt	750,000	-
Interest paid on debt	(129,888)	(33,504)
Net cash flows from capital and related financing activities	620,112	(33,504)
Net increase in cash and cash equivalents	153,725	(1,082,901)
Cash and restricted cash and cash equivalents - Beginning	1,634,423	2,717,324
Cash and restricted cash and cash equivalents - Ending	$ 1,788,148	$ 1,634,423
Schedule reconciling operating income to net cash flows from operating activities:		
Operating income	$ 269,170	$ 188,183
Adjustments to reconcile operating income to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Accounts receivables	(602,393)	(1,393,471)
Prepaid expenses and other	(1,065)	(84)
Accounts payable	(46,358)	123,379
Unearned revenue	(95,412)	30,059
Total adjustments	(745,228)	(1,240,117)
Net cash flows from operating activities	$ (476,058)	$ (1,051,934)

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Organization

The Public Finance Authority ("Authority" or "PFA") was created September 30, 2010, by the city of Lancaster, Wisconsin, and the counties of Adams, Bayfield, Marathon, and Waupaca, Wisconsin (the "Initial Members") pursuant to 2009 Wisconsin Act 205 (the "Act") which authorizes two or more local governments to enter into a Joint Exercise of Powers Agreement (JPA). The Act and Section 66.0304 of the Wisconsin Statutes authorizes the Authority to issue conduit revenue bonds on behalf of any public or private entity and to engage in Asset Ownership financing activities within Wisconsin and throughout the United States.

The Authority is governed by a seven-member Board of Directors (the "Board"). The Board is comprised of individuals nominated by Wisconsin Counties Association, National Association of Counties, National League of Cities, and League of Wisconsin Municipalities. Nominated directors are appointed by majority vote of the Initial Members. A majority of the Authority's Board is required to be comprised of public officials or current or former employees of a political subdivision within the State of Wisconsin.

The Authority consists of the following separate divisions:

- Core Business Operations ("PFA Core")
- Delray Beach Radiation Therapy Center ("Delray")
- University of Alabama at Birmingham Proton Center ("UAB")
- Maryland Proton Treatment Center ("MPTC")
- ProCure Proton Therapy Center ("ProCure")
- Nevada State College - State Campus Village ("NSC")
- Minnesota College of Osteopathic Medicine ("MNCOM")
- McLemore Hotel & Conference Center ("McLemore")
- LeHigh Valley Health Network ("LVHN")
- Crossroads Health Management ("Crossroads")

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

PFA Core Business Operations

These financial statements and related notes consist solely of the financial position and activities of the PFA Core Business Operations Division ("PFA Core"). PFA Core has two main operations:

Conduit Bond-Issuance

Conduit debt obligations issued through the Authority are those of the governments, non-profit organizations, and private companies who use the Authority's own governmental status to access the tax-exempt and taxable municipal finance marketplace. Once a borrower uses the Authority to issue debt, financial servicing of that debt falls to a trustee, or potentially to the investor itself in certain private placements. The Authority maintains no ongoing interest in bonds issued through its conduit and no debt servicing responsibility. The Authority may issue bonds for a capital improvement project only after the financing of the project has been approved by one or more political subdivisions within whose boundaries the project is to be located.

Mortgage Assistance Program

On January 29, 2018, PFA began participating in a Mortgage Assistance Program ("MAP"), wherein PFA makes non-recourse grants to eligible home buyers in order to provide a portion of their required down payment.

Asset Ownership Program

All other divisions of the Authority are part of the Authority's Asset Ownership Program. Under its Asset Ownership Program, the Authority may issue bonds for the acquisition of certain capital assets. Such assets are owned by the Authority. However, the Authority outsources operational management functions to private companies under long-term contracts for public benefit uses. Each project under the Asset Ownership Program is considered a division of PFA. The activities of these divisions are excluded from these financial statements.

All projects, except for Minnesota College of Osteopathic Medicine, are separately audited in accordance with their bond covenant requirements. Minnesota College of Osteopathic Medicine is not audited as the project is not currently in operation, with most assets being distributed back to bond holders as partial redemption of their investment. Audited financial statements for all other projects can be obtained on the Electronic Municipal Market Access (EMMA) website.

Public Finance Authority
22 E. Mifflin Street, Suite 900
Madison, Wisconsin 53703

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

PFA Core's financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments, which are readily convertible to cash and have remaining maturities of six months or less at the date of acquisition.

Accounts Receivable

Conduit Bond Administration Fee Accounts Receivable

Bonds issued by PFA Core are subject to ongoing administration fees until the bonds terminate. These fees represent revenue to PFA Core and accounts receivable for fees not collected. Billing cycles and due dates vary by project.

Mortgage Assistance Program

PFA Core is reimbursed for grants made to qualifying program participants in addition to a fee provided by the third-party administrator for the program. Receivables are recorded when the grants are provided and they are due within 60 days of issuance.

Accounts receivable at December 31 consisted of:

	2023	2022
Bond administration fees	$ 1,592,442	$ 1,818,060
Mortgage assistance program	2,672,411	1,844,400
Total accounts receivable	$ 4,264,853	$ 3,662,460

Management evaluated accounts receivable for any balances deemed uncollectible and considers all collectible, therefore no allowance for doubtful accounts is recorded as of December 31, 2023 and 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position of PFA Core is classified in two components:

- Authority and program manager reserves represent net position set aside for PFA Core or program manager reserve purposes as required by PFA's Master Services Agreement (MSA). Such funds may be distributed for only the purposes specified in the MSA. If disbursed for PFA purposes, authorization by the Board is required, and if disbursed for program manager purposes, the consent of management service providers is required.

- Unrestricted net position is the remaining net position that does not meet the definition of restricted net position.

Revenue Recognition

Bond Issuance and Administration Fees

PFA Core receives revenue from various fees. Application fees are non-refundable fees that are received from prospective bond issuers. These fees are deferred and recognized as revenue upon issuance of the related bonds. Application fees outstanding greater than 90 days are recognized as revenue immediately. Bond issuance fees are received from bond proceeds and are recognized as revenue upon issuance of the bonds. Administrative fees are invoiced to bond issuers in arrears and recognized as revenue and receivables as earned.

Mortgage Assistance Program Revenues

MAP revenues arise from fees earned on successful grants awarded to program participants. MAP revenues are received from the lender within 60 days after the closing of qualified home loans and are recognized at the time that the grants are provided to eligible home buyers.

Fair Value Measurements

The Authority's investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments are held in money market accounts. The Authority categorizes its fair value measurements for financial assets and financial liabilities within the fair value hierarchy established by GAAP that prioritizes the inputs to valuation techniques used to measure fair value.

GAAP establishes a hierarchy that gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurement). Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Note 2: Deposits and Investments

Wisconsin State Statutes permit the Authority to invest available cash balances in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations within Wisconsin, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

PFA Core's restricted cash and cash equivalents are reported at cost. PFA Core's restricted cash equivalents and investments are reported at fair value and are classified within the fair value hierarchy utilizing the following valuation techniques and inputs:

Money Market Funds – Valued using $1 as the net asset value.

The following table summarizes PFA Core's investments within the fair value hierarchy at December 31:

	Total Value	Level 1	Level 2	Level 3
At December 31, 2023:				
Money market funds	$ 1,788,148	$ -	$ 1,788,148	$ -
At December 31, 2022:				
Money market funds	1,634,423	-	1,634,423	-

Reconciliation to Statement of Net Position:	2023	2022
Current cash and cash equivalents	$ 1,321,745	$ 1,257,639
Current restricted cash and cash equivalents	466,403	376,784
Totals	$ 1,788,148	$ 1,634,423

Interest Rate Risk – Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy for interest rate risk.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. PFA Core does not have a formal investment policy for credit risk. At December 31, 2023 and 2022, PFA Core's investments were not rated.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. PFA Core does not have a deposit policy for custodial credit risk. As of December 31, 2023 and 2022, the Authority's bank balance exceeding FDIC limits was exposed to custodial credit risk. PFA Core held approximately $1,271,230 in excess of FDIC insured limits, spread across various deposit accounts, and has not experienced any losses in such accounts.

Note 3: Conduit Debt

Conduit debt refers to certain limited-obligation revenue bonds and notes issued by PFA Core for the express purpose of providing capital financing for a specific third party. Although the conduit debt obligations bear the name of the Authority, the Authority has no obligation for such debt beyond the resources provided by financing loans with third parties on whose behalf they were issued. The bonds and notes are not reported as liabilities in PFA Core's financial statements. Conduit debt activity for the years ended December 31 is summarized as follows:

Balance at December 31, 2021	$ 14,671,999,848
New issuances	3,895,433,072
Principal repayments	(1,544,221,210)
Balance at December 31, 2022	17,023,211,710
New issuances	2,267,911,501
Principal repayments	(881,425,915)
Balance at December 31, 2023	$ 18,409,697,296

Note 4: Notes Payable

The Authority has entered into the following loan agreements with an unrelated third party:

- A loan agreement effective January 26, 2018, with a $750,000 taxable revolving promissory note, maturing January 1, 2028, and bearing interest at 5% for the first five years of the note, changing to Prime plus 0.5% thereafter.

- A loan agreement effective May 14, 2018, with a $250,000 taxable revolving promissory note, maturing May 14, 2028, and bearing interest at 5% through January 26, 2023, changing to Prime plus 0.5% thereafter.

- A loan agreement effective July 28, 2020, with a $1,000,000 taxable revolving promissory note, maturing May 14, 2028, and bearing interest at 5% through January 26, 2023, changing to Prime plus 0.5% thereafter.

On each of these notes, outstanding principal, for interest calculation purposes, is defined as the average daily portion of principal that is actively being used to fund grants for eligible home buyers in the MAP program and does not include funds that are in PFA's custody. Interest payments are due quarterly, and all principal is due in a lump sum on the maturity dates.

The Authority has entered into the following agreements with Wisconsin Counties Association Services, Inc (WCASI), a related party:

- A loan agreement effective June 1, 2023, with a $2,000,000 taxable revolving promissory note, maturing June 1, 2025, and bearing interest at 4% per annum on principal amount of any advance from time to time outstanding. The amount outstanding at December 31, 2023, related to this loan agreement was $750,000.

Note 4: Notes Payable (Continued)

- Effective March 27, 2024, the loan agreement above was amended to increase the revolving promissory note amount to $4,000,000, with a second promissory note in the amount of $2,000,000 advanced on the date of the amendment, maturing June 1, 2025, and bearing interest at 4% per annum on principal amount of any advance from time to time outstanding.

- Effective May 21, 2024, the loan agreement above was further amended to increase the revolving promissory note amount to $6,000,000, with a third promissory note in the amount of $2,000,000 advanced on the date of the amendment, maturing June 1, 2025, and bearing interest at 4% per annum on principal amount of any advance from time to time outstanding.

Outstanding principal on all of these promissory notes, for interest calculation purposes, is defined as the average daily portion of principal that has been drawn against the promissory note. Interest payments are due quarterly, and all principal is due in a lump sum on the maturity date.

Note 5: Related-Party Transactions/Significant Contracts

PFA Core has entered into a Master Services Agreement ("MSA") with GPM Municipal Advisors, LLC ("GPM") for administration and project management related to PFA Core's finance programs, including post-issuance management and compliance oversight. Acting as PFA Core's staff, GPM personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others to monitor bonds issued in the Authority's name.

Pursuant to the MSA, GPM is entitled to a portion of the services fees assessed to borrowers in PFA Core's name. In turn, GPM contracts with each of the PFA sponsors for endorsement and management services related to the PFA Core activities. To the extent annual bond administrative fees include compliance monitoring fees, GPM is entitled to 100% of such compliance monitoring fees. In addition, the MSA provides that when there are insufficient funds in PFA Core's reserves to pay necessary operating costs, any such costs paid by GPM on behalf of PFA Core shall be reimbursed at such time as the reserves are sufficiently funded. GPM is responsible for its own expenses related to the provision of its services. For the years ended December 31, 2023 and 2022, service fees expensed to GPM based on PFA Core revenues totaled $8,552,955 and $8,099,267, respectively. At December 31, 2023 and 2022, PFA Core has $2,427,503 and $2,470,089, respectively, payable to GPM for these services as well as for operating expense reimbursements in years prior to 2017 paid for by GPM on behalf of PFA Core.

Wisconsin Counties Association Services, Inc, an affiliate of Wisconsin Counties Association, was paid $97,000 and $104,000 during the years ended December 31, 2023 and 2022, respectively, for marketing expenses.

GPM has established separate agreements with program sponsors in which these local government sponsors receive a portion of the service fee received by GPM from PFA. The MSA was renewed effective November 17, 2021, and expires December 31, 2028, and unless either party notifies the other of its intent not to renew the MSA at least one calendar year prior to expiration, the MSA shall automatically renew for successive five-year terms.

Note 5: Related-Party Transactions/Significant Contracts (Continued)

Upon termination or expiration of the MSA, GPM is entitled to receive all accrued and unpaid issuance, administration, and application fees paid by borrowers to PFA Core, as well as all administrative fees with respect to all bonds issued prior to termination or expiration of the MSA until such bonds have been fully repaid.

PFA Core also receives bond issuance fees and bond administration fees from the other divisions under the Asset Ownership Program. Bond administration and issuance fees paid by the other divisions to PFA Core, recorded as revenue, and receivables for fees due from the other divisions as of and for the years ended December 31, 2023 and 2022 were as follows:

	Bond Administration Revenue	Bond Administration Fees Receivable	Bond Issuance Revenue
2023	$ 366,018	$ 257,031	$ 774,113
2022	$ 739,004	$ 519,470	$ -

Note 6: Restricted Assets

According to the MSA, GPM is directed to deposit 3% of bond issuance fees into an Authority Reserve Fund. Such funds shall accumulate and be used to pay for legal, accounting, insurance, and other professional fees and expenses, as well as the reimbursement of expenses of the forming members in connection with PFA and its programs. At December 31, 2023 and 2022, $77,132 and $111,740, respectively, of net position is restricted for this purpose. When the balance in the Authority Reserve Fund reaches $250,000, the Authority and GPM will meet to establish an appropriate cap on the fund. At December 31, 2023 and 2022, the Authority had $67,213 and $104,866, respectively, of restricted cash and cash equivalents for the Authority Reserve Fund.

Additionally, GPM is directed to deposit 5% of bond issuance fees into a Program Manager Reserve Fund. Such funds shall accumulate and be used, with the consent of management service providers, to pay expenses in conjunction with PFA's activities, including making payments to service providers and reimbursing GPM for such payments.

The Program Manager Reserve Fund may also be used, with the consent of all management service providers, to satisfy obligations that would be satisfied by the Authority Reserve fund in the event the Authority Reserve Fund balance is insufficient. At December 31, 2023 and 2022, $495,344 and $374,277, respectively, of net position is restricted for this purpose. When the balance in the Program Manager Reserve Fund reaches $250,000, deposits of bond issuance fees will be suspended until such time as the balance falls below $200,000. At December 31, 2023 and 2022, the Authority had $399,190 and $271,918, respectively, of restricted cash and cash equivalents for the Program Manager Reserve Fund.

Note 7: Contingencies

From time to time, PFA Core is party to regulatory inquiries and legal proceedings. Although the outcomes of such matters cannot be forecasted with certainty, it is the opinion of management and PFA Core's legal counsel that the likelihood is remote that any such claims, inquiries, or proceedings will have a material adverse effect on PFA Core's financial position or results of operations.

In June 2021, PFA Core was named as a party to legal proceedings in connection with a project of which PFA Core was the conduit bond issuer. PFA was paid $250,000 from the project's extraordinary expense account to fund the litigation. To date, PFA Core expended $188,208 ($15,033 in 2023 and $37,585 in 2022) in legal fees, recorded as professional fees and project legal fee income in the accompanying statements of revenue, expenses and changes in net position. PFA remains custodian for the remaining funds, recording $61,792 and $76,825 as accounts payable as of December 31, 2023 and 2022 in the accompanying statements of net position.

WIPFLI

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Suite 250
Milwaukee, WI 53226

Ph: 414.431.9300
wipfli.com

July 1, 2024

Board of Directors
Public Finance Authority
Madison, Wisconsin

Dear Board of Directors:

We have audited the accompanying financial statements of Public Finance Authority Core Business Operations ("PFA Core"), a division of Public Finance Authority ("the Authority"), for the year ended December 31, 2023, and have issued our report thereon dated July 1, 2024. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter dated November 13, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States (GAAP).

We audited only Public Finance Authority Core Business Operations, a division of Public Finance Authority, and did not audit Public Finance Authority, or its other divisions. All other divisions of the Authority are part of the Authority's Asset Ownership Program and are separately audited in accordance with their bond covenant requirements. Our opinion is not modified with respect to this matter.

Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, Heidi Dombrowski, communicated in our letter dated April 11, 2024, in addition to our engagement letter dated November 13, 2023, accepted by Micheal Lapierre.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by PFA Core are described in Note 1 to the financial statements. There were no new accounting policies adopted and the application of other existing accounting policies was not changed during 2023.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates affecting the financial statements during 2023.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of revenue recognition methodologies for each revenue stream in Note 1.
- The disclosure of related party transactions and significant contracts in Note 5.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Company's financial reporting process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 1, 2024, a copy of which accompanies this letter.

Management Consultations with Other Accountants

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

Other Audit Findings or Issues

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

Other Matters

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements.

Internal Control Matters

In planning and performing our audit of the financial statements of PFA Core as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered PFA Core's internal control over financial reporting (internal control) as a basis for designing our auditing 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 PFA Core's internal control. Accordingly, we do not express an opinion on the effectiveness of PFA Core's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency:

<u>Segregation of Duties</u>
Under normal conditions, the Authority's accounting staff is assigned roles and responsibilities that provide for appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. However, certain individuals have access to modules and can process transactions, including journal entries, within the

accounting system that are inconsistent with their primary responsibilities. Because review and oversight may not be sufficient to prevent or detect errors or exceptions that may arise out of this condition, this is considered a significant deficiency in internal control.

Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to be of service to PFA Core.

Sincerely,

Wipfli LLP

Wipfli LLP

Enc.

ATTOLLES LAW, s.c.

February 15, 2023

VIA EMAIL: joe.chrisman@legis.wisconsin.gov
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Re: Public Finance Authority
2023 Budget

Dear Mr. Chrisman:

As General Counsel to the Public Finance Authority ("PFA"), a governmental entity organized and existing under Wis. Stat. § 66.0304, please find enclosed for filing PFA's 2023 Budget. The enclosed is being filed with your office in compliance with Wis. Stat. § 66.0304(10)(c). Please also note that pursuant to this statute, we are filing the enclosed with the Secretary of Administration, as well as providing a copy of the enclosed to Bayfield County, Marathon County, Waupaca County, Adams County and the City of Lancaster.

If you have any questions regarding the enclosed, please do not hesitate to contact us.

Very truly yours,

ATTOLLES LAW, s.c.

Andrew T. Phillips

ATP:slf
Enclosure

cc. Secretary Kathy Blumenfeld (w/enc.)
Marathon County (w/enc.)
Waupaca County (w/enc.)
Adams County (w/enc.)
Bayfield County (w/enc.)
Wisconsin Counties Association (w/enc.)
National Association of Counties (w/enc.)
League of WI Municipalities (w/enc.)
National League of Cities (w/enc.)
City of Lancaster (w/enc.)

Public Finance Authority
2022 YTD ended December 31, 2022
UNAUDITED

		2021 Audited Actuals Full Year	2022 Prelim. Actuals[1] as of 12/31/2022	2022 Budget	2022 Actual vs. Budget (%)	2022 vs. 2021 % Var	2022 vs. 2021 $	2023 Budget Proposal	2023 Budget vs. 2022 Prel. Actuals %
	Revenues								
1	Issuance fees	$ 4,347,305	$ 3,815,055	$ 4,700,000	81%	-12%	$ (532,250)	$ 4,600,000	21%
2	Annual fees	4,335,870	4,852,415	4,300,000	113%	12%	516,545	5,000,000	3%
3	**Total revenues**	8,683,175	8,667,470	9,000,000	96%	0%	(15,705)	9,600,000	11%
	Operating expenses								
4	Program management fees	8,081,762	8,113,293	8,409,000	96%	0%	31,531	8,928,000	10%
	PFA Authority Reserve fund expenses								
5	General counsel	60,002	40,011	60,000	67%	-33%	(19,991)	60,000	50%
6	Auditors	20,500	21,900	21,900	100%	7%	1,400	21,900	0%
7	Legislative representation	60,000	60,000	60,000	100%	0%	-	60,000	0%
8	Board per diem	11,460	13,852	14,000	99%	21%	2,392	15,000	8%
9	Trustee	15,000	15,000	15,000	100%	0%	-	15,000	0%
10	Interest	22,921	33,504	40,000	84%	46%	10,583	60,000	79%
11	Marketing services	-	104,000	61,000	170%	n/a	104,000	96,000	-8%
12	Subtotal	189,883	288,267	271,900	106%	52%	98,384	327,900	14%
	Program Manager Reserve fund expenses								
13	Legal fees	19,925	39,540	45,000	88%	98%	19,615	45,000	14%
14	Insurance	8,502	8,586	7,500	114%	1%	84	9,000	5%
15	Memberships	2,625	2,625	2,625	100%	0%	-	2,625	0%
16	Meetings	-	7,081	15,000	47%	n/a	7,081	10,000	41%
17	Other	-	695	-		n/a	695	400	-42%
18	Subtotal	31,052	58,526	70,125	83%	88%	27,474	67,025	15%
18	**Total operating expenses**	8,302,697	8,460,087	8,751,025	97%	2%	157,390	9,322,925	10%
	Nonoperating revenues								
19	Interest income	38	2,537						
20	**Total nonoperating revenues**	38	2,537						
21	**Net revenues**	$ 380,516	$ 209,920						

[1] Unaudited preliminary numbers

ATTOLLES LAW, s.c.

July 16, 2024

VIA EMAIL: joe.chrisman@legis.wisconsin.gov
Mr. Joe Chrisman
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Re: Public Finance Authority
2024 Budget

Dear Mr. Chrisman:

As General Counsel to the Public Finance Authority ("PFA"), a governmental entity organized and existing under Wis. Stat. § 66.0304, please find enclosed for filing the PFA's 2024 budget. The enclosed is being filed with your office in compliance with Wis. Stat. § 66.0304(10)(c). Please also note that pursuant to this statute, we are filing the enclosed with the Secretary of Administration, as well as providing a copy of the enclosed to Bayfield County, Marathon County, Waupaca County, Adams County and the City of Lancaster.

If you have any questions regarding the enclosed, please do not hesitate to contact us.

Very truly yours,

ATTOLLES LAW, s.c.

Andrew T. Phillips

ATP:slf
Enclosure

cc: Secretary Kathy Blumenfeld (w/enc.)
Marathon County (w/enc.)
Waupaca County (w/enc.)
Adams County (w/enc.)
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Wisconsin Counties Association (w/enc.)
National Association of Counties (w/enc.)
League of Wisconsin Municipalities (w/enc.)
National League of Cities (w/enc.)
City of Lancaster (w/enc.)

222 E. Erie Street, Suite 210, Milwaukee, WI 53202
(414) 279-0962 | aphillips@attolles.com

Public Finance Authority
2023 YTD ended Dec. 31, 2023
UNAUDITED

#		2022 Actuals Full Year	2023 Prelim. Actuals[1] as of 12/31/2023	2023 Budget	2023 Actual vs. Budget (%)	2023 vs. 2022 % Var	2023 vs. 2022 $	2024 Budget Proposal	2024 Budget vs. 2023 Prelim %
	Revenues								
1	Issuance fees	$ 3,814,331	$ 4,383,308	$ 4,600,000	95%	15%	$ 568,977	$ 5,000,000	14%
2	Annual fees	4,801,408	4,741,911	5,000,000	95%	-1%	(59,497)	5,000,000	5%
3	Total revenues	8,615,739	9,125,218	9,600,000	95%	6%	509,479	10,000,000	10%
	Operating expenses								
4	Program management fees	8,099,267	8,563,897	8,928,000	96%	6%	464,630	9,400,000	10%
	PFA Authority Reserve fund expenses								
5	General counsel	40,011	40,312	60,000	67%	1%	301	40,000	-1%
6	Auditors	21,900	24,100	21,900	110%	10%	2,200	26,000	8%
7	Legislative representation	60,000	60,655	60,000	101%	1%	655	60,000	-1%
8	Board per diem	13,852	13,024	15,000	87%	-6%	(828)	15,000	15%
9	Trustee	15,000	20,000	15,000	133%	33%	5,000	20,000	0%
10	Interest	33,504	129,888	60,000	216%	288%	96,384	150,000	15%
11	Marketing services	104,000	97,000	96,000	101%	-7%	(7,000)	97,000	0%
12	Subtotal	288,267	384,979	327,900	117%	34%	96,712	408,000	6%
	Program Manager Reserve fund expenses								
13	Legal fees	39,540	18,533	45,000	41%	-53%	(21,007)	50,000	170%
14	Insurance	8,586	9,032	9,000	100%	5%	446	9,000	0%
15	Memberships	2,625	2,625	2,625	100%	0%	-	2,625	0%
16	Meetings	7,081	11,532	10,000	115%	63%	4,452	10,000	-13%
17	Other	15,695	374	400	94%	-98%	(15,321)	400	7%
18	Subtotal	73,526	41,722	67,025	62%	-43%	(31,804)	72,025	73%
19	Total operating expenses	8,461,060	8,990,599	9,322,925	96%	6%	529,538	9,880,025	10%
	Nonoperating revenues								
20	Interest income	2,537	9,672						
21	Total nonoperating revenues	2,537	9,672						
22	Net revenues	$ 157,216	$ 144,292						

[1] Unaudited preliminary numbers

ATTOLLES LAW, s.c.

February 5, 2025

VIA EMAIL: **joe.chrisman@legis.wisconsin.gov**
Mr. Joe Chrisman
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Re: Public Finance Authority
2025 Budget

Dear Mr. Chrisman:

As General Counsel to the Public Finance Authority ("PFA"), a governmental entity organized and existing under Wis. Stat. § 66.0304, please find enclosed for filing the PFA's 2025 budget. The enclosed is being filed with your office in compliance with Wis. Stat. § 66.0304(10)(c). Please also note that pursuant to this statute, we are filing the enclosed with the Secretary of Administration, as well as providing a copy of the enclosed to Bayfield County, Marathon County, Waupaca County, Adams County and the City of Lancaster.

If you have any questions regarding the enclosed, please do not hesitate to contact us.

Very truly yours,

ATTOLLES LAW, s.c.

Andrew T. Phillips

ATP:slf
Enclosure

cc: Secretary Kathy Blumenfeld (w/enc.)
Marathon County (w/enc.)
Waupaca County (w/enc.)
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Wisconsin Counties Association (w/enc.)
National Association of Counties (w/enc.)
League of Wisconsin Municipalities (w/enc.)
National League of Cities (w/enc.)
City of Lancaster (w/enc.)

Public Finance Authority

2024 YTD ended December 31, 2024

UNAUDITED

		2023 Actuals as of 12/31/2023	2024 Prelim. Actuals[1] as of 12/31/2024	2024 Budget	2024 Actual vs. Budget (%)	2024 vs.2023 % Var	2024 vs.2023 $	2025 Budget Proposal	2025 Budget vs. 2024 Prelim %
	Revenues								
1	Issuance fees	$ 4,388,918	$ 7,242,107	$ 5,000,000	145%	65.01%	$ 2,853,189	$ 5,800,000	-19.91%
2	Annual fees	4,730,392	4,979,867	5,000,000	100%	5.27%	249,475	5,300,000	6.43%
3	**Total revenues**	9,119,310	12,221,974	10,000,000	122%	34.02%	3,102,664	11,100,000	-9.18%
	Operating expenses								
4	Program management fees	8,552,955	11,413,139	9,400,000	121%	33.44%	2,860,184	10,323,000	-9.55%
	PFA Authority Reserve fund expenses								
5	General counsel	40,312	24,545	40,000	61%	-39.11%	(15,767)	40,000	62.97%
6	Auditors	24,100	25,000	26,000	96%	3.73%	900	26,000	4.00%
7	Legislative representation	60,655	60,000	60,000	100%	-1.08%	(655)	60,000	0.00%
8	Board per diem	13,024	16,189	15,000	108%	24.30%	3,165	16,000	-1.17%
9	Trustee	20,000	20,050	20,000	100%	0.25%	50	20,000	-0.25%
11	Marketing services	97,000	97,000	97,000	100%	0.00%	-	97,000	0.00%
12	Subtotal	255,091	242,784	258,000	94%	-4.82%	(12,307)	259,000	6.68%
	Program Manager Reserve fund expenses								
13	Legal fees	18,533	7,685	50,000	15%	-58.53%	(10,848)	20,000	160.25%
14	Insurance	9,032	10,200	9,000	113%	12.93%	1,168	11,000	7.84%
15	Memberships	2,625	2,750	2,625	105%	0.00%	125	2,750	0.00%
16	Meetings	11,532	6,855	10,000	69%	0.00%	(4,678)	10,000	45.88%
17	Other	372	66,778	400	16694%	0.00%	66,406	50,000	-25.13%
18	Subtotal	42,094	94,268	72,025	131%	123.94%	52,174	93,750	-0.55%
			-						
19	**Total operating expenses**	8,850,140	11,750,191	9,730,025	121%	32.77%	2,900,051	10,675,750	-9.14%
	Nonoperating revenues and expenses								
20	Interest expense	129,888	220,131	150,000	147%	69.48%	90,243	175,000	-20.50%
21	Interest income	9,671	59,819						
22	Other income[2]	15,033	793,146						
23	Non-profit funding	-	75,000						
24	Excess revenue distribution	160,000	280,000						
25	**Net revenues**	$ 3,986	$ 749,618						

[1] Unaudited preliminary numbers

2 Per Approval of Resolution 24-56A on 8/28/24, MM Walden Pond, LLC, City of Forney, Kaufman County, Texas; disposition of funds from stabilization fund to facilitate and assist in establishing programs of the Public Finance Authority.