

General Mitchell International Airport

Schedule of Passenger Facility Charges, Revenues, and
Expenses for the period of, and each quarter within, January
1, 2018 to December 31, 2018

Together with Independent Auditors' Report



COLEMAN & WILLIAMS, LTD.
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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF PASSENGER FACILITY CHARGES, REVENUES, AND EXPENSES

To the Board of Supervisors of the
County of Milwaukee, Wisconsin:

Report on the Schedule of Passenger Facility Charges, Revenues, and Expenses

We have audited the accompanying Schedule of Passenger Facility Charges (PFC), Revenues, and Expenses (Schedule) of General Mitchell International Airport (the "Airport"), for the annual period and each quarterly period from January 1, 2018 to December 31, 2018 and the related notes to the accompanying Schedule.

Management's Responsibility for the Schedule of Passenger Facility Charges, Revenues, and Expenses

The Airport's management is responsible for the preparation and fair presentation of the Schedule in accordance with Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the United States Department of Transportation. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Airport's preparation and fair presentation of the Schedule 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 Airport's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

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

Opinion

In our opinion, the Schedule referred to above present fairly, in all material respects, the passenger facility charges received, held, and used by the Airport for the period and each quarter during the period from January 1, 2018 to December 31, 2018, in accordance with the provisions of Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the United States Department of Transportation as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the Schedule, which describes the basis of accounting. The Schedule is prepared by General Mitchell International Airport on the basis of the financial reporting provisions of Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Federal Aviation Administration of the United States Department of Transportation. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2019, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is 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 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 Airport's internal control over financial reporting and compliance.



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Restriction on Use

This report is intended for the Board of Supervisors of the County of Milwaukee, the U.S. Federal Aviation Administration, and the airlines operating at the Airport and it is not intended to be and should not be used by anyone other than these specified parties.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
July 26, 2019

GENERAL MITCHELL INTERNATIONAL AIRPORT

Schedule of Passenger Facility Charges, Revenues and
Expenses for the Period and Each Quarter during the Period
From January 1, 2018 to December 31, 2018

	Quarter Ended March 31, 2018	Quarter Ended June 30, 2018	Quarter Ended September 30, 2018	Quarter Ended December 31, 2018	Total 2018
Revenues	4,039,009	2,968,045	3,631,319	4,079,450	14,717,824
(Expenses)	48,691	92,843	264,395	(8,663,479)	8,257,550
Interest	-	-	-	698,714	698,714
Revenues/ (expenses)	4,087,700	3,060,888	3,895,714	(3,885,315)	7,158,988

(1) Basis of Accounting-

The Schedule of Passenger Facility Charges (“PFC”), Revenues, and Expenses has been prepared on a cash basis, as prescribed by Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the United States Department of Transportation.

Revenues include amounts collected by the airlines. Expenses are presented on a cash basis and include only the expenses on approved PFC projects.

The total amount of interest reported this year consists of actual interest for the report year through December 31.

(2) Unspent Funds –

Unspent funds, December 31, 2017	\$ 33,646,080
Adjustment to unspent funds balance	-
Revenues in excess of expenses	<u>7,158,988</u>
Unspent funds, December 31, 2018	<u>\$ 40,805,068</u>

These funds are used to cover the expenditures that may be incurred on an annual basis in current or future years. The nature of many project expenditures span several years; revenue and expenditures may not correspond on an annual basis.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE SCHEDULE OF PASSENGER FACILITY
CHARGES, REVENUES AND EXPENSES PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors of the
County of Milwaukee, Wisconsin:

We have audited, in accordance with the 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 Schedule of Passenger Facility Charge Revenues and Expenses (the "Schedule") of General Mitchell International Airport (Airport) for the period and each quarter during the period from January 1, 2018 to December 31, 2018, and have issued our report thereon dated July 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedule, we considered the Airport's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Airport'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schedule of the Airport's is free from 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 the Schedule's 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.

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 Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
July 26, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE WITH
THE PASSENGER FACILITY AUDIT GUIDE**

To the Board of Supervisors of the
County of Milwaukee, Wisconsin:

Report on Compliance for Passenger Facility Charge Program

We have audited General Mitchell International Airport (Airport) compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on the Airport's Passenger Facility Charge Program for the period and each quarter during the period from January 1, 2018 to December 31, 2018.

Management's Responsibility

The Airport (management) is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the passenger facility charges program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport's passenger facility charges program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guide.

Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Passenger Facility Charge program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on Passenger Facility Charge Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Passenger Facility Charge Program for the period and each quarter during the period from January 1, 2018 to December 31, 2018.

Report on Internal Control over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on the Passenger Facility Charge Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
July 26, 2019