

County of Milwaukee

Report on Passenger Facility Charges
of the Milwaukee Mitchell International Airport

December 31, 2024

County of Milwaukee

Table of Contents
December 31, 2024

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report on Compliance With Requirements Applicable to the Passenger Facility Charge Program; Report on Internal Control Over Compliance; and Report on Schedule of Passenger Facility Charges Collected and Expended as Required by the Federal Aviation Administration | 1 |
| Schedule of Passenger Facility Charges Collected and Expended for Milwaukee Mitchell International Airport | 4 |
| Notes to Financial Schedule | 5 |

**Independent Auditors' Report on
Compliance With Requirements
Applicable to the Passenger Facility Charge Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Passenger Facility Charges Collected and
Expended as Required by the Federal Aviation Administration**

To the Board of Supervisors of
County of Milwaukee

Report on Compliance

Opinion on Passenger Facility Charges Program

We have audited the County of Milwaukee, Wisconsin's (County's) compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (PFC Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on the County's Passenger Facility Charge program for the year ended December 31, 2024.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended December 31, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the PFC Guide. Our responsibilities under those standards and the PFC Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's Passenger Facility Charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, and the PFC Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the Passenger Facility Charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the PFC Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the PFC Guide, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 compliance requirement 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 upon the requirements of the PFC Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges Collected and Expended Required by the Federal Aviation Administration

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon, dated July 31, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration of the U.S. Department of Transportation, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baker Tilly US, LLP

Milwaukee, Wisconsin
August 6, 2025

County of Milwaukee

Schedule of Passenger Facility Charges Collected and Expended for
Milwaukee Mitchell International Airport
Year Ended December 31, 2024

| | <u>1st Quarter</u> | <u>2nd Quarter</u> | <u>3rd Quarter</u> | <u>4th Quarter</u> | <u>Total</u> |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|
| Balance January 1, 2024 | | | | | \$ 45,204,350 |
| Collected | \$ 2,486,548 | \$ 3,531,016 | \$ 3,127,596 | \$ 2,655,121 | 11,800,281 |
| Expended | (1,545,553) | (216,819) | (286,851) | (13,943,089) | (15,992,312) |
| Interest earned on unspent balance | - | - | - | 2,200,816 | <u>2,200,816</u> |
| Balance December 31, 2024 | | | | | <u><u>\$ 43,213,135</u></u> |

See notes to financial schedule

County of Milwaukee

Notes to Financial Schedule
December 31, 2024

1. Basis of Accounting

This schedule is prepared on the cash basis of accounting. Receipts include amounts collected from the airlines. Disbursements include amounts paid on approved Passenger Facility Charge projects or debt payments for certain projects.

2. Regulatory Compliance

The Federal Aviation Administration of the U.S. Department of Transportation is responsible for establishing the financial and compliance requirements for the Passenger Facility Charge program. The County of Milwaukee is approved to receive \$4.50 per enplaned passenger from the airlines for Passenger Facility Charge approved projects.