

Public Finance Authority Core Business Operations

A Division of Public Finance Authority

Financial Statements

Years Ended December 31, 2024 and 2023



WIPFLI

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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

Milwaukee, Wisconsin
July 29, 2025

Public Finance Authority Core Business Operations

Statements of Net Position

As of December 31,	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,480,771	\$ 1,321,745
Restricted cash and cash equivalents	978,945	466,403
Accounts receivable, net	3,813,186	4,264,853
Prepaid expenses and other	7,893	7,567
TOTAL ASSETS	\$ 11,280,795	\$ 6,060,568
Liabilities and Net Position		
Current liabilities:		
Accounts payable	\$ 2,379,382	\$ 2,556,549
Unearned revenue	97,436	197,566
Total current liabilities	2,476,818	2,754,115
Long-term liabilities		
Long-term notes payable	7,500,000	2,750,000
Total long-term liabilities	7,500,000	2,750,000
TOTAL LIABILITIES	9,976,818	5,504,115
Net position:		
Restricted for authority reserve	826,229	77,132
Restricted for program manager reserve	246,844	495,344
Unrestricted (deficit)	230,904	(16,023)
TOTAL NET POSITION	1,303,977	556,453
TOTAL LIABILITIES AND NET POSITION	\$ 11,280,795	\$ 6,060,568

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,	2024	2023
Revenues:		
Bond application and issuance fees, net	\$ 4,178,388	\$ 2,670,710
Bond administration fees	5,130,857	4,730,392
Mortgage assistance revenues	3,063,719	1,718,208
Total revenues	12,372,964	9,119,310
Operating expenses:		
Management fees	11,411,475	8,552,955
Professional fees	124,085	155,131
Marketing expenses	97,000	97,000
Other expenses	49,189	45,054
Total operating expenses	11,681,749	8,850,140
Operating income	691,215	269,170
Nonoperating revenues (expenses):		
Project legal fee income	798,900	15,033
Other expenses	(581,778)	-
Interest income	59,820	9,671
Interest expense	(220,633)	(129,888)
Total nonoperating revenues (expenses) - net	56,309	(105,184)
Change in net position	747,524	163,986
Total net position - Beginning	556,453	392,467
Total net position - Ending	\$ 1,303,977	\$ 556,453

See accompanying notes to financial statements.

Public Finance Authority Core Business Operations

Statements of Cash Flows

For the Years Ended December 31,	2024	2023
Cash flows from operating activities:		
Cash received from customers	\$ 12,724,501	\$ 8,421,505
Cash paid to service providers	(11,642,120)	(8,897,563)
Net cash flows from operating activities	1,082,381	(476,058)
Cash flows from investing activities:		
Interest and dividends received	59,820	9,671
Net cash flows from investing activities	59,820	9,671
Cash flows from capital and related financing activities:		
Proceeds from Debt	4,750,000	750,000
Interest paid on debt	(220,633)	(129,888)
Net cash flows from capital and related financing activities	4,529,367	620,112
Net increase in cash and cash equivalents	5,671,568	153,725
Cash and restricted cash and cash equivalents - Beginning	1,788,148	1,634,423
Cash and restricted cash and cash equivalents - Ending	\$ 7,459,716	\$ 1,788,148
Schedule reconciling operating income to net cash flows from operating activities:		
Operating income	\$ 691,215	\$ 269,170
Adjustments to reconcile operating income to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Accounts receivables	451,667	(602,393)
Prepaid expenses and other	(326)	(1,065)
Accounts payable	39,955	(46,358)
Unearned revenue	(100,130)	(95,412)
Total adjustments	391,166	(745,228)
Net cash flows from operating activities	\$ 1,082,381	\$ (476,058)

See accompanying notes to financial statements.

Public Finance Authority Core Business Operations

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. 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")

Public Finance Authority Core Business Operations

Notes to Financial Statements

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

Public Finance Authority Core Business Operations

Notes to Financial Statements

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 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:

	2024	2023
Bond administration fees	\$ 1,426,623	\$ 1,592,442
Mortgage assistance program	2,359,899	2,672,411
Other receivables	26,664	-
Total accounts receivable	\$ 3,813,186	\$ 4,264,853

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, 2024 and 2023.

Public Finance Authority Core Business Operations

Notes to Financial Statements

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.

Public Finance Authority Core Business Operations

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

PFA Core has evaluated subsequent events through July 29, 2025, which is the date the financial statements were available to be issued.

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, 2024:				
Money market funds	\$ 7,459,716	\$ -	\$ 7,459,716	\$ -
At December 31, 2023:				
Money market funds	1,788,148	-	1,788,148	-
Reconciliation to Statement of Net Position:	2024	2023		
Current cash and cash equivalents	\$ 6,480,771	\$ 1,321,745		
Current restricted cash and cash equivalents	978,945	466,403		
Totals	\$ 7,459,716	\$ 1,788,148		

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, 2024 and 2023, PFA Core's investments were not rated.

Public Finance Authority Core Business Operations

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

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, 2024 and 2023, the Authority's bank balances exceeding FDIC limits and was exposed to custodial credit risk. PFA Core held approximately \$6,646,000 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, 2022	\$ 17,023,211,710
New issuances	2,267,911,501
Principal repayments	(881,425,915)
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Balance at December 31, 2023	18,409,697,296
New issuances	3,928,292,752
Principal repayments	(1,312,903,731)
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Balance at December 31, 2024	\$ 21,025,086,317

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.

Public Finance Authority Core Business Operations

Notes to Financial Statements

Note 4: Notes Payable (Continued)

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, 2028, and bearing interest at 4% per annum on principal amount of any advance from time to time outstanding.
- 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, 2028, 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 \$8,000,000, with a third promissory note in the amount of \$2,000,000 advanced on the date of the amendment, maturing June 1, 2028, and bearing interest at 4% per annum on principal amount of any advance from time to time outstanding.

Collectively, the outstanding balance on these notes at December 31, 2024 and 2023 was \$5,500,000 and \$750,000, respectively.

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 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.

Public Finance Authority Core Business Operations

Notes to Financial Statements

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

Pursuant to the MSA, GPM is entitled to a portion of the service 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, 2024 and 2023, service fees expensed to GPM based on PFA Core revenues totaled \$11,411,475 and \$8,552,955, respectively. At December 31, 2024 and 2023, PFA Core has \$2,235,536 and \$2,427,503, respectively, payable to GPM for these services.

Wisconsin Counties Association Services, Inc, an affiliate of Wisconsin Counties Association, was paid \$97,000 during the years ended December 31, 2024 and 2023, 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.

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, 2024 and 2023 were as follows:

	Bond Administration Revenue	Bond Administration Fees Receivable	Bond Issuance Revenue
2024	\$ 544,050	\$ 184,753	\$ -
2023	\$ 366,018	\$ 257,031	\$ 774,113

Public Finance Authority Core Business Operations

Notes to Financial Statements

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, 2024 and 2023, \$826,229 and \$77,132, 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, 2024 and 2023, the Authority had \$817,680 and \$67,213, 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, 2024 and 2023, \$246,844 and \$495,344, 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, 2024 and 2023, the Authority had \$161,265 and \$399,190, 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 \$192,683 (\$4,475 in 2024 and \$15,033 in 2023) 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 \$57,317 and \$61,792 as accounts payable as of December 31, 2024 and 2023 in the accompanying statements of net position.

July 30, 2025

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, 2024, and have issued our report thereon dated July 29, 2025. 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 December 2, 2024, 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 4, 2025, in addition to our engagement letter dated December 2, 2024, 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 2024.

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 2024.

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 29, 2025, 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, 2024, 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:

Segregation of Duties

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.

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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

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