

Muskegon County
Airport

An Enterprise Fund of
the County of
Muskegon, Michigan



For the
Year Ended
September 30,
2012

Report on
Schedule of
Passenger Facility
Charges (PFC)
Collected and
Expended

MUSKEGON COUNTY AIRPORT

(An Enterprise Fund of the County of Muskegon, Michigan)

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Schedule of Passenger Facility Charges Collected and Expended For the Year Ended September 30, 2012	2
Report on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge (PFC) Program and on Internal Control over Compliance	3
Schedule of Findings and Questioned Costs	5
Summary Schedule of Prior Audit Findings	6

INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED

March 28, 2013

Honorable Members of the
Board of Commissioners
County of Muskegon, Michigan
Muskegon, Michigan

We have audited the financial statements of the *County of Muskegon, Michigan* (the "County") as of and for the year ended September 30, 2012 and have issued our report thereon dated March 28, 2012, which contained an unqualified opinion on those financial statements. The County's financial statements include the financial position and results of operations of the Muskegon County Airport, a major enterprise fund. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Passenger Facility Charges Collected and Expended is presented for the purpose of additional analysis as required by the *Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



MUSKEGON COUNTY AIRPORT
(An Enterprise Fund of the County of Muskegon, Michigan)

Schedule of Passenger Facility Charges (PFC) Collected and Expended
For the Year Ended September 30, 2012

Period	Unliquidated PFC Revenue Account, Beginning Balance	PFC Receipts	Expenditures	Unliquidated PFC Revenue Account, Ending Balance
First Quarter				
October 1 - December 31, 2011	\$ (1,324,046)	\$ 15,966	\$ -	\$ (1,308,080)
Second Quarter				
January 1 - March 31, 2012	(1,308,080)	20,923	-	(1,287,157)
Third Quarter				
April 1 - June 30, 2012	(1,287,157)	19,417	-	(1,267,740)
Fourth Quarter				
July 1 - September 30, 2012	(1,267,740)	16,400	-	(1,251,340)
Fiscal Year				
October 1, 2011 - September 30, 2012	<u>\$ (1,324,046)</u>	<u>\$ 72,706</u>	<u>\$ -</u>	<u>\$ (1,251,340)</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON THE PASSENGER FACILITY CHARGE (PFC) PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE

March 28, 2013

Honorable Members of the
Board of Commissioners
County of Muskegon, Michigan
Muskegon, Michigan

Compliance

We have audited the compliance of the *Muskegon County Airport* (the "Department", an enterprise fund of the County of Muskegon, Michigan) with the types of compliance requirements described in the *Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration for its passenger facility charge program for the year ended September 30, 2012. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

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 Department'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. Our audit does not provide a legal determination of the Department's compliance with those requirements.

In our opinion, Muskegon County Airport 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 September 30, 2012.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program to determine our auditing procedures for the purpose of expressing our 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 Department'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 the passenger facility charge 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 the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the County of Muskegon's Board of Commissioners, management and the Federal Aviation Administration, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive style with a large, prominent initial 'L'.

MUSKEGON COUNTY AIRPORT
(An Enterprise Fund of the County of Muskegon, Michigan)

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

None noted

MUSKEGON COUNTY AIRPORT
(An Enterprise Fund of the County of Muskegon, Michigan)

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2012

2011-1 - Special Notification and Reporting Requirements - Program Requirements No. 2

Immaterial Noncompliance / Significant Deficiency in Internal Controls over Financial Reporting

A discrepancy had been noted between the cumulative expenditures reported in the quarterly reports as compared to the prior year reported expenditures. It was also noted that certain revenues received were reported in an incorrect quarter. This finding has been corrected.