

**WAYNE COUNTY AIRPORT AUTHORITY**

Schedules of Passenger Facility Charges

Year Ended September 30, 2006

(With Independent Auditors' Reports Thereon)

10804-06

# WAYNE COUNTY AIRPORT AUTHORITY

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**Independent Auditors' Report on Compliance with Requirements  
Applicable to the Passenger Facility Charge Program and on  
Internal Control Over Compliance and Schedule of Expenditures of  
Passenger Facility Charges Collected and Expended and Interest Credited**

The Board of Directors  
Wayne County Airport Authority:

**Compliance**

We have audited the compliance of the Wayne County Airport Authority (the Authority) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (FAA) (the Guide), for its passenger facility charge program for the year ended September 30, 2006. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority'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 Authority'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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2006.

**Internal Control Over Compliance**

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

**Schedule of Expenditures of Passenger Facility Charges  
Collected and Expended and Interest Credited**

We have audited the financial statements of the Authority as of and for the year ended September 30, 2006 and have issued our report thereon dated March 23, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of expenditures of passenger facility charges collected and expended and interest credited are presented for purposes of additional analysis, as specified in the Guide, and are not a required part of the financial statements. As described in note 1, the accompanying schedules of passenger facility charges collected and expended and interest credited were prepared on the basis of cash receipts and disbursements as prescribed or permitted for filing with the Federal Aviation Administration, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects on the basis of accounting described in note 1 in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors, management, and officials of the State of Michigan, the U.S. Department of Transportation, the Federal Aviation Administration, and other federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Detroit, Michigan  
April 6, 2007, except as to paragraph 6,  
which is as of March 23, 2007

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Wayne County Airport Authority:

We have audited the basic financial statements of the Wayne County Airport Authority (the Authority) as of and for the year ended September 30, 2006, and have issued our report thereon dated March 23, 2007. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 financial statement 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*.

This report is intended solely for the information and use of the board of directors, management, and officials of the State of Michigan, the U.S. Department of Transportation, the Federal Aviation Administration, and other federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Detroit, Michigan  
March 23, 2007

**WAYNE COUNTY AIRPORT AUTHORITY**

Schedule of Passenger Facility Charges Collected and Expended  
and Interest Credited

Year ended September 30, 2006

Passenger facility charges collected	\$	68,334,073
Interest credited		5,140,965
		73,475,038
Total		73,475,038
Passenger facility charges expended for approved projects:		
South Airport Access Road Construction		(2,035,409)
Noise Mitigation Program		693,542
Reconstruction of Existing Terminals and Concourses		2,111,359
Midfield Domestic and International Terminal Facilities Construction		39,553,970
Runway 21C/3C Keel Section Replacement		668,943
Runway 4/22 Design and Construction		5,578,503
Rebuild Outfall Structures at Ponds 3 and 4		95,225
21C Remote Primary Deicing		871,293
Grade/Pave Taxiway "K" Islands		27,774
McNamara Terminal Phase II Program		1,791,949
West Airfield Improvement		968,718
Interconnect Re-route		46,130
Taxiway Q Construction		127,743
Runway 4R/22L Shoulders/Overburden		67,419
Deicing Pad at Runway 22L		546,456
Deicing Pads at Runway 4R and 3L		1,333,491
Runway 3R/21L Design and Pavement Evaluation		824,359
		53,271,465
Total		53,271,465
Increase in unexpended passenger facility charges		20,203,573
Unexpended passenger facility charges as of September 30, 2005		94,443,222
Unexpended passenger facility charges as of September 30, 2006	\$	114,646,795

See accompanying notes to the schedules of passenger facility charges collected and expended and interest credited.

**WAYNE COUNTY AIRPORT AUTHORITY**

Schedule of Passenger Facility Charges Collected and Expended  
and Interest Credited

Quarters ended December 31, 2005, March 31, 2006, June 30, 2006, and September 30, 2006

	<u>December 31, 2005</u>	<u>March 31, 2006</u>	<u>June 30, 2006</u>	<u>September 30, 2006</u>
Passenger facility charges collected	\$ 15,871,418	16,039,969	18,673,067	17,749,619
Interest credited	961,935	1,184,320	1,426,215	1,568,495
Total	<u>16,833,353</u>	<u>17,224,289</u>	<u>20,099,282</u>	<u>19,318,114</u>
Passenger facility charges expended for approved projects:				
South Airport Access Road Construction	—	—	(1,635,409)	(400,000)
Noise Mitigation Program	173,348	173,398	173,398	173,398
Reconstruction of Existing Terminals and Concourses	527,725	527,878	527,878	527,878
Midfield Domestic and International Terminal Facilities Construction	9,960,551	9,963,423	9,845,395	9,784,601
Runway 21C/3C Keel Section Replacement	167,199	167,248	167,248	167,248
Runway 4/22 Design and Construction	1,394,322	1,394,727	1,394,727	1,394,727
Rebuild Outfall Structures at Ponds 3 and 4	23,801	23,808	23,808	23,808
21C Remote Primary Deicing	217,776	217,839	217,839	217,839
Grade/Pave Taxiway "K" Islands	6,942	6,944	6,944	6,944
McNamara Terminal Phase II Program	377,270	427,772	474,333	512,574
West Airfield Improvement	203,950	231,251	256,422	277,095
Interconnect Re-route	9,712	11,012	12,211	13,195
Taxiway Q Construction	26,894	30,495	33,814	36,540
Runway 4R/22L Shoulders/Overburden	14,194	16,094	17,846	19,285
Deicing Pad at Runway 22L	115,049	130,449	144,648	156,310
Deicing Pads at Runway 4R and 3L	333,300	333,397	333,397	333,397
Runway 3R/21L Design and Pavement Evaluation	1,246,266	1,586,665	(1,988,305)	(20,267)
Total	<u>14,798,299</u>	<u>15,242,400</u>	<u>10,006,194</u>	<u>13,224,572</u>
Increase in unexpended passenger facility charges	2,035,054	1,981,889	10,093,088	6,093,542
Unexpended passenger facility charges at beginning of quarter	<u>94,443,222</u>	<u>96,478,276</u>	<u>98,460,165</u>	<u>108,553,253</u>
Unexpended passenger facility charges at end of quarter	\$ <u><u>96,478,276</u></u>	<u><u>98,460,165</u></u>	<u><u>108,553,253</u></u>	<u><u>114,646,795</u></u>

See accompanying notes to the schedules of passenger facility charges collected and expended and interest credited.

**WAYNE COUNTY AIRPORT AUTHORITY**

Notes to the Schedules of Passenger Facility Charges  
Collected and Expended and Interest Credited

Year ended September 30, 2006

**(1) Basis of Accounting**

The schedules of passenger facility charges (PFC) collected and expended and interest credited are prepared on the basis of cash receipts and disbursements, as prescribed or permitted for filing with the Federal Aviation Administration, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

**(2) Interest Credited**

Interest credited represents interest income allocated to the PFC program (the Program) based on the ratio of the Program's cash and investments to the total Wayne County Airport Authority cash and investments, included in the pooled cash funds, with the exception of funds for the Midfield Project, Interim Improvement Project, and the Existing Terminal Projects. These project funds are held in separate interest-bearing accounts and are credited directly to the Program.

**WAYNE COUNTY AIRPORT AUTHORITY**

Schedule of Findings and Questioned Costs

Year ended September 30, 2006

There are no current year audit findings.