



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Compliance
and Management Analysis

800 Independence Ave., SW
Washington, DC 20591

October 8, 2025

Mr. Jesus Saenz, Jr.
Director of Airports
City of San Antonio Aviation Department
9800 Airport Boulevard
San Antonio, TX 78216

Re: Transmittal of Final Financial Compliance Report/Partial Close

Dear Mr. Saenz:

Thank you for your August 19, 2025, letter and supplemental responses to our draft compliance review report of the San Antonio International Airport (SAT) and the City of San Antonio, as airport sponsor and operator. We appreciate your letters recognizing SAT's full commitment to address recommendations from the May 13 to May 16, 2024, financial compliance review. At this stage, we are partially closing our review. The issue related to property leased to the City of San Antonio Parks & Recreation remains open.

The draft report recommendations, SAT's response, and the Federal Aviation Administration (FAA) final response and requests for additional information are as follows:

Veterans Parking

FAA Recommendation and Follow-up: The FAA has reviewed the disabled veterans parking program at SAT and its impact on airport revenue. The FAA has concerns the program may not qualify as a de minimis community-use benefit due to significant revenue deferral. If SAT were to modify the program to ensure it is only a minimal cost, in line with FAA Policy regarding community-use, the modification to the program could potentially bring SAT into compliance with its revenue-use obligations.

SAT Response: The City acknowledges that it must make changes to the current parking validation program for disabled veterans and military honors recipients in order to ensure compliance with its grant assurances. In response, the SAT plans to implement a revised discount program beginning October 1, 2025, offering an array of discounts to qualified disabled veterans. This change is projected to reduce revenue losses over the next three years to a relatively minimal amount. SAT will monitor the validation program monthly and report quarterly to the FAA, with further adjustments to be made if the anticipated revenue loss reduction is not met.

FAA Response: After reviewing the sponsor's response, we consider this matter closed.

Lease Agreements

FAA Follow-up Requested: The FAA requested a copy of an in-kind lease for a soccer field while onsite during our financial review in May and followed up with a written request in an October 3rd email. The FAA received the same lease, which expired on December 31, 2023. Please provide a copy of the most current lease for the soccer field and explain how SAT qualifies the property for community use. Use of airport property at less than FMV for recreational use must qualify for community use.

SAT Response: The Aviation Department (Aviation) and the Parks and Recreation Department (Parks) entered into a Directive for Use of Aviation Land, which includes the soccer fields as well as other Aviation properties. Parks provides maintenance and security as in-kind services for all of the land leased from Aviation.

All of the land leased by Parks is physically separated from the remainder of the airport campus by Wurzbach Parkway and is not suitable for aeronautical activities. Additionally, most of the premises encompassing the soccer fields are in a 100-year flood zone, thus limiting the revenue potential. Aviation and Parks entered into a license agreement with San Antonio Elite, a Youth Soccer Academy, for programming, operations, and maintenance of the sports field in exchange for payment of rent or in-kind services. San Antonio Elite has provided Aviation with a list of in-kind services it rendered in 2024 and supporting documents to verify those services. The validated value of the in-kind services provided is more than the fair market rental value established in the license agreement and satisfies the in-kind requirement for 2024.

Going forward, the Aviation Department will coordinate with Parks on a quarterly basis to ensure that San Antonio Elite is reporting its in-kind services and providing the necessary back-up documentation in a timely manner. Aviation will verify that the in-kind services reported by San Antonio Elite are sufficient to meet the requirements of the license agreement.

Additionally, the City recently performed an appraisal of the property that is the basis of the license agreement with San Antonio Elite, which appraisal reflected an increase in the value of the land and associated rental value. Based on the new appraisal, the City, through Aviation and Parks, will amend the license agreement with San Antonio Elite to increase the ground rental rates contained therein to reflect the latest appraisal values.

FAA Response: FAA reviewed and evaluated supplemental information and the most current lease agreement provided by SAT. However, this arrangement conflicts with the FAA Policy on Revenue Use, which stipulates airport revenues cannot be used to cover the capital or operating costs associated with community use.¹ Consequently, in-kind services cannot be used to offset the fair market rental value of the property as payment.

¹ **Federal Register** /Vol. 64, No. 30 /Tuesday, February 16, 1999 /Notices 7721

The FAA recommends SAT sell undevelopable property to the City or obtain a reasonable rent (e.g., agricultural value) at the soonest legal opportunity. In the meantime, SAT should amend the agreement with Parks to clearly state that SAT is not responsible for any maintenance or capital costs related to the property's use; and retains the right to reclaim the property for airport purposes if needed. In addition, SAT should act to secure a reasonable rent for the use of the soccer field. Lastly, FAA requests SAT provide an updated plan for the City's use of 157.4 acres.

Aircraft Rescue and Fire Fighting (ARFF)

FAA Recommendation: The City must ensure costs associated with the space used for the off-airport structural firefighting operation are reimbursed to the airport. SAT needs to provide the basis and quantification of the in-kind services received by the airport, net of any credits the City receives (e.g., patient insurance proceeds) from 2018- 2020.

SAT Response: Since March 2020, there have been no San Antonio Fire Department (SAFD) off-airport structural firefighting operations at SAT. SAT has obtained and reviewed the in-kind service reports and backup provided by SAFD for fiscal years 2018, 2019, and 2020, during which years SAFD did operate off-airport structural firefighting operations at SAT. The information provided shows that the services provided by SAFD to Aviation, net of insurance reimbursements, exceeded the fair market rental value for the space required for the off-airport structural firefighting operation during that period.

FAA Response: After reviewing the sponsor's response, we consider this matter closed.

FAA Form 126 and 127 Reconciliation

FAA Recommendation: Section 111(b) of the FAA Authorization Act of 1994 requires the FAA to collect airport financial data to help the public understand how airports collect and disburse their funds. Thus, the integrity and accuracy of the data are of the utmost importance to the users. The FAA recommends that SAT update its Certification Activity Tracking System (CATS) Form 5100-126 and 127 for FYE September 30, 2022, to reflect audited financial information. Although audited data is not required, the FAA is recommending this action to ensure congruency between FAA Form 5100-126 and 127 and the audited comprehensive financial report (ACFR).

SAT Response: SAT fully agrees with your conclusion and recommendation. We have updated the CATS Forms 5100-126 and 127 for FYE September 30, 2022, to reflect SAT's audited financial information. Should restatement occur in the future, we will update our CATS Forms 5100-126 and 127 immediately following the release of the updated Financial Statements.

FAA Response: After reviewing the sponsor's response, we consider this matter closed.

FAA 126 Financial Government Payment Report

FAA Recommendation: The FAA made the following recommendations to SAT to ensure compliance with the FAA Form 126 reporting requirements:

1. Ensure that the airport management is familiar with the FAA's reporting requirements, which are conditions airports must meet when accepting federal funds. We refer you to the CATS Advisory Circular located on the CATS homepage. (cats.airports.faa.gov)
2. If errors are identified, submit a revised or corrected version of FAA Form 5100-126 with accurate information. The FAA encourages timely corrections to ensure that all financial reporting remains compliant with federal regulations.
3. To avoid future errors, we recommend that SAT provide training for airport personnel responsible for financial reporting.

SAT Response: SAT fully agrees with your findings. SAT has corrected the communication, utilities, and grant reimbursements to the CATS 126 report. SAT further agrees that should restatement occur in the future, they will update CATS Forms 5100-126 and 127 immediately following the release of the updated Financial Statements. Additionally, SAT will conduct biannual training for all personnel responsible for financial reporting to ensure they are familiar with the reporting requirements outlined in the CATS Advisory Circular.

FAA Response: After reviewing the sponsor's response, we consider this matter closed.

Financial Transactions and Payments

FAA Recommendations: The FAA made the following recommendations to SAT to ensure compliance with the FAA Revenue Use Policy:

1. Update contract language to clearly define financial responsibilities, particularly for expenses like entertainment, sponsorships, or marketing.
2. Implement a procedure to review event-related expenses, ensuring no overlap with contract provisions.

SAT Response: Certain vendors and counterparties insist upon the use of form contracts, and the City does not always have the ability to modify contractual language. However, SAT fully agrees with the FAA findings, and in all future contracts for events, SAT will ensure that responsibilities for marketing, sponsorships, and similar expenses are clearly delineated between the City and the third-party entity. Before processing any payments for marketing or sponsorship expenses pursuant to these contracts, SAT will implement procedures to verify invoices against the contract language, ensuring that expenses have not been previously paid under another line item or are the responsibility of another party.

FAA Response: After reviewing the sponsor's response, we consider this matter closed.

We express our gratitude for your cooperation and commitment to effectively addressing these recommendations. Our appreciation extends to you, your team, and other city officials for promptly providing the FAA with the necessary responses to our recommendations. As a result of your responsiveness and efforts, we are pleased to announce that we are partially closing our

review. We will proceed with the publication of the final audit report on financial compliance review once we are able to close out the issue regarding the lease with the Parks and Recreation.

Once again, thank you for your collaboration and dedication to achieving a successful resolution. Should you have any further questions, please contact David Duchow, Airport Compliance Specialist, at (202) 267-9605 or financialcompliance@faa.gov.

Sincerely,



Digitally signed by MICHAEL W HELVEY
Date: 2025.10.08 13:05:21 -04'00'

Michael Helvey
Director, Office of Airport Compliance
and Management Analysis

Federal Aviation Administration
Office of Airports Compliance and Management Analysis
Financial Compliance Review

San Antonio International Airport
May 13-16, 2024



Federal Aviation Administration
Office of Airports Compliance and Management Analysis
Draft Financial Compliance Review

The Federal Aviation Administration (FAA) Office of Compliance and Management Analysis (ACO) conducted a financial compliance review at the San Antonio International Airport (SAT or Airport) to evaluate compliance with federal statutes and FAA requirements. The FAA conducted this review at SAT and the City of San Antonio (City or Sponsor) offices from July 24, 2024, through July 27, 2024.

As the airport sponsor, the City, manages SAT and is responsible for ensuring compliance with federal statutes, the Airport Improvement Program (AIP) Grant Assurances, and FAA policies for federally obligated airports. Airport sponsors agree to certain obligations when they accept federal grant funds or federal property transfers for airport purposes. The FAA enforces these obligations through its Airport Compliance Program. The ACO conducts a financial compliance review of selected airports each fiscal year.

Unlawful revenue diversion, as defined in Section II, paragraph C of the Policy Concerning the Use of Airport Revenue (Revenue Use Policy) 64 Fed. Reg. 7697 (Feb 16, 1999), as the use of airport revenue for purposes other than the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to air transportation or property. The ACO is responsible for ensuring that airports adhere to AIP Grant Assurances and the FAA's Revenue Use Policy.

We reviewed the following financial topics at the SAT:

- Single Audits
- Police and Security Services
- Legal Affairs
- Veterans Parking
- Leases and Agreements
- Marketing/Incentives
- Aircraft Rescue and Fire Fighting (ARFF)
- Noise Program
- FAA Form 5100-126 and 127 Reconciliation
- Financial Transactions and Payments
- Utilities, and
- Art in Public Places.

Single Audit Report

Under 2 CFR Part § 200.501, any nonfederal entity that expends \$750,000 or more in federal awards during its fiscal year must undergo a single audit, conducted in accordance with § 200.514. In addition, 2 CFR Part § 200.511 requires the auditee to address all findings and implement corrective actions. Upon completion of the audit, the auditee is responsible for preparing a corrective action plan, separate from the auditor's findings outlined in § 200.516, to address each audit finding from the current fiscal year.

We obtained and reviewed the Single Audit Reports for the City for fiscal years 2021 through 2023 to determine whether there were any findings or corrective action plans related to the Airport Improvement Program (AIP, CFDA #20.106). Our review found no audit findings related to AIP grants during the selected fiscal years.

Conclusion: No follow-up is required.

Police and Security Services

SAT maintains its own police force, which is a division of the City. Officers are solely dedicated to SAT and can be supplemented with other City officers. 40 officers are assigned to the airport; however, the airport indicated they are 15 officers short, which requires a need for excessive overtime. SAT has its own 911 dispatch center, which is routed from a Public Safety Answering Point. The division does not offer any police training at the airport.

SAT also has a security section which handles the security door alarms, badging, and IDs for stakeholders and employees that require air operations access. It also serves as a liaison between the Transportation Security Administration and SAT.

Conclusion: The FAA did not note any irregularities with police services SAT.

Legal Affairs

The SAT Legal Department handles legal issues related to the following:

- Contracts
- Construction Complaints
- Open Records
- Lease Review and Negotiations
- Request for Proposals (RFP)

- Request for Quotes (RFQ)

SAT legal staff report to the Deputy of the Regulatory Division, and all legal matters in general are reported to the City Attorney's Office within the City of San Antonio. There are three dedicated employees that handle aviation affairs at SAT: (1) an Attorney and (2) Paralegals. In addition, SAT uses outside counsel Kaplan and Kirsch LLP to handle other litigious matters and airline lease agreements.

As a result of our meeting, the legal staff of the SAT we were apprised of the following legal matters:

- Complimentary parking is provided to veterans that have recognized specialty plates issued by the State of Texas in accordance with Texas State Law (Texas Transportation Code 681.008 and 504.317) and San Antonio City Code. The program had an estimated cost of \$13M in the most recent fiscal year.
- One eviction proceeding.
- The Hertz rental car company is undergoing bankruptcy proceedings.

Conclusion: The FAA found no irregularities with the work performed by the SAT Legal Department. However, the issue of the complimentary disabled veterans parking is discussed in detail in the next section.

Veterans Parking

SAT provides complimentary short- and long-term parking to Disabled Veterans and Texas specialty license plate holders. Veterans who have permanently affixed disabled veteran license plates on the vehicles parked at SAT are granted validated parking for up to 30 days. In addition, complimentary parking is extended to those veterans who have certain recognized specialty service plates issued by the State of Texas. The following plates are recognized by State law and can not be limited to for the honor of receiving an Air Medal, Air Force Cross, Bronze Star, Purple Heart, and Silver Star in accordance with Texas Transportation Code 681.008. Further, complimentary parking is applicable when the registered owner(s) of the vehicle (includes spouse or surviving spouse, if listed on the vehicle registration) are in the vehicle when exiting the parking area. The SAT website does not mention if a Veteran receiving the benefit is required to have an airline ticket to park for free. Veterans may park in the short and long term, red, and green lots.

From the SAT website, the following conditions must be met to receive complimentary parking upon exit of the parking facility:

- A vehicle that has a permanently affixed license plate with approved Disabled Veterans or specialty plate;

- Driver's License or Military ID card;
- Copy of the current Vehicle Registration renewal receipt; and
- Completed Parking Validation Form.

Information provided on the SAT website indicates vehicles left longer than 30 days are subject to a tow at the owner's expense. However, we learned from the SAT Executive Team, the 30-day rule is rarely enforced, and no one has been towed to their knowledge. Further, a new parking garage is being constructed to meet the increased demand for parking at SAT.

The SAT Executive Team expressed concerns to the FAA that it was losing a significant amount of revenue because of the program. Approximately \$12.1M and \$14.8M in parking were validated for Veterans during FYE September 30, 2023, and 2024, respectively. In proportion to total parking revenues of \$34.5M and a net operating income of approximately \$12M in 2023, this is a substantial amount of revenue lost due to the program.

Texas State Law

Texas State Code Section 681.008 allows parking privileges to certain veterans and military honors recipients at metered locations and states:

(a) A vehicle may be parked for an unlimited period in a parking space or area that is designated specifically for person with physical disabilities if:

(1) The vehicle:

(A) Displays special license plates issued under Section [504.202](#) (b-1), and

(B) is being operated by or for the transportation of the person to whom the plates were issued; or

(2) The vehicle displays license plates issued by another state of the United States that indicate on the face of the license plates that the owner or operator of the vehicle is a disabled veteran of the United States armed forces.

The City's Analysis

SAT officials provided a 1997 State of Texas Attorney General opinion on the benefit and stated the parking fee exemption expanded the language to include parking garages and could only be removed at municipal airports. It stated:

“The literal reading of the statute does not extend the exemption to parking garages or lots unless a government unit chooses to extend the exemption by ordinance, however, some political entities are interpreting the word “metered” parking to include parking garages/lots which charge a fee based on metered time.”

Further, the City concluded that:

“The Attorney General in its interpretation has expanded that language to include parking fees derived from parking garages and lots.”

Texas State Code 681.001 exempts disabled veterans and military honors recipients from parking meter charges, but does not specify parking garages. The City exempts parking fees from former prisoners of war and Purple Heart recipients with specialized plates at all city garages, lots, and meters (San Antonio Code of Ordinances, Part II, Chapter 19, Section 19-210 pursuant to Ordinances 79262, 12-9-93, and 87912, § 1, 6-4-98). Yet SAT exempts all disabled veterans and certain specialty license plate holders from parking garage fees.

FAA Policy Regarding Contributions of Airport Property to the Community

Expenditures of airport funds for support of community-use benefits of airport property may be allowable if such expenditures are directly and substantially related to the operation of the airport and the contribution is minimal. *FAA Revenue Use Policy*, 64 Fed. Reg. 7721 (Feb. 16, 1999). Parking validations of \$14.8M in FY 2024 are not considered a minimal amount in proportion to SAT's financial position.

Providing garage parking for public purposes at less than the FMV rate for community-use benefits violates *the FAA Revenue Use Policy*, 64 Fed. Reg. 7721 (Feb. 16, 1999) because the property involved would be expected to produce more than de minimis revenue. Complimentary parking validations in the amount of \$14.8M over the past year are not considered a de minimis amount to SAT. SAT generated \$34.5M in parking revenues during FY 2023. If the complimentary parking program did not exist, parking and ground transportation revenues at SAT could have been 35.1% higher overall in FY 2023 (see table below). It appears that since 2018 parking revenue losses have been increasing,

FY Year	Dollar amount of Parking Validations ¹	Total Parking and Ground Transportation Revenue ²	Total Revenue with Validations	Approximate Loss of Revenue Percentage ³
FY 2024	\$14,835,750	Not reported as of 1/6/2025	TBD	TBD
FY 2023	\$12,154,486	\$34,505,528	\$46,660,014	35.2%
FY 2022	\$8,905,023	\$30,426,565	\$39,331,588	29.6%
FY 2021	\$5,380,831	\$18,220,776	\$23,601,607	24%
FY 2020	\$5,079,052	\$16,550,936	\$21,629,988	24.6%
FY 2019	\$7,757,892	\$27,969,138	\$35,727,030	27.7%
FY 2018	\$5,327,417	\$24,452,603	\$29,780,020	21.8%

Grant Assurance 24: Airport Fees and Rents states the airport shall maintain a fee and rental structure for the facilities and services at the airport, which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport. Based on SAT's parking validations, the program overall has negatively impacted SAT's financial position and SAT's continued self-sustainability in the short and long term.

Recommendation and Follow-up:

SAT is providing complimentary parking to disabled veterans and military honors recipients. As stated above, free use of an airport parking garage does not qualify as community-use benefits unless the cost is de minimis. For other users, parking in the long-and short-term garages costs \$16 and \$29 per a 24-hour period, respectively, therefore, SAT is losing a significant amount of revenue because of the program. In addition, if there is an agreement in place, the cross credit the air carriers receive would be impacted by the reduced nonaeronautical revenues.⁴ It should be noted that the air carriers did not mention nor have any complaints regarding the parking program prior to our visit.

Law requires all airport revenues be expended on the operating or capital costs of the airport per 49 U.S.C. § 47107(b); 49 U.S.C. § 47133. The use of airport facilities and assets free of charge and where there is no quantifiable benefit in return to the

¹ Amounts provided by SAT Accounting Staff

² Amounts derived from the Certification Activity Tracking System (CATS)

³ This percentage represents the potential lost increase in revenues because of the program.

⁴ Policy Regarding Airport Rates and Charges, Fair and Reasonable Fees, Section 2.1.1

sponsor generally constitutes unlawful revenue diversion. We concur with the City's assertion that the Texas Transportation Code 681.008 parking exemption for disabled veterans and military honors recipients only applies to metered parking, which typically has time limits of 1 to 2 hours, and not to parking garages that charge a fee based on metered time. Parking garages may only be exempt upon passage of a city ordinance. Texas Transp. Code 681.001(d). San Antonio enacted a city ordinance; however, it grants an exemption only for prisoners of war and Purple Heart recipients. San Antonio Code of Ordinances, Part II, Chapter 19, Section 19-210. Accordingly, by SAT applying the exemption to all disabled veterans for garage parking, is broader than the law requires, and notwithstanding the exemption, is greater than de minimis, conflicting with its revenue use obligations.

If the program remains unchanged, both the City and SAT may be in violation of Grant Assurance 25, Airport Revenues. According to Grant Assurance 25 and 49 U.S.C. § 47107(b), airport revenues must be used for the capital and operational expenses of the airport or the local airport system. Additionally, the statute permits the recovery of illegally diverted funds for up to six years following the occurrence of the illegal diversion. If SAT were to modify the program to ensure it is only a minimal cost, in line with FAA Policy regarding community-use and charitable contributions⁵, the modification to the program would potentially bring the program and SAT into compliance with Grant Assurance 25.

Leases and Agreements

The FAA received over 150 leases and agreements (collectively known as contracts) pertaining to the property and concessions at SAT to determine if the airport sponsor followed acceptable practices for the leasing of airport property. The FAA reviewed approximately 15 percent or 23 contracts.

During our review, we noted that the older leases utilize CPI adjustments, whereas the newer leases incorporate an automatic 15% rate increase after five years. The Airport does not have any tenants paying below market value rents or occupying a rent-free space, and all leases contain subordination clauses. SAT mentioned there is an in-kind lease for a soccer field, which expired on December 31, 2023. We requested a copy of the new lease, but it has not yet been provided. It is our understanding they have an agreement with the City of Antonio Parks and Recreation for use of the parcel, and Parks and Recreation sub leases the property to the soccer league. It is unclear as to whether Parks and Recreation charges the soccer league rent or fees.

Follow-up Requested: The FAA requested a copy of the lease while onsite during our financial review in May and followed up with a written request in an October 3rd

email. The FAA received the same lease, which expired on December 31, 2023. Please provide a copy of the most current lease for the soccer field and explain how SAT qualifies the property for community use. Use of airport property at less than FMV for recreational use must qualify for community use.⁵

Marketing/Incentives

KGB Texas Communications provides advertising and marketing services for SAT. The marketing effort at SAT focuses primarily on promoting air service, parking facilities, customer experiences, and concessions. SAT does not participate in or pay for any tourism marketing or general economic development, which the Policy does not permit.⁶ In addition, SAT does not participate in cooperative advertising agreements or memberships with the Conventions and Visitors Bureau. No airport funds are not used for familiarization tours or for memberships in organizations that promote general economic development.

SAT currently has an incentive program to attract new services. The focus is on both domestic and international service, but mostly targets Mexico and underserved markets at SAT. Incentives are offered for up to two years, and one year for seasonal service, and includes marketing reimbursements up to \$250,000 and some fee waivers (landing and terminal), depending on route. At the time of our field work, Spirit Airlines participates in the incentive. In the past, Southwest, Condor, American, and Viva Airbus have benefited from the program as well. Since participants mostly have their own in-house marketing staff, SAT reimburses the carriers directly for the marketing of the new route after review of their supporting documentation.

Conclusion: The FAA found no irregularities with the marketing and incentives programs at SAT.

ARFF

Aircraft Rescue and Fire Fighting (ARFF) operation at SAT is staffed with an eight-person minimum, operating three rotating shifts that respond generally to aircraft emergencies only on airport property. The ARFF fleet is comprised of four rescue and a small cadre of support trucks. Funding sources for the vehicles vary, which has included Airport Improvement Program funds and airport revenue. From 2011-2020, there was a Memorandum of Understanding in place which allowed the City to

⁵ 49 U.S. Code § 47107 (v) Community Use of Airport Land

⁶ Federal Register Vol. 64, February 16, 1999, pg.7703

house a structural engine for a fee payable to SAT. The fees were offset by in-kind services provided to SAT. The ARFF unit provides landside responses to the airport, such as for malfunctioning elevators or medical emergencies in the terminal. Airport personnel provide the initial triage, and then the patient is passed off to the City firefighters. SAT must then pay an in-kind service fee to the City.

Recommendation: The City must ensure costs associated with the space used for the off-airport structural firefighting operation were reimbursed to the airport. SAT needs to provide the basis and quantify the in-kind services received by the airport, net of any credits the City receives (e.g. patient insurance proceeds) from 2018-2020.

Noise Program

SAT currently has no noise properties or buffers and does not have any plans to acquire noise land. A residential acoustical treatment program was in place from 2004-2020, which provided windows, doors, and HVAC installation for properties affected by the 65 dBA DNL. SAT receives a fair number of complaints, with approximately 150 calls per month, which are handled in house.

Conclusion: The FAA found no irregularities with noise at SAT

FAA Form 126 and 127 Reconciliation

Public Law 103-105 (August 23, 1994) amended the 1992 Airport and Airway Improvement Act and established Section 111 of the Federal Aviation Administration of 1994, established the requirement for commercial service airports to file financial reports with the FAA. The reports: Financial Government Payment Report (Form 5100-126) and the Operational Financial Summary (Form 5100-127). The Congressional decree was to promote fiscal transparency to the public regarding how airports collect funds and provide a conceptual framework for the FAA to evaluate revenue-use compliance. Form 5100-126 reports the financial transactions between the Airport and other governmental entities and all services and property provided to such units. Form 5100-127 reports Airport financial operating results.

FAA Form 5100-126 and 127 are filed by SAT's Fiscal Manager. SAT generally files unaudited data; therefore, we could not trace the amounts to the Annual Comprehensive Financial Report (ACFR). Since filing audited data is highly recommended by FAA, but it is not a requirement, we requested a crosswalk both onsite in May 2024 and in a November email to ensure all data was supported by appropriate accounting records. To date, we have not received this information. Some discrepancies noted during our review are as follows:

Expense	FAA Form 127	ACFR	Variance
Communication and Utilities	\$11,180,977	\$5,026,365	\$6,154,612
Grant Receipts	\$8,201,449	\$12,484,916	(\$4,283,467)

Recommendation: Section 111(b) of the FAA Authorization Act of 1994 requires the FAA to collect airport financial data to help the public understand how airports collect and disburse their funds. Thus, the integrity and accuracy of the data are of the utmost importance to the users. The FAA recommends that SAT update its CATS Form 5100-126 and 127 for FYE September 30, 2022, to reflect audited financial information. Although audited data is not required, the FAA is recommending this action to ensure congruency between FAA Form 5100-126 and 127 and the ACFR.

FAA 126 Financial Government Payment Report

During our financial transaction review, we found that a payment of \$7,083.18 to U.S. Customs & Border Protection on January 23, 2023, was not reported on Form 126. SAT's accounting staff explained that this omission occurred because the payment was a reimbursement for network connectivity fees at the Federal Inspection Services (FIS) facility.

Section 111(a) of the FAA Authorization Act of 1994, codified in 49 U.S.C. § 47107(a)(19), requires airport sponsors to report all payments made to government entities, along with the purpose of each payment. FAA Advisory Circular No. 150/5100-19D, Appendix 2, provides instructions for completing the "Financial Governmental Payment Report" (Form 5100-126). Specifically, it states that airports must report payments to other government units, including payments for services, fees, reimbursements, equipment charges, utilities, bond payments, and other financial transactions indicated on the form.

Form 126 ensures that all financial transactions between airports and government entities are properly documented. This allows the FAA to monitor the financial aspects of projects, ensuring that funds are used appropriately for airport improvements or maintenance. It also facilitates smooth financial interactions between airports and government bodies, ensuring the proper use of federal funds allocated to airport development and improvements.

Recommendation: The FAA made the following recommendations to SAT to ensure compliance with the FAA Form 126 reporting requirements:

1. Ensure that the airport management is familiar with the FAA's reporting requirements, which are conditions airports must meet when accepting federal funds. We refer you to the CATS Advisory Circular located on the CATS homepage. (cats.airports.faa.gov)
2. If errors are identified, submit a revised or corrected version of FAA Form 5100-126 with accurate information. The FAA encourages timely corrections to ensure that all financial reporting remains compliant with federal regulations.
3. To avoid future errors, we recommend that SAT to provide training for airport personnel responsible for financial reporting.

Financial Transactions and Payments

The FAA Revenue Use Policy outlines the rules for how money generated at publicly funded airports must be spent. These guidelines ensure that such revenue is solely used for expenses and improvements directly related to the airport.

To assess compliance of SAT's expenditures with FAA's Revenue Use Policy, we interviewed finance department staff to understand their accounting practices. We judgmentally selected 75 accounting transactions to determine if these expenditures were allowable, allocable, and reasonable under the Revenue Use Policy. Finally, we randomly selected three service agreements with related lobby activities, government relations, marketing, public communications, and consulting contracts to determine if the scope of work in these agreements was related to airport operation. During our evaluation of the transactions, we initially identified twenty-eight exceptions. SAT provided additional information and explanations, which allowed us to resolve twenty-six of the exceptions. However, two exceptions remain unresolved. One of the unresolved exceptions involves an unreported payment to a governmental entity (Form 126), as discussed in the previous section. The second unresolved exception is detailed below.

\$3,000 entertainment expense

We noted a \$3,000 entertainment expense paid by SAT on June 30, 2023, in connection with the Airport Minority Advisory Council (AMAC) event held in San Antonio. To ensure this expense was related to airport operations, we requested supporting documentation. According to the SAT, the expense was incurred during the AMAC event, which gathers businesses, aviation professionals, and government officials to discuss airport business and public policy issues relevant to the aviation industry.

Upon reviewing the \$500,000 service agreement between SAT and AMAC, we found that SAT was authorized to bid to host the 2023 Annual Airport Business Diversity Conference in San Antonio. However, the contract⁷ specifically states that AMAC is responsible for the overall planning and execution of the event. While we do not question the legitimacy of the expense, we are concerned about potential duplicate payments. Given that the contract assigns responsibility for planning and execution to AMAC, there is a possibility that SAT may have paid for expenses already covered by the contract. If this expense is part of a sponsorship or marketing effort, the language for such expenses needs to be included in the contract.

Recommendations: The FAA made the following recommendations to SAT to ensure compliance with the FAA Revenue Use Policy:

1. Update contract language to clearly define financial responsibilities, particularly for expenses like entertainment, sponsorships, or marketing.
2. Implement a procedure to review event-related expenses, ensuring no overlap with contract provisions.

Utilities

The City owns all its energy resources and bills SAT for sewer, gas, electric, and telecommunications. Monthly bills to SAT are generated for the entire City by meter, building, and cost center and allocated to the users. Therefore, all SAT tenants are billed separately by meter. The City Public Services (CPS) and San Antonio Water Systems (SAWS) own the meters. SAT does not pay a different rate than any other entity within the City. Rate increases are approved by the City Council.

Conclusion

The FAA reviewed the utility operations and expenses at SAT and found no irregularities.

Art in Public Places

SAT's art program offers live music performances in both secured and non-secured areas, creating an inviting atmosphere for travelers and visitors. Galleries

⁷ III. 1. (c) Organizing and ensuring the execution of all elements of the Conference including, but not limited to, pre-conference meetings, site selection, contracting with vendors, program direction, and management of onsite labor for setup and teardown, on-site reconciliation, and seamless event execution- registration, transportation, guest rooms, room sets, audio/visual, event production, signage, food and beverage, Board and Ancillary meetings, shipping/receiving, event and session evaluation forms;

throughout the airport showcase a rotating selection of artwork from local artists and schools, highlighting the talent within the community. The exhibits are refreshed every three to four months to keep the displays dynamic and engaging. All artwork on display is on loan, as the airport does not own any pieces, allowing for a continuous influx of fresh perspectives and styles. SAT follows local ordinance requirements to fund major art projects based on 1.5% of capital project costs.

Conclusion: The FAA found no irregularities with the art program at SAT.