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## 1700 - Post Grant Obligations

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### **General (08/20/13)**

Entities that receive Federal assistance accept certain obligations and conditions associated with that assistance. Airport owners and operators who accept a Federal grant incur an obligation to maintain and operate their facility in a safe and efficient manner.

Acceptance of a grant also invokes certain conditions and assurances for which the sponsor must comply. These conditions and assurances become binding contractual obligations between the sponsor and the United States.

Obligations may span different grant development programs. The obligation an airport Sponsor incurs under each program or conveyance document can vary.

The FAA has administered three such development programs:

1. Federal Airport Aid Program (FAAP) – FAR Part 151
2. Airport Development Aid Program (ADAP) - FAR Part 152
3. Airport Improvement Program (AIP) – U.S.C. Title 49, Chapter 471

### **Limitations of Use**

Users of this guide shall note the obligation for any required action addressed within this guidance originates within applicable Federal directives such as United States Code (USC), Public Law (PL), Code of Federal Regulations (CFR) and official FAA policies. The supplemental information provided in this guidance does not establish additional requirements for participation in the AIP. In the event there is a discrepancy between this guidance and current AIP policy, AIP policy shall always take precedence.



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## 1710 - Record Keeping

### **General** (8/20/13)

By accepting an AIP grant agreement, a sponsor agrees to maintain pertinent project accounts and records that fully support all project transactions and that fully disclose the disposition of all grant proceeds. Sponsors must maintain accounts and records using an accounting system that will facilitate an effective audit that complies with the Single Audit Act of 1984. Grant Assurances C.1 (Federal Regulation 49 CFR Part 18) and C.13 (Record Keeping) establishes this sponsor obligation. Federal Regulation 49 CFR Part 18.42 establishes specific requirements for record retention and access.

### **Access to Records:** (10/9/12)

The Federal Aviation Administration, the Office of Inspector General, the Comptroller General of the United States and any of their authorized representatives shall have right of access to any pertinent books, documents, papers or other records of the grantees for purposes of audits and examinations (Reference Grant Assurance #13). This right of access is not limited to any specified retention period.

### **Type of Records:** (8/20/13)

Each project may present unique documentation requirements. At the minimum, the retained information should include but not be limited to the following:

#### **Financial Records**

- Invoices and billing statements
- Vouchers
- Canceled checks
- Receipts
- Final contractor payment request

#### **Procurement Records**

- Professional services contract
- Selection documentation
- Construction contract and associated documents
- Basis for type of contract
- Purchase orders
- Contract instruments (Change Orders, NTP etc.)
- Record of Negotiations
- Cost or Price analysis
- Audit certification of overhead rates for professional consultant

#### **Administrative Records**

- Grant agreement and associated amendments
- Sponsor certifications
- Grant Application
- Certificate of Title ( or Title Opinion)
- Drug-Free Workplace certification
- Exhibit A property map
- Sponsor correspondence letters

#### **Project Records**

- Final project report
- Record drawings
- Summary of test results
- Daily records and reports
- Final inspection report
- Summary of pay factor applications



### **Retention of Records (10/9/12)**

Unless otherwise required, Sponsors are obligated to retain all pertinent documentation for a period of three (3) years. Typically, the three-year period commences on the date of the final reimbursement (49 CFR Part 18.42(c)). For situations such as a potential litigation or audit investigation, it may be necessary for the Sponsor to retain such records beyond the three-year period.

Because grant agreements impose obligations that extend beyond the three-year time frame, we recommend Sponsors retain the grant agreement and related documents (exhibit "A" property map, certificate of title and etc.) for an indefinite timeframe.

### **Real Property and Equipment (10/9/12)**

The sponsor shall maintain all pertinent documentation for equipment and real property for the duration of ownership. For equipment, the three-year period for record retention commences on the day the equipment is disposed or replaced, subject to FAA concurrence. For real property, the three-year period commences on the day of property ownership transfer as approved by the FAA.

### **Access to Records (10/9/12)**

The Federal Aviation Administration, the Office of Inspector General, the Comptroller General of the United States and any of their authorized representatives shall have right of access to any pertinent books, documents, papers or other records of the grantees for purposes of audits and examinations (Ref: Grant Assurance #13). This right of access is not limited to any specified retention period.

## **RESOURCES**

### **Federal Regulation**

- [49 CFR Part 18](#) - Uniform Administrative Requirements for Grant Agreements

### **Grant Assurances**

- [Airport Sponsor Assurances](#) (pdf) – April 2102
- [Noise Compatibility Assurances for Non-Airport Sponsors](#) (pdf) – March 2005
- [Planning Agency Assurances](#) (pdf) – September 1999



## 1720 - Audit Requirements

### General (8/20/13)

As a recipient of an AIP grant, a sponsor agrees to maintain all pertinent project accounts and records that fully disclose the disposition of all grant proceeds. The Sponsor must maintain appropriate accounts and records in accordance with an accounting system that is capable of facilitating an effective audit.

### Audit Requirement (8/20/13)

The Sponsor's audit obligations originate within each AIP grant agreement they accept. This occurs by acceptance of sponsor assurance C.13 and incorporated reference to Federal Regulation 49 CFR Part 18.

Sponsors that expend \$750,000 or more in an year in Federal funds must conduct a single or program-specific audit for that year in accordance with CFR §200.501 *Audit requirements*. The \$750,000 threshold represents **all** Federal funding sources, not just the AIP amount. For Sponsors that receive less than \$750,000 of Federal funds in a fiscal year, the audit requirements shall be those prescribed by local and State regulation

### Sponsor Responsibility (8/20/13)

An independent auditor shall conduct the Sponsor's audits in accordance with generally accepted auditing standards and conform to audit standards presented within OMB Circular A-133. The Sponsor must retain the audit reports on file for three years from date of issuance.

### Submittal (10/9/12)

Sponsors may no longer directly mail audit reports to the Federal Clearinghouse. Once the A-133 audit is complete, the Sponsor shall submit the audit report online to the Federal Audit Clearinghouse using the following website: <http://harvester.census.gov/fac/>.

### Audit Costs (8/20/13)

The costs for conducting the single audit is eligible for AIP reimbursement. If the Sponsor has received funding from other Federal funding agencies, only a proportional amount of the audit costs will be eligible for AIP reimbursement. AIP will not participate in audit costs associated with other Federal programs.

### Proposed Revisions (8/20/13)

On Friday February 1, 2013 OMB issued a Federal Register Notice (FRN) requesting public comment on their most recent version of "**Reform of Federal Policies Relating to Grants and Cooperative Agreements; Cost Principles and Administrative Requirements (Including Single Audit Act)**". This proposed guidance is intended to consolidate, supersede and streamline requirements from OMB Circulars A-21, A-87, A-110, and A-122 (2 CFR Parts 220, 225, 215, and 230); Circulars A-89, A-102, and A-133; the guidance in Circular A-50 on Single Audit Act follow-up.

Until a final rule is in place, Sponsors shall continue to apply the current rules established under OMB Circular A-133.

## RESOURCES

### Federal Regulation

- [49 CFR Part 18](#) - Uniform Administrative Requirements for Grant Agreements
- [OMB Circular A-87](#): Cost Principals for State, Local and Indian Tribal Governments
- [2 CFR 200.501](#) (pdf): Audit Requirements

### Grant Assurances

- [Airport Sponsor Assurances](#) (pdf) – April 2102
- [Noise Compatibility Assurances for Non-Airport Sponsors](#) (pdf) – March 2005
- [Planning Agency Assurances](#) (pdf) – September 1999

### OMB Guidance

- [Single Audit Basics and Where to Get Help](#) (pdf)



## 1730 - Financial Reports

### General (8/20/13)

Section 111(b) of the Federal Aviation Administration Authorization Act of 1994 established reporting requirements AIP sponsors at U.S. commercial service airports. Congress enacted these reporting requirements to inform the public about how airports collect and disburse their funds. These reports also allow the FAA a means to monitor sponsor compliance with revenue-use obligations. These requirements are codified at 49 U.S.C. Section 47107(a)(19)

### Which Airports Must File? (10/9/12)

Any airport that meets the following criteria must file an annual financial report:

- The airport is obligated - An airport is obligated if its sponsor agreed to the Airport Improvement Program grant assurances on or after January 1, 1995.
- The airport provides commercial service - Commercial service airports are those airports that enplane 2,500 or more passengers in a calendar year.
- The airport provided commercial service in the preceding calendar year. For example, if the airport had at least 2,500 enplanements in calendar year 2002, it must file reports for its 2003 fiscal year.

### What Reports must be filed? (10/9/12)

Each year, U.S. commercial airports must file the following financial reports with the FAA:

- **The Financial Government Payment Report, FAA Form 5100-126:** For reporting payments, the airport makes to governmental entities, the services the airport performs for governmental entities, and the land and facilities the airport provides to such entities.
- **The Operating and Financial Summary, FAA Form 5100-127:** For reporting airport revenue, expenses, and other financial information

### Website for Airport Financial Reporting Program (10/9/12)

The FAA [Airport Financial Reporting Program](#) has established an online website entitled [Compliance Activity Tracking System \(CATS\)](#) to assist sponsor with submitting or amending their financial data. The FAA brochure [Website for the Airport Financial Reporting Program](#) (pdf) contains instructions for using the CATS website.

### FAA Coordination (10/9/12)

For additional information regarding financial report requirements within the FAA Central Region, please contact the Central Region Compliance Specialist at 816-329-2644 ([Central Region Roster](#)).

## RESOURCES

### Advisory Circulars

- [AC 150/5100-19](#) (pdf) - Guide for Airport Financial Reports Filed by Airport Sponsors

### Websites

- [Compliance Activity Tracking System \(CATS\)](#) – Website of the Airport Financial Reporting Program Website



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## 1740 – Compliance

### **General** (10/9/12)

When entities receive Federal assistance, they also accept certain obligations and conditions associated with that assistance. Airports may incur these obligations by contract or by restrictive covenants in property deeds. These commitments typically originate from one of the following:

- Grant agreements issued under Federal grant programs
- Instruments of approved property transfers
- Deeds of conveyance

### **Grant Obligations** (10/9/12)

Airport owners and operators who accept a Federal grant are obligated to maintain and operate their facility in a safe and efficient manner. Acceptance of a grant also invokes certain conditions and assurances for which the sponsor must comply. These obligations extend beyond the formal closure of the project and may span different grant development programs.

The FAA has administered three such development programs

1. Federal Airport Aid Program (FAAP) – FAR Part 151
2. Airport Development Aid Program (ADAP) - FAR Part 152
3. Airport Improvement Program (AIP) – U.S.C. Title 49, Chapter 471

### **Types of Obligations** (10/9/12)

Airports owners must be aware that obligations incurred under each program or conveyance document can vary. Listed below are some of the major obligations an airport owner may incur. This listing is not inclusive of all such incurred Federal obligations:

- Prohibition on Exclusive Rights
- Utilization of Airport Revenue
- Proper Maintenance and Operation of Airport Facilities
- Protection of Approaches
- Maintaining Good Title of airport property
- Compatible Land Use
- Availability of Fair and Reasonable Terms without unjust discrimination

- Adherence to the approved Airport Layout Plan
- Self-Sustainability
- Sale or Disposal of Federally acquired property
- Preserving Rights and Powers
- Maintaining acceptable accounting and record keeping systems
- Compliance with Civil Rights requirements
- Compliance with Disadvantaged Business Enterprise requirements

### **Sponsor Responsibilities** (8/20/13)

We encourage Sponsors to thoroughly review each executed agreement and conveyance document to gain a clear and full understanding of the obligations they have accepted.

We recommend Sponsors establish a central point for record keeping purposes that will allow quick reference to their obligations. Periodic reviews of all such agreements will also greatly aid the Sponsor efforts in complying with incurred Federal obligations.

### **Compliance Evaluation** (10/9/12)

As part of FAA compliance surveillance activities, the FAA compliance specialist will request obligated airport owners complete a "Sponsor Questionnaire". This questionnaire fulfills a two-fold purpose:

- 1) It serves as a source of information to assist the sponsor in evaluating their compliance with federal obligations
- 2) It provides the FAA with data on the condition and operation of your airport.

The FAA will utilize the information submitted on the completed questionnaire along with other available information to assess your compliance with federal obligations.

The sponsor questionnaire provides an important opportunity for the FAA and the sponsor to review the various grant provisions and assurances which both parties agreed to in past airport grants. The primary intent is to assure mutual understanding of and compliance with the terms of these grants.



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### **FAA Point of Contact** (10/9/12)

For answers to questions regarding a Sponsor's compliance with grant obligations, please contact the Central Region Compliance Specialist at 816-329-2644 ([Central Region Roster](#)).

### **RESOURCES**

#### **Advisory Circulars**

- [AC 150/5190-6](#) - Exclusive Rights at Federally-Obligated Airports
- [AC 150/5190-7](#) - Minimum Standards for Commercial Aeronautical Activities

#### **FAA Policy**

- [FAA Order 5190.6B](#) - Compliance Handbook

#### **Forms**

- Compliance Questionnaire: [MS Word](#) | [PDF](#)

#### **Grant Assurances**

- [Airport Sponsor Assurances](#) (pdf) – April 2102
- [Noise Compatibility Assurances for Non-Airport Sponsors](#) (pdf) – March 2005
- [Planning Agency Assurances](#) (pdf) – September 1999



## 1750 - Pavement Maintenance

### General (10/9/12)

Public Law 103-305, section 107, amended Title 49, Section 47105, of the United States Code by requiring sponsor assurances addressing preventative maintenance for project applications involving airfield pavements. This means for any project to replace or reconstruct pavement, the sponsor must provide assurance to the FAA that they have implemented an effective pavement maintenance management program. This amendment also provides for the submittal of reports addressing the pavement condition and the management program.

The requirement to establish a pavement maintenance management program applies to any pavement at the airport, which has been constructed, reconstructed, or repaired, with federal assistance. All grants involving pavement rehabilitation or reconstruction will contain a grant assurance that addresses the pavement maintenance obligation.

### Benefits of Pavements Maintenance (08/20/13)

The goal of any maintenance program is to provide a safe and operable pavement for the least possible cost. An effective maintenance program will provide the owner with sufficient information to assess how to obtain the greatest return for funds expended.

A life cycle curve is a useful tool that depicts the useable life of a pavement by comparing pavement condition with time. In the first several years of the pavement life, the deterioration in pavement condition over time is relatively low. However, at certain point in time, the deterioration of the pavement increases resulting in an accelerated drop in pavement condition.

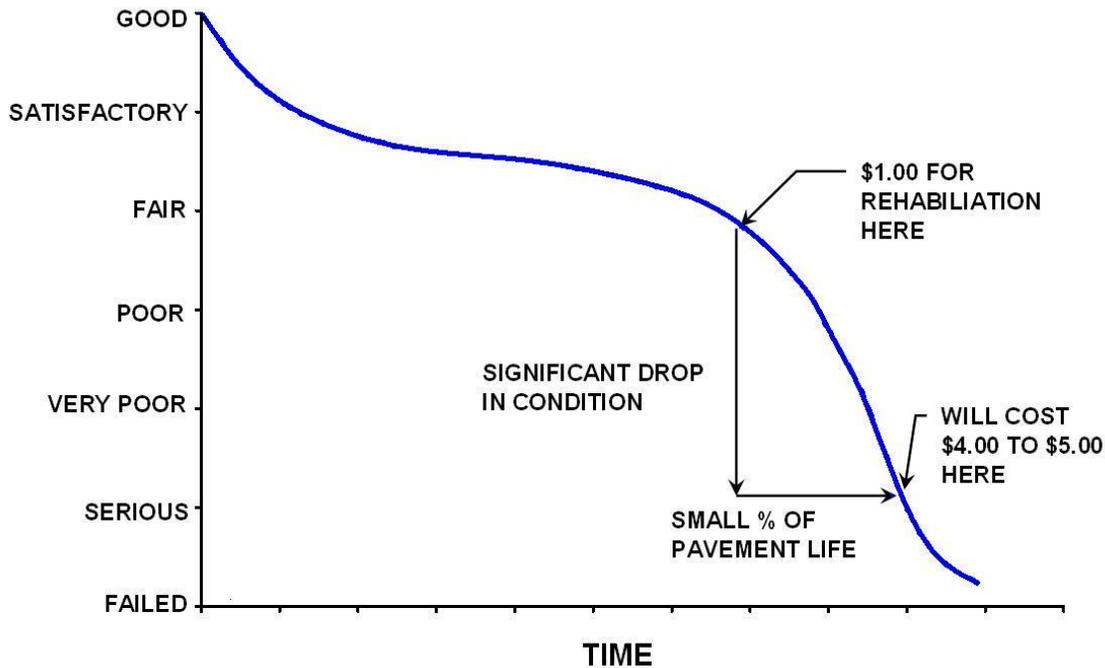


Figure 1

Typical Pavement Life Cycle Curve



### **Pavement Maintenance Program (10/9/12)**

An effective pavement maintenance management program is one that details the procedures an owner must follow for the purpose of assuring that proper performance of pavement maintenance, both preventative and repair. The program must address key elements that will permit tracking of pavement maintenance activities. As with all successful endeavors, the owner must provide sufficient resources and commitment if the maintenance program is to succeed.

An acceptable program must, as a minimum, address the following elements:

#### **1. Pavement Inventory**

Depict the following elements in an appropriate form and level of detail:

- Location of all runways, taxiways, and aprons
- Type of pavement
- Dimensions
- Year of construction or most recent major rehabilitation

For compliance with the Airport Improvement Program assurances, pavements constructed, reconstructed, or repaired with Federal financial assistance shall be so identified.

#### **2. Inspection Schedule**

- a. Detailed Inspection: The owner must perform a detailed inspection at least once a year. If a history of recorded pavement deterioration is available, i.e. Pavement Condition Index (PCI) survey as set forth in Advisory Circular 150/5380-6. Guidelines and Procedures for Maintenance of Airport Pavements, the frequency of inspections may be extended to 3 years.
- b. Drive-by Inspection: The owner must perform a drive-by inspection a minimum of once per month to detect unexpected changes in the pavement condition.

#### **3. Record Keeping**

Owner must record complete information on the findings of all detailed inspections and any maintenance performed. The owner must keep this information on file for a minimum of five years. The types of distress, their locations, and remedial action, scheduled or performed, must be documented. The minimum information to be recorded is listed below.

- Inspection date
- Location
- Distress types
- Maintenance scheduled or performed

For drive-by inspections, record the date of inspection and any maintenance performed.

#### **4. Information Retrieval**

An airport sponsor may use any form of record keeping it deems appropriate, so long as the Sponsor can quickly retrieve the information and records produced by the pavement survey in order to provide a report to the FAA upon request.

#### **5. Reference**

Refer to [Advisory Circular 150/5380-6, Guidelines and Procedures for Maintenance of Airport Pavements](#), for specific guidelines and procedures for maintaining airport pavements and establishing an effective maintenance program. This circular presents specific types of distress, their probable causes, inspection guidelines, and recommended methods of repair.



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### **Guidance for Developing a Pavement Maintenance Program (10/9/12)**

The FAA does not prescribe the exact format of the program. Owners may establish their program in an electronic format or by hardcopy. Each airport should customize the collected information to fit the needs, conditions, and resources of the airport. The selected system should allow an airport to develop an initial program that can evolve over time.

To assist airport operators in preparing an acceptable pavement maintenance program, the

FAA Central Region has prepared guidance entitled "[Developing a Pavement Maintenance Program](#)" (pdf) as well as a "[Sample Pavement Maintenance Program](#)". Please do not construe this guidance as being a complete program that owners can immediately apply to their airport. Our intent is to provide the owner a starting point in their process for developing a customized program. Larger facilities will require a more extensive program to ensure proper tracking of the maintenance data.

### **RESOURCES**

#### **Guidance**

- Developing a Pavement Maintenance Program: [MS Word](#) | [PDF](#)
- [Checklist for Developing a Pavement Maintenance Program](#) (pdf):
- Sample Pavement Maintenance Program: [MS Word](#) | [PDF](#)

#### **Publications**

- [AC 150/5380-6](#) – Guidelines and Procedures for Maintenance of Airport Pavements

#### **Suggested Forms**

- Pavement Inventory Form: [MS Word](#) | [PDF](#)
- Pavement Inspection Form: [MS Word](#) | [PDF](#)



## 1760 - Release of Airport Property

### General (10/9/12)

Airport owners that desire to sell a portion of their airport property should contact the FAA compliance specialist to determine the extent of Federal obligations associated with the tract of land in question. Any release, modification, reformation or amendment of an airport agreement between the owner and the United States requires a written request from a duly authorized official of the public agency that owns the airport.

### FAA Policy (10/9/12)

[Chapter 22](#) (pdf) of the [FAA Compliance handbook](#) (FAA Order 5190.6) discusses the laws, regulations, policies, and procedures pertaining to a Sponsor's request for a release from federal obligations and land use requirements. The FAA Administrator's authority to grant a release depends on the type of obligating document, such as a property conveyance or grant agreement.

In addition to the FAA compliance handbook, section 207 of [FAA Order 5050.4B](#) addresses environmental considerations pertaining to an airport owner's request to release land. While most releases of land may normally qualify for a categorical exclusion, the FAA has the responsibility and discretion to determine if extraordinary circumstances warrant an environmental assessment.

### Consideration for Approval (10/9/12)

A Sponsor's desire to sell a portion of their airport property does not mean the FAA will concur with the request. The FAA will evaluate the overall impact of the proposed action. Such action may involve only relief from specific limitations or covenants of an agreement or it may involve a complete and total release that authorizes subsequent disposal of federally obligated airport property.

Some major considerations for FAA concurrence with a release request include:

- The reasonableness and practicality of the sponsor's request
- The effect of the request on needed aeronautical facilities
- The net benefit to civil aviation
- Whether the airport is maintaining adequate restrictions and covenants necessary for the

safe, efficient airport operations and noise compatibility

- The Airport owner's intended foreseeable use of the land
- The provision of zoning to limit non-compatible land uses
- An environmental evaluation to determine if foreseeable property use and extraordinary circumstances trigger the need for an environmental assessment
- The Airport Layout Plan and Property map are current

### Required Documentation (10/9/12)

Although no special form is required, an owner's request should be specific as applicable and known. Please include one copy of the following in your request:

- a. Clearly state what is being requested
- b. Identify the applicable agreement(s) with the United States
- c. Explain why owner is requesting the release, modification, reformation or amendment
- d. Provide what facts and circumstances justify the request
- e. Identify what requirements or language of state or local law or ordinance the FAA should provide in a FAA issued consent document if the FAA approves the request
- f. Identify the property or facilities are involved
- g. State how the property was acquired or obtained by the airport owner
- h. Describe the present condition and present use for any property or facilities involved
- i. State what use or disposition will be made of the property or facilities
- j. Include a completed FAA CATEX checklist (if requested by the FAA)
  - This checklist assists the FAA environmental specialist with determining what level of environmental analysis is appropriate (i.e. CATEX or Environmental Assessment)
- k. What is the appraised fair market value of the property or facilities? Appraisals or other evidence required to establish fair market value
- l. What proceeds does the owner expect from the use or disposition of the property and what will be done with any net revenues derived?
- m. Provide a comparison of the relative advantage or benefit to the airport from sale or other disposition as opposed to retention for rental income.



**Release of Maintenance Obligations**  
(10/9/12)

Requests for the release of maintenance obligations do not require items “i”, “j”, “k” and “l” as previously listed.

**Exhibits to Accompany Request** (10/9/12)

Each request should have a scaled drawing attached showing all airport property and airport facilities which are currently obligated for airport purposes by agreements with the United States. Attach as appropriate other exhibits such as maps, photographs, plans and appraisal reports that support or justify the request.

**Airport Layout Plan** (10/9/12)

The sponsor must prepare a revised Airport Layout Plan (ALP), which reflects the changes to land areas and airport facilities attendant to this action. A brief narrative should accompany this drawing(s), which outlines the rationale used in arriving at the revised plan.

**Application of Proceeds** (10/9/12)

Airport owners should note that the FAA will apply conditions to the use of proceeds that result from the sale of airport property. The applicable conditions are contingent upon factors such as how the owner acquired the property and any affects to Federal assisted improvements. The FAA may require the sponsor to apply the Federal share of proceeds from the sale to lower a future grant obligation. Other conditions for may call for the owner to apply the proceeds to the operation and maintenance of the airport. The FAA approval letter will specifically address conditions for the use of such proceeds.

**Questions?** (10/9/12)

Please direct questions pertaining to a Sponsor's request for release of airport property within the FAA Central Region to the Central Region Compliance Specialist at 816-329-2644 ([Central Region Roster](#)).

**RESOURCES**

**Advisory Circulars**

- [AC 150/5190-6](#) - Exclusive Rights at Federally-Obligated Airports
- [AC 150/5190-7](#) - Minimum Standards for Commercial Aeronautical Activities

**FAA Policy**

- [FAA Order 5190.6B](#) - Compliance Handbook
- [FAA Order 5050.4B](#) - National Environmental Policy Act (NEPA) Implementing Instructions for Airport Actions

**Forms**

- Compliance Questionnaire: [MS Word](#) | [PDF](#)

**Grant Assurances**

- [Airport Sponsor Assurances](#) (pdf) – April 2102
- [Noise Compatibility Assurances for Non-Airport Sponsors](#) (pdf) – March 2005
- [Planning Agency Assurances](#) (pdf) – September 1999