

Chapter 19. Airport Financial Reports

19.1. Introduction. This chapter discusses the requirement for sponsors of commercial service airports to file annual financial reports with the FAA headquarters Airport Compliance Division (ACO-100). It also discusses follow-up on audits conducted under the Office of Management and Budget (OMB) Circular A-133, also known as Single Audits.

19.2. Legislative History. Congress, in the FAA Authorization Act of 1994 (1994 Authorization Act) (Public Law (P.L.) No. 103-305), established the requirement for sponsors obligated by Airport Improvement Program (AIP) federal grant assurances to submit to the Secretary and to make available to the public certain airport financial information. The 1994 Authorization Act also requires the Secretary to provide annual summaries of the financial reports to Congressional committees. Congress enacted additional provisions for monitoring and enforcing revenue use in the FAA Reauthorization Act of 1996 (1996 Reauthorization Act).

a. Annual Reports on Payments of Airport Funds and Services. Section 111(a) of the 1994 Authorization Act, codified as § 47107(a)(19), requires airport owners or operators to submit to the Secretary and make available to the public (1) all amounts the airport paid to other government units, as well as the purposes for which each payment was made, and (2) all services and property the airport provided to other government units along with the compensation received for each service or property provided.

b. Annual Financial Reports. Section 111(b) of the 1994 Authorization Act requires a report in a uniform simplified format for each fiscal year of each commercial service airport's sources and uses of funds, net surplus/loss and other information that the Secretary may require. Section 111(b) was not codified in Title 49 of the United States Code (U.S.C.)

c. Single Audit Requirements. Section 805 of the 1996 Reauthorization Act added § 47107(m), *Audit Certification*, relating to the annual audits required of local governments receiving federal assistance. Section 47107(m) requires that these annual audits (called Single Audits because one audit is conducted to cover financial assistance received from all federal programs) include a review and opinion on whether the use of airport funds is consistent with § 47107.

The Single Auditor complies with the review and opinion requirement by following the instructions in the Compliance Supplement to OMB Circular A-133. The Compliance Supplement provides special instructions for each federal program. The special instructions for the Airport Development Program ensure the Single Auditor reviews airport revenues.

The Single Auditors do not provide separate opinions on each federal program. Rather, the Single Audit combines all federal programs into a single report. Accordingly, the FAA does not require Single Auditors to file a separate report on the use of airport revenue.

19.3. Grant Assurance 26, Reports and Inspections. Grant Assurance 26, *Reports and Inspections*, implements the financial reporting provisions of the 1994 Authorization Act. Paragraph 26(a) of Grant Assurance 26 requires a sponsor to make available an annual budget report in a form prescribed by the Secretary (in addition to any special financial or operations

reports requested by the Secretary, as required by the 1994 Authorization Act). Form 5100-127 is used to meet this requirement. Paragraph 26(d) of Grant Assurance 26 requires the sponsor to submit an annual report listing in detail (i) all amounts paid by the airport to any other unit of government along with the purposes for which each such payment was made; and (ii) all services and property provided by the airport to other units of government along with the amount of compensation received for providing each such service and property. This report is made using Form 5100-126. Additional guidance can be found in Advisory Circular 150/5100-19C *Guide for Airport Financial Reports Filed by Airport Sponsors*, available online.

***Grant Assurance 26, Reports and Inspections,
implements provisions of the 1994 Authorization Act
requiring sponsors to file financial reports with the FAA.***

19.4. Applicability. All commercial service airports that have received an AIP grant since January 1, 1995, are required to comply with statutory financial reporting requirements. Commercial airports are those airports that enplaned 2,500 passengers in the previous calendar year and are receiving scheduled passenger service. (See 49 U.S.C. § 47102.)

19.5. Annual Financial Reports.

a. Form 5100-126, Financial Governmental Payment Report. The FAA requires sponsors to file Form 5100-126 as the annual report on revenue paid to other units of government and on compensation the airport received for services and property provided to other units of government, including in-kind services.

b. Form 5100-127, Operating and Financial Summary. The FAA requires sponsors to file Form 5100-127 as the annual report of their revenues, expenses, and other financial information.

c. Filing Date. The FAA requires all commercial airports to file Forms 5100-126 and 5100-127 within 120 days after the end of their fiscal year. Airport operators may upload the information on these forms directly into the report database using the Compliance Activity Tracking System (CATS). The FAA may grant an extension of 60 days after the filing date if audited financial information is not yet available by the filing due date.

Airports requesting an extension are encouraged to make this request on-line from the CATS website, but can request an extension in writing to the FAA headquarters Airport Compliance Division (ACO-100). No extensions can be granted past June 30 of the calendar year following the sponsor's fiscal year end. If an airport has not received its A-133 audit, it must complete the forms on-line and notate they are "unaudited." Later, if the audited financial statements report significant changes, the sponsor should amend the inputs on-line or notify ACO-100.

All commercial service airports that have received an AIP grant since January 1, 1995, are required to comply with the financial reporting requirement.

d. Responsibility. FAA airports district offices (ADOs) and regional airports divisions are responsible for monitoring sponsor compliance with the financial reporting requirements. ADOs and regional airports divisions are also responsible for reviewing Single Audit reports for revenue diversion findings. ADOs and regional airports divisions may monitor compliance by downloading their region's report status. This is done by logging on to the CATS website and selecting "Reports." This will provide the overdue report list for that region. Failure to file financial reports is a violation of the grant assurances, and may be enforced using the procedures described in chapter 5 of this Order, *Complaint Resolution*.

ACO-100 is responsible for implementing and managing the airport owner/sponsor financial reporting program.

e. Instructions. Advisory Circular (AC) 150/5100-19C, *Guide for Airport Financial Reports Files by Airport Sponsors*, available online, provides line-by-line instructions for completing the financial forms. Airport operators or owners are not required to submit a paper copy if the forms are filed electronically.

f. Electronic Reports Available for Public Inspection. Electronic versions of airport financial forms filed with the FAA are available to the public online. The online database includes only those commercial service airports required to file the financial forms.

FAA makes no representation as to the validity and accuracy of the airport financial data presented. The information presented is based on financial data submitted by each airport, but may not be to the level of detail desired by individuals relying on this information for other purposes. Additional financial information should be requested directly from the airport.

19.6. Procedures for Evaluating the Airport Owners/Sponsors Financial Reporting Program. ACO-100 will review airport owner/sponsor financial reports via the CATS database and identify anomalies that contain potential indicators of revenue diversion.

This analysis is performed on the most recent past three years of information for comparison purposes. Inquiries will be made to the airports to provide explanations for specific anomalies. The staff will provide an informal report to the Division Manager of ACO-100 by end of the fiscal year.

19.7. Single Audit Reports. Local governments that spend \$500,000 in federal awards in a fiscal year must obtain a Single Audit that conforms to OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. When the Single Auditor selects the Airport Improvement Program as a major program, it will conduct a review of airport revenues. That

audit will confirm the airport uses its revenues in accordance with the FAA *Policy and Procedures Concerning the Use of Airport Revenue (Revenue Use Policy)*.

When a Single Audit Report contains findings that pertain to the Airport Improvement Program, the Federal Audit Clearinghouse will forward the report to the DOT Office of Inspector General (OIG). The OIG will then forward the report to the appropriate FAA regional airports division. It is the responsibility of the FAA regional airports division to resolve audit findings. When the findings include resolution of unlawfully diverted airport revenue, the regional airports division should coordinate its resolution efforts with ACO-100.

ACO-100 has the responsibility of working with the regional airports division to resolve these audit findings. ACO-100 is also responsible for providing the deputy Associate Administrator for Airports (ARP-2) with periodic status reports on these findings. Regional airports divisions' responsibilities for the Single Audit are further discussed in the Airport Improvement Program Handbook, Order 5100.38, available online.

The FAA has a statutory requirement to resolve revenue diversion findings within 180 days after receiving the audit report (49 U.S.C. § 47107(n)).

19.8 through 19.11. reserved.

How do I view a financial report?

Airport Financial Reports are publicly available. For viewing there is no need to register or to log on. To view a report:

- Refer to the above, "How do I access the Web site."
- Select "View an Airport Financial Report."
- At the reports page, select an airport. We recommend you first enter the state in which the airport is located. Doing so will narrow the list of airports to those located in the state selected.

How do I register?

Only those wishing to file or amend airport financial reports or FAA personnel wishing to use program queries must register. To do so:

- At the Web site home page, select either "File or amend an Airport Financial Report" or "FAA Airports Division user." At the log in page select "Register".
- Provide the required information and select a user name and password.
- You will receive an e-mail validation of your password. When received, you may log on.

How do I file an airport financial report?

Those wishing to file or amend airport financial reports must register and then log on to the Web site

- Select, "File or Amend Airport Financial Reports."
- Complete the online registration form as explained at, "How do I register."
- Log on to the site by entering your user name and password.
- Select your airport.
- Choose the data entry forms provided.

Does the Web site have a help desk?

You may reach the Airport Financial Reporting Program help desk at (202) 267-3446. Call this number for questions that pertain to filing requirements, filing procedures, and Web site problems.

Web Site for the Airport Financial Reporting Program



Federal Aviation Administration
Airports Compliance Division, AAS-400
800 Independence Avenue, SW
Washington, DC 20591

Telephone (202) 267-3446
Fax (202) 267-5383
Web www.faa.gov/arp/

Background

What is the Airport Financial Reporting Program?

The Airport Financial Reporting Program is an outgrowth of the Federal Aviation Administration Authorization Act of 1994, which requires commercial service airports to annually file financial reports with the FAA.

Which airports must file?

Any airport that meets the following criteria must file:

- 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.

Which reports must be filed?

Each commercial service airport must file:

- The Financial Government Payment Report, FAA Form 5100-126. This form is for the payments the airport makes to governmental entities, the services the airport performs for governmental entities, and the land and facilities that the airport provides to such entities.
- The Operating and Financial Summary, FAA Form 5100-127. This form is for the airports revenues, expenses, and other financial information.

Web Site

What is the purpose of the program Web site?

- The Airport Financial Reporting Program Web site electronically gathers and disseminates Congressionally mandated airport financial information.
- The Web site eliminated the need for airports to file hard copy reports.

What information does the Web site make available?

The Web site makes available the airport financial reports of the approximately 550 commercial service airports that have filed reports since 1996.

Who has access to the Web site?

- The public for the purpose of viewing airport financial reports.
- Airport personnel for filing and amending annual financial reports.
- The Federal Aviation Administration for administering the Program.

How do I access the Web site?

To access the Web site go to:

- The Airport Financial Reporting Program Web Site at cats.faa.gov or go to
- Crown Consulting. It hosts the site at <http://cats.crownco.com>.

How do FAA personnel access the program queries?

FAA personnel must:

- Complete the online registration process, as explained at, "How do I register."
- Once registered, log on to the Web site by entering user name and password.

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