

## Part V: Financial Responsibilities

### Chapter 19. Airport Financial Reports

#### 19.1 Introduction.

This chapter discusses the requirement for airport owner/sponsors (airport sponsor) of commercial service airports to file annual financial reports with the Office of Airports Compliance and Management Analysis (ACO). It also provides guidance on single audits conducted under the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).

#### 19.2 Statutory Authority.

Section 111 of the [FAA Authorization Act of 1994, Pub. L. 103-305](#), (1994 Authorization Act) establishes 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. Congress enacted additional provisions for monitoring and enforcing revenue use in the [FAA Reauthorization Act of 1996, Pub. L. 104-264](#) (1996 Reauthorization Act). ACO provides summary and financial data for the National Plan of Integrated Airport Systems (NPIAS) report to Congress.

##### a. Annual Reports on Payments of Airport Funds and Services.

Section 111(a) of the 1994 Authorization Act (codified as 49 U.S.C. § 47107(a)(19)) requires airport owners or operators that have received federal grants 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.

##### c. Single Audit Requirements.

In 1984, Congress passed the Single Audit Act, which required most governmental recipients of federal assistance (e.g., state and local governments) to have an annual organization-wide financial and compliance audits. The OMB issued several circulars to

clarify audit requirements of federal assistance recipients and required that a single independent auditor (an audit firm or a state audit agency) review all of a sponsor's Federal programs. The Single Audit Act applies only to state, local government, and nonprofit recipients that expend \$1,000,000 or more in federal assistance in one year (2 CFR part 200, subpart F).

The Federal Aviation Reauthorization Act of 1996, Section 805 (now 49 U.S.C. § 47107(l)) required the Secretary of Transportation to promulgate regulations that require recipients of Airport Improvement Program (AIP) grants to include in their annual single audit a review and opinion on the use of airport revenues. After meeting with the OMB, the FAA determined that the best way to implement the review and opinion was to include it in the standard single audit. Consequently, the FAA requested the OMB include the review of airport revenues in the OMB A-133 Compliance Supplement, now known as [2 CFR part 200, Appendix XI, Compliance Supplement](#). Accordingly, whenever the single auditor conducts a review of the AIP, they will review the use of airport revenues. The single auditor's standard report will comply with the review and opinion requirement.

As part of the single audit report, 2 CFR part 200, Appendix XI *Compliance Supplement* (Department of Transportation) requires the auditor to make an overall determination that airport revenues were used for required or permitted purposes. The following procedures are suggested:

- (1) Review the policy for using airport revenue.
- (2) Perform tests of airport revenue generating activities (e.g., passenger facility charges, leases, and telephone contracts) to ascertain that all airport-generated revenue is accounted for.
- (3) Test expenditures of airport revenue to verify that airport revenue is used for permitted purposes.
- (4) Perform tests of transactions to ascertain that payments from airport revenues to the sponsors, related parties, or other governmental entities are airport-related, properly documented, and are commensurate with the services or products received by the airport.
- (5) Perform tests to assure that indirect costs charged to the airport from the sponsor's cost allocation plan were allocated in accordance with the FAA policy on cost allocation.

Effective December 26, 2013, the OMB issued 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) to clarify and streamline the federal guidance.

### **19.3 Grant Assurance 26, Reports and Inspections.**

[Grant Assurance 26, Reports and Inspections](#), implements the financial reporting provisions of the 1994 Authorization Act.

Grant Assurance 26(a) requires a sponsor to make available an annual financial report in a form prescribed by the Secretary and 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 (in addition to any special financial or operations reports requested by the Secretary, as required by the 1994 Authorization Act). [Form 5100-126](#) and [Form 5100-127](#) are used to meet this requirement. (See section 19.5, *Annual Financial Reports*, for information on each form).

Additional guidance can be found in [Advisory Circular \(AC\) 150/5100-19D, Guide for Airport Financial Reports Filed by Airport Sponsors](#).

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

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### **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, for reporting purposes, are those airports that enplaned 2,500 passengers in the previous calendar year and are receiving scheduled passenger aircraft service. (See 49 U.S.C. § 47102(7)).

### **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 sponsors are required to upload the information on these forms directly into the report database using the [Certification Activity Tracking System](#) (CATS). CATS can be accessed on the FAA's website. Since airport sponsors may now enter their information electronically into CATS, the FAA will no longer accept hard copy forms. The FAA will make exceptions for airport sponsors that have difficulty accessing CATS.

The FAA may grant an extension of time to file the required forms of up to 60 days after the extension request date if audited financial information is not yet available by the filing due date. Airports needing an extension should request an extension online in the CATS website but can also request an extension in writing to the FAA headquarters ACO. No extensions can be granted past June 30 of the calendar year following the sponsor's fiscal year end. Prior to the filing date, the option for the extension will appear in CATS. For example, if the airport sponsor has a filing date of June 30 and files an extension on June 15 and it is approved for 60 days, then the airport sponsor receives 60 days from June 15th, not June 30th. The new filing date will be August 14th, not August 30th. An extension will not be available after the due date except for extraordinary circumstances. The additional extension due to extraordinary circumstances will need to be requested by letter or email.

If an airport sponsor has not completed its independent annual audit, it must complete the forms in CATS, with available data, and notate they are "unaudited." Once audited statements are available, then sponsors need to replace the "unaudited" data with the audited data in CATS.

**d. Responsibility.**

The FAA Regional Airports Divisions (Regions) and Airports District Offices (ADOs) are responsible for monitoring sponsor compliance with the financial reporting requirements. Regions and ADOs are also responsible for reviewing Single Audit reports for potential revenue diversion findings. Regions and ADOs may monitor a sponsor's compliance by downloading their region's report status in CATS. ACO is responsible for implementing and managing the airport owner/sponsor financial reporting program.

A sponsor's failure to file financial reports is a violation of the grant assurances and may be enforced using the procedures described in chapter 5, *Initiating, Accepting and Investigating Informal and Formal Complaints*, and may ultimately result in the filing of a Part 16, Notice of Investigation.

**e. Instructions.**

Instructions are available in Advisory Circular (AC) [150/5100-19D, Guide for Airport Financial Reports Filed by Airport Sponsors](#). The AC provides detailed instructions for completing the financial forms. Airport operators or owners are not required to submit a paper copy since 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 and certified by the principal financial officer 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 will review an airport sponsor's financial reports using the CATS database and identify anomalies that contain potential indicators of revenue diversion.

This analysis is performed on the preceding three years of information for comparison purposes. Inquiries will be made to the airports to provide explanations for specific anomalies. ACO will provide an informal report to the Director of Airports Compliance and Management Analysis (ACO-1) by end of the federal fiscal year.

**19.7 Single Audit Reports.**

Local governments that expend \$1,000,000 in federal awards in a fiscal year must obtain a Single Audit that conforms to [2 CFR part 200, subpart F, Audit Requirements](#). When the auditor selects the AIP 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](#).

The single audit is an audit of the financial statements and federal awards of local governments receiving federal assistance, conducted in accordance with 2 CFR part 200. ACO serves as liaison to the Office of the Secretary of Transportation (OST) and

will provide technical support to the Region or ADO, and it will provide status reports to FAA management and to the Department of Transportation (DOT). ACO works with the Regions and ADOs to follow-up on and resolve the findings. Guidance from the DOT requires the FAA to resolve single audit findings within 30 days. The FAA has a statutory requirement to resolve revenue diversion findings within 180 days after receiving the audit report (49 U.S.C. § 47107(m)).

Single Audit reports are uploaded by the airport sponsors into the Federal Audit Clearinghouse. When findings are identified that impact AIP programs, the FAA must ensure the sponsor took appropriate and timely corrective action. (2 CFR § 200.513). The FAA must also issue a management decision on the findings within six months of the acceptance of the audit report by the Federal Audit Clearinghouse. (2 CFR § 200.521).

ACO has the responsibility of working with the Regions to resolve these audit findings. ACO is also responsible for providing the Deputy Associate Administrator for Airports (ARP-2) with periodic status reports on these findings, when requested. The Regions' responsibilities for the Single Audit are further discussed in, FAA [Order 5100.38, Airport Improvement Program Handbook](#).

**19.8 through 19.12 Reserved.**