U.S. Department
of Transportation
**Federal Aviation
Administration**
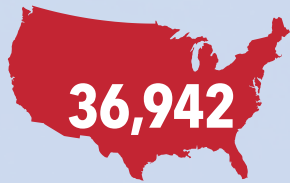
FAA
FISCAL YEAR 2015

**Summary of Performance
and Financial Information**

The FAA. **Evolving Technology. Advancing Aviation.**

36,942

REGIONAL AND FIELD OFFICES

45,639 employees

Headquarters
WASHINGTON, DC
3,882

Mike Monroney
Aeronautical Center (MMAC)
OKLAHOMA CITY, OK
3,399

William J. Hughes
Technical Center
ATLANTIC CITY, NJ
1,416

$**15.8** billion budget in **FY 2015**

$**0.16 BILLION**
Research, Engineering
& Development

$**9.74 BILLION**
Operations

$**3.35 BILLION**
Grants in Aid for
Airports

$**2.60 BILLION**
Facilities & Equipment

⬇ ABOUT THIS REPORT

This report summarizes the Federal Aviation Administration's (FAA) more detailed Performance and Accountability Report (PAR). As an agency within the U.S. Department of Transportation (DOT), the FAA is not required to prepare a separate PAR or summary report. However, to demonstrate accountability, we choose to present our performance, management, and financial information, using the same statutory and guidance framework as that used by the DOT in its reporting to the federal government. In some cases, however, we may depart from the reporting formats prescribed for agencies that are subject to the Chief Financial Officers Act.

MISSION / VISION / VALUES

OUR MISSION

To provide the safest, most efficient aerospace system in the world.

OUR VISION

Transform the aviation system to reflect the highest standards of safety and efficiency and be a model for the world. The FAA will bring about this transformation by fostering innovation in our workforce and in how we serve our stakeholders and the American people.

OUR VALUES

SAFETY IS OUR PASSION.
We work so that all air and space travelers arrive safely at their destinations.

EXCELLENCE IS OUR PROMISE.
We seek results that embody professionalism, transparency, and accountability.

INTEGRITY IS OUR TOUCHSTONE.
We perform our duties honestly, with moral soundness, and with the highest level of ethics.

PEOPLE ARE OUR STRENGTH.
Our success depends on the respect, diversity, collaboration, and commitment of our workforce.

INNOVATION IS OUR SIGNATURE.
We foster creativity and vision to provide solutions beyond today's boundaries.

This report and reports from prior years are available on the FAA website at

www.faa.gov/about/plans_reports/#performance

CONTENTS / SIDEBARS

Visit us from your mobile device at

m.faa.gov

↗ Read the latest news, updates & press releases
↗ Review runway safety signage and markings and test your knowledge
↗ Look up the N-number of an aircraft
↗ Get information on airport status & delays
↗ Get Notices to Airmen by airport code
↗ Read Advisory Circulars
↗ Locate a Flight Standards District Office
↗ Report a Wildlife Strike
↗ Report a Laser Incident
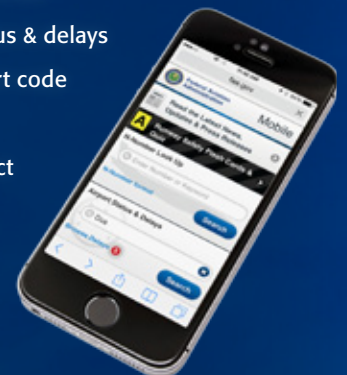
Since its inception nearly six decades ago, the Federal Aviation Administration (FAA) has provided the safest, most efficient aerospace system in the world. The FAA achieves this mission by training, empowering, and enabling its professional aviation workforce, and by integrating new processes and systems to meet the demands of America's airspace system, all while focusing on the safety of the flying public.
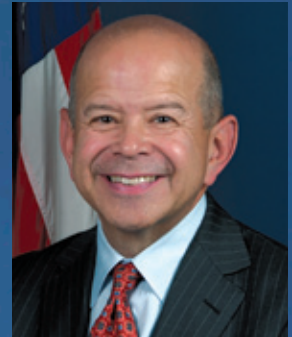
MICHAEL P. HUERTA

The agency's actions are guided by four strategic initiatives that lay the foundation for the aerospace system of the future: making aviation safer and smarter by continually analyzing operations to detect and mitigate risk; using technology and infrastructure to improve our airspace system; enhancing the FAA's role as a global aviation leader; and empowering our workforce to lead and develop the skills needed for the future. The FAA is making substantial headway in meeting these priorities, which benefit our stakeholders while addressing the challenges presented by the evolving demands of the aviation industry.

This report summarizes the FAA's major performance and financial results for fiscal year (FY) 2015 and our goals for the near future.

FY 2015 SIGNIFICANT ACTIVITIES

Next Generation Air Transportation System (NextGen)

The FAA continues to build NextGen, which is the term used to describe the transformation of the nation's airspace system through advanced technology to improve safety, increase capacity, and reduce the effects of aviation on the environment. Many NextGen benefits are now apparent for passengers, businesses, and aviation stakeholders.

In March, the FAA delivered an important foundational element of NextGen when it completed the transition to the En Route Automation Modernization (ERAM) computer system at 20 en route air traffic control centers in the continental United States. Replacing a system that had its roots in the 1960s, ERAM is one of the largest technology changeovers in the FAA's history. ERAM provides an expanded view of our nation's high-altitude traffic and helps aircraft move more efficiently across the country.

Digital communication between pilots and air traffic controllers is another tool the FAA is using to modernize our system and make every phase of flight more efficient. Known as Data Communications (Data Comm), this is a NextGen technology that enables air traffic controllers and pilots to electronically transmit flight plans and other essential messages. This movement from voice to data speeds up clearance delivery and controller to pilot message exchange, which reduces workload, enhances safety by reducing the chance of communication errors, and thereby improves overall efficiency of the operation. In FY 2015, the FAA continued successful trials for Data Comm in Newark and Memphis. We also achieved Initial Operating Capability at Houston Hobby, Houston Intercontinental, and Salt Lake City towers eight months ahead of schedule. In FY 2016, Data Comm tower services will be deployed to additional air traffic control towers, followed by deployment to en route facilities.

Unmanned Aircraft Systems (UAS)

Safely integrating unmanned aircraft into our airspace is one of the FAA's top priorities, and the agency made substantial progress on this objective in FY 2015.

In February, the FAA released the Small UAS Notice of Proposed Rulemaking (NPRM) for aircraft weighing less than 55 lbs. It established a flexible framework for allowing the routine use of these small unmanned aircraft while also accommodating future innovation. The FAA also launched the Pathfinder Program—a research effort with partners in industry to help us learn how we might safely expand unmanned aircraft operations beyond the parameters of the proposed Small UAS rule. To date, our partners include CNN, BNSF Railway, and PrecisionHawk, and we anticipate that roster to expand.

As unmanned aircraft become more popular, the FAA is stepping up to educate the public on the safe and responsible operation of UAS in our busy airspace. We partnered with the Academy of Model Aeronautics, the Small UAV Coalition, and the Association for Unmanned Vehicle Systems International to launch the "Know Before You Fly" outreach campaign—an ongoing effort that is informing recreational and commercial users about the regulations and guidelines for unmanned aircraft. We also streamlined processes for granting commercial exemptions, allowing companies and individuals to use unmanned aircraft in low-risk, controlled environments. Through September 30, 2015, we granted more than 1,500 exemptions for commercial operators.

We continue to partner with academia and industry to explore the next steps in unmanned aircraft operations. Last year, we opened six test sites across the country to research potential uses for unmanned aircraft and approved the first ever commercial application in the Arctic. In May 2015, after a rigorous competition, we selected a team from Mississippi State University as the anchor for the FAA's Center of Excellence (COE) for UAS. This COE, essentially a grant program to a consortium of universities, is focusing on research, education, and training in areas critical to the safe and successful integration of unmanned aircraft.

Safety Management Systems (SMS)

While the FAA maintains the safest airspace in the world, continued growth means we must continually find better ways to use safety data to detect and mitigate risk. In January, the FAA issued a final rule requiring most U.S. commercial airlines to have Safety Management Systems (SMS) in place by 2018. The rule builds on the voluntary programs many airlines already employ to identify and reduce aviation risk, and many air carriers have already adopted or are building SMS well ahead of the target date.

SMS enables airlines to further reduce risk in commercial aviation by fostering a culture of safety while improving the overall performance of the organization. An effective SMS examines data gathered from everyday operations and isolates trends that could be precursors to incidents or accidents. It then takes steps to mitigate and prevent that risk in future operations. SMS relies on the professionalism and dedication of team members to consistently do the right thing.

While the air carriers take the next steps toward building and maintaining a safety culture, the FAA workforce is also transitioning to a proactive, risk-based approach that will enable greater emphasis on known risks and then dedicate the resources to mitigate them.

REAUTHORIZATION

Every few years, Congress enacts reauthorization for the FAA — legislation that re-establishes the FAA's structure, governance, policy priorities, and funding levels. The reauthorization is typically multi-year and provides the framework for how the agency will conduct its business.

From 2007-2012, the FAA operated under 23 short-term extensions. During this period, lapses in spending authority led to furloughs for some employees. Two years ago, sequestration caused another furlough of employees. Later that year, there was a federal government shutdown that caused even more furloughs. Despite these disruptions, our agency continued to perform its vital role of operating the nation's air traffic control system and regulating safety.

The FAA's current authorization expires March 31, 2016. A key issue being debated is whether to reform the FAA's structure and governance. Some argue that air traffic control should be spun off from the FAA to expedite the modernization of the overall system. We are open to that discussion, but we must be sure that any changes in governance would address the long- and short-term challenges facing the FAA, its workforce and aviation stakeholders.

FY 2015 PERFORMANCE HIGHLIGHTS

A summary of results for all 12 of our performance measurements is provided on pages 14–15 in the Performance Results section. Each performance measure is linked to one of our four strategic initiatives. For 11 of 12 measures, year-end data was available as of the date this report was prepared, and the FAA achieved all 11 of those measures. The results for our twelfth measure (FedView Rankings) will not be available until December 2015.

Four of our 12 performance measures support U.S. Department of Transportation (DOT) priorities. The FAA achieved all of these four priority goals.

Commercial Aviation Fatal Accidents Rate: With a result of 0.1, the FAA achieved its goal of not exceeding 6.9 fatalities per 100 million people on board.

General Aviation Fatal Accidents Rate: The year-end result of 1.03 fatal accidents per 100,000 flights hours was below our target of not exceeding 1.04.

Serious Runway Incursions Rate: The FY 2015 result of .302 serious runway incursions per million operations was below the goal of not exceeding .395.

ERAM: The FAA's goal was achieved with the completion of Operational Readiness Decision at the remaining four en route air traffic control centers.

ACCOUNTABILITY

The FAA is committed to ensuring transparency and accountability to the public while achieving its mission. Also, for the eighth consecutive year, independent auditors gave our agency an unmodified financial statements audit opinion with no material weaknesses.

The FY 2015 Performance and Accountability Report, as well as this summary document, are available online at *https://www.faa.gov/about/plans_reports/#performance*.

CONCLUSION

This has been a year of achievement, but it also underscores many challenges that remain as we prepare for the future. America's leadership in aviation faces competition from abroad. Domestically, the agency continues to navigate a constrained and challenging fiscal environment, while the integration of new entrants, like UAS and commercial space flight, into our airspace will require new and additional resources. The FAA looks forward to working with Congress and our stakeholders to preserve America's rich aviation heritage and ensure that the United States remains an innovative, respected global leader in aviation.

Michael P. Huerta
Administrator
November 9, 2015

ADMINISTRATOR			

LINES OF BUSINESS	Air Traffic Organization **ATO**	Airports **ARP**	Aviation Safety **AVS**	Commercial Space Transportation **AST**

STAFF OFFICES	Civil Rights **ACR**	Finance & Management **AFN**	Mike Monroney Aeronautical Center **MMAC**
	Chief Counsel **AGC**	Government & Industry Affairs **AGI**	
	Human Resource Management **AHR**	NextGen **ANG**	William J. Hughes Technical Center **WJHTC**
	Communications **AOC**	Policy, International Affairs & Environment **APL**	
	Security & Hazardous Materials Safety **ASH**	Audit & Evaluation **AAE**	

NASA astronaut Rex Walheim checks out the Dragon spacecraft under development by Space Exploration Technologies (SpaceX) of Hawthorne, Calif., for the agency's Commercial Crew Program. Photo: NASA

FAA ORGANIZATION

The FAA fulfills its mission through four lines of business that work collaboratively to create, operate, and maintain our nation's airspace system.

↗ **Air Traffic Organization (ATO).** Serves as the operational arm of the FAA. ATO is responsible for providing safe and efficient air navigation services for 30.2 million square miles of airspace. This represents more than 17 percent of the world's airspace and includes all of the United States and large portions of the Atlantic and Pacific Oceans and the Gulf of Mexico. ATO stakeholders include commercial and private aviation users and the military. ATO employees are the service providers—the controllers, technicians, engineers and support personnel whose daily efforts keep aircraft moving safely and efficiently through the nation's skies.

↗ **Airports (ARP).** Provides leadership in planning and developing a safe and efficient national airport system; is responsible for all programs related to airport safety and inspections, and for standards of airport design, construction, and operation (including international harmonization of airport standards). Through the Airport Improvement Program (AIP), the office awards airport grants and approves passenger facility charge collections. ARP is also responsible for national airport planning and environmental and social requirements. In addition, ARP establishes policies related to airport rates and charges, compliance with grant assurances, and airport privatization.

↗ **Aviation Safety (AVS).** Develops, establishes, administers, and enforces safety standards for all parts of the aviation industry, impacting every facet of domestic and international civil aviation safety. AVS is responsible for the certification of aircraft, airmen (pilots, mechanics, and other designees), and aviation entities (air carriers, charter operators, flying schools, training centers, etc.).

↗ **Commercial Space Transportation (AST).** Oversees the safety of commercial space transportation activities, which includes the licensing of space launches and reentries and the inspection of space vehicles, launch sites and operations; regulates the U.S. commercial space transportation industry; and encourages, facilitates, and promotes U.S. commercial space transportation.

FAA has 10 staff offices that support these lines of business and accomplishments of the agency's mission. Key among these staff offices are:

↗ **Finance and Management (AFN).** Streamlines agency functions to ensure they are delivered as effectively and efficiently as possible. AFN improves accountability and enhances operational efficiency through the responsible stewardship of FAA resources. AFN is comprised of the following offices:

○ **Financial Services**

○ **Acquisitions and Business Services**

○ **Information & Technology Services**

○ **Regions and Center Operations**

on the RADAR

FAA LAUNCHES "FLY SAFE CAMPAIGN"

On June 6, 2015 the FAA and industry launched the "Fly Safe" national safety campaign at the Aircraft Owners and Pilots Association's Fly-In held at the Frederick Municipal Airport, Frederick, MD. The campaign aims to educate the general aviation (GA) community on how to prevent Loss of Control accidents.

Loss of Control (LOC) is an accident involving an unintended departure of an aircraft from controlled flight, possibly resulting in an engine stall or spin, thus introducing an element of surprise to the pilot.

"Improving GA safety is a top priority for the FAA and industry," said FAA Deputy Administrator Michael Whitaker. "The fatal accident rate remains flat and too many lives are being lost despite the great work of our GA community."

Approximately 450 people are killed each year in GA accidents. Loss of Control is the number one cause of these accidents, and it can happen during all phases of flight, anywhere, and at any time. The course explores factors that can lead to LOC and provides practical steps that can be taken by pilots to help avoid LOC.

Each month on faa.gov, the Fly Safe web page provides pilots with a Loss of Control topic, resources and tips to reduce risk. Topics include angle of attack, survival, transition training, and managing unexpected events. The FAA and industry promote the campaign using social media. The site can be found at
http://www.faa.gov/news/updates /?newsid=83106&omnirss=news_ updatesaoc&cid=101_n_u.

DID YOU KNOW ? DID YOU KNOW
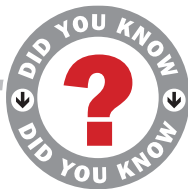
NextGen Programs

Automatic Dependent Surveillance-Broadcast (ADS-B) is FAA's satellite-based successor to radar. ADS-B makes use of GPS technology to determine and share precise aircraft location information, and streams additional flight information to the cockpits of aircraft equipped with ADS-B avionics.
http://www.faa.gov/nextgen/programs/adsb/

Data Communications (Data Comm) will provide digital data communications services between pilots and controllers. Data Comm provides a data link between ground automation and avionics for clearances, instructions, traffic flow management, and flight crew requests and reports. Data Comm will reduce delays; reduce communication errors; improve controller and pilot efficiency; and increase controller productivity leading to increased capacity. Data Comm is critical to the success of NextGen operational improvements by providing communication infrastructure enhancements.
http://www.faa.gov/nextgen/programs/datacomm/

En Route Automation Modernization (ERAM)* is one of the foundational programs that make it possible for NextGen to realize its full potential. ERAM replaces the 30-year-old HOST computer system at the 20 air route traffic control centers in the contiguous United States. This scalable system serves as the platform upon which data sharing, digital communications and trajectory-based operations will reside. ERAM processes flight and surveillance data, provides communications and generates display data to air traffic controllers.
http://www.faa.gov/nextgen/update/progress_and_plans/eram/

* The ERAM base program is not a NextGen program, but is foundational to the success of many NextGen capabilities. For example, ERAM serves as the platform upon which NextGen capabilities such as data sharing, digital communications and trajectory-based operations will reside.

National Airspace System Voice System (NVS) will replace FAA's aging analog voice communication systems with state-of-the-art digital technology. NVS will standardize the voice communication infrastructure among FAA facilities, and provide greater flexibility to the air traffic control system.
http://www.faa.gov/nextgen/programs/nvs/

System Wide Information Management (SWIM) is the network infrastructure that will carry NextGen digital information. SWIM will enable cost-effective, real-time data exchange and sharing among users of the nation's airspace.
http://www.faa.gov/nextgen/programs/swim/

Terminal Automation Modernization and Replacement (TAMR)* is upgrading multiple air traffic control technologies to a single, state-of-the-art platform: the Standard Terminal Automation Replacement System (STARS). Under TAMR, technology is being upgraded at the 55 sites where STARS is already operational, while older automation platforms are being replaced at 108 additional facilities.
http://www.faa.gov/nextgen/update/progress_and_plans/tamr/

* TAMR is not a NextGen program but, like ERAM, the successful transition to this common automation platform is foundational to successfully deploying other NextGen capabilities.

- **Aeronautical Center.** The Mike Monroney Aeronautical Center (MMAC) in Oklahoma City, OK, provides logistics, enterprise business services, software design, training, course design, and contractual, acquisition, realty, personal property, and equipment/management services in support of Center activities and agency programs. The MMAC also trains air traffic controllers and the technicians who repair and maintain airspace supporting systems and equipment in the field. The MMAC provides technological training, national partnerships, logistics support, simulation, and medical research.

- **NextGen (ANG).** The NextGen Office provides leadership in planning and developing the Next Generation Air Transportation System. This office coordinates NextGen initiatives, programs and policy development across the FAA. ANG also works with other U.S. federal and state government agencies, the FAA's international counterparts and members of the aviation community to ensure harmonization of NextGen policies and procedures.

- **Technical Center.** The William J. Hughes Technical Center, located in Atlantic City, NJ, is the FAA's air transportation laboratory and national scientific test base for research and development, test and evaluation, and verification and validation in air traffic control, communications, surveillance, navigation, traffic flow management, and weather systems. The Technical Center supports advancement in airport and aircraft safety, human factors and separation standards, system development, and cyber security. These laboratories provide a platform to explore, integrate, and evaluate aviation concepts from initial concept to deployment in the airspace system. The Technical Center is the primary facility supporting NextGen.

For more information about FAA lines of business and staff offices, please visit *www.faa.gov/about/office_org*.

on the RADAR

NEXTGEN WEATHER

The NextGen Weather Program consolidates multiple FAA weather tracking and forecasting systems and sensors with overlapping capabilities into one single system. This new system harnesses massive computing power allowing for unprecedented advances in numerical weather forecasting and translation of weather information into airspace constraints. The Program is providing tailored aviation weather products for our airspace, helping controllers and operators develop reliable flight plans, make more informed decisions, and improve on-time flight performance.

A key component of the Program is the fully-automated NextGen Weather Processor (NWP). NWP combines information from weather radars, environmental satellites, lightning, meteorological observations, and output from numerical forecast models of the National Oceanic and Atmospheric Administration to generate improved weather information for all FAA users and stakeholders. NWP's improved weather information includes weather safety hazards which help predict route blockage and airspace capacity constraints up to eight hours in advance. This provides support for strategic traffic flow management of aircraft.

NWP also includes an Aviation Weather Display, providing consistent weather information "at a glance" for en route and terminal users.

With NWP, the flying public should experience fewer weather delays, flight cancellations, and refueling stops, which should result in more dependability in flight schedules.

MANAGEMENT CHALLENGES

In FY 2015, the FAA was tasked by DOT to address three of the seven primary challenges identified by the Inspector General (IG). Subcomponents of these three primary challenges are ten underlying key challenges, which were assigned to the FAA. Among these primary challenges and underlying key challenges are:

- Modernizing the National Airspace System and Addressing Organizational Challenges

  - Addressing Underlying Causes for Limited NextGen Progress

  - Implementing NextGen Investment Priorities

  - Deploying Key Controller Automation Systems and Resolving Vulnerabilities

  - Integrating Unmanned Aircraft Systems

  - Consolidating FAA's Vast Network of Facilities

- Enhancing Safety and Oversight of a Diverse and Dynamic Aviation Industry

  - Leveraging Data to Reduce Risk

  - Managing FAA's Aircraft Certification Process

  - Bolstering Oversight of Aircraft Repair Stations

  - Improving Runway Safety

- Managing Acquisitions and Grants to Maximize Performance and Save Funds

  - Improving Acquisition Practices for Managing Support Services

Soon after the IG report was issued, the FAA developed an action plan for each of the 10 key underlying challenges. Included in these action plans are detailed steps and timelines for addressing the challenges. At the end of FY 2015, the FAA submitted "actions taken" reports to DOT. These reports detail FAA progress made throughout FY 2015 in addressing each of the key challenges.

These year-end actions-taken reports, FAA action plans and the comprehensive report identifying the IG Top Management Challenges for FY 2015 are posted on FAA's website at *http://www.faa.gov/about/plans_reports/* under the DOT IG Top Management Challenges section.
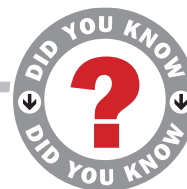
FAA's Wildlife Strike Database

Did you know that the FAA maintains a database (*http://wildlife.faa.gov/*) of reported incidents of wildlife coming in contact with an aircraft? Wildlife strikes are very dangerous because they can result in the loss of life as well as aircraft damage. FAA created the database to help inform airports and the agency what types of wildlife are involved, the amount of damage to the aircraft, and how many strikes occur at general aviation airports annually. The database contains records of wildlife strikes reported since 1990. Since wildlife strike reporting is voluntary, the database includes only the information that is reported to the FAA. Reports are made by airlines, airports, pilots, and others.

The reports include details about the strike, such as the airport, time of day, phase of flight, aircraft type, and wildlife type. The database of wildlife strikes has been critical to helping pilots identify potential hazards that may affect their flight plan. This information will also allow the FAA to help airports develop wildlife mitigation plans to reduce wildlife strikes. To learn about FAA's Wildlife Hazard Mitigation Program, please visit:

http://www.faa.gov/news/ fact_sheets/news_story. cfm?newsId=14393

ALIGNMENT OF FAA COSTS AND STRATEGIC PRIORITIES

The FAA's total net cost of $16.0 billion was allocated to its four strategic priorities, as described below and as shown in the *Net Cost by Strategic Priority Area* chart. For more detailed information, see page 91 of our *Fiscal Year 2015 Performance and Accountability Report*.

Make aviation safer and smarter. Approximately $12.6 billion, or approximately 79 percent of total net cost, was devoted to the priority of ensuring the safety of the nation's airspace.

- The Air Traffic Organization (ATO) spent approximately $9.2 billion, largely to maintain the safe separation of aircraft in the air and on the ground.

- The Aviation Safety Organization (AVS) spent just over $1.3 billion on its programs to regulate and certify aircraft, pilots, and airlines, directly supporting the safety of commercial and general aviation.

- The Office of Airports (ARP) directed $1.7 billion to establish safe airport infrastructure.

- The Office of Commercial Space Transportation (AST), the other FAA staff offices, and other programs spent about $16.0 million to further support the agency's safety mission.
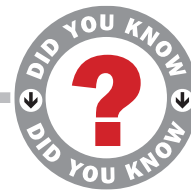
Deliver benefits through technology and infrastructure. Approximately $3.2 billion or about 20 percent of total net costs was assigned to expanding the capacity of the national airspace system, particularly through the pursuit of programs contributing to the NextGen initiative.

- The ATO spent approximately $1.6 billion, largely to finance its facilities and equipment projects.

- The ARP spent more than $1.5 billion to enhance the capacity of the country's airports through runway projects and other efforts.

Enhance global leadership. As a whole, the FAA committed almost $31 million to strengthening its international leadership role. These efforts included programs aimed at reducing fatal accidents around the world. Funding for training and technical assistance helped promote safety standards as well.

Empower and innovate with the FAA's people. Approximately $229.5 million supported this strategic priority, which entails preparing the FAA's human capital for the future, by identifying, recruiting, and training a workforce with the leadership, technical and functional skills to ensure the United States has the world's safest and most productive aviation sector.

NET COST BY STRATEGIC PRIORITY AREA
as of September 30, 2015
(Dollars in Thousands)

$229,546
$30,552
$3,159,189
$12,568,028

- ■ Make Aviation Safer and Smarter
- ■ Enhance Global Leadership
- ■ Deliver Benefits Through Technology and Infrastructure
- ■ Empower and Innovate with FAA's People

No Drone Zone

In response to individuals flying unmanned aircraft systems (UAS) in restricted airspace around the National Mall and downtown Washington, D.C., the FAA recognized the need for increased public awareness about restricted areas where UAS are not allowed to fly.

The FAA is leading a public outreach campaign for the region around Washington, D.C. to reinforce the message that the city itself, and communities within a 15-mile radius of the Ronald Reagan Washington National Airport, are a "No Drone Zone." In other parts of the country the No Drone Zone is a five mile radius of an airport.

Rules were put in place after the 9/11 attacks establishing a "national defense airspace" over the D.C. area that limit aircraft operations—including unmanned aircraft—to only those with FAA and TSA authorization. The FAA wants to ensure that residents and tourists understand that operating unmanned aircraft in this area for any purpose is against the law.

Developmental Testing of the Advanced Electronic Flight Strips System at the William J. Hughes Technical Center. Photo: NextGen Office, FAA

PERFORMANCE MEASURES OVERVIEW

In this section, the FAA discusses its progress in achieving our 12 performance measures. The measures are organized by strategic priority and objective. In FY 2015, the FAA reports on performance measures for three of the four overarching strategic priorities:

↗ **Make Aviation Safer and Smarter**

↗ **Deliver Benefits through Technology and Infrastructure**

↗ **Empower and Innovate with the FAA's People**

In FY 2015, the FAA continued to develop initiatives that will support its fourth strategic priority:

↗ **Enhance Global Leadership.**

While there are no established performance measures to report on for this priority in FY 2015, the FAA is continuing work in this area.

For example: This year, the FAA signed a Letter of Intent with the European Union to extend and expand cooperative work toward providing seamless air traffic services for aircraft flying between the United States and Europe.

This extension and expansion of a 2011 Memorandum of Cooperation will ensure that passengers will enjoy safer, on-time flying over the Atlantic thanks to the benefits of NextGen and its European counterpart, the Single European Sky ATM Research (SESAR).

The Letter of Intent will also ensure that the FAA maintains ongoing research on the interoperability of aviation electronics, communication protocols and procedures, as well as operational methods under NextGen and SESAR.

Additionally, the Letter of Intent reflects the strong commitment from the United States and the European Union to harmonize air traffic technologies and procedures involving NextGen and SESAR.

It also supports the International Civil Aviation Organization's Global Air Navigation Plan, which aims to harmonize air traffic systems throughout the world.

In FY 2015, the FAA achieved 11 of the 11 performance targets for which it had end-of-year data. One performance measure (FedView Ranking) will not have any data results available until December 2015. The FAA will report FY 2015 results for this measure in the Fiscal Year 2016 Performance and Accountability Report. The FAA notes the measures for which the data provided are preliminary.

Although in some cases the FAA achieved a result this year that was significantly better than the target, the FAA did not set a new fiscal year target to reflect the prior year's result. Annual performance is subject to greater variability than long-term performance. Over time, short-term trends tend to balance out and in doing so provide a more accurate picture of the agency's long-term performance.

Moreover, some annual targets use data acquired over a multi-year period. The targets used in this section have been set to measure the FAA's performance toward long-term goals.

Additionally, the FAA reports quarterly progress updates on performance goals that support DOT agency priority goals via the government-wide performance website *www.performance.gov*.

Hobby / Recreational Flying
What Can I Do With My Model Aircraft?

Having fun means flying safely! Hobby or recreational flying doesn't require FAA approval but you must follow safety guidelines. Any other use requires FAA authorization.

AVOID DOING ANYTHING HAZARDOUS TO OTHER AIRPLANES OR PEOPLE AND PROPERTY ON THE GROUND

✔ **DO** fly a model aircraft/UAS at the local model aircraft club

✔ **DO** take lessons and learn to fly safely

✔ **DO** contact the airport or control tower when flying within 5 miles of the airport

✔ **DO** fly a model aircraft for personal enjoyment

⊘ **DON'T** fly near manned aircraft

⊘ **DON'T** fly beyond line of sight of the operator

⊘ **DON'T** fly an aircraft weighing more than 55 lbs unless it's certified by an aeromodelling community-based organization

⊘ **DON'T** fly contrary to your aero-modelling community-based safety guidelines

⊘ **DON'T** fly model aircraft for payment or commercial purposes

For more information about safety training and guidelines, visit **www.knowbeforeyoufly.org**

For more information, visit **www.faa.gov/uas**

Federal Aviation Administration

➡ **STRATEGIC PRIORITY:** Make Aviation Safer and Smarter

STRATEGIC OBJECTIVE: Build on safety management principles to proactively address emerging safety risk by using consistent, data-informed approaches to make smarter, system-level, risk-based decisions

Performance Measure	FY 2012 Results	FY 2013 Results	FY 2014 Results	FY 2015 Target	FY 2015 Results	FY 2015 Status	FY 2016 Target
Commercial Air Carrier Fatality Rate ⌃ In FY 2015, the commercial air carrier fatality rate will not exceed 6.9 fatalities per 100 million people on board.	0.0	1.1	0.6[1]	6.9	0.1[2]	✔	6.7
Serious Runway Incursions Rate ⌃ Reduce Category A & B (most serious) runway incursions to a rate of no more than .395 per million operations.	0.356	0.220	0.282	0.395	0.302[3]	✔	0.395
System Risk Event Rate Limit the rate of the most serious losses of standard separation to 20 or fewer for every thousand (.02) losses of standard separation within the national airspace system.	9.33	5.66	3.44	20	2.65[3]	✔	20
IT Risk Management and Information Systems Security Address 80 percent of high value risks within 30 days. Establish oversight by the Cybersecurity Steering Committee to assure consistent risk acceptance decisions. Visualize vulnerabilities on all Internet Protocol-based systems.	Performance measure redefined in FY 2015	Performance measure redefined in FY 2015	Performance measure redefined in FY 2015	80%	100%	✔	80%
General Aviation Fatal Accident Rate ⌃ Reduce the general aviation fatal accident rate to no more than 1.04 fatal accidents per 100,000 flight hours.	1.09	1.11	1.09[1]	1.04	1.03[2]	✔	1.02
Commercial Space Launch Accidents No fatalities, serious injuries, or significant property damage to the uninvolved public during licensed or permitted space launch and reentry activities.	0	0	0	0	0	✔	0

⌃ *This performance measure supports a DOT Agency Priority Goal*

✔ Target met   ✘ Target not met

1 Preliminary estimate until final result can be confirmed by NTSB in March 2016. We do not expect any change in the final result to be significant enough to change the year-end status of achieving the result.

2 Preliminary estimate until final result can be confirmed by NTSB in March 2017. We do not expect any change in the final result to be significant enough to change the year-end status of achieving the result.

3 Preliminary estimate until the final result becomes available in January 2016. We do not expect any change in the final result to be significant enough to change the year-end status of achieving the result.

STRATEGIC PRIORITY:	**Deliver Benefits through Technology and Infrastructure**						
STRATEGIC OBJECTIVE:	Lay the foundation for the national airspace system of the future by achieving prioritized NextGen benefits, integrating new user entrants, and delivering more efficient, streamlined services						
Performance Measure	**FY 2012 Results**	**FY 2013 Results**	**FY 2014 Results**	**FY 2015 Target**	**FY 2015 Results**	**FY 2015 Status**	**FY 2016 Target**
En Route Automation Modernization (ERAM) ▲ Operational Readiness Decision (ORD) for ERAM at four Air Route Traffic Control Centers by March 31, 2015.	7 (IOC)	8 (IOC)[4]	5 (ORD)[5]	4 (ORD)	4 (ORD)	✔	N/A[6]
Major Systems Investments Ninety percent of major baselined acquisition programs must be maintained within 10 percent of their current acquisition cost, schedule, and technical performance baseline as of the end of FY 2015.	100%	90%	95%	90%	100%	✔	90%
National Airspace System Energy Efficiency Improve aviation fuel efficiency by 20 percent relative to the calendar year 2000 baseline.	-22.72%	-21.66%	-22.40%	-20%	-24.37%	✔	N/A[7]
Noise Exposure Reduce the number of people exposed to significant aircraft noise to less than 342,000 in calendar year 2015.	315,000	319, 000	321,000	342,000	340,000	✔	328,000
Unmodified Audit Opinion Obtain an unmodified opinion with no material weakness on the agency's financial statements (Unmodified Audit Opinion with no material weakness).	Unqualified audit opinion with no material weakness	Unmodified audit opinion with no material weakness[8]	Unmodified audit opinion with no material weakness	Unmodified audit opinion with no material weakness	Unmodified audit opinion with no material weakness	✔	Unmodified audit opinion with no material weakness

▲ *This performance measure supports a DOT Agency Priority Goal*

✔ Target met   ✖ Target not met

4 Prior to FY 2014, this performance measure was based on the number of centers achieving Initial Operating Capability (IOC).

5 Beginning in FY 2014, this performance measure changed to the number of centers achieving Operational Readiness Decision (ORD)

6 The transition to ERAM was completed in FY 2015. This performance measure will now be retired. Therefore, there is no FY 2016 target.

7 Beginning in FY 2016 , the FAA will no longer have a 2 percent annual improvement target for NAS-wide Energy Efficiency. The FAA will continue to calculate, monitor, and report the trends for this metric annually.

8 The term "unmodified" came into existence in FY 2013. Prior to that time, it was "unqualified."

STRATEGIC PRIORITY:	**Empower and Innovate with the FAA's People**						
STRATEGIC OBJECTIVE:	Prepare FAA's human capital for the future by identifying, recruiting, and training a workforce with the leadership, technical, and functional skills to ensure the United States has the world's safest and most productive aviation sector						
Performance Measure	**FY 2012 Results**	**FY 2013 Results**	**FY 2014 Results**	**FY 2015 Target**	**FY 2015 Results**	**FY 2015 Status**	**FY 2016 Target**
FedView Rankings FAA is ranked in the top 34 percent of federal agencies in the Best-Places-to-Work FedView rankings.	39%	40%	50%	34%	TBD[9]	TBD	31%

9 Results will not be available until December 2015.

✔ Target met   ✖ Target not met

The world of aviation is changing quickly, at a pace unseen since the Wright brothers' first flights over a century ago. From Unmanned Aircraft Systems (UAS)—to Next Generation Air Transportation System (NextGen) technologies and capabilities—to commercial space launches, the FAA is incorporating new uses for our airspace and making our nation's aviation system safer, smarter, and more efficient. Integrating rapid change into a system that must operate continuously and safely is a daunting task, especially in the current fiscal environment. This challenge, however, presents a tremendous opportunity to make a difference for our stakeholders for many years to come.

MARK HOUSE

ACCOMPLISHMENTS

This has been a successful year for FAA's investment in critical capital infrastructure and the ongoing deployment of NextGen technologies. As in previous years, more than 90 percent of our major system investments remain within 10 percent of their cost and schedule baselines. Some of the highlights of this year's accomplishments in this area include:

- ↗ We completed our deployment of ERAM, our new automation system, at all 20 en route control centers. ERAM provides the platform to operate new technologies, such as Automatic Dependent Surveillance-Broadcast (ADS-B), the core technology enabling us to move from a radar-based air traffic system to a satellite-based system.

- ↗ We tested the Data Comm system in Newark, Memphis, Houston and Salt Lake City. This system connects pilots in aircraft directly with air traffic controllers through a text messaging, digital communication system.

- ↗ We continued to establish more Performance-based Navigation routes and procedures that are based on satellite technology to make the flow of air traffic more efficient. Found in all phases of flight, these procedures now outnumber those based on radar. And at 21 major aviation hubs around the country—called Metroplexes—we have implemented hundreds of these new flight procedures to improve the way aircraft navigate the complex airspace around these areas.

On the administrative side, we continue to make improvements and achieve cost-saving efficiencies through the restructuring of FAA's regional offices, reducing our administrative footprint, and eliminating redundant or obsolete functions, processes, and contracts. We also achieved an unmodified audit opinion with no material weaknesses on our FY 2015 financial statements, demonstrating our continued commitment to excellence in financial reporting. This was also reflected in FAA being named a recipient of the FY 2014 Certificate of Excellence in Accountability Reporting award given by the Association of Government Accountants, our eleventh award to date.

THE FUTURE

Over the past five years, the FAA has made substantial progress on the transformation of the National Airspace System (NAS). From completion of ERAM, to installation of the ADS-B infrastructure, to development of thousands of performance based navigation procedures, FAA committed to, and delivered on, NextGen capabilities that are integral to the transformation of the NAS. We are proud and honored to be a part of this historic transformation.

It has not been easy getting to this point. The budget-related furloughs due to authorization lapse (FY 2011), sequestration budget cuts (FY 2013), and appropriation lapse (FY 2014) have frustrated our employees and our stakeholders. These fits and starts in authorization and appropriation cycles have disrupted operations, delayed investments, and hindered performance of the FAA, which operates a highly sophisticated around-the-clock aviation system.

But these disruptions could have been avoided. The FAA is different than most other government entities in that the vast majority of its funding comes directly from the users of the aviation system. In FY 2015, more than 92 percent of the FAA's $15.8 billion budget was paid for by user taxes and fees on deposit in the Airport and Airway Trust Fund (AATF). The vast majority of these AATF user fee and tax revenues are generated from commercial passenger and cargo operations, while less than two percent are generated by general aviation, through fuel taxes.

This virtual self-sufficiency raises the interesting and exciting possibility of doing something different—but that still maintains accountability—with FAA's upcoming reauthorization. Our stakeholders throughout industry and government are now openly discussing possible changes in our structure, financing, and governance to create an aviation system that will sustain our nation's economic growth well into the future. While we are open to this debate, our focus remains on bringing to fruition an FAA authorization that provides the stable, predictable, and sufficient funding needed to execute our priorities of modernizing the air traffic control system, investing in infrastructure for our airways and airports, and maintaining the safest and most efficient airspace system in the world.

Mark House

Mark House
Chief Financial Officer
November 9, 2015

BACKGROUND: SpaceX's Falcon 9 rocket and Dragon spacecraft launched from the Cape Canaveral Air Force Station, Florida. It is the only operational spacecraft capable of returning a significant amount of supplies back to Earth, including experiments. Photo: SpaceX

NASA's Orion spacecraft floats in the Pacific Ocean after splashdown from its first flight test in Earth orbit, to test systems critical to crew safety, including the launch abort system, the heat shield and the parachute system. December 5, 2014, San Diego, California. Photo credit: NASA/Tony Gray

Following are highlights of the Federal Aviation Administration's (FAA) FY 2015 financial performance. For a more detailed look at the financial statements and accompanying notes, see our *Fiscal Year 2015 Performance and Accountability Report* (PAR), pages 28–33 and 71–109. The PAR is available on our website at ***http://www.faa.gov/about/plans_reports/media/2015-FAA-PAR.pdf***.
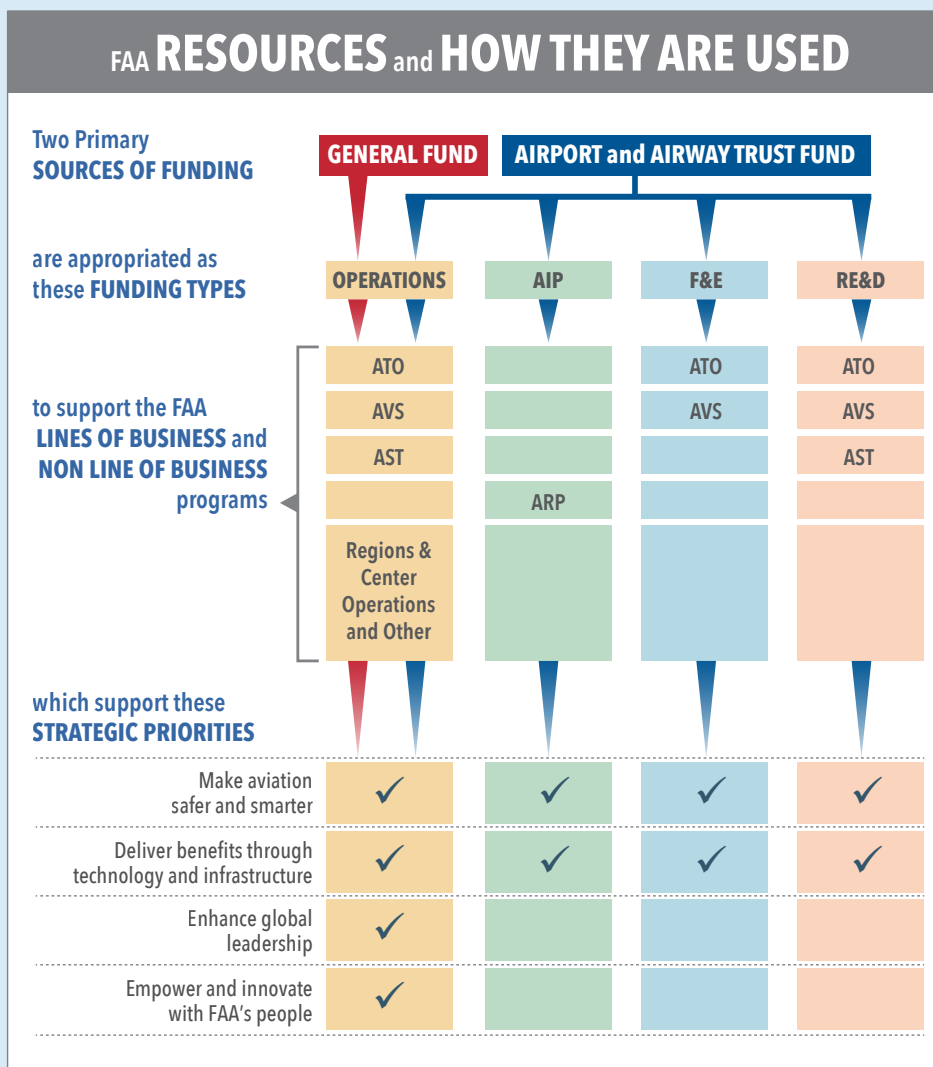
The FAA receives budget authority to obligate and expend funds from both the Department of the Treasury's General Fund (GF) and the Airport and Airway Trust Fund (AATF). Created by the Airport and Airway Revenue Act of 1970, the AATF derives its funding from excise taxes and earned interest. It provides a source of revenue to finance investments in the airport and airway system, and covers a portion of FAA operating costs. In FY 2015, the AATF provided approximately 93 percent of our enacted budgetary authority, per the *FY 2015 Consolidated Appropriations Act (P.L. 113-235)*.

Aviation excise taxes, which include taxes on domestic passenger tickets, freight waybills, general and commercial aviation fuel, and international departures and arrivals, are deposited into the fund. The Department of the Treasury, which maintains the fund, invests them in government securities. Interest earned is also deposited into the fund. Funding is withdrawn following the appropriations process, and transferred to each FAA appropriation account (explained below and illustrated in the accompanying diagram) to cover obligations.

We are financed through annual and multiyear appropriations authorized by Congress. The FY 2015 enacted budget of $15.8 billion was an increase of $87 million (0.5 percent) over the FY 2014 enacted level. The FAA requests and receives its funding in four primary appropriation accounts:

- ↗ Operations
- ↗ Grants-in-Aid for Airports (AIP)
- ↗ Facilities and Equipment (F&E)
- ↗ Research, Engineering, and Development (RE&D)

The largest account, Operations, is funded by both the GF and the AATF. In FY 2015, the AATF provided 88 percent of the revenue for Operations. The AATF is the sole revenue source for our three capital investment appropriation accounts—AIP, F&E, and RE&D.

FINANCIAL HIGHLIGHTS

FAA RESOURCES and HOW THEY ARE USED

Two Primary SOURCES OF FUNDING	GENERAL FUND	AIRPORT and AIRWAY TRUST FUND		
are appropriated as these **FUNDING TYPES**	**OPERATIONS**	**AIP**	**F&E**	**RE&D**
to support the FAA **LINES OF BUSINESS** and **NON LINE OF BUSINESS** programs	ATO		ATO	ATO
	AVS		AVS	AVS
	AST			AST
		ARP		
	Regions & Center Operations and Other			
which support these **STRATEGIC PRIORITIES**				
Make aviation safer and smarter	✓	✓	✓	✓
Deliver benefits through technology and infrastructure	✓	✓	✓	✓
Enhance global leadership	✓			
Empower and innovate with FAA's people	✓			

Operations

This account finances operating costs, maintenance, communications, and logistical support for the air traffic control and air navigation systems. It also funds the salaries and costs associated with carrying out our safety inspection and regulatory responsibilities. In addition, the account covers administrative and managerial costs for our international, medical, engineering, and development programs, as well as for policy oversight and overall management functions. The FY 2015 Operations appropriation was $9.74 billion, approximately 0.9 percent greater than in FY 2014.
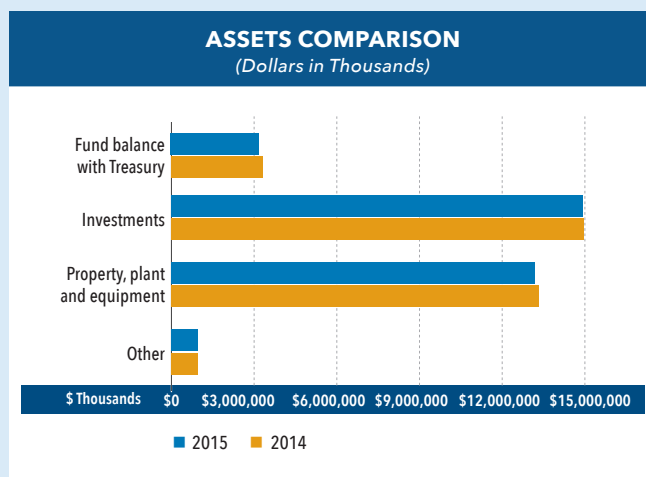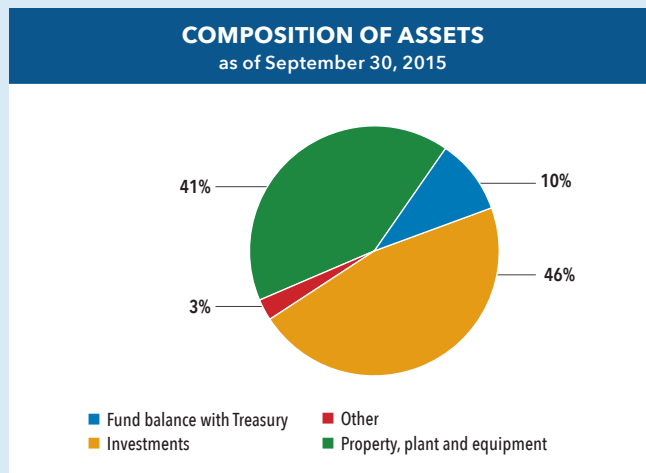
AIP

The Secretary of Transportation is authorized to award grants for airport planning and development to maintain a safe and efficient nationwide system of public airports. These grants fund specific capital development at the nation's public airports. Grants are issued to maintain and enhance airport safety, preserve existing infrastructure, and expand capacity and efficiency throughout the system. The program also supports noise compatibility and planning, the military airport program, reliever airports, and airport program administration. FY 2015 funding for the AIP was $3.35 billion, essentially unchanged from the FY 2014 level.

F&E

This account funds the capital improvement projects necessary to establish, replace, relocate, or improve air navigation facilities and equipment, as well as other aviation systems, across the nation's airspace, particularly through programs supporting NextGen. Several major systems that contribute to the NextGen effort reached significant milestones in FY 2015. These included Automatic Dependent Surveillance-Broadcast (ADS-B), Data Communications for Trajectory Based Operations (Data Comm), and En Route Automation Modernization (ERAM). F&E was funded at $2.60 billion in FY 2015, equal to the FY 2014 level.

RE&D

This account funds research, engineering, and development programs to plan, conduct, and integrate domestic and international research efforts, and to develop products and services that will ensure a safe, efficient, and environmentally harmonious global air transportation system. The FY 2015 appropriation for RE&D of $156.7 million, a reduction of $2.0 million (1.3 percent) from the FY 2014 level.

COMPOSITION OF ASSETS
as of September 30, 2015

- Fund balance with Treasury
- Investments
- Other
- Property, plant and equipment

ASSETS COMPARISON
(Dollars in Thousands)

- 2015
- 2014

The FAA's summarized assets, liabilities, and net position are shown on page 23.

The FAA's total assets were $32.3 billion as of September 30, 2015. The FAA's assets are the resources available to pay liabilities or satisfy future service needs. The *Composition of Assets* chart depicts major categories of assets as a percentage of total assets.

The *Assets Comparison* chart presents comparisons of major asset balances as of September 30, 2014 and 2015.

Fund balance with Treasury (FBWT) represents approximately 10 percent of the FAA's current period assets and consists of funding available through the Department of Treasury accounts from which the FAA is authorized to make expenditures to pay liabilities. It also includes passenger ticket and other excise taxes deposited to the AATF, but not yet invested. Fund balance with Treasury decreased slightly from $3.3 billion last year to $3.2 billion.

At $15.0 billion, *Investments* represent 46 percent of the FAA's current period assets, and are derived from passenger ticket and other excise taxes deposited to the AATF and premiums collected from the Aviation Insurance Program. These amounts are used to finance the FAA's operations to the extent authorized by Congress and to pay potential insurance claims. Investments experienced an overall decrease of $32.5 million primarily due to the expiration of FAA's authority to provide premium war risk insurance to the U.S. domestic airline industry.
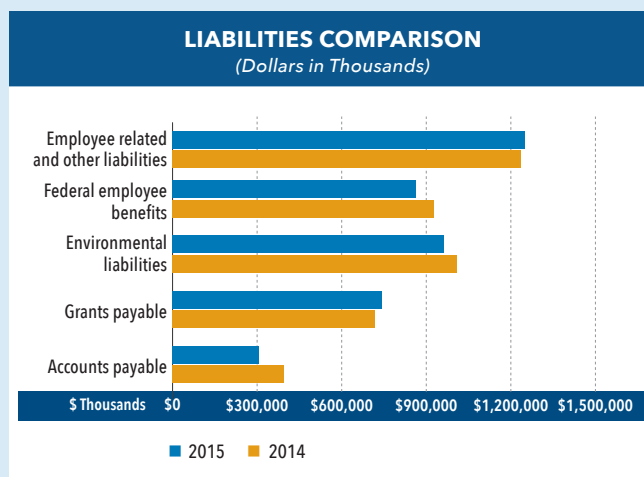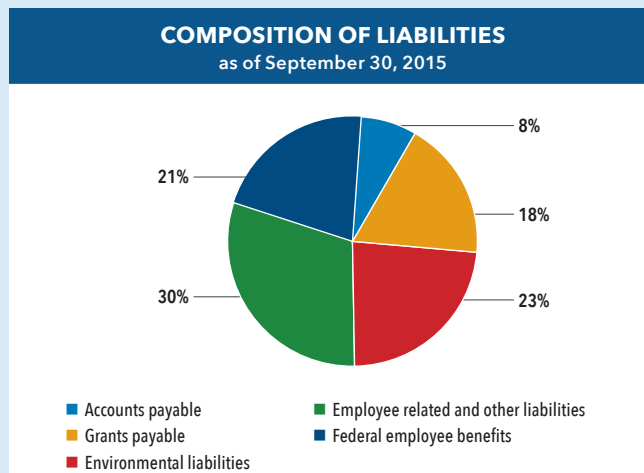
At $13.2 billion, *General property, plant, and equipment, net* (PP&E) represent 41 percent of the FAA's assets as of September 30, 2015, and primarily comprises construction-in-progress related to the development of national airspace system assets, and capitalized real and personal property. There was a decrease of $121.2 million in the total composition of PP&E, as purchases of equipment and additions to construction-in-progress through the normal course of business were less than the offsets by retirements, disposals, and depreciation.

As of September 30, 2015, the FAA reported liabilities of $4.1 billion. Liabilities are probable and measurable future outflows of resources arising from past transactions or events. The *Composition of Liabilities* chart depicts the FAA's major categories of liabilities as a percentage of total liabilities.

The *Liabilities Comparison* chart presents comparisons of major liability balances between September 30, 2014, and September 30, 2015. Below is a discussion of the major categories.

At $1.2 billion, *Employee-related and other liabilities* represent 29 percent of the FAA's total liabilities. These liabilities increased by $12.2 million as of September 30, 2015, and are comprised mainly of $237.3 million in advances received, $183.0 million in Federal Employee's Compensation Act payable, $237.4 million in accrued payroll and benefits, $478.6 million in accrued leave and benefits, $14.0 million in legal claims liability and $67.2 million in capital lease liability.

At $864.8 million, *Federal employee benefits* represent 21 percent of the FAA's current year liabilities, and consist of the actuarially determined liability for death, disability, and medical costs for approved workers compensation cases, plus a component for incurred but not reported claims. The Department of Labor (DOL) calculates the liability for the Department of Transportation (DOT), and the DOT attributes a proportionate amount to the FAA based upon actual workers' compensation payments to FAA employees
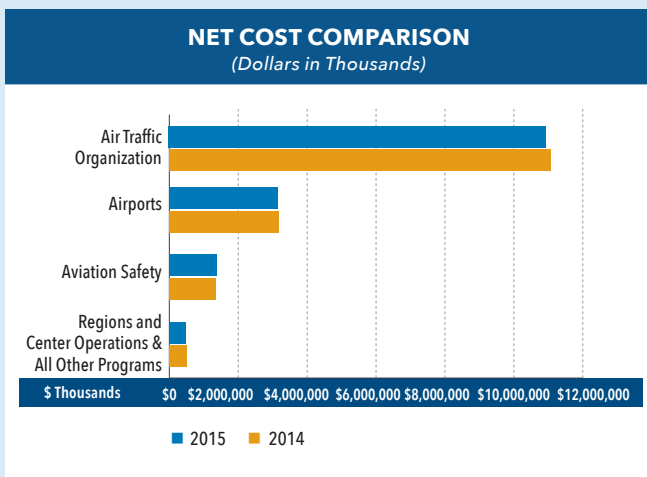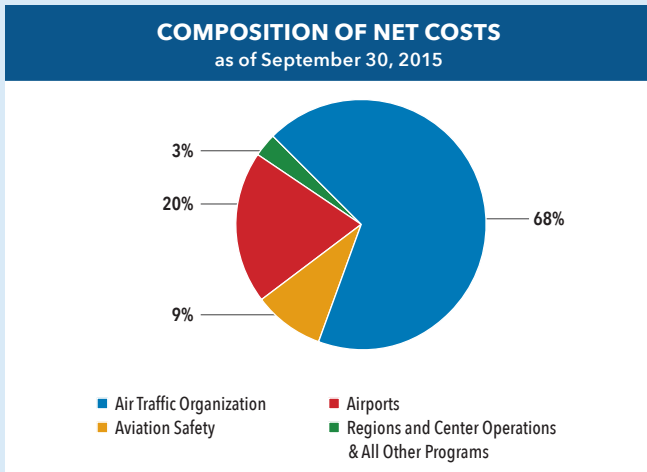

COMPOSITION OF LIABILITIES
as of September 30, 2015

- Accounts payable
- Grants payable
- Environmental liabilities
- Employee related and other liabilities
- Federal employee benefits

LIABILITIES COMPARISON
(Dollars in Thousands)

■ 2015 ■ 2014

over the preceding four years. This liability is updated on an annual basis at year end.

Environmental liabilities represent 23 percent of the FAA's total liabilities and slightly decreased to $962.2 million as of September 30, 2015, compared with $1.0 billion a year earlier. Environmental liabilities include a component for remediation of known contaminated sites and the estimated costs to decommission assets presently in service.

The FAA's *Grants payable* are estimated amounts incurred but not yet claimed by AIP grant recipients and represent 18 percent of liabilities. Grants payable increased by $23.2 million.

Accounts payable decreased $88.2 million and are amounts the FAA owes to other entities for unpaid goods and services received.

The FAA's summarized net cost of operations is shown on page 23.

COMPOSITION OF NET COSTS
as of September 30, 2015

- 3%
- 20%
- 9%
- 68%

Legend:
- Air Traffic Organization
- Aviation Safety
- Airports
- Regions and Center Operations & All Other Programs

NET COST COMPARISON
(Dollars in Thousands)

Air Traffic Organization	
Airports	
Aviation Safety	
Regions and Center Operations & All Other Programs	

$ Thousands: $0 $2,000,000 $4,000,000 $6,000,000 $8,000,000 $10,000,000 $12,000,000

Legend: 2015 2014

Testing in the Data Comm laboratory at the FAA's William J. Hughes Technical Center. Photo: FAA

As of September 30, 2015, and September 30, 2014, the FAA's net costs were $16.0 billion and $16.1 billion, respectively. The *Composition of Net Cost* chart illustrates the distribution of costs among the FAA's lines of business.

The *Net Cost Comparison* chart compares September 30, 2015, and September 30, 2014, net costs.

With a net cost of $10.9 billion, the *Air Traffic Organization* is the FAA's largest line of business, comprising 68 percent of its total net costs. The Air Traffic Organization's net costs decreased by $210.0 million, on a comparative basis, primarily from increases in property-related activities, labor costs, supplies and materials, and travel expenses, offset by decreases in contractor services, telecommunications, and utilities costs.

The FAA's second largest line of business is *Airports*, with a net cost of $3.2 billion as of September 30, 2015, which is 20 percent of the FAA's total net costs. Net costs decreased slightly by $29.8

million from the prior year, primarily due to a decrease in Airport Improvement Program grant disbursements.

The net cost of *Aviation Safety* represents 9 percent of the FAA's total net costs, while *Region and Center Operations and All Other Programs* comprise 3 percent of total net costs.

The FAA's summarized changes in net position are shown on page 23.

The *Statement of Changes* in Net Position presents those accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the reporting period. Various financing sources increase net position. These financing sources include appropriations received and non-exchange revenue, such as excise taxes and imputed financing from costs absorbed on the FAA's behalf by other federal agencies. The agency's net cost of operations and net transfers to other federal agencies serve to reduce net position.

The FAA's *Cumulative Results of Operations* for the period ending September 30, 2015, decreased by $78.0 million, due primarily to a combination of financing sources of $1.1 billion from appropriations used, non-exchange revenue of $14.6 billion, imputed financing of $402.8 million, and donations of property of $40.9 million, offset by transfers out of $187.8 million and net costs of $16.0 billion. Unexpended appropriations decreased by $12.9 million.

SUMMARY OF FINANCIAL INFORMATION

The FAA's independent auditor, KPMG, LLP, has rendered an unmodified opinion on the FAA's FY 2015 financial statements with no material weakness. The DOT's Office of Inspector General presented KPMG's audit report to the FAA Administrator on November 9, 2015. The summary financial information in this *Summary of Performance and Financial Information* report was derived from the FAA's audited FY 2015 and FY 2014 financial statements, which were prepared pursuant to the requirements of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994.

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
SUMMARIZED ASSETS, LIABILITIES, AND NET POSITION
As of September 30
(Dollars in Thousands)

Assets	2015	2014
Fund balance with Treasury	$ 3,195,055	$ 3,309,473
Investments, net	14,942,387	14,974,934
Accounts receivable, prepayments, and other, net	275,603	276,208
Inventory, operating materials, and supplies, net	695,755	680,951
Property, plant, and equipment, net	13,201,766	13,323,531
Total Assets	**$ 32,310,566**	**$ 32,565,097**
Liabilities		
Accounts payable and grants payable	$ 1,049,371	$ 1,114,413
Environmental	962,237	1,010,343
Employee related and other	1,249,451	1,237,221
Federal employee benefits	864,801	927,453
Total liabilities	**$ 4,125,860**	**$ 4,289,430**
Net position		
Unexpended appropriations	1,163,953	1,176,873
Cumulative results of operations	27,020,753	27,098,794
Total net position	**28,184,706**	**28,275,667**
Total liabilities and net position	**$ 32,310,566**	**$ 32,565,097**

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
SUMMARIZED NET COST OF OPERATIONS
For the Years Ended September 30
(Dollars in Thousands)

Lines of Business	2015	2014
Air Traffic Organization	10,948,681	11,076,156
Airports	3,159,617	3,189,430
Aviation Safety	1,386,963	1,337,765
Commercial Space Transportation	19,582	18,144
Non line of business programs		
Regions and Center Operations and other programs	472,472	476,188
Net cost of operations	**$ 15,987,315**	**$ 16,097,683**

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
SUMMARIZED CHANGES IN NET POSITION
For the Years Ended September 30
(Dollars in Thousands)

	2015	2014
Net Position – beginning of year	**$ 28,275,667**	**$ 27,077,785**
Financing sources		
Excise taxes and associated revenue	14,570,621	13,805,387
Appropriations received	1,145,700	3,156,214
Net transfers out	(183,935)	(170,685)
Imputed financing and other	363,968	504,649
Total financing sources	15,896,354	17,295,565
Net cost of operations	**15,987,315**	**16,097,683**
Net position – end of year	**$ 28,184,706**	**$ 28,275,667**

NOTES TO THE SUMMARY OF FINANCIAL INFORMATION

Reporting Entity

The FAA, which was created in 1958, is a component of the DOT, a cabinet-level agency of the Executive Branch of the U.S. Government. The FAA accomplishes its mission through four lines of business that work together to create, operate, and maintain the nation's airspace.

Basis of Presentation

The summary financial information presented here is intended to provide users with an overview of the financial status and activities of the FAA and is derived from and should be read in conjunction with the financial statements contained in the FAA's 2015 PAR, available on our website at *http://www.faa.gov/about/plans_reports/media/2015-FAA-PAR.pdf*. The summary information is not in conformance with accounting principles generally accepted in the United States.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND FAA MANAGEMENT ASSURANCES

The table below summarizes the results of the independent audits of the FAA's FY 2014 and FY 2015 consolidated financial statements by the agency's auditors. The table also summarizes the management assurances related to the effectiveness of internal control over the FAA's financial reporting and operations, and its conformance with financial management system requirements under Sections 2 and 4, respectively, of the Federal Managers' Financial Integrity Act (FMFIA) of 1982, as well as compliance with the Federal Financial Management Improvement Act (FFMIA).

➜ AUDITOR CONCLUSIONS		
Financial statements audits: FY 2014 and FY 2015	Unmodified opinions ✓	No material weaknesses ✓
➜ AGENCY ASSERTIONS		
Effectiveness of Internal Control over Financial Reporting and Operations (FMFIA § 2)	Unqualified statement of assurance ✓	No material weaknesses ✓
Financial management system requirements (FMFIA § 4)	No nonconformances (Auditor and Agency) ✓	
Systems requirements, accounting standards, and the USSGL at the transaction level (FFMIA)	Overall substantial compliance (Auditor and Agency) ✓	

on the RADAR

FAA IMPLEMENTS NEW AIRPORT SAFETY PROGRAM

The FAA has made significant progress in improving runway safety at U.S. airports over the past 15 years by working with other members of the aviation community on education, training, marking and lighting, standard runway safety areas, new technology and airfield improvements.

The FAA plans to build on this success by working with airports over the next 10–15 years to further reduce runway risks through risk-based decision-making. A new FAA national initiative known as the Runway Incursion Mitigation (RIM) program will identify airport risk factors that might contribute to runway incursions and develop strategies to help airports mitigate those risks.

Runway incursions occur when an aircraft, vehicle, or person enters the protected area of an airport designated for aircraft landings and take offs. Risk factors that contribute to runway incursions may include unclear taxiway markings, airport signage, and more complex issues such as the runway or taxiway layout. Through RIM, the FAA will focus on reducing runway incursions by addressing risks at specific locations at the airport that have a history of runway incursions.

Risk-based decision-making builds on safety management principles by using a consistent approach to proactively address emerging safety risks. The FAA already has collected and reviewed data to identify specific airport areas with risk factors that could contribute to a runway incursion. The FAA has developed a preliminary inventory of airport locations where runway incursions have occurred. The FAA will continue to work with airports to develop strategies to mitigate runway incursions at these locations.

▼ WE WELCOME YOUR COMMENTS

Thank you for your interest in the FAA's FY 2015 Performance and Accountability Report. We welcome your comments on how we can make this report more informative for our readers.

Please send your comments to:

Mail: Office of Financial Reporting and Accountability
         Federal Aviation Administration
         800 Independence Avenue, SW, Room 612
         Washington, DC 20591

Phone: 202-267-8242
Email: **Allison.Ritman@faa.gov**
Fax: 202-493-4191

This report and reports from prior years are available on the FAA website at

http://www.faa.gov/about/plans_reports/#performance

You can also stay connected with the FAA via the social media listed below

Facebook: **www.facebook.com/FAA**
Flickr: **www.flickr.com/photos/FAANews**
Twitter: **www.twitter.com/FAANews**
YouTube Channel: **www.youtube.com/FAANews**
LinkedIn: **www.linkedin.com/company/faa**

CRS-6 First Stage Landing. Falcon 9 first stage approaches Just Read the Instructions in the Atlantic Ocean after successfully launching CRS-6 to the International Space Station, April 14, 2015. Photo: SpaceX

U.S. Department of Transportation
Federal Aviation Administration

www.FAA.gov