



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 2

Agenda Date: December 16, 2024

In Control: Audit Committee

DEPARTMENT: Office of the City Auditor

DEPARTMENT HEAD: Baltazar Vargas

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Acceptance of the Office of the City Auditor Report AU24-001 Audit of Aviation Landing Fees.

SUMMARY:

Determine if landing fees charged to airlines at San Antonio airports are accurate, complete, and in compliance with contracts and regulations.

BACKGROUND INFORMATION:

Background

The San Antonio International Airport (SAT) charges landing fees to airlines. Airlines are categorized as either Signatory or Non-Signatory. Signatory airlines represent large passenger and cargo airlines that have signed a long-term agreement with SAT. Non-Signatory airlines represent smaller passenger and cargo airlines which do not sign long-term agreements.

The Aviation Fiscal Division is responsible for managing and reviewing airline fees, including landing fees. Aviation's methodology for charging landing fees is a break-even process. Landing fees are determined by estimated recovery of expenses such as maintenance and operating and debt service. In addition, Aviation calculates a year-end settlement to determine a credit to airlines or amount due to Aviation, if applicable, based on total actual expenditures.

The landing fees are based on an annual landing fee rate times the weight of the aircraft per 1,000-pound unit, which is adjusted each fiscal year. Landing fee rates for FY 2023 were \$2.53 for signatory and \$2.91 for non-signatory/cargo and for FY 2024 were \$3.48 for signatory and \$4.01 for nonsignatory/ cargo. Additionally, the Aviation Department recorded landing fees at \$15.8M in fiscal year 2023 and \$18.3M as of July 31, 2024, in fiscal year 2024.

Scope and Methodology

The audit scope was Aviation landing fees from FY 2023 through March 2024 and included signatory and non-signatory airlines. We reviewed 25 judgmentally selected monthly landing fees submitted by airlines, totaling \$2.9M in landing fee revenue to determine if payments to Aviation Fiscal were accurate and properly supported. We reconciled the self-reports to Flight Stats to determine if reported number of landings were accurate. We reviewed Aviation Fiscal end of year settlements to determine if year-end adjustments reconciled to the Aviation fiscal year budget. Additionally, we reviewed a sample of active airline contracts to verify if contracts include landing fee expectations. We confirmed if Aviation properly submitted landing fee financial reports to ensure compliance with Federal Aviation Administration (FAA) guidelines. Finally, we reviewed for appropriate system user access.

Conclusions

The SAT Aviation Fiscal staff have procedures that ensure landing fee rates are being charged in accordance with contractual requirements. In addition, there are procedures in place that ensure airline payments made to SAT are accurate and supported and end of year settlements to airlines are properly adjusted. Also, airline contracts are properly aligned with landing fee expectations and the Aviation Department have procedures in place to ensure that landing fee information are reported within the FAA guidelines. Finally, the Aviation Department have procedures in place to verify appropriate user access for SAP.

However, the audit team identified an area in which controls could be improved over airline landing validation. Currently, airlines self-report the number of landings and types of aircraft. Although Aviation Fiscal have controls in place that confirm contractual landing fee rates charged to airlines, there is no process in place to validate the number of landings and weight of aircrafts.

We made a recommendation to improve the opportunity. Management agreed with the recommendation and developed a positive corrective action plan.

ISSUE:

This item is presented for acceptance by the Audit Committee.

FISCAL IMPACT:

N/A

ALTERNATIVES:

N/A

RECOMMENDATION:

Staff recommends approval of this audit report.