



# Memorandum

**U.S. Department of  
Transportation**


Office of the Secretary  
of Transportation

Office of Inspector General

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Subject: INFORMATION: Advisory Report on Coolidge  
Municipal Airport Hotline Complaint  
AV-1998-195

Date: August 28, 1998

From: Alexis M. Stefani   
Deputy Assistant Inspector General  
for Aviation

Reply to  
Attn of: JA-10:60500

To: Susan L. Kurland  
Associate Administrator for Airports, ARP-1

This report summarizes the results of our review of a hotline complaint alleging misuse of airport revenue at the Coolidge Municipal Airport (Airport) in Coolidge, Arizona. The complainant specifically alleged the City of Coolidge (sponsor of the Coolidge Municipal Airport) could not account for \$575,000 in lease revenue received from the United States Air Force (Air Force), and did not have support for paying a former tenant \$375,000 to relocate from the Airport. The complainant also referred to a burglary at the Airport during which \$42,000 in military high altitude parachute equipment was stolen. We did not review the theft of equipment since this issue was not under our jurisdiction.

We performed our review at the Federal Aviation Administration (FAA) Airport District Office in Los Angeles, California; and the City of Coolidge offices in Coolidge, Arizona. We reviewed financial records; interviewed FAA and sponsor officials; and toured Airport property. The work was done in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States.

## Results

We found the sponsor had recorded in Airport accounts \$500,000 of the lease revenues received from the Air Force during Fiscal Years (FY) 1991 and 1992. We could not substantiate the remaining \$75,000 of lease revenue. These funds were received before FY 1991 and the sponsor did not retain records beyond 6 fiscal years. However, nothing came to our attention that would indicate the revenues from earlier years were not recorded in Airport accounts. We also found the \$375,000 paid to a former tenant to relocate from the Airport was supported with canceled checks and an agreement signed by the Mayor of

Coolidge, and was recorded in Airport accounts. We provided our results to the complainant at a meeting on May 7, 1998.

In the course of reviewing the hotline complaint, we found the Airport records did not account for \$2,368 in lease payments received from an Airport tenant during FYs 1991, 1992, and 1993.

### Recommendation

We recommend FAA require that the City of Coolidge pay the Airport \$2,368 for lease payments not recorded in Airport accounts.

### Management Response

In a July 13, 1998 reply to our June 26, 1998 Draft Advisory Memorandum, FAA agreed to direct the sponsor to provide the Airport with a credit for unrecorded lease payments unless the sponsor could provide documentation to support the transaction. FAA's comments are included as the attachment to this report.

In a July 28, 1998 letter to FAA, the City of Coolidge stated that \$2,368 was transferred from the General Fund to the Airport Enterprise Fund as of June 30, 1998 for the unrecorded lease payments identified by the Office of Inspector General. The City of Coolidge provided documentation prepared by its certified public accountants showing that the \$60,000 cash balance we questioned in our Draft Advisory Memorandum was properly transferred to the Airport Enterprise Fund. We, therefore, revised our report accordingly.

### Office of Inspector General Comments

The actions taken by FAA and the City of Coolidge are responsive to the recommendation. Therefore, the recommendation is considered resolved, subject to the followup provisions of Department of Transportation Order 8000.1C.

We appreciate the courtesies and cooperation extended by FAA. If you have any questions, please call me on (202) 366-1992 or Robin K. Hunt, Program Director for Aviation Security and Infrastructure, on (415) 744-3090.

Attachment

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U.S Department  
of Transportation  
**Federal Aviation  
Administration**

# Memorandum

Western-Pacific Region  
Airports Division  
P.O. Box 92007, WPC  
Los Angeles, CA 90009

Subject: **ACTION:** Draft Advisory Memorandum on  
Coolidge Municipal Airport Hotline  
Complaint

Date: JUL 13 1998

From: Manager, Airports Division, Western-  
Pacific Region, Federal Aviation  
Administration

Reply to: AWP-600  
Attn. of:

To: Deputy Assistant Inspector General for Aviation  
Office of Inspector General

This is in reply to your Draft Advisory Memorandum dated June 26, 1998, concerning the Coolidge Municipal Airport Hotline Complaint in which you summarized the results of your audit review.

While your review was not able to substantiate the allegations of the complainant, it disclosed that the city of Coolidge did not account for \$2,368 in lease payments from an airport tenant and left an airport cash balance of about \$60,000 in the city's General Fund rather than transfer the funds into the newly created Airport Enterprise Fund in fiscal year 1997.

Unless the airport sponsor can substantiate that the amounts stated in the Draft Advisory Memorandum do not fully reflect an accurate accounting of its financial transactions, we shall direct the city of Coolidge to:

1. Provide the airport with a credit of \$2,368 for the lease payments that were not recorded in the airport account.
2. Transfer the airport's cash balance of \$60,000 from the city's General Fund to the Airport Enterprise Fund.

We shall communicate with the city of Coolidge within 20 days and ask the city to reply within 30 days with documentation to substantiate their corrective action or any disagreement with the conclusions of the hot line review.

  
Herman C. Bliss

cc: Robin K. Hunt