



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

Office of Inspector General

# Memorandum

Subject: INFORMATION: Management Advisory  
Memorandum on Los Angeles World Airports,  
City of Los Angeles  
Report No. AV-1998-021

Date: October 20, 1997

From: **Kenneth M. Mead**  
Inspector General *K.M. Mead*

Reply to  
Attn of:

To: Federal Transit Administrator  
Federal Aviation Administrator

Pursuant to an August 12, 1997, request from the FTA, we conducted an audit of revenue retention at the Los Angeles World Airports, City of Los Angeles. The audit was required by Fiscal Year 1997 DOT Appropriation Act Conference Report 104-785, to determine whether revenues were illegally diverted from the airport to the city during that fiscal year.

Our review of revenue diversions from October 1, 1996 to January 31, 1997, was presented in Report No. R9-FA-7-005, dated March 7, 1997. This audit, therefore, covered the period February 1, 1997 to September 18, 1997. We identified approximately \$1,371,284 in revenues diverted from the airport to the city relating to: (1) police services; (2) rent-free use of airport property; (3) traffic and parking citation revenues; and (4) support services.

We discussed the audit results with the Executive Director of Los Angeles World Airports and the Senior Assistant City Attorney of Los Angeles. These officials immediately arranged for the city to repay the airport and agreed to comply with the revenue grant assurance provisions of the Airport and Airway Improvement Act of 1982, as amended.

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cc: The Secretary  
The Deputy Secretary  
General Counsel