Dallas Fort Worth International Airport  
P.O. Box 619428  
DFW Airport, TX 75261  

February 12, 2019  

Mr. David Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856-5116  

RE: Financial Reporting Model Improvements Preliminary Views (Project No. 3-25)  

Dear Mr. Bean:  

Dallas Fort Worth International Airport (DFW) welcomes the opportunity to comment on the Financial Reporting Model Improvements Preliminary Views (PV). DFW is a large special-purpose government engaged only in business-type activities. As such, DFW issues its own set of financial statements.  

DFW believes the categorization between operating and non-operating revenues on the Statement of Revenues, Expenses and Changes in Net Position is important and should be relevant to the operations of the enterprise. DFW is pleased that the PV addresses this issue. Under current reporting, DFW believes operating income is not appropriately presented because it excludes two major streams of revenues directly related to its daily operations and paid by airport customers – Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs).  

Currently, US airports report PFCs as non-operating revenue per a specific reference to PFCs in GASB 34. Because of this wording, most airports also report CFCs as non-operating, although there are some airports that report CFCs as either operating revenues or capital contributions. CFCs are user charges paid by consumers who use airport car rental facilities.  

The PV defines non-operating revenues as “resources provided by another party or fund to keep the rates lower than otherwise would be necessary to support the level of goods and services provided.” Both PFCs and CFCs are user fees, paid by airport customers to use airport facilities. According to the definition of a subsidy in the PV, PFCs and CFCs are not subsidies because they are not paid “by another party.” They
are exchange-like transactions based on enplaned passengers and rental car transaction days, two of the most fundamental operating indicators for an airport. These fees are paid by airport customers.

According to its current agreement with the airlines, DFW’s PFCs and other non-airline revenues, such as parking, concession, ground transportation and commercial development revenues, impact various airline rates. These revenues are directly tied to use of DFW facilities. If an airport customer pays the airport a $4.50 PFC and $4.50 a day to park, these revenues should be reported as operating income regardless of their impact on airline rates.

PFCs and CFCs, just like airline, parking, and other revenues are used to pay for debt service payments that were incurred to construct airport facilities. Debt principal payments are analogous to depreciation expense in the GAAP financials. Depreciation expense is categorized as an operating expense. Because of the different treatment of PFC/CFC revenue and the related depreciation, it is not difficult to understand why operating income for a large US airport is currently not a meaningful number. In FY 2018, DFW generated $148 million in PFCs and CFCs. This number is 2.1 times higher than DFW’s operating income. DFW is pleased that based on the wording in the PV, DFW’s income statement and cash flow statement will now be more relevant when reporting the results of operations. Also, the PV will promote consistency of presentation of CFCs among airports.

As a minor point, DFW questions the value of requiring a breakout of capital and non-capital subsidies with an additional income subtotal.

DFW appreciates the efforts of the Governmental Accounting Standards Board to improve the effectiveness of financial reporting for proprietary funds. We believe reflecting PFCs and CFCs as operating revenues accomplishes this worthy goal. We appreciate the opportunity to provide comments. Please do not hesitate to contact us if we can provide any additional information.

Sincerely,

Max Underwood
Vice President of Finance
Dallas Fort Worth International Airport