





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,

A handwritten signature in black ink that reads 'Max Underwood'.

Max Underwood  
Vice President of Finance  
Dallas Fort Worth International Airport