

ACI Annual Meeting – Finance Committee Reconciling GAAP and Use Agreement Accounting

September 30, 2017



Reconciling GAAP and Use Agreements in CAFRs

GAAP Accounting is making it harder and harder to understand an airport's business

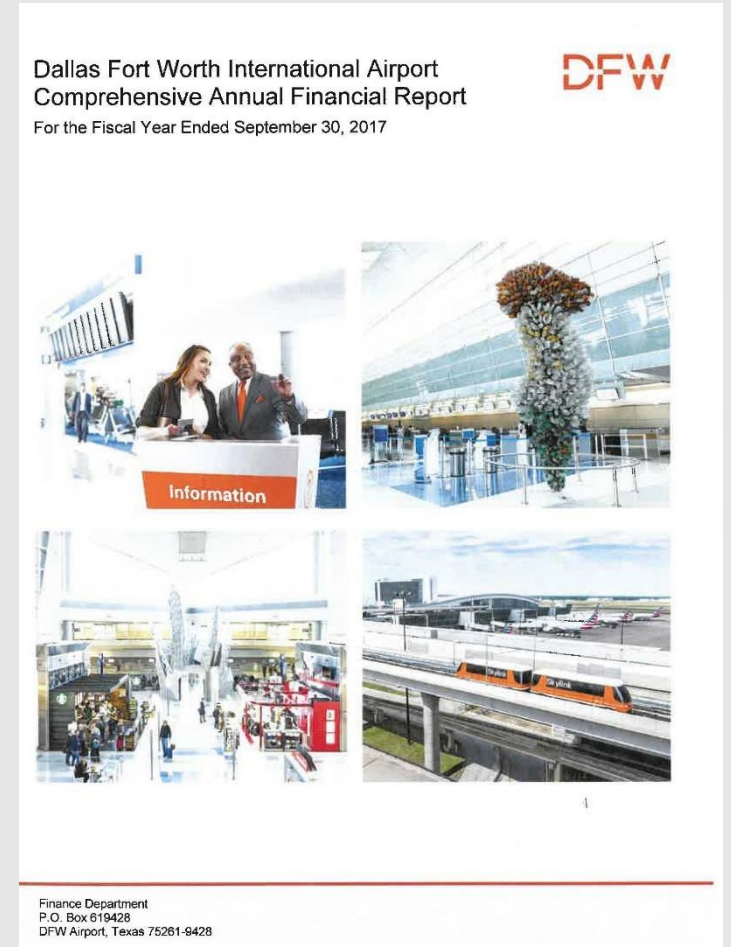
Goal – to show a reconciliation from GAAP to how airports run their business

Three basic differences between GAAP and Use Agreements

- Accounting differences (debt service vs depreciation)
- Utilization of capital funds (transfers, expenses)
- Revenues/expenses not in use agreement (grants, hotel, natural gas)

DFW will place new section in MD&A right after the Change in Net Position section

Deloitte has agreed in concept, but have not reviewed written disclosure yet



Major Differences

	Line Item	GAAP	Use Agreement (Operating Fund)
Accounting	Recovery of capital charges	Depreciation	Bond principal paid
	Interest expense	Net of premium/discount, refunding costs	Accrued interest only
	Capitalized interest	Offset to interest expense, measured as project costs incurred not when borrowed	Recovered through debt principal payments after date of beneficial occupancy
	Asbestos removal	Expense immediately	Included in project costs funded with debt service
	Defined benefit pension costs	Expense per GASB	Contributions only
	Passenger facility charges	Revenue recognized	Funds recognized after funding two-month reserve
	Operating reserve	No expense	25% reserve funding requirement
Capital Funds	Transfers from capital funds	Intercompany elimination	Revenue and Debt service offset
	Debt service	Debt service sinking fund	
	Expenses paid from capital funds	Actual incurred expensed	Not included
	Air service incentives	Actual incurred expensed	
Not in Use Agreement (Operating Fund)	Public Facility Improvement Corporation (PFIC)	Hyatt Hotel and Rental Car facility/transportation funds	Not included or recognized in Operating Fund
	Grants	Gov't reimbursements for project related costs	
	Natural gas	Special fund for royalties	
	Non-operating interest income	Non-operating income	
	Other revenues and expenses	Non-operating funds	

Summary Table

GAAP-Use Agreement	For the Year Ended (000s)	
	FY 2017	FY 2016
Change in net position	\$ 7.0	\$ (88.7)
Accounting	129.0	177.4
Capital	28.9	32.8
Not in use agreement	(83.2)	(38.6)
Change in DFW capital account	81.7	82.9
Reduction to airline rates	50.3	55.2
DFW cost center net revenues	\$ 132.0	\$ 138.1