

Schedule of Passenger Facility  
Charges Collected and Expended and  
Report of Independent of Certified  
Public Accountants

**City of Dallas, Texas**

September 30, 2019

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City of Dallas, Texas

SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

Period ended September 30, 2018 and each quarter during the fiscal year ended September 30, 2019 with cumulative totals as of September 30, 2019

	Cumulative Program Total - Period Ended September 30, 2018	Quarter 1 October Through December	Quarter 2 January Through March	Quarter 3 April Through June	Quarter 4 July Through September	Period Ended September 30, 2019 Total	Cumulative Program Total - Period Ended September 30, 2019
<b>Revenues:</b>							
Passenger Facility Charges Revenue	\$ 206,872,262	\$ 4,658,421	\$ 7,378,277	\$ 7,486,332	\$ 9,880,469	\$ 29,403,499	\$ 236,275,761
Interest Revenue	2,331,544	424,412	526,509	536,164	520,620	2,007,705	4,339,249
<b>Total Revenue</b>	<b>\$ 209,203,806</b>	<b>\$ 5,082,833</b>	<b>\$ 7,904,786</b>	<b>\$ 8,022,496</b>	<b>\$ 10,401,089</b>	<b>\$ 31,411,204</b>	<b>\$ 240,615,010</b>
<b>Expenditures:</b>							
<b>Application 10-03-C-00-DAL:</b>							
Project ID 03-002 - Taxiway L & D1 Reconstruction & Extension	2,915,832					-	2,915,832
Project ID 03-005 - Holding Pad Reconstruction	479,567					-	479,567
Project ID 03-006 - Airfield Electrical Vaults (Consolidate North & West)	912,293					-	912,293
Project ID 03-007 - Aircraft Apron & Fuel System	33,616,734					-	33,616,734
Project ID 03-008 - New Terminal (Bond Capital, Financing & Interest Expense)	45,000,000	5,000,000		5,000,000		10,000,000	55,000,000
Project ID 03-009 - Dallas Love Field Storm Water Outflow Control System	602,179					-	602,179
Project ID 03-010 - Dallas Love Field Runway Safety Enhancement	3,120,570					-	3,120,570
Project ID 03-011 - Dallas Love Field New Field Maintenance Facility	3,000,000					-	3,000,000
Project ID 03-012 - Taxiway C and K Rehabilitation	1,937,500					-	1,937,500
Project ID 03-014 - Acquire 3000 Gallon Replacement-ARFF Vehicle	250,000					-	250,000
Project ID 03-016 - Rehabilitative Runways	3,574,312					-	3,574,312
Project ID 03-017 - Taxiways B, C and N Construct & Rehabilitate	1,332,555					-	1,332,555
Project ID 03-018 - Upgrade Runway Lighting	2,357,328					-	2,357,328
Project ID 03-019 - Rehabilitate East & West Concourse Aprons	1,964,068					-	1,964,068
Project ID 03-020 - Terminal Rehabilitation	5,691,822					-	5,691,822
Project ID 03-021 - Enhance Security	2,526,643					-	2,526,643
Project ID 03-022 - Service Road Rehabilitation	468,464					-	468,464
Project ID 03-023 - Noise Mitigation	1,913,478					-	1,913,478
Project ID 03-024 - Conduct Planning Studies (TARPS)	677,248					-	677,248
Project ID 03-025 - Acquire Safety Equipment	157,158					-	157,158
Project ID 03-026 - Access Road Rehabilitate	3,302,280					-	3,302,280
<b>Expenditures:</b>							
<b>Application 10-03-C-01-DAL:</b>							
Project ID 03-001 - Taxiways A, B & D Reconstruction	6,337,974					-	6,337,974
Project ID 03-003 - Taxiway B Modifications	1,357,586					-	1,357,586
<b>Expenditures:</b>							
<b>Application 12-04-C-00-DAL:</b>							
Project ID 4-002 - Taxiway A, M, & B Shoulder Reconstruction	2,879,970					-	2,879,970
Project ID 4-003 - Runway 13L/31R Reseal	2,007,461					-	2,007,461
Project ID 4-005 - Airfield Drainage - Master Plan - Airport East Side	1,949,500					-	1,949,500
Project ID 4-008 - Snow Removal Equipment Replacement	1,500,000					-	1,500,000
Project ID 4-009 - Taxiway D2 Connector	1,121,000					-	1,121,000
Project ID 4-010 - Airport Perimeter Roads Rehabilitation-Design	205,145					-	205,145
Project ID 4-011 - Metropolitan Setting Designation (MSD) Platting	500,000					-	500,000
Project ID 4-012 - Wildlife Hazard Assessment	22,503					-	22,503
Project ID 4-013 - PFC Audit (30 years)	61,155					-	61,155
Project ID 4-014 - PFC Professional Fees (preparation & submittal of PFC applications)	138,698					-	138,698
<b>Total Expenditures</b>	<b>\$ 133,881,023</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>\$ 143,881,023</b>
<b>Net Passenger Facility Charges (PFC) Revenue</b>	<b>\$ 75,322,783</b>	<b>\$ 82,833</b>	<b>\$ 7,904,786</b>	<b>\$ 3,022,496</b>	<b>\$ 10,401,089</b>	<b>\$ 21,411,204</b>	<b>\$ 96,733,987</b>

**City of Dallas, Texas**

**NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**

**September 30, 2019**

**General**

The Aviation and Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of Passenger Facility Charges (PFC) and use of PFC revenue on Federal Aviation Administration (FAA) approved projects. The significant events for the PFC revenues on FAA approved projects are discussed below:

- On December 20, 2007, the FAA approved a \$3.00 Passenger Facility Charge collection at Dallas Love Field Airport (DAL) effective February 1, 2008 per PFC Application 08-02-C-00-DAL. The total approved amount of PFC revenue plus interest DAL was allowed to collect under this application was \$38,994,339.
- PFC Application 10-03-C-00-DAL, approved on December 24, 2009, rescinded application 08-02-C-00-DAL and increased the approved collection rate from \$3.00 to \$4.50 effective February 1, 2010. The collection rate increase was approved to fund the acquisition, construction, expansion, installation, equipping of certain capital improvements, bond capital and financing and interest at Dallas Love Field Airport. As a result, the total approved revenue plus interest DAL is allowed to collect increased from \$38,994,339 to \$345,323,728 for 25 approved projects with an estimated Charge Expiration Date of March 1, 2022. Projects previously approved under application 08-02-C-00-DAL were blended with application 10-03-C-00-DAL.
- PFC Amendment 10-03-C-01-DAL, approved on November 15, 2011, amended application 10-03-C-00 DAL, and increased the total approved revenue plus interest DAL is allowed to collect from \$345,323,728 to \$383,636,108 with an increase of \$38,312,380 for previously approved projects with an estimated Charge Expiration Date of April 1, 2026. The amendment modifies these projects: Taxiways A, B, & D Reconstruction, Taxiway B Modifications; Taxiway M Extension and Perimeter Road Rehabilitation.
- PFC Application 12-04-C-00-DAL, approved on February 13, 2012, indicates that the City is approved to impose and use \$13,637,816 for 13 additional approved projects with an estimated Charge Expiration Date of October 1, 2027. The total approved revenue plus interest DAL is allowed to collect increased from \$383,636,108 to \$397,273,924
- During fiscal year 2014, in accordance with Section 158.37(b) of the Federal Aviation Regulations (14CFR Part 158), the Federal Aviation Administration (FAA) approved the City of Dallas, Department of Aviation amendment requests to delete the following previously approved projects:

Amendment Application Number	Project Name	Previous Approved Amount	Net Decrease
10-03-C-02-DAL	Perimeter Road Rehabilitation	\$ 9,300,000	\$ (9,300,000)
10-03-C-03-DAL	Taxiway M Extension	25,250,000	(25,250,000)
12-04-C-01-DAL	3000 gallon 2 ARFF Trucks Replacement	600,000	(600,000)
12-04-C-02-DAL	Security Controls Enhancement	2,050,000	(2,050,000)
	Total	<u>\$ 37,200,000</u>	<u>\$ (37,200,000)</u>

**City of Dallas, Texas**

**NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED -  
CONTINUED**

**September 30, 2019**

The total net effect of these amendments during fiscal year 2014 decreased the PFC imposes and uses authority by \$37,200,000 from \$397,273,924 to \$360,073,924 with a revised charge expiration date as shown below:

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>	<u>Charge Expiration Date</u>
08-02-C-00-DAL	\$ 38,994,339	\$ 38,994,339	
08-02-C-01-DAL	-	-	
08-02-C-02-DAL	(38,994,339)	(38,994,339)	
10-03-C-00-DAL	345,323,728	345,323,728	
10-03-C-01-DAL	38,312,380	38,312,380	
10-03-C-02-DAL	(9,300,000)	(9,300,000)	
10-03-C-03-DAL	(25,250,000)	(25,250,000)	
Sub-Total	<u>349,086,108</u>	<u>349,086,108</u>	5/1/2024
12-04-C-00-DAL	13,637,816	13,637,816	
12-04-C-01-DAL	(600,000)	(600,000)	
12-04-C-02-DAL	(2,050,000)	(2,050,000)	
Sub-Total	<u>10,987,816</u>	<u>10,987,816</u>	12/1/2024
Total	<u>\$360,073,924</u>	<u>\$360,073,924</u>	

- During fiscal year 2016, in accordance with Section 158.37(b) of the Federal Aviation Regulations (14CFR Part 158), the Federal Aviation Administration (FAA) approved the City of Dallas, Department of Aviation amendment requests to modify the following previously approved projects (this amendment is 10-03-C-04-DAL):

<u>Amendment Application Number</u>	<u>Project Name</u>	<u>Previous Approved Amount</u>	<u>Net (Decrease) Increase</u>
10-03-C-01-DAL-001	Reconstruct Taxiways A, B, and D	\$ 6,390,425	\$ (52,451)
10-03-C-03-DAL-003	Taxiway B Modification	1,769,330	(240,188)
10-03-C-03-DAL-005	Holding Pad Reconstruction	605,889	(126,322)
10-03-C-03-DAL-007	Aircraft Apron and Fuel System	28,165,000	5,451,734
	Total	<u>\$ 36,930,644</u>	<u>\$ 5,023,773</u>

**City of Dallas, Texas**

**NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED -  
CONTINUED**

**September 30, 2019**

The total net effect of these amendments during fiscal year 2016 increased the PFC imposes and uses authority by \$5,032,773 from \$360,073,924 to \$365,106,697 with a revised charge expiration date as shown below:

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>	<u>Charge Expiration Date</u>
08-02-C-00-DAL	\$ 38,994,339	\$ 38,994,339	
08-02-C-01-DAL	-	-	
08-02-C-02-DAL	(38,994,339)	(38,994,339)	
10-03-C-00-DAL	345,323,728	345,323,728	
10-03-C-01-DAL	38,312,380	38,312,380	
10-03-C-02-DAL	(9,300,000)	(9,300,000)	
10-03-C-03-DAL	(25,250,000)	(25,250,000)	
10-03-C-04-DAL	5,023,773	5,032,773	
Sub-Total	<u>354,118,881</u>	<u>354,118,881</u>	7/1/2024
12-04-C-00-DAL	13,637,816	13,637,816	
12-04-C-01-DAL	(600,000)	(600,000)	
12-04-C-02-DAL	(2,050,000)	(2,050,000)	
Sub-Total	<u>10,987,816</u>	<u>10,987,816</u>	2/1/2025
Total	<u>\$365,106,697</u>	<u>\$365,106,697</u>	

***Schedule of Passenger Facility Charges Collected and Expended***

The accompanying Schedule of Passenger Facility Charges Collected and Expended presents the revenues received from the Passenger Facility Charges and expenditures incurred on approved projects on the accrual basis of accounting.

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

Honorable Mayor and Members of the City Council  
City of Dallas, Texas

### **Report on compliance for Passenger Facility Charge program**

We have audited the compliance of the City of Dallas, Texas (the "City") with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on its Passenger Facility Charge program for the year ended September 30, 2019. The City's Passenger Facility Charge program is identified in the Passenger Facility Charge Program Audit Summary.

#### **Management's responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its Passenger Facility Charge program.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on compliance for the City's Passenger Facility Charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Passenger Facility Charge program. However, our audit does not provide a legal determination of the City's compliance.

#### **Opinion on the Passenger Facility Charge program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Passenger Facility Charge program for the year ended September 30, 2019.

## Report on internal control over compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on its Passenger Facility Charge program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its Passenger Facility Charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Passenger Facility Charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Passenger Facility Charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Passenger Facility Charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas  
March 13, 2020



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE  
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND  
EXPENDED**

Honorable Mayor and Members of City Council  
City of Dallas, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and our report thereon dated March 13, 2020, expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively compromise the City's basic financial statement.

The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Dallas, Texas  
March 13, 2020

City of Dallas, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PASSENGER FACILITY CHARGE PROGRAM

Year ended September 30, 2019

**Section I: Summary of Auditor's Results**

Internal control over Passenger Facility Charge program:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance for Passenger Facility Charge program	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with <i>Passenger Facility Charge Audit Guide for Public Agencies</i> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Section II: Findings and Questioned Costs Passenger Facility Charge Program**

None.