

**NORMAN Y. MINETA
SAN JOSE INTERNATIONAL AIRPORT**

Customer Facility Charge Schedule of
Revenues and Expenditures for
Years Ended June 30, 2000 through 2011

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Years Ended June 30, 2000 through June 30, 2011

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Sacramento

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San Diego

Seattle

**Independent Auditor's Report on the
Schedule of Customer Facility Charge
Revenues and Expenditures**

The Honorable City Council
 City of San José, California

We have previously audited the basic financial statements of the Norman Y. Mineta San José International Airport (Airport), a Department of the City of San José, California (City) as of and for the years ended June 30, 2000 and 2001, 2002 and 2003, 2004 and 2005, 2006 and 2007, 2008 and 2009, and 2010 and 2011, which are not presented with the accompanying Schedule of Customer Facility Charge Revenues and Expenditures. We have expressed unqualified opinions on those financial statements and issued our reports thereon dated as follows:

<u>Years Ended June 30,</u>	<u>Audit Report Date</u>
2000 and 2001	August 24, 2001
2002 and 2003	September 12, 2003
2004 and 2005	September 16, 2005
2006 and 2007	October 5, 2007
2008 and 2009	October 26, 2009
2010 and 2011	November 30, 2011

Those financial statements are the responsibility of the Airport's management. Our responsibility was to express an opinion on those financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those audits were conducted for the purposes of forming an opinion on the financial statements as a whole.

The accompanying Schedule of Customer Facility Charge Revenues and Expenditures related to the financial statements for the years ended June 30, 2000 and 2001, 2002 and 2003, 2004 and 2005, 2006 and 2007, 2008 and 2009, and 2010 and 2011 is presented for purposes of additional analysis as specified in the California Civil Code Section 1936, and is not a required part of the Airport's financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements for the years ended June 30, 2000 and 2001, 2002 and 2003, 2004 and 2005, 2006 and 2007, 2008 and 2009, and 2010 and 2011. The information has been subjected to the auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the years ended June 30, 2000 and 2001, 2002 and 2003, 2004 and 2005, 2006 and 2007, 2008 and 2009, and 2010 and 2011, as a whole.

This report is intended solely for the information and use of management and the City Council of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP

Walnut Creek, California

March 27, 2013

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NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

Schedule of Customer Facility Charge Revenues and Expenditures

Years Ended June 30, 2000 through June 30, 2011

Revenues:	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Customer facility charges	\$ 797,323	\$ 5,915,201	\$ 4,418,066	\$ 4,192,267	\$ 4,183,171	\$ 4,297,440
Facility rent	-	-	-	-	-	78,905
Other	(392)	75,757	79,416	39,821	9,408	18,970
Total revenues	<u>796,931</u>	<u>5,990,958</u>	<u>4,497,482</u>	<u>4,232,088</u>	<u>4,192,579</u>	<u>4,395,315</u>
Expenditures:						
Operational expenditures	594,165	4,681,521	4,684,544	4,356,225	4,469,909	4,531,253
ConRAC expenditures	-	-	-	-	-	-
Debt service expenditures on ConRAC project	-	-	-	-	-	-
Total expenditures	<u>594,165</u>	<u>4,681,521</u>	<u>4,684,544</u>	<u>4,356,225</u>	<u>4,469,909</u>	<u>4,531,253</u>
Revenues over (under) expenditures	<u>\$ 202,766</u>	<u>\$ 1,309,437</u>	<u>\$ (187,062)</u>	<u>\$ (124,137)</u>	<u>\$ (277,330)</u>	<u>\$ (135,938)</u>

See accompanying Notes to the Schedule of Customer Facility Charge Revenues and Expenditures.

NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

Schedule of Customer Facility Charge Revenues and Expenditures

Years Ended June 30, 2000 through June 30, 2011

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Revenues:
\$ 4,491,035	\$ 4,451,055	\$ 6,350,575	\$ 6,713,160	\$ 6,021,365	\$ 6,839,740	Customer facility charges
151,214	132,600	354,540	1,651,109	1,563,739	8,240,261	Facility rent
18,180	182,042	29,235	106,345	110,693	42,758	Other
<u>4,660,429</u>	<u>4,765,697</u>	<u>6,734,350</u>	<u>8,470,614</u>	<u>7,695,797</u>	<u>15,122,759</u>	Total revenues
						Expenditures:
4,709,293	4,719,843	4,898,294	5,032,087	4,703,345	5,825,609	Operational expenditures
-	-	2,096,235	3,347,900	3,012,460	-	ConRAC expenditures
-	-	-	-	-	9,297,150	Debt service expenditures on ConRAC project
<u>4,709,293</u>	<u>4,719,843</u>	<u>6,994,529</u>	<u>8,379,987</u>	<u>7,715,805</u>	<u>15,122,759</u>	Total expenditures
<u>\$ (48,864)</u>	<u>\$ 45,854</u>	<u>\$ (260,179)</u>	<u>\$ 90,627</u>	<u>\$ (20,008)</u>	<u>\$ -</u>	Revenues over (under) expenditures

See accompanying Notes to the Schedule of Customer Facility Charge Revenues and Expenditures.

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NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT
Notes to the Schedule of Customer Facility Charge Revenues and Expenditures
Years Ended June 30, 2000 through June 30, 2011

(1) GENERAL

California Civil Code Section 1936, as amended by Senate Bill 1192 (Code), permits an airport sponsor to require rental car companies to collect from a renter a Customer Facility Charge (CFC) to finance, design and construct a consolidated airport rental car facility; to finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system; and to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems.

The City began collecting a \$5 per transaction fee in May 2000. The City subsequently increased the CFC fee to \$10 per transaction in January 2008. Effective on December 1, 2011, pursuant to the Code, the City increased the CFC to \$6.00 per contract day, to a maximum of five days, on each rental to help pay for capital costs and related debt service associated with the Consolidated Rental Car Facility (ConRAC) and certain operating expenses related to the transportation of rental car customers between Terminal A and the ConRAC.

Pursuant to the Airport's agreements with the rental car companies, the rental car companies are required to make facility lease payments in an amount equal to the sum of annual debt service associated with the ConRAC plus coverage amounts and reserve fund requirements applicable to the ConRAC related debt service, less CFC revenues, plus operating costs for any transportation system operated by the City to transport passengers between the Terminal A and the ConRAC.

(2) BASIS OF ACCOUNTING

The accompanying schedule is presented using the accrual basis of accounting as described in Note 1 to the Airport's basic financial statements.

(3) RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

Expenditures of CFCs are reported in the City's basic financial statements as expenses for non-capital expenditures in the Airport enterprise fund. Certain CFC funds are transferred out to other Airport subfunds to fund capital costs and related debt service associated with the ConRAC and are reported as expenditures in the Schedule. The Airport also financed the project costs of the ConRAC through the issuance of City of San José, Norman Y. Mineta San José International Airport subordinated commercial paper notes and the Customer Facility Charges designated for the ConRAC facility. CFC expenditures agree or can be reconciled with the amounts reported in the City's basic financial statements.

**Independent Accountant's Report on Compliance with
Requirements of the Customer Facility Charge Program**

The Honorable City Council
City of San José, California

We have examined the Norman Y. Mineta San José International Airport's (Airport), a Department of the City of San José, California (City), compliance with requirements of California Civil Code Section 1936, applicable to its customer facility charge program for the years ended June 30, 2000 through 2011 as follows:

- Customer facility charges were used to finance, design, and construct consolidated airport car rental facilities.
- Customer facility charges were used to finance, design, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system.
- Customer facility charges were used to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems.

Management is responsible for the Airport's compliance with those requirements. Our responsibility is to express an opinion on the Airport's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Airport's compliance with specified requirements.

In our opinion, the Airport complied, in all material respects, with the aforementioned requirements for the years ended June 30, 2000 through 2011.

This report is intended solely for the information and use of management and the City Council of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP

Walnut Creek, California
March 27, 2013