

Airport Surplus Revenue Fund**Fund 524****PURPOSE OF THE FUND:**

The Airport Surplus Revenue Fund accounts for excess moneys from the Airport Revenue, after the setting aside and transferring of all of the amounts required to be set aside or transferred as specified by the provisions of the Master Trust Agreement, dated July 1, 2001, as supplemented and amended (“Master Trust Agreement”).

Activity in this fund – as described in the Master Trust Agreement – specify that excess funds that are transferred from the Airport Revenue Fund to the Airport Surplus Revenue Fund are deposited in the following respective special accounts within the Surplus Revenue Fund and in the following priority:

1. Subordinated Debt Account;
2. Rate Stabilization Fund;
3. Renewal and Replacement Account.

The Subordinated Debt Account is specifically for the payment of subordinated debt and the Rate Stabilization Fund is an amount established at the discretion of the City to reserve funds for unusual or exceptional circumstances to ensure the Airport’s continued operation. The Renewal and Replacement account is an established fund – the Airport Renewal and Replacement Fund – for capital projects such as repair and renovation of capital facilities and Airport equipment purchases.

Any funds, in excess of the amount equal to 25% of annual debt service and the Airport Surplus Revenue Fund deposits described above, may stay in the Airport Revenue Fund to be distributed to the Airport and the airlines in accordance with the revenue sharing provisions of the current Airline-Airport Lease and Operating Agreement.

AUTHORITY FOR THE FUND:

San José Municipal Code Section 4.80.010. Revenue and expenditure estimates are budgeted via City Council funding sources resolution and appropriation ordinance, respectively.

SOURCE OF FUNDS:

Transfers come from the Airport Revenue Fund, the Fiscal Agent Fund, and other Airport funds.

Airport Surplus Revenue Fund**Fund 524****FUND RESTRICTIONS:**

While the use of moneys within this fund is not subject to Proposition 218, certain moneys in this fund may be restricted, as described below.

Legal restrictions placed on this fund are subject to provisions of the Master Trust Agreement. Federal regulations prohibit the use and/or transfer of airport funds to any other funds for non-airport related costs and/or projects. There are no interest earnings restrictions in the Airport Revenue Fund. For further information regarding the flow of Airport funds into the Airport Surplus Revenue Fund, please refer to the Flow and Priority of Funds chart following the Airport Revenue Fund summary.

LEAD RESPONSIBILITY:

Airport Department

FINANCIAL INFORMATION AND LOCATION:**Comprehensive Annual Financial Report (CAFR) Designation:**

Proprietary Fund-Enterprise

Budget Location:

Adopted Operating Budget

Funding Sources Resolution and Appropriation Ordinance Location:

Section 9.05

NOTES:

This fund does not contain either operating or capital expenditures. Instead, funds are transferred to and from this fund for airport-related expenditures.