PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)

Single Audit, Passenger Facility Charge, and
Customer Facilities Charge Reports

Year Ended June 30, 2018



PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Single Audit, Passenger Facility Charge, and
Customer Facility Charge Reports

Year Ended June 30, 2018

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Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Port Commissioners
of the City of Oakland, California

We have audited, in accordance with the 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, the financial statements of the Port of Oakland, California (Port), a component unit of the City of Oakland, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated December 7, 2018. Our report included an emphasis-of-matter paragraph about the Port's adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and Statement No. 85, *Omnibus 2017*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 7, 2018

Certified Public Accountants

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Port Commissioners
of the City of Oakland, California

Report on Compliance for the Major Federal Program

We have audited the Port of Oakland, California's (Port), a component unit of the City of Oakland, California, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Port's major federal program for the year ended June 30, 2018. The Port's major federal program is identified in the summary of auditor's results section of the accompanying federal awards schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Port's major federal 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Port'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 major federal program. However, our audit does not provide a legal determination of the Port's compliance.

Opinion on the Major Federal Program

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Port 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 Port's internal control over compliance with the types of

requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Port'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 a federal 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 a federal 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 a federal 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. We did not identify any deficiencies in 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Port as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements. We issued our report thereon dated December 7, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 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, including comparing and reconciling such 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 28, 2019

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Agency and Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures
U.S. Department of Transportation		
Federal Aviation Administration		
Direct Program - Airport Improvement Program (AIP)		
AIP-68	20.106	$ 1,643,672
AIP-71	20.106	387,824
AIP-73	20.106	89,620
AIP-75	20.106	1,304,480
AIP-76	20.106	36,361,434
AIP-78	20.106	1,874,912
Total U.S. Department of Transportation		41,661,942
U.S. Department of Homeland Security		
Direct Program - Port Security Grant Program		
FY 2013 (Round 13) (EMW-2013-PU-00195)	97.056	121,457
Total U.S. Department of Homeland Security		121,457
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 41,783,399

The accompanying notes are an integral part of this schedule.

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

(1) General

The schedule of expenditures of federal awards (SEFA) presents the activity of the federal award programs of the Port of Oakland, California (Port). The reporting entity is defined in Note 1 of the Port's financial statements. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Basis of Accounting

The SEFA is presented using the accrual basis of accounting as described in Note 2 to the Port's financial statements. Expenditures of federal awards are reported in the Port's financial statements as non-operating grant expenses or as additions to capital assets. Payments to subrecipients, of which there were none during the year ended June 30, 2018, are included in the SEFA when the disbursement is made by the Port to the subrecipient.

The Port has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Relationship to Federal Financial Reports

Amounts reported in the SEFA agree to or can be reconciled with the amounts reported in the related federal financial reports.

(4) Overhead Rate Adjustment

During the year ended June 30, 2018, the Port received a final decision from the Federal Aviation Administration (FAA) on indirect rates for fiscal years 2013-14 and 2014-15. As a result, the Port repaid the FAA $69,706 of prior year overhead charges, which are reported as a reduction of expenditures in the SEFA for the year ended June 30, 2018.

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Federal Awards Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported
Noncompliance material to the basic financial statements noted?	No

Federal Awards

Internal control over major federal program:	
♦ Material weakness(es) identified?	No
♦ Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program:	CFDA No. 20.106 – U.S. Department of Transportation – Airport Improvement Program
Dollar threshold used to distinguish between type A and type B programs	$1,253,502
Auditee qualified as a low-risk auditee?	Yes

Section II Financial Statement Findings

None reported in the current year.

Section III Federal Award Findings and Questioned Costs

None reported in the current year.

Section IV Status of Prior Year Findings

None reported in the prior year.

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Certified Public Accountants

Independent Auditor's Report on Compliance With Applicable Requirements of the Passenger Facility Charge Program; Report on Internal Control Over Compliance in Accordance With the *Passenger Facility Charge Audit Guide for Public Agencies*; and Report on Schedule of Passenger Facility Charge Cash Receipts, Cash Disbursements and Interest by Quarter

Board of Port Commissioners
of the City of Oakland, California

Compliance

We have audited the Port of Oakland's (Port), a component unit of the City of Oakland, California, compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (PFC Guide), issued by the Federal Aviation Administration (FAA), applicable to the Port's passenger facility charge (PFC) program for the year ended June 30, 2018.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Port's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Port's compliance based on our audit.

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 PFC Guide. Those standards and the PFC Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the PFC program occurred. An audit includes examining, on a test basis, evidence about the Port'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. Our audit does not provide a legal determination of the Port's compliance with those requirements.

Opinion

In our opinion, the Port complied, in all material respects, with the compliance requirements referred to above that are applicable to the Port's PFC program for the year ended June 30, 2018.

Internal Control over Compliance

Management of the Port is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the PFC 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 Port's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 PFC Guide. Accordingly, this report is not suitable for any other purpose.

Schedule of Passenger Facility Charge Cash Receipts, Cash Disbursements, and Interest by Quarter

We have audited the financial statements of the Port as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements. We issued our report thereon dated December 7, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Passenger Facility Charge Cash Receipts, Cash Disbursements and Interest by Quarter (PFC Schedule) is presented for purposes of additional analysis as required by the PFC Guide, and is not a required part of the basic 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 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, including comparing and reconciling such 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 PFC Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 28, 2019

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
SCHEDULE OF PASSENGER FACILITY CHARGE CASH RECEIPTS,
CASH DISBURSEMENTS AND INTEREST BY QUARTER
YEAR ENDED JUNE 30, 2018

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Cash receipts	$ 6,689,050	$ 6,221,147	$ 6,030,510	$ 6,790,338	$ 25,731,045
Cash disbursements	(9,335,898)	(6,695,087)	(5,792,284)	(13,316,040)	(35,139,309)
Interest income	(2,214)	15,746	13,756	45,238	72,526
Excess of cash receipts and interest income over cash disbursements					(9,335,738)
Unrealized gains on investments					-
Unexpended cash balance at June 30, 2017					9,348,447
Unexpended cash balance at June 30, 2018					$ 12,709

The accompanying notes are an integral part of this schedule.

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Notes to Schedule of Passenger Facility Charge Cash Receipts,
Cash Disbursements and Interest By Quarter
Year Ended June 30, 2018

(1) General

The Port of Oakland, California (Port), as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (Act), as amended, imposes a Passenger Facility Charge (PFC) of $4.50 per enplaning passenger at the Oakland International Airport. Under the Act, air carriers are responsible for the collection of PFC charges and are required to remit PFC revenues to the Port in the following month after they are recorded by the air carrier. The Port has four approved applications with the FAA, two of which are active. The current authority to impose PFCs is estimated to end February 1, 2035.

PFC revenues, including any interest earned thereon, are restricted solely to finance allowable costs of new airport planning and development projects as defined and authorized by the FAA. PFC revenues may be used to pay debt service and related expenditures associated with FAA approved projects, and the Port has received FAA approval to pay certain debt service if debt proceeds are used for qualifying projects.

(2) Significant Accounting Policies

Basis of accounting

The accompanying schedule of passenger facility cash receipts, cash disbursements and interest by quarter (PFC Schedule) is presented using the cash basis of accounting. Receipts represent amounts received from air carriers' enplaning passenger ticket sales. Disbursements represent Port payments for projects that have been authorized by the FAA under the Act.

Basis for quarterly reporting

The Port prepares quarterly reports, which are submitted to the FAA and to the airlines, of PFC amounts received and expended on the cash basis. The Port reimburses PFC disbursements by transferring cash to the Port Revenue Fund from the Restricted PFC Fund.

(3) Cash, Investments, and Deposits

The City of Oakland (City) Charter requires all revenues, including PFC revenues, to be deposited with the City Treasurer. These funds are pooled in a citywide pool and invested by the City Treasurer pursuant to the investment policy adopted by the City Council and guidelines specified in the California Government Code. The Port receives a monthly interest allocation from investment earnings of the City pool based on the average daily PFC balance on deposits and the earnings of the pool investments. PFC cash, investments, and deposits held by the City totaled $12,709 (at cost) at June 30, 2018.

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Passenger Facility Charge Program
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I Summary of Auditor's Results

Passenger Facility Charges

Internal control over the PFC program:	
♦ Material weakness(es) identified?	No
♦ Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for PFC program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the PFC Guide?	No

Section II PFC Program Findings and Questioned Costs

None reported in the current year.

Section III PFC Program Prior Year Findings

None reported in the prior year.

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Certified Public Accountants

Independent Auditor's Report on Compliance With Applicable Requirements of the Customer Facility Charge Program; Report on Internal Control over Compliance; and Report on Schedule of Customer Facility Charge Cash Receipts and Cash Disbursements

Board of Port Commissioners
of the City of Oakland, California

Compliance

We have audited the Port of Oakland, California's (Port), a component unit of the City of Oakland, California, compliance with the compliance requirements described in California Civil Code Chapter 1.5 (commencing with Section 1939.01) to Title 5 of Part 4 of Division 3, and California Government Code Section 50474.1 through section 50474.3 (CFC Code), applicable to the Port's customer facility charge (CFC) program for the year ended June 30, 2018.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Port's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Port's compliance based on our audit.

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 CFC Code. Those standards and the CFC Code require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the CFC program occurred. An audit includes examining, on a test basis, evidence about the Port'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. Our audit does not provide a legal determination of the Port's compliance with those requirements.

Opinion

In our opinion, the Port complied, in all material respects, with the compliance requirements referred to above that that are applicable to the Port's CFC program for the year ended June 30, 2018.

Internal Control over Compliance

Management of the Port is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 Port's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 CFC Code. Accordingly, this report is not suitable for any other purpose.

Schedule of Customer Facility Charge Cash Receipts and Cash Disbursements

We have audited the financial statements of the Port as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements. We issued our report thereon dated December 7, 2018**,** which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Customer Facility Charge Cash Receipts and Cash Disbursements (CFC Schedule) is presented for purposes of additional analysis as required by the CFC Code, and is not a required part of the Port's basic 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 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, including comparing and reconciling such 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 CFC Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 28, 2019

PORT OF OAKLAND, CALIFORNIA

(A Component Unit of the City of Oakland)

SCHEDULE OF CUSTOMER FACILITY CHARGE

CASH RECEIPTS AND CASH DISBURSEMENTS

YEAR ENDED JUNE 30, 2018

Cash receipts:		
Customer facility charges	$	5,774,861
Net investment income		72,113
Total cash receipts		5,846,974
Cash disbursements:		
Contractual services - shuttle bus operations		4,833,147
Construction		5,109,838
Total cash disbursements		9,942,985
Excess of cash receipts over cash disbursements		(4,096,011)
Unexpended cash at June 30, 2017		9,248,325
Unexpended cash at June 30, 2018	$	5,152,314

The accompanying notes are an integral part of this schedule.

PORT OF OAKLAND, CALIFORNIA
(A Component Unit of the City of Oakland)
Notes to Schedule of Customer Facility Charge Cash Receipts and Cash Disbursements
Year Ended June 30, 2018

(1) General

The Port of Oakland, California (Port), as authorized by California Civil Code Chapter 1.5 (commencing with Section 1939.01) to Title 5 of Part 4 of Division 3, and California Government Code Section 50474.1 through section 50474.3 (CFC Code), imposes a customer facility charge (CFC) of $10 per rental contract on rental car companies operating at Oakland International Airport and $8 per rental contract on rental car companies operating off the airport property, but utilizing the common-use shuttle bus service to transport customers. Under the CFC Code, rental car companies are responsible for the collection of CFC charges from renters and are required to remit CFC revenues to the Port.

CFC revenues, including any interest earned thereon, are restricted solely 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; to 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.

(2) Basis of accounting

The accompanying schedule of customer facility charge cash receipts and cash disbursements is presented using the cash basis of accounting. Receipts represent amounts received from rental car companies based on their collections from customers. Disbursements represent the Port's reimbursement from the CFC cash account for projects that are eligible under the CFC Code.

(3) Cash, Investments and Deposits

The City of Oakland (City) Charter requires all revenues, including CFC revenues, to be deposited with the City Treasurer. These funds are pooled in a citywide pool and invested by the City Treasurer pursuant to the investment policy adopted by the City Council and guidelines specified in the California Government Code. The Port receives a monthly interest allocation from investment earnings of the City pool based on the average daily CFC balance on deposits and the earnings of the investments in the pool. CFC cash, investments and deposits held by the City totaled $5,152,314 (at cost) at June 30, 2018. This amount is planned to be used for site security enhancements and future improvements to the consolidated rental car facility.