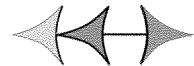


PORT OF OAKLAND

**RENTAL CAR FACILITY AND COMMON
USE TRANSPORTATION SYSTEM
PROJECT**

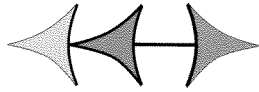
**STATEMENT OF DISBURSEMENTS ELIGIBLE FOR
REIMBURSEMENT BY CUSTOMER FACILITY CHARGES**

FOR THE YEAR ENDED JUNE 30, 2012



Kevin W. Harper CPA & Associates





Kevin W. Harper CPA & Associates

INDEPENDENT AUDITORS' REPORT

To the Board of Port Commissioners
of the City of Oakland, California:

We have audited the accompanying Statement of Disbursements Eligible for Reimbursement by Customer Facility Charges (the "Statement") of the Port of Oakland's Terminal Expansion Program – Rental Car Facility and Common Use Transportation System Project for the year ended June 30, 2012.

Management's Responsibility for the Financial Statement

Management of the Port of Oakland (the "Port") is responsible for the preparation and fair presentation of the Statement in accordance with the financial reporting provisions of Section 1936 of the California Civil Code. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying Statement presents fairly, in all material respects, the disbursements eligible for reimbursement by customer facility charges of the Port's Terminal Expansion Program – Rental Car Facility and Common Use Transportation

System Project for the year ended June 30, 2012, in accordance with the financial reporting provisions of Section 1936 of the California Civil Code.

Basis of Accounting

We draw attention to Note 2 to the Statement, which describes the basis of accounting. The Statement was prepared by the Port on the basis of the financial reporting provisions of Section 1936 of the California Civil Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Civil Code. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Port of Oakland's management, Audit Committee and Board of Port Commissioners, and the State of California Assembly and Senate, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin W. Hansen CPA & Associates

July 22, 2013

Port of Oakland

Terminal Expansion Program - Rental Car Facility and Common Use Transportation System Project
Statement of Disbursements Eligible for Reimbursement by Customer Facility Charges
Year Ended June 30, 2012

Consultants	34,896
Contractual Services:	
Shuttle Bus Operations	3,782,360
Purchase of Buses	428,906
Total Disbursements	<u>\$ 4,246,162</u>

The accompanying notes are an integral part of this Statement of Disbursements Eligible
for Reimbursement by Customer Facility Charges.

**Notes to Statement of Disbursements Eligible for
Reimbursement by Customer Facility Charges
For the Year Ended June 30, 2012**

NOTE 1 – BACKGROUND AND REPORTING ENTITY

The Port of Oakland (the “Port”) is undertaking an Airport Terminal Expansion Program, which includes an additional seven gates in an extended and renovated Terminal 2, a central utility plant, an expanded airport apron, an airport operations control center, a redeveloped roadway system, a financial information system, and reconfigured surface parking lots. In anticipation of construction of the parking garage and consolidated rental car facility, the Port constructed an interim rental car facility 2.7 miles away from the terminals, and began operating a common busing system to/from the interim rental car facility. In August 2003, the seven rental car companies operating at the Oakland International Airport were relocated to the interim rental car facility. One new rental car company commenced Oakland operations at the interim rental car facility and two rental car companies operating near the airport commenced use of the common busing system. Subsequently in January 2005, the Board of Port Commissioners and Port senior management decided to abandon further design and development of the parking garage and consolidated rental car facility.

State legislation (AB 491) that became effective January 2002 enables rental car companies in California to pass through to its customers a \$10 per contract customer facility charge that is imposed by an airport. The Board of Port Commissioners passed Ordinance No. 3685 on March 5, 2002 that established such customer facility charge at Oakland International Airport. The rental car companies began collecting the customer facility charges on behalf of the Port on April 1, 2002. The customer facility charges must be used to finance, design and construct consolidated airport rental car facilities and to provide common use transportation systems that move passengers between airport terminals and those rental car facilities.

The accompanying Statement of Disbursements Eligible for Reimbursement by Customer Facility Charges includes only those costs that are eligible for reimbursement by rental car company customers under the customer facility charges legislation. During the year ended June 30, 2012, such eligible costs were primarily related to operations of the common shuttle busing system.

In December 2011, the company operating the shuttle bus system entered into a contract with Gillig LLC to purchase twelve new buses at a cost of \$4,289,064. The \$428,906 expense shown on the accompanying Statement of Disbursements Eligible for Reimbursement by Customer Facility Charges represents the first installment payment for the new buses. The remaining cost of the buses is expected to be paid from Customer Facility Charges during fiscal year 2012-13.

NOTE 2 – BASIS OF ACCOUNTING

Basis of accounting refers to when expenses are recognized. The accompanying Statement of Disbursements Eligible for Reimbursement by Customer Facility Charges is prepared using the cash basis of accounting. Under the cash basis, expenses are recognized when cash is paid.