
San Diego County Regional Airport Authority

Customer Facility Charge Program Compliance Report Year Ended June 30, 2024

Independent Auditor's Reports

Report on Schedule of Customer Facility Charge Collections and Expenditures as Required by California Government Code Section 50474.21	1
Report on Compliance for the Customer Facility Charge Program and Report on Internal Control Over Compliance as Required by California Government Code Section 50474.21	2-3

Schedule of Customer Facility Charge Collections and Expenditures	4
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Notes to Schedule of Customer Facility Charge Collections and Expenditures	5
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Report on Schedule of Customer Facility Charge Collections and Expenditures as Required by California
Government Code Section 50474.21

Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2024.

The accompanying schedule of customer facility charge collections and expenditures is presented for the purpose of additional analysis, as specified in the California Government Code, Section 50474.21 (the "Code"), and is not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the 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 as a whole.

Plante & Moran, PLLC

October 31, 2024

Report on Compliance for the Customer Facility Charge Program and Report on Internal Control Over Compliance
as Required by California Government Code Section 50474.21

Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority

Report on Compliance for the Customer Facility Charge Program

Opinion on the Customer Facility Charge Program

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the California Government Code Section 50474.21 (the "Code") that are applicable to the Authority's customer facility charge program for the year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that are applicable to the customer facility charge program for the year ended June 30, 2024.

Basis for Opinion on the Customer Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Code. Our responsibilities under those standards and the Code are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Authority's customer facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Code will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the customer facility charge program as a whole.

To the Members of the Board
San Diego County Regional Airport Authority

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Code, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Code, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 customer 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 customer 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 customer 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Plante & Moran, PLLC

October 31, 2024

San Diego County Regional Airport Authority

Schedule of Customer Facility Charge Collections and Expenditures

Year Ended June 30, 2024

Description	Beginning Balance, Unapplied CFC	CFC Collections	Interest Earned	Expenditures	Ending Balance, Unapplied CFC
Collections and expenditures, quarter ended September 30, 2023	\$ 25,064,607	\$ 9,818,382	\$ 221,602	\$ 10,039,984	\$ 25,064,607
Collections and expenditures, quarter ended December 31, 2023	\$ 25,064,607	8,435,813	245,610	5,974,494	\$ 27,771,536
Collections and expenditures, quarter ended March 31, 2024	\$ 27,771,536	7,757,176	207,650	9,616,003	\$ 26,120,359
Collections and expenditures, quarter ended June 30, 2024	\$ 26,120,359	<u>9,467,962</u>	<u>204,577</u>	<u>9,949,691</u>	\$ 25,843,207
		<u>\$ 35,479,333</u>	<u>\$ 879,439</u>	<u>\$ 35,580,172</u>	

See notes to schedule of customer facility charge collections and expenditures.

Notes to Schedule of Customer Facility Charge Collections and Expenditures

Year Ended June 30, 2024

Note 1 - General

In May 2009, Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1936 et seq.) authorized San Diego County Regional Airport Authority (the "Airport Authority") to impose a \$10 customer facility charge (CFC) per contract on rental cars at the San Diego International Airport.

On October 4, 2012, the Airport Authority board of directors approved an alternative CFC rate modification from the \$10 CFC rate per contract to \$6.00 per day (up to a maximum of five days) to allow for the collection of sufficient CFC funds to cover the future costs of the anticipated consolidated rental car facility and centralized busing system. Effective January 1, 2014, the CFC fee increased from \$6.00 to \$7.50 per day up to a maximum of five days. As of June 30, 2016, a CFC forecast was examined to collect an alternative fee. This resulted in a CFC increase from \$7.50 to \$9.00 per day up to a maximum of five days, effective as of January 1, 2017.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operations. The Airport Authority is utilizing CFC revenue for the development-related debt requirements and operation of the consolidated rental car facility and a common use transportation system. The primary objectives of the project were to reduce vehicle traffic volume on the terminal curb front and Harbor Drive, provide a long-term rental car facility and site for airport passengers and rental car concessionaires, and implement a common use busing system.

Note 2 - Basis of Presentation

The accompanying schedule of customer facility charge collections and expenditures (the "Schedule") includes CFC activity of San Diego County Regional Airport Authority for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the California Government Code Section 50474.21 (the "Code").

CFC expenditures may consist of direct project costs, administrative costs, debt service, cost to operate common use transportation systems, and related financing costs. The accompanying schedule of customer facility charge collections and expenditures includes the eligible expenditures that have been applied against CFCs collected as of June 30, 2024.

Note 3 - Summary of Significant Accounting Policies

Revenue and expenditures reported in the Schedule are reported on the modified cash basis of accounting. Under the modified cash basis of accounting, CFC revenue is recognized when received rather than when earned (collections), and eligible expenditures are recognized when the related goods or services are provided or incurred.