



Program Reports for
**Spokane Airport Board
Passenger Facility Charge Program**
December 31, 2015

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE PASSENGER FACILITY CHARGE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY CHARGE PROGRAM AUDIT GUIDE FOR PUBLIC AGENCIES, AND REPORT ON THE SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM RECEIPTS AND EXPENDITURES

Spokane International Airport
Spokane, Washington

Report on Compliance for the Passenger Facility Charge Program

We have audited the compliance of the Spokane Airport Board ("Airport") with the types of compliance requirements described in the *Passenger Facility Charge Program Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), that could have a direct and material effect on its Passenger Facility Charge ("PFC") program for the year ended December 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the PFC program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the PFC program based on our audit of the 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 Guide. Those standards and the Guide 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 the PFC program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for the PFC program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on PFC Program

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the PFC program. In planning and performing our audit, we considered the Airport's internal control over compliance with the requirements that could have a direct and material effect on the PFC program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the 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 Airport'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 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 Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Passenger Facility Charge Program Receipts and Expenditures

We have audited the financial statements of the Spokane Airport Board as of December 31, 2015 and 2014, and for the years then ended, and have issued our report thereon dated June 3, 2016, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charges collected and used is presented for purposes of additional analysis as required by the Guide 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 audits of the financial statements and certain other 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 schedule of passenger facility charge program receipts and expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Spokane, Washington
June 3, 2016

**SPOKANE AIRPORT BOARD
PASSENGER FACILITY CHARGE PROGRAM
SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM
RECEIPTS AND EXPENDITURES FOR
YEAR ENDED DECEMBER 31, 2015**

| Program | Application Approved Number | Amount Authorized | Collection Level | Period Beginning Cumulative Collections | Current PFC Revenues | Current Interest Earned | Period Ending Cumulative Collections | Remaining Collection Authority | Period Beginning Cumulative Expenditures | Current Expenditures | Period Ending Cumulative Expenditures | Collections vs. Expenditures |
|---|-----------------------------|-------------------|------------------|---|----------------------|-------------------------|--------------------------------------|--------------------------------|--|----------------------|---------------------------------------|------------------------------|
| Quarter Ended March 31, 2015 | | | | | | | | | | | | |
| Passenger Facility Charges | 10-08-C-00-GEG | \$ 850,000 | 4.50 | \$ 850,000 | \$ - | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - |
| | 11-09-C-00-GEG | 16,365,000 | 4.50 | 16,798,715 | (433,715) | - | 16,365,000 | - | 14,424,930 | 890,035 | 15,314,965 | 1,050,035 |
| | 15-10-C-00-GEG | 15,036,120 | 4.50 | - | 1,347,164 | 2,510 | 1,349,674 | 13,686,446 | - | 1,066,531 | 1,066,531 | 283,143 |
| | | | | <u>\$ 17,648,715</u> | <u>\$ 913,449</u> | <u>\$ 2,510</u> | <u>\$ 18,564,674</u> | <u>\$ 13,686,446</u> | <u>\$ 15,274,930</u> | <u>\$ 1,956,566</u> | <u>\$ 17,231,496</u> | <u>\$ 1,333,177</u> |
| Quarter Ended June 30, 2015 | | | | | | | | | | | | |
| Passenger Facility Charges | 10-08-C-00-GEG | 850,000 | 4.50 | \$ 850,000 | \$ - | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - |
| | 11-09-C-00-GEG | 16,365,000 | 4.50 | 16,365,000 | (1,050,035) | - | 15,314,965 | - | 15,314,965 | - | 15,314,965 | - |
| | AMENDED 11-09-C | (1,050,035) | 4.50 | - | - | - | - | - | - | - | - | - |
| | 15-10-C-00-GEG | 15,036,120 | 4.50 | 1,349,674 | 2,601,101 | 6,158 | 3,956,932 | 11,079,188 | 1,066,531 | 183,868 | 1,250,399 | 2,706,533 |
| | | | | <u>\$ 18,564,674</u> | <u>\$ 1,551,066</u> | <u>\$ 6,158</u> | <u>\$ 20,121,898</u> | <u>\$ 11,079,188</u> | <u>\$ 17,231,496</u> | <u>\$ 183,868</u> | <u>\$ 17,415,364</u> | <u>\$ 2,706,533</u> |
| Quarter Ended September 30, 2015 | | | | | | | | | | | | |
| Passenger Facility Charges | 10-08-C-00-GEG | 850,000 | 4.50 | \$ 850,000 | \$ - | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - |
| | 11-09-C-00-GEG | 15,314,965 | 4.50 | 15,314,965 | - | - | 15,314,965 | - | 15,314,965 | - | 15,314,965 | - |
| | 15-10-C-00-GEG | 15,036,120 | 4.50 | 3,956,932 | 1,496,630 | 4,901 | 5,458,463 | 9,577,657 | 1,250,399 | 215,806 | 1,466,205 | 3,992,258 |
| | | | | <u>\$ 20,121,898</u> | <u>\$ 1,496,630</u> | <u>\$ 4,901</u> | <u>\$ 21,623,428</u> | <u>\$ 9,577,657</u> | <u>\$ 17,415,364</u> | <u>\$ 215,806</u> | <u>\$ 17,631,170</u> | <u>\$ 3,992,258</u> |
| Quarter Ended December 31, 2015 | | | | | | | | | | | | |
| Passenger Facility Charges | 10-08-C-00-GEG | 850,000 | 4.50 | \$ 850,000 | \$ - | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - |
| | 11-09-C-00-GEG | 15,314,965 | 4.50 | 15,314,965 | - | - | 15,314,965 | - | 15,314,965 | - | 15,314,965 | - |
| | 15-10-C-00-GEG | 15,036,120 | 4.50 | 5,458,463 | 2,005,030 | 9,468 | 7,472,962 | 7,563,158 | 1,466,205 | 156,122 | 1,622,327 | 5,850,635 |
| | | | | <u>\$ 21,623,428</u> | <u>\$ 2,005,030</u> | <u>\$ 9,468</u> | <u>\$ 23,637,927</u> | <u>\$ 7,563,158</u> | <u>\$ 17,631,170</u> | <u>\$ 156,122</u> | <u>\$ 17,787,292</u> | <u>\$ 5,850,635</u> |
| Year Ended December 31, 2015 | | | | | | | | | | | | |
| Passenger Facility Charges | 10-08-C-00-GEG | 850,000 | 4.50 | \$ 850,000 | \$ - | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - | \$ 850,000 | \$ - |
| | 11-09-C-00-GEG | 16,365,000 | 4.50 | 16,798,715 | (1,483,750) | - | 15,314,965 | - | 14,424,930 | 890,035 | 15,314,965 | - |
| | AMENDED 11-09-C | (1,050,035) | 4.50 | - | - | - | - | - | - | - | - | - |
| | 15-10-C-00-GEG | 15,036,120 | 4.50 | - | 7,449,924 | 23,037 | 7,472,962 | 7,563,158 | - | 1,622,327 | 1,622,327 | 5,850,635 |
| | | | | <u>\$ 17,648,715</u> | <u>\$ 5,966,174</u> | <u>\$ 23,037</u> | <u>\$ 23,637,927</u> | <u>\$ 7,563,158</u> | <u>\$ 15,274,930</u> | <u>\$ 2,512,362</u> | <u>\$ 17,787,292</u> | <u>\$ 5,850,635</u> |
| Cumulative Year Ended 12/31/15 | | | | | | | | | | | | |
| | | | | <u>\$ 17,648,715</u> | <u>\$ 5,966,174</u> | <u>\$ 23,037</u> | <u>\$ 23,637,927</u> | <u>\$ 7,563,158</u> | <u>\$ 15,274,930</u> | <u>\$ 2,512,362</u> | <u>\$ 17,787,292</u> | <u>\$ 5,850,635</u> |

**SPOKANE AIRPORT BOARD
PASSENGER FACILITY CHARGE PROGRAM
NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM RECEIPTS
AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1 - Basis of Accounting

The accompanying schedule of passenger facility charges collected and expended reports the activity of the Spokane Airport Board related to its passenger facility charges.

The following is the basis of presentation:

PFC Revenues – These amounts represent the receipt of PFC charges from airlines for the year ended December 31, 2015. Amounts are reported on an accrual basis.

Interest Earned – These amounts represent the interest income earned on deposit balances of PFC receipts for the year ended December 31, 2015. Amounts are reported on an accrual basis.

Expenditures – Expenditures represent the amount of capital and other approved cost expended for approved projects for the year ended December 31, 2015. Amounts are reported on an accrual basis.