



PROGRAM REPORTS
**SPOKANE AIRPORT BOARD
PASSENGER FACILITY CHARGE PROGRAM**

December 31, 2021

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Report of Independent Auditors 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*

The Board of Directors
Spokane Airport Board

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 Spokane Airport Board (the "Airport"), which comprise the statement of net position as of and for the year ended December 31, 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing 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 Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 entity'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Spokane, Washington
August 26, 2022

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

The Board of Directors
Spokane Airport Board

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited Spokane Airport Board's compliance with the types of compliance requirements described in the Passenger Facility Charge Program Audit Guide for Public Agencies issued by the Federal Aviation Administration (Guide) that could have a direct and material effect on its Passenger Facility Charge (PFC) program for the year ended December 31, 2021.

In our opinion, Spokane Airport Board (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, 2021.

Basis for Opinion on the Passenger 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 (*Government Auditing Standards*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide 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 Airport 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 on compliance for the PFC program. Our audit does not provide a legal determination of the Airport'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 or grant agreements applicable to the Airport's PFC 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 Airport'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 Guide 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 Airport's compliance with the requirements of the PFC program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, 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 Airport'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 Airport'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 Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport'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 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 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 Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charge Program Receipts and Expenditures

We have audited the financial statements of the Airport as of and for the year ended December 31, 2021, and have issued our report thereon dated August 26, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charge program receipts and expenditures 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 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 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
August 26, 2022

Spokane Airport Board
Passenger Facility Charge Program
Schedule of Passenger Facility Charge Program Receipts and
Expenditures for Year Ended December 31, 2021

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, 2021												
Passenger Facility Charges	15-10-C-00-GEG	\$ 20,799,637	4.50	\$ 20,799,637	\$ -	\$ -	\$ 20,799,637	\$ -	\$ 17,028,085	\$ (422,444)	\$ 17,450,529	\$ 3,349,107
	17-11-C-00-GEG	23,781,989	4.50	19,082,650	417,919	21,825	19,522,394	4,259,595	17,541,210	(1,112,051)	18,653,261	869,132
				<u>\$ 39,882,286</u>	<u>\$ 417,919</u>	<u>\$ 21,825</u>	<u>\$ 40,322,030</u>	<u>\$ 4,259,595</u>	<u>\$ 34,569,295</u>	<u>\$ (1,534,495)</u>	<u>\$ 36,103,790</u>	<u>\$ 4,218,240</u>
Quarter Ended June 30, 2021												
Passenger Facility Charges	15-10-C-00-GEG	20,799,637	4.50	\$ 20,799,637	\$ -	\$ -	\$ 20,799,637	\$ -	\$ 17,450,529	\$ -	\$ 17,450,529	\$ 3,349,107
	17-11-C-00-GEG	26,231,989	4.50	19,522,394	1,608,911	14,157	21,145,462	5,086,527	18,653,261	(1,794,940)	20,448,201	697,260
				<u>\$ 40,322,030</u>	<u>\$ 1,608,911</u>	<u>\$ 14,157</u>	<u>\$ 41,945,098</u>	<u>\$ 5,086,527</u>	<u>\$ 36,103,790</u>	<u>\$ (1,794,940)</u>	<u>\$ 37,898,730</u>	<u>\$ 4,046,368</u>
Quarter Ended September 30, 2021												
Passenger Facility Charges	15-10-C-00-GEG	20,799,637	4.50	\$ 20,799,637	\$ -	\$ -	\$ 20,799,637	\$ -	\$ 17,450,529	\$ -	\$ 17,450,529	\$ 3,349,107
	17-11-C-00-GEG	26,231,989	4.50	21,145,462	1,925,867	9,108	23,080,437	3,151,552	20,448,201	(755,271)	21,203,472	1,876,964
				<u>\$ 41,945,098</u>	<u>\$ 1,925,867</u>	<u>\$ 9,108</u>	<u>\$ 43,880,073</u>	<u>\$ 3,151,552</u>	<u>\$ 37,898,730</u>	<u>\$ (755,271)</u>	<u>\$ 38,654,001</u>	<u>\$ 5,226,072</u>
Quarter Ended December 31, 2021												
Passenger Facility Charges	15-10-C-00-GEG	20,799,637	4.50	\$ 20,799,637	\$ -	\$ -	\$ 20,799,637	\$ -	\$ 17,450,529	\$ -	\$ 17,450,529	\$ 3,349,107
	17-11-C-00-GEG	26,231,989	4.50	23,080,437	2,528,062	16,445	25,624,944	607,045	21,203,472	(2,046,585)	23,250,057	2,374,886
				<u>\$ 43,880,073</u>	<u>\$ 2,528,062</u>	<u>\$ 16,445</u>	<u>\$ 46,424,580</u>	<u>\$ 607,045</u>	<u>\$ 38,654,001</u>	<u>\$ (2,046,585)</u>	<u>\$ 40,700,586</u>	<u>\$ 5,723,994</u>
Year Ended December 31, 2021												
Passenger Facility Charges	15-10-C-00-GEG	20,799,637	4.50	\$ 20,799,637	\$ -	\$ -	\$ 20,799,637	\$ -	\$ 17,028,085	\$ (422,444)	\$ 17,450,529	\$ 3,349,107
	17-11-C-00-GEG	26,231,989	4.50	23,080,437	6,480,759	61,535	25,624,944	607,045	17,541,210	(5,708,847)	23,250,057	2,374,886
				<u>\$ 43,880,073</u>	<u>\$ 6,480,759</u>	<u>\$ 61,535</u>	<u>\$ 46,424,580</u>	<u>\$ 607,045</u>	<u>\$ 34,569,295</u>	<u>\$ (6,131,291)</u>	<u>\$ 40,700,586</u>	<u>\$ 5,723,994</u>
Cumulative Year Ended 12/31/21												
				<u>\$ 43,880,073</u>	<u>\$ 6,480,759</u>	<u>\$ 61,535</u>	<u>\$ 46,424,580</u>	<u>\$ 607,045</u>	<u>\$ 34,569,295</u>	<u>\$ (6,131,291)</u>	<u>\$ 40,700,586</u>	<u>\$ 5,723,994</u>

Spokane Airport Board
Passenger Facility Charge Program

Notes to Schedule of Passenger Facility Charge Program Receipts and Expenditures for Year Ended December 31, 2021

Note 1 – Basis of Accounting

The accompanying schedule of passenger facility charge program receipts and expenditures 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, 2021. 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, 2021. 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, 2021. Amounts are reported on an accrual basis.

**Spokane Airport Board
 Passenger Facility Charge Program
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2021**

Section I—Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial
 Statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported
- Noncompliance material to financial statements noted? Yes X No

PFC Awards

Internal control over Passenger Facility Charge Program:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor’s report issued on compliance for the
 Passenger Facility Charge Program: **Unmodified**

Any audit findings disclosed that are required to be reported
 in accordance with the Guide? Yes X No

Section II—Financial Statement Findings None reported

Section III—PFC Award Findings and Questioned Costs None reported

**Spokane Airport Board
Passenger Facility Charge Program
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021**

None reported.

