2023

Spokane Airport Board

ANNUAL REPORT

THE NEW

CONCOURSE C

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ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2023 & 2022

Spokane, Washington

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INTRODUCTION

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SPOKANE AIRPORT BOARD

Ezra Eckhardt
Chair

Al French
Vice Chair

Jennifer West
Secretary

Brooke Baker Spink

Nancy Vorhees

Betsy Wilkerson

Max Kuney

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FINANCIAL

MOSSADAMS

Report of Independent Auditors

The Board of Directors
Spokane Airport Board

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Spokane Airport Board (the Airport), a joint venture of the City of Spokane, Washington, and Spokane County, Washington, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of December 31, 2023 and 2022, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions, and Schedule of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and is not a required part of the basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Moss Adams LLP

Spokane, Washington
June 28, 2024

The following is a discussion and analysis of the activity and financial performance of Spokane International Airport (SIA), the Airport Business Park (ABP), and Felts Field, collectively operated by Spokane Airport Board and referred to throughout this document as the Airport. It serves as an introduction to, and provides understanding of, the basic financial statements for the year ended December 31, 2023, with selected comparative information from the years ended December 31, 2022, and 2021.

SIA, ABP, and Felts Field are jointly owned by the City and County of Spokane (the City and County) and operated by the Spokane Airport Board through the *Airport Joint Operation Agreement*. Spokane International Airport serves as the region's commercial service airport and provides domestic scheduled passenger and cargo air service connectivity for the market area that stretches as far as Lewiston, ID to the south and British Columbia and Alberta, Canada to the north. The market area also reaches the foothills of the Cascades to the west and into western Montana to the east. The Airport Business Park is home to several regionally significant facilities such as the Waste-to-Energy plant; Geiger Corrections Facility; Waste Management Recycling Center; U.S. Postal Service Regional Processing and Distribution Center and Amazon Air as well as a number of tenants that include regional banks, small businesses, and other government agencies. Felts Field (SFF) serves as a Federal Aviation Administration (FAA) designated general aviation reliever airport for Spokane International Airport and is the highest-capability general aviation airport in the region, with instrument approaches and a federal contract air traffic control tower.

The three operating areas receive no local tax revenues and are self-supporting with resources obtained from landing fees, lease revenues, user fees, parking revenues, federal and state grants, and Passenger and Customer Facility Charges (PFC and CFC respectively). Expenses are controlled and monitored in accordance with management objectives and budget requirements. The facilities have consistently met all financial obligations.

Airport Activities and Highlights

Passenger, Operations and Cargo Highlights:

According to the latest available data from the Federal Aviation Administration, SIA ranks as the 72nd busiest US airport for passengers and 57th busiest in terms of cargo. The principal services provided by the Airport relate to passenger origin and destination traffic. The Airport is defined by the FAA as a small air traffic hub, which means an airport handling between 0.05 percent and 0.249 percent of the enplaned passengers by U.S. air carriers nationwide.

Passenger, Cargo (including amounts by passenger air carriers), and Operations statistics are as follows:

Summary of Operations	2023	2022	2021
Total Passengers	4,131,266	3,920,972	3,280,062
Cargo (pounds)	154,805,615	157,789,826	159,994,181
SIA - Operations	67,223	66,720	65,936
Felts Field - Operations	70,218	69,796	71,732

Total passenger traffic in 2023 increased nearly 5.4% compared to 2022 levels as the Airport saw record passenger activity in 2023. The number of operations (takeoffs and landings) in 2023 increased 0.8% over 2022 as airlines added capacity to respond to increased passenger traffic demand. Felts Field experienced an increase of 0.6% in operations compared to 2022 levels. Infrastructure improvements at Felts Field made over the past few years continue to attract pilots and aircraft to the field.

Mail and cargo traffic in 2023 decreased slightly compared to 2022. The decrease in 2023 compared to 2022 was due to a decrease in cargo carried by passenger carriers. Cargo carriers increased their tonnage by nearly 3% in 2023 over 2022 levels.

Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Government Accounting Standards Board (GASB). GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPA's (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.

The Airport is structured as a single enterprise fund with revenues recognized when they are earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and depreciated, except land and construction in progress, over their useful lives. Please refer to Note 1 to the financial statements for a summary of significant accounting policies.

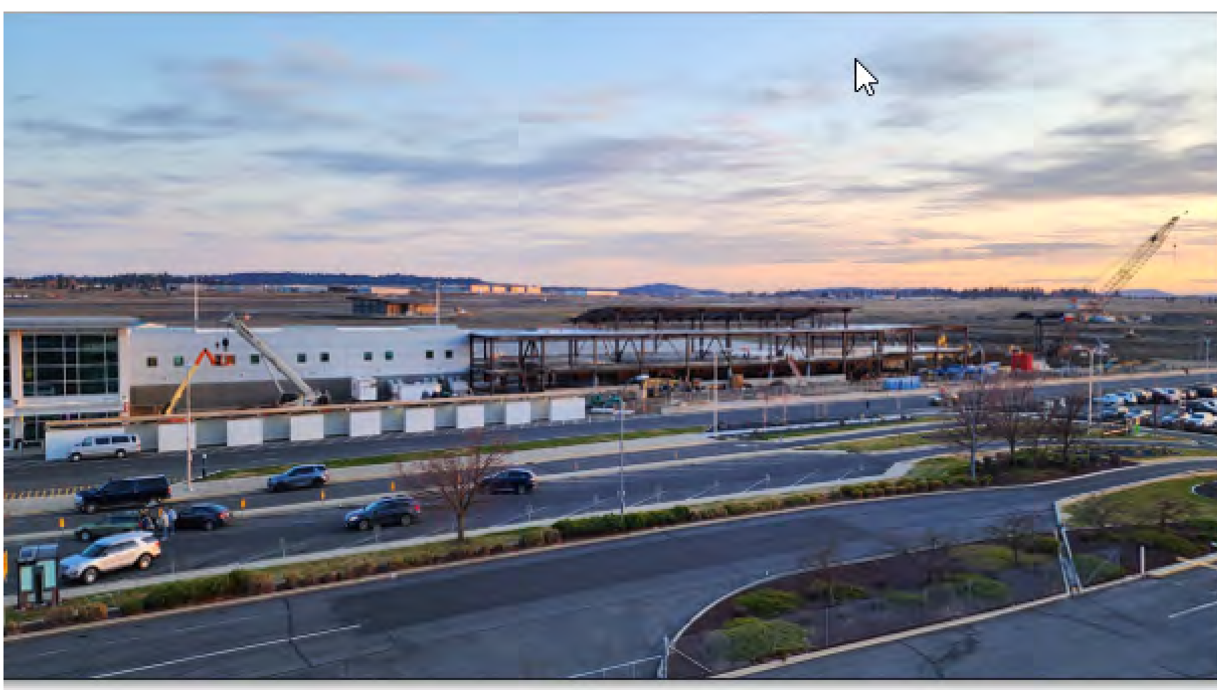
The Basic Financial Statements and Required Supplementary Information consist of Management's Discussion and Analysis (MD&A), the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, and related notes to the financial statements.

This MD&A has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section. The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

The *Statement of Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of each yearend. Changes in Net Position over time are an indicator of the Airport's general financial condition.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing the change in net position during the year, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will result in cash flows in future periods.

The *Statement of Cash Flows* compares the operating results of 2023 to 2022 with the associated inflows and outflows of cash. A reconciliation is provided within the statement to assist in understanding the effects on cash related to different activities.



Below is a Summary of the Statement of Net Position:

Summary Schedule of Net Position	2023	2022	2021 [1]
Current Assets	$100,583,079	$ 92,721,707	$ 75,177,753
Noncurrent Assets			
Other Noncurrent Assets	64,767,680	64,231,447	47,472,004
Capital Assets	361,657,241	286,782,092	275,084,807
Total Assets	527,008,000	443,735,246	397,734,564
Deferred Outflow of Resources	4,406,712	4,249,947	2,557,852
Current Liabilities	28,610,933	20,587,240	16,296,570
Noncurrent Liabilities			
Other Noncurrent Liabilities	7,429,756	6,804,732	7,309,077
Total Liabilities	36,040,689	27,391,972	23,605,647
Deferred Inflow of Resources	47,040,914	51,352,527	33,010,506
Net Position			
Net Investment in Capital Assets	355,990,005	283,815,825	271,695,351
Restricted	52,614,643	45,977,070	46,596,906
Unrestricted	39,728,461	39,447,799	25,384,006
Total Net Position	$448,333,109	$369,240,694	$343,676,263

[1] *This year has been restated to reflect the adoption of GASB 87*

Assets:

Current Assets increased in both 2023 and 2022. The change in 2023 was primarily due to an increase in unrestricted cash and receivable balance from government agencies. The change in 2022 was due mainly to increases in the Airport's cash and short-term receivable balances.

Other Noncurrent Assets increased in both 2023 and 2022. The increase in 2023 was related to an increase in restricted cash and investments. The increase in 2022 was due to the adoption of GASB 87 resulting in an increase in the Airport's long-term lease receivables.

Capital Assets increased in 2023 following an increase in 2022. The increase in 2023 was primarily due to an increase in construction in progress, which stems from several large capital projects underway at the Airport. The increase in 2022 was related to an increase in construction in process.

Total Assets, combining the changes in the component assets, increased in both 2023 and 2022. The increase in 2023 was mainly due to the increase in capital assets while the increase in 2022 was due to an increase in current and capital assets.

Deferred Outflows increased slightly in 2023 following an increase in 2022. The changes in each year relate entirely to variances from actuarial assumptions in the Washington State pension accounting. Note 1, Significant Accounting Policies, and Note 8, Pension and Benefit Plans, discuss this topic in greater depth

Liabilities:

Current liabilities increased in both 2023 and 2022. The increase in 2023 was due to an increase in short-term debt and an increase in all payables due at the end of year. The 2022 increase was due primarily to an increase in all payables due at the yearend, including general and construction amounts payable.

Other noncurrent liabilities increased in 2023 following a decrease in 2022. The changes are a result of adjustments to the Other Post-Employment Benefits of retired LEOFF Plan 1 fire fighters and the net pension liability related to the Washington State pension liabilities.

Long-term debt did not change in 2023 or 2022. At the end of 2023 and 2022, the Airport had no long-term debt after the Airport paid off the Community Economic and Revitalization Board (CERB) loans early in 2021, which eliminated all long-term debt at the Airport.

Total liabilities increased in 2023 and 2022. The increase in both years was due to the increase in current liabilities.

Deferred Inflows decreased in 2023 following an increase in 2022. The changes in both years relate to variances from actuarial assumptions in the Washington State pension accounting and GASB 87 leases. Note 1, Significant Accounting Policies, Note 8, Pension and Benefit Plans, and Note 7, Operating Leases discuss these topics in greater depth.

Net Position:

The Airport's assets and deferred outflows exceed liabilities and deferred inflows at the end of 2023 by $448.3 million, an increase of $79.1 million over the previous year. 2022 showed an increase of $25.6 million over 2021.

The largest portion of the Airport's net position, $356.0 million in 2023, $283.8 million in 2022 and $271.7 million in 2021, represents the net investment in capital assets (e.g., land, buildings, machinery, and equipment less related debt). The increase in the last two years was the result of more investment in capital assets than recorded depreciation expense, resulting in an increase in net assets. See the discussion above under the Assets and Liabilities section and Note 5 to the financial statements for additional information on capital asset activity.

An additional portion of the total net position, $52.6 million in 2023, $46.0 million in 2022 and $46.6 million in 2021, represents resources that are subject to restrictions from government grantors, bond resolutions, other third-party agencies or State and Federal regulators on how those resources may be used. The increase in 2023 was related to higher balances for, CFCs and grant receivables. The slight decrease in 2022 was due to variations with balances for PFCs, CFCs, grant receivables and net pension asset. The amount of restricted net position does not affect the availability of other resources for future use.

The portion of total unrestricted net position increased slightly in 2023 following an increase in 2022. The main reason for the increase in both years was an increase in current assets. These unrestricted net assets may be used for any lawful purpose of the Airport.

The table below summarizes the effect of revenues and expenses on Net Position for the three years ended December 31, 2023, 2022, and 2021.

Summary of Net Position	2023	2022	2021 [1]
Operating Revenue	$ 52,789,524	$ 49,213,576	$ 40,133,736
Operating Expense	32,230,240	31,424,144	23,326,155
Operating income before depreciation	20,559,284	17,789,432	16,807,581
Depreciation and amortization expense	28,602,529	30,959,065	29,517,093
Operating income (loss)	(8,043,245)	(13,169,633)	(12,709,512)
Nonoperating Income (Expense)	21,327,413	16,150,070	22,545,708
Increase (decrease) in Net Position before Capital	13,284,168	2,980,437	9,836,196
Capital Contributions and Grants	65,808,247	22,583,994	14,721,846
Increase (decrease) in Net Position	79,092,415	25,564,431	24,558,042
Net Position, beginning of year	369,240,694	343,676,263	319,118,221
Net Position, end of year	$ 448,333,109	$ 369,240,694	$ 343,676,263

[1] *This year has been restated to reflect the adoption of GASB 87*

Total operating revenues in 2023 were $52.9 million, an increase of $3.7 million over previous year. This followed a $9.1 million increase in 2022 over 2021. 2023 revenues increased due to record passenger activity at the airport, which drove an increase in several revenue streams. The main reason for the revenue increase in 2022 was the recovery of passenger activity at the airport that led to an increase in multiple revenue streams.

Total operating expenses prior to depreciation were $32.3 million, an increase of $0.9 million over 2022. In 2022, operating expenses were $31.4 million, an increase of $8.1 million over 2021. The increase in 2023 was due to minor increases across most cost centers while the increase in 2022 was due to the discontinuation of cost savings measures implemented by Airport management during the pandemic.

Depreciation charges of $28.6 million in 2023, a decrease of $2.4 million from the $31.0 million in 2022. The decrease in 2023 was due to several large assets becoming fully depreciated while the increase in the previous year related to the numerous infrastructure and equipment additions in 2022.

Non-operating income over expenses increased in 2023 after a decrease in nonoperating income in 2022 over the previous year. The increase in 2023 was mainly due to a gain on investments following a loss on investments the previous year.

Capital contributions and capital grants revenue totaled $65.8 million in 2023 after a total of $22.6 million in 2022, an increase of $43.2 million over 2022. 2022 had a $7.9 million increase over 2021. These fluctuations in revenue are representative of the nature and timing of federal grant funding. The amount of grant revenue can vary greatly from year to year depending on the projects being planned, funded and constructed.

Revenues:

Below in a summary of revenue for the three fiscal years ended December 31, 2023, 2022, and 2021:

Summary of Revenues	2023	2022	2021 [1]
Operating Revenues:			
Airfield	$ 8,292,007	$ 7,310,868	$ 6,708,251
Passenger terminal	18,909,732	17,993,398	16,345,699
Leased buildings	2,817,467	2,674,246	2,612,522
Leased areas	3,140,571	2,596,445	2,272,373
Parking and ground transportation	19,426,601	18,002,014	11,973,477
Other	203,146	636,605	221,414
Total Operating Revenue	52,789,524	49,213,576	40,133,736
Nonoperating Income:			
Interest income	3,444,106	1,858,128	1,758,723
Gain on disposal of assets	1,105,619	1,780,121	6,306,133
Gain on investments	1,559,667	-	-
Customer facility charges	3,942,126	3,581,911	2,942,792
Passenger facility charges	7,871,653	7,601,519	6,542,294
Other grant revenue	3,818,624	4,575,251	6,379,050
Total Nonoperating Income	21,741,795	19,396,930	23,928,992
Federal AIP and other grants	65,808,247	22,583,994	14,721,846
Total	$140,339,566	$91,194,500	$78,784,574

[1] *This year has been restated to reflect the adoption of GASB 87*

Airfield revenue increased in both 2023 and 2022 over prior years. The increase in 2023 and 2022 related to an increase in landed weight at SIA, the result of a strong demand for travel and larger aircraft landing at SIA.

Passenger terminal revenue increased in 2023 and 2022 because of increased passenger activity that resulted in an increase in terminal revenue, concession revenue at the airport and rental car revenue.

Leased building revenue decreased in 2023 after a increase in 2022. The decrease in 2023 was primarily due to a decrease in occupancy percentage of non-terminal facilities while the increase in 2022 was the result of rate increases implemented throughout 2022.

Leased area revenue increased in both 2023 and 2022. The increase in both years was due mainly to an increase in on premise hotel activity and rental car lease areas.

Parking revenue, which includes Ground Transportation fees, increased in 2023 and 2022, which was the result of the increased passenger activity experienced at the Airport.

Nonoperating revenue increased in 2023 after an decrease in 2022. The increase in 2023 was due to an increase in interest income and gain on investments while the main reason for the decrease in 2022 was fewer assets that were disposed of throughout the year.

Expenses:

Below is a summary of expenses for the three fiscal years ended December 31, 2023, 2022, and 2021:

Summary of Expenses	2023	2022	2021 [1]
Operating Expenses:			
Airfield	$12,209,089	$11,507,516	$ 8,626,312
Passenger terminal	6,712,930	6,110,750	5,002,913
Leased buildings	1,477,935	1,971,285	987,437
Parking and ground transportation	4,755,541	4,745,827	3,485,947
Administration and operations	7,074,745	7,088,766	5,223,546
Total Operating Expense	32,230,240	31,424,144	23,326,155
Depreciation and amortization expense	28,602,529	30,959,065	29,517,093
Nonoperating Expense			
Interest expense	406,156	-	2,753
Loss on investments	-	2,848,374	897,115
Other grant expense	8,226	398,486	483,416
Total Nonoperating Expense	414,382	3,246,860	1,383,284
Total	$61,247,151	$65,630,069	$54,226,532

[1] *This year has been restated to reflect the adoption of GASB 87*

Airfield expenses increased in 2023 and 2022. The increase in 2023 was driven by an increase in maintenance and ground expenditures. The reason for the increase in 2022 was due to the return of airline activity and the elimination of pandemic-related cost saving measures.

Passenger Terminal expenses increased in both 2023 and 2022. The increases in both years are attributed to an increase in utilities, general maintenance, and contract services in the terminal.

Leased Buildings expenses decreased in 2023 and increased in 2022. The 2022 increase was related to an increase in general maintenance expenses along with demolition of some old structures.

Parking and Ground Transportation expenses increased in both 2023 and 2022. The increase in 2023 was mainly due to an increase in credit card discount fees and contract labor. The increase in 2022 was due to an increase in deicing and maintenance expenditures.

Administration and operations expenses decreased in 2023 following an increase in 2022. The decrease in 2023 related primarily to a decrease in pension expenses while the increase in 2022 was the result of an increase in staffing and marketing expenditures.

Nonoperating expenses in 2023 decreased compared to 2022 as the Airport did not realize any loss on investments. In 2022, the loss on investments was due to rising interest rates and declining fair market value of short-term securities held in the Spokane Investment Pool.

Other financial considerations

The basic financial structure of the Airport facilities has been very consistent over the past 35 years, with the residual based Airline Operating Agreement (AOA) that has been in effect since 1984 and modified periodically. The AOA and airline leases were extended through negotiations with air carriers with minor changes until December 31, 2023.

The Airport is in a strong financial position given the amount of liquidity, no long-term debt on the books, and low debt burden per passenger. The Airport operates with sound financial decision-making, a low-cost structure, and a disciplined approach to financing capital needs.

This financial report is designed to provide citizens, customers, bondholders, and tenants with a general overview of the Airport and to demonstrate the Airport's accountability for the funds they receive and expend. For additional information about this report or information about the Airport, please contact Rob Schultz, Chief Financial Officer, 9000 W. Airport Drive, Suite 204, Spokane, WA 99224.

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SPOKANE AIRPORT BOARD
STATEMENTS OF NET POSITION

ASSETS

	December 31, 2023	December 31, 2022
CURRENT ASSETS		
Unrestricted Current Assets		
Cash	$ 97,615	$ 87,003
Unrestricted cash and short-term investments	61,815,116	58,334,812
Accounts receivable, less allowance for doubtful accounts of 2023 $447,847; 2022 $447,847	3,613,317	3,159,246
Prepaid expenses and other assets	1,327,444	1,143,264
Inventory	560,672	458,493
Short term lease receivable	7,527,259	8,110,425
Total Unrestricted Current Assets	74,941,423	71,293,243
Restricted Current Assets		
Current portion, restricted cash and short-term investments	2,372,568	3,274,961
Receivable from government agencies	23,269,088	18,153,503
Total Restricted Current Assets	25,641,656	21,428,464
Total Current Assets	100,583,079	92,721,707
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets		
Long term lease receivable	37,794,693	39,682,841
Land	20,650,071	20,663,872
Construction in process	111,456,952	45,987,587
Right of use assets, net of accumulated amortization	181,016	-
Depreciable capital assets, net of accumulated depreciation	229,369,202	220,130,633
Total Unrestricted Noncurrent Assets	399,451,934	326,464,933
Restricted Noncurrent Assets		
Restricted cash and investments, less current portion	22,790,713	20,151,815
Net Pension Asset	4,182,274	4,396,791
Total Restricted Noncurrent Assets	26,972,987	24,548,606
Total Noncurrent Assets	426,424,921	351,013,539
TOTAL ASSETS	527,008,000	443,735,246
DEFERRED OUTFLOWS OF RESOURCES	4,406,712	4,249,947
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 531,414,712	$ 447,985,193

See Accompanying Notes

SPOKANE AIRPORT BOARD
STATEMENTS OF NET POSITION

LIABILITIES

	December 31, 2023	December 31, 2022
CURRENT LIABILITIES		
Liabilities Payable from Unrestricted Assets		
Construction warrants and retainage payable	$ 272,563	$ 301,028
Vouchers payable and other accrued expenses	22,035,192	16,590,645
Accrued payroll	871,148	955,933
Compensated absences - current portion	84,545	74,395
Total Unrestricted Current Liabilities	23,263,448	17,922,001
Liabilities Payable from Restricted Assets		
Construction warrants and retainage payable	1,527,180	2,665,239
Accrued interest payable	5,323	-
Short-term debt due within one year	3,814,982	-
Total Restricted Current Liabilities	5,347,485	2,665,239
Total Current Liabilities	28,610,933	20,587,240
NONCURRENT LIABILITIES		
Deposits	572,826	308,696
Compensated absences	1,011,508	868,103
Accrued environmental liabilities	2,194,805	2,106,943
Accrued postretirement and termination benefits	2,805,450	2,576,533
Net Pension liabilities	792,656	944,457
Other long-term liabilities	52,511	-
Total Noncurrent Liabilities	7,429,756	6,804,732
TOTAL LIABILITIES	36,040,689	27,391,972
DEFERRED INFLOWS OF RESOURCES	47,040,914	51,352,527
NET POSITION		
Net Investment in capital assets	355,990,005	283,815,825
Restricted for:		
Passenger Facility Charge	581,283	1,492,053
Customer Facility Charge	22,209,430	18,659,762
Cash restricted for retainages and deposits	2,372,568	3,274,961
Receivable from government agencies	23,269,088	18,153,503
Net Pension Asset	4,182,274	4,396,791
Total Restricted Net Assets	52,614,643	45,977,070
Unrestricted	39,728,461	39,447,799
TOTAL NET POSITION	448,333,109	369,240,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 531,414,712	$ 447,985,193

SPOKANE AIRPORT BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended December 31, 2023	2022
Operating revenues:		
Airfield	$ 8,292,007	$ 7,310,868
Passenger terminal	18,909,732	17,993,398
Leased buildings	2,817,467	2,674,246
Leased areas	3,140,571	2,596,445
Parking and ground transportation	19,426,601	18,002,014
Other	203,146	636,605
Total Operating Revenue	52,789,524	49,213,576
Operating expenses:		
Airfield:		
General	7,623,333	6,547,728
Fire department	2,196,667	2,264,659
Police department	2,389,089	2,695,129
Passenger terminal	6,712,930	6,110,750
Leased buildings	1,477,935	1,971,285
Parking and ground transportation	4,755,541	4,745,827
Administration and operations	7,074,745	7,088,766
Total Operating Expense	32,230,240	31,424,144
Operating income before depreciation	20,559,284	17,789,432
Depreciation and amortization	28,602,529	30,959,065
Operating income (loss)	(8,043,245)	(13,169,633)

SPOKANE AIRPORT BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2023	2022
Nonoperating revenues (expenses):		
Interest income	$ 3,444,106	$ 1,858,128
Interest expense, including amortization of bond premiums	(406,156)	-
Gain (loss) on disposition of assets	1,105,619	1,780,121
Gain (loss) on investments	1,559,667	(2,848,374)
CARES grant revenue	3,810,398	4,176,765
Grant revenue	8,226	398,486
Grant expense	(8,226)	(398,486)
Customer facility charges	3,942,126	3,581,911
Passenger facility charges	7,871,653	7,601,519
Total Nonoperating revenue (expenses)	21,327,413	16,150,070
Increase (decrease) in net assets before capital grants and related items	13,284,168	2,980,437
Capital contributions		
Federal AIP and other grants	65,808,247	22,583,994
Total Grants	65,808,247	22,583,994
Increase (decrease) in Net Position	79,092,415	25,564,431
Net Position, beginning of year	369,240,694	343,676,263
Net Position, end of year	$ 448,333,109	$ 369,240,694

SPOKANE AIRPORT BOARD
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from airfield operations	$ 8,102,066	$ 6,865,591
Cash received from passenger terminal	18,316,135	(4,810,975)
Cash received from building leases	2,817,467	2,674,246
Cash received from area leases	3,140,571	2,596,445
Cash received from parking	19,426,601	18,002,014
Cash received from administration and operations	460,166	(669,333)
Other operating cash received	203,146	636,607
Cash paid for airfield operations	(7,899,490)	(6,942,493)
Cash paid to airfield employees	(4,992,742)	8,509,560
Cash paid for passenger terminal	(4,249,460)	(5,302,373)
Cash paid to passenger terminal employees	(2,654,819)	1,252,151
Cash paid for leased building operations	(1,366,623)	(1,971,285)
Cash paid for parking operations	(4,072,209)	(3,920,242)
Cash paid to parking operations employees	(785,519)	893,442
Cash paid to administration and operations employees	(2,355,246)	3,031,097
Net cash provided (used) by operating activities	24,090,044	20,844,452
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	3,818,624	4,575,251
Operating grant expenses	(8,226)	(398,486)
Net cash provided by noncapital financing activities	3,810,398	4,176,765
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Federal and state grant proceeds	60,692,662	19,355,112
Acquisition and construction of capital assets	(104,769,315)	(43,099,635)
Principal payments on debt	(11,185,018)	-
Proceeds from short term debt	15,052,511	-
Proceeds from sale of capital assets	1,119,420	1,800,215
Interest paid on debt	(400,833)	-
Transaction fees collected	3,942,126	3,581,911
Passenger facility charges collected	7,871,653	7,651,716
Net cash provided (used) by capital and related financing activities	(27,676,794)	(10,710,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	5,003,773	(990,246)
Net cash provided by investing activities	5,003,773	(990,246)
NET CHANGE IN CASH	5,227,421	13,320,290
Cash, beginning of year	81,848,591	68,528,301
Cash, end of year	$ 87,076,012	$ 81,848,591

SPOKANE AIRPORT BOARD
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2023	Years Ended December 31, 2022
OPERATING INCOME (LOSS)	$ (8,043,245)	$ (13,169,633)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization expense	28,602,529	30,959,067
Changes in assets and liabilities:		
Accounts receivable	(454,071)	(434,022)
Lease receivable	(593,597)	(22,804,373)
Prepaid expenses and other assets	(184,180)	(8,630)
Inventory	(102,179)	27,754
Vouchers payable and other accrued expenses	5,444,547	4,621,291
Accrued payroll	(84,785)	100,814
Accrued vacation and sick pay	153,555	(73,890)
Increase (decrease) in net pension liability, leases, and related deferred outflows and inflows of resources	(1,340,751)	22,548,070
Other	692,221	(921,996)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 24,090,044	$ 20,844,452
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
NONCASH CAPITAL ACTIVITIES		
Acquisition of construction and capital assets, recorded but not paid at year end	$ 1,799,743	$ 2,966,267
TOTAL NONCASH ITEMS	$ 1,799,743	$ 2,966,267
RECONCILIATION OF CASH		
Cash	$ 97,615	$ 87,003
Unrestricted short-term cash investments	61,815,116	58,334,812
Restricted cash and short-term investments, current and noncurrent	25,163,281	23,426,776
CASH AS PRESENTED IN STATEMENTS OF CASH FLOWS	$ 87,076,012	$ 81,848,591

Note 1 – Significant Accounting Policies

The following is a summary of significant policies followed by Spokane Airport Board (the Airport).

Organization:

The accompanying financial statements include the operations of the Spokane International Airport (SIA), the Airport Business Park (ABP), and Felts Field Airport (FF). Spokane International Airport serves the predominant air travel needs of eastern Washington and northern Idaho. There are no other entities for which the Airport is financially accountable. The Airport is a municipal airport operating under RCW 14.08 and is jointly owned by the City of Spokane and Spokane County under a joint operating agreement. This agreement was last modified in 2018.

The agreement provides for the joint operation of the Airport through a separate seven-member Board. The Board consists of one elected County official, one elected City official, two members appointed by the County, two members appointed by the City, and one member appointed jointly. The annual budget for the Airport is approved by both the City of Spokane and Spokane County. In addition, both the City of Spokane and Spokane County must approve any bond issues or other debts that extend beyond one year. In the event the Airport is unable to make debt payments when due, the City of Spokane and Spokane County are responsible to pay any deficit through a 50/50 split. The agreement also provides that either party may terminate the agreement with certain advance notice. If an agreement cannot be reached as to which entity will succeed in operating the Airports, the terminating municipality is responsible to make a payment to the other to compensate them for their share of the difference between the assets and liabilities.

Separate financial statements of Spokane County and the City of Spokane can be obtained from the Auditor's Office, Spokane County, 1116 West Broadway Avenue, County Courthouse 2nd Floor, Spokane, WA 99260; and Financial Division, City of Spokane, 808 West Spokane Falls Blvd., Spokane, WA 99201.

Measurement focus and basis of accounting:

The Airport's financial statements are prepared in accordance with Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended. The Airport utilizes one proprietary fund for accounting and financial reporting. Although the Airport accounts for the revenue and expenses of Spokane International Airport, the Airport Business Park, and Felts Field Airport separately, these are accounted for as departments, not as separate funds. GASB 34 also requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

In proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, (i.e., charges to customers or users who purchase or use the goods or services of that activity). Revenues from airlines, concessions, rental cars, and parking are reported as operating revenues. Operating expenses are those that are incurred to provide those goods or services. Operating revenues and expenses are items related to nonexchange transactions such as interest expense and revenue as they relate to financing and/or investing-related transactions, customer facility charges and passenger facility charges. Nonexchange transactions are transactions where the Airport receives cash and other financial and capital resources without directly giving equal value in return. The Airport's primary source of nonexchange revenue relates to grants. Grant revenue is recognized at the time eligible program expenditures are incurred and/or the Airport has complied with the grant requirements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used to record environmental reserves, litigated and nonlitigated loss contingencies, allowance for doubtful accounts, pension liabilities/assets, and other post-employment benefits. Actual results could differ from those estimates.

Note 1 – Significant Accounting Policies (Continued)

Management evaluates the estimated useful life of assets capitalized and placed into service for purposes of determining provisions for depreciation. Estimated remaining lives are reviewed by management on an ongoing basis.

Management has estimated the amount accrued for environmental liabilities. There is the potential for additional environmental sites to be determined in future periods. As the nature of these liabilities is difficult to estimate, the amount of this estimate is subject to significant adjustments.

Annually the Airport has an actuarial analysis performed to determine other post-employment benefits and retirement health insurance obligations. The amount of this estimate is subject to significant adjustment.

Management estimates the amount of accounts receivable expected to be uncollectible. There is a potential for additional amounts to be determined to be uncollectible. The amount of this estimate is subject to adjustment.

Deferred Outflows/Inflows of Resources:

The statements of net position will sometimes report a separate section for deferred outflows of resources and/or deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period, and therefore, not recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period, and therefore, not recognized as an inflow of resources (revenue) until then.

Pension liability variances can occur due to actuarial assumptions that differ between the actual plan experience and the original actuarial assumed rates. Differences can result from, among others, earnings on investments, changes in assumptions, and other experiences, gains or losses. A variance represents a gain or a loss, shown as deferred inflows of resources or deferred outflows of resources, respectively, in the accompanying statements of net position. These deferred outflows/inflows are amortized in accordance with the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Additional items are determined annually based on each subsequent year's variances from actuarial assumptions.

In 2022, the Airport adopted GASB Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessor is required to recognize, for each lease, a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the term of the lease. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods. Interest revenue is recognized on the lease receivable and inflow of resources (revenue) is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease. Lessors do not derecognize the asset underlying the lease.

In 2023, the Airport adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA), which requires reporting of certain subscription based information technology (IT) liabilities not previously reported. The standard is based on the principle SBITAs are financings of the right-to-use underlying assets. A SBITA under GASB 96 is an arrangement that conveys the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The present values of future SBITA payments over the entirety of the SBITA term, which includes extension periods if it is probable the extension will be exercised, are reported as subscription assets and liabilities.

Airline rates and charges:

Under the terms of the signatory airline lease and operating agreements, the Airport sets airline rates and charges using a residual methodology. Under this agreement, the rates for the landing fee and terminal rents are set to recover a certain proportion of the operating costs for the airfield and terminal.

Concentration of operating revenue:

The operation of the Airport is dependent upon the utilization of their facilities by air carriers and major airlines. Airlines have signed operating agreements (Note 7) with the Airport for terminal rentals and landing fees and for the maintenance of net revenues. Revenues from airlines amounted to approximately 29% and 30% of operating revenue for the years ended December 31, 2023, and 2022, respectively. Rental car revenue was 24% and 24% of operating revenue for the years ended December 31, 2023, and 2022, respectively. Parking garage revenues at each of the years ended December 31, 2023, and 2022, approximated 37% of total operating revenue.

Note 1 – Significant Accounting Policies (Continued)

Budgeting requirements:

The Airport budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for SIA, Felts Field, and ABP. The budget is developed after reviewing revenue forecasts, the impact of funding increases on landing fees, rental rates, and other rates and charges, prior year actual, current program levels, new operating requirements, and the overall economic climate of the region and airline industry.

Income taxes:

The Airport is exempt from income taxes under current provisions of the Internal Revenue Code.

Passenger facility charges:

The Airport has received approval from the Federal Aviation Administration (FAA) to impose a passenger facility charge (PFC) for each passenger who utilizes SIA of up to $4.50 from November 1, 2022, through September 1, 2035. The charge is collected by all carriers and remitted to the Airport, less a $0.11 per passenger handling fee. The proceeds from the PFC are restricted to use by the Airport for certain FAA approved capital improvement projects. Cumulative PFC revenue in the amount of $265,126,621 has been approved for collection and $265,126,621 has been approved for use, of which $180,621,200 has been received through December 31, 2023. At December 31, 2023, Spokane International Airport had total cumulative expenditures of $177,724,586 per the 4th quarter report. PFC revenues, including interest earnings, are restricted for capital projects approved by the FAA.

Customer Facility Charges:

The Airport collects a CFC of $3.75 per day from rental car transactions. The customer facility charge (CFC) revenue is used to fund rental car facilities capital improvement projects. CFC revenues received from the rental car companies are recorded as nonoperating income in the statements of revenues, expenses, and changes in Net Position.

Federal grants-in-aid:

The Airport receives federal grants-in-aid funds on a reimbursement basis, mostly related to construction of the Airport's facilities and other capital activities along with operating grants to perform enhancements in the Airport's safety, security, and capacity.

Cash and cash equivalents:

For the purposes of the statements of cash flows, the Airport considers all highly liquid investments (including unrestricted and restricted short-term investments) to be cash equivalents. See Note 2 for a discussion of the nature of restricted short-term investments.

Short-term investments:

The Airport invests the majority of its funds with Spokane County's investment pool for Spokane County government agencies. It is the policy of Spokane County to invest public funds in accordance with governing statutes and in a manner which will provide the best investment return. Investments are made by designated personnel in accordance with the Spokane County Treasurer's Investment Policy. County policy dictates that all investment instruments other than certificates of deposit and County notes be transacted on the delivery-versus-payment basis. Investments are recorded at fair value. Information regarding the types of investments that the County can purchase are found in RCW 36.29.020.

Investments are recorded at net asset value in accordance with GAAP. Accordingly, the change in net asset value of investments is recognized as an increase or decrease to investment assets and investment income.

Accounts receivable and allowance for doubtful accounts:

Accounts receivable are recorded for invoices issued to customers in accordance with the Airport's contractual arrangements. The allowance for doubtful accounts is based on specific identification of troubled accounts and by using historical experience applied to an aging of accounts. Accounts Receivables are written off against the allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Note 1 – Significant Accounting Policies (Continued)

Inventory:

Inventories consist of de-icing materials and fuel and are valued using the FIFO method.

Capital assets:

Capital assets with an acquisition cost in excess of $7,500 at the acquisition date and having an expected useful life of one or more years are capitalized and depreciated. Repair and maintenance costs are expensed as incurred. Replacements and major improvements of capital assets are capitalized at cost. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and any resulting gain or loss is reflected in the Statements of Revenues, Expenses, and Changes in Net Position. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Land is not considered a depreciable asset. The Statements of Revenues, Expenses, and Changes in Net Position include depreciation of all depreciable property, facility, and equipment and total gains or losses upon the disposal thereof.

The United States federal government has an interest in any asset purchased or constructed with Airport Improvement Program dollars. Upon disposal of these assets, the Federal Aviation Administration must be notified, and the current fair value of their interest is either returned or invested into another approved project or asset.

The Airport's estimated useful lives of depreciable property, facility and equipment at December 31, 2023 and 2022, were the following:

Land improvements	5-15 years
Buildings	15-40 years
Building Improvements and additions	5 years - or remaining life
Roads and Parking Lots	5-20 years
Aprons, Taxi and Runways - Asphalt	5-15 years
Aprons, Taxi and Runways - Concrete	10-20 years
Equipment	2-10 years
Utilities	15-40 years
Vehicles and Equipment	2-10 years

Pensions:

For purposes of measuring the net pension liability/assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Compensated absences:

Accumulated vacation and sick leave are accrued based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. Employees of the Airport are granted vacation and sick leave depending on their length of employment, or through the terms of employment agreement and collective bargaining agreements. Compensated absences are accrued when earned and are reported as a liability.

Non-Union employees

Administrative employees may accrue up to 240 hours of vacation time and up to 1,040 hours of sick leave. Unused sick leave is paid out to an employee or the employee's estate only when separation is due to death or retirement. Sick leave payout is equal to 50% of not more than 1,040 hours.

Maintenance employees

Maintenance employees may accrue up to 240 hours of vacation leave in the next yearly period. Any vacation in excess of 240 hours on December 1 each year is forfeited with no compensation to the employee. Employees may carry over paid sick leave from calendar year to calendar year; provided,

Note 1 – Significant Accounting Policies (Continued)

however, employees may not carry over more than 1,040 hours of sick leave. Unused sick leave is paid out to an employee or the employee's estate only when separation is due to death or retirement. Sick leave payout is equal to 50% of the amount accumulated, up to a maximum of 1,040 hours.

Firefighters

Firefighters may accrue up to 400 hours of vacation. Any leave in excess of that amount as of December 31 of each year is forfeited. Unused sick leave is paid at separation to the employee or employee's estate, only when separation is due to death of LEOFF II retirement of the employee. In these circumstances, all unused sick leave will be paid out in an amount equal to seventy-five percent (75%) of the amount accumulated up to the maximum accrual of 1,400 hours of unused leave. Employees may carry over paid sick leave from calendar year to calendar year; however, employees may not carryover more than 1,400 hours.

Police Officers

Police Officers may accrue up to 240 hours of vacation for 8-hour shift employees and 300 hours for 12-hour shift employees. Sick leave may accrue to a maximum of 1,040 hours. Upon separation from employment, unused sick leave will be forfeited unless separation is due to death or retirement. If the separation is due to death or retirement the employee or employee's estate will be paid up to a maximum of 780 hours.

Part Time Employees

Beginning January 1, 2018, RCW 49.46 requires that all part time employees accrue one hour of sick leave for every forty hours worked.

Net Position:

Net position has been classified on the statements of net position into the following components:

Invested in capital assets: Capital assets are shown net of accumulated depreciation and amortization, deferred inflows/outflows of resources, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted component: Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets that have third-party restrictions placed on them.

Unrestricted component: Is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Policy regarding use of restricted vs. unrestricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Airport will utilize restricted resources first, then unrestricted resources as needed.

Accounting Standards Issued but Not Yet Adopted:

GASB Statement No. 101 (GASB 101) – *Compensated Absences* was issued June 2022. The Statement requires that a liability be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. The standard is effective for fiscal years ending after December 15, 2023. The Airport is currently evaluating the impact this standard will have on the financial statements.

GASB Statement No. 102 (GASB 102) – *Certain Risk Disclosures* was issued December 2023. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Airport is currently evaluating the impact this standard will have on the financial statements.

Note 2 - Cash, Cash Equivalents and Investments

Deposits:

All deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by the State of Washington's Public Deposit Protection Commission (PDPC). The PDPC, a statutory authority under RCW 39.58, constitutes a multiple financial institution collateral pool that makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and secures collateral for deposits that exceed the amount insured by the FDIC. Also, public depositories collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds. In the event of a bank default, the Public Deposit Protection Commission establishes the amount of public fund loss and assesses each participating bank for its proportionate share.

Primarily due to the weakening financial conditions of a number of banks in Washington and in an effort to further protect public deposits from loss, the Public Deposit Protection Commission, on February 18, 2009, passed Resolution 2009-1. The resolution required banks to fully collateralize all uninsured public deposits by June 30, 2009, if they wish to continue as a public depository.

In 2010, the PDPC adopted Resolution 2010-1 requiring all public depositories to take measured and orderly steps to shift their public depositors' funds from accounts insured through the FDIC Transaction Account Guarantee (TAG) Program to other insured or collateralized accounts.

The majority of the Airport's cash and investments are invested in the Spokane County Treasurer's Office administered investment pool for Spokane County government agencies. The Spokane County Investment Pool (SCIP) is not SEC registered and there is no credit rating of the SCIP. Investments in the pool are in the custody of the Spokane County Treasurer under the policy guidance of the Spokane County Finance Committee. There are no withdrawal or redemption restrictions placed on the Airport. Investments in the Pool principally consist of investments in the Washington State Local Government Investment Pool, US government agency securities, commercial bank certificates of deposit, and Spokane County Bonds. The Airport, as a joint venture of the City of Spokane and Spokane County, is limited by City and County state statues as to the types of investments it may invest in. For a more detailed list of the types of investments allowed under Washington State law contact the Spokane County Treasurer's Office at www.spokanecounty.org or see RCW 36.29-020.

Investments:

The Airport invests its funds in the Spokane County Investment Pool (SCIP). The Pool uses the Net Asset Value (NAV) to measure the Pool's underlying securities, relative to the cumulative fund balance. All investments of the SCIP are limited by RCW, principally RCW 36.29.020. The Pool is authorized to invest in U.S. Treasury and agency securities, repurchase and for collateral otherwise authorized for investment, municipal bonds of the state of Washington and General Obligations of other states with one of the three highest ratings of a national rating agency at the time of investment, certificates of deposit with qualified depositories within the statutory limits as promulgated by the Public Deposit Protection Commission at the time of the investment, foreign and domestic bankers acceptances and the Washington State Local Government Pool and Bank Deposits.

All securities purchased by the SCIP belong jointly to the Participants who share realized gains, income, and any realized losses on a pro-rata basis. The Investment Pool is not an investment in a money market or bank account, which typically has a lower-average maturity (under 60 days) and lower yield. The Investment Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation, Spokane County, or any other government agency. The interest earnings of the Pool, depends on amortized earnings and interest accruals at prevailing investment rates.

The use of amortized cost valuation means that the Pool's stable $1.00 price value may vary from its market value NAV per share. In the unlikely event that the Spokane County Treasurer were to determine that the extent of the deviation between the Pool's amortized cost per share and market value NAV per share may result in material dilution or other unfair results to the participants, the County Treasurer may cause the Pool to take such action as it deems appropriate to eliminate or reduce dilutions that cause unfair results to participants.

The State of Washington Local Government Investment Pool is the only government-sponsored pool approved for investment of funds. On December 31, 2023, and 2022, the Airport had the following cash and investments. Cash and investments are classified on the statements of net position as follows:

Note 2 – Cash, Cash Equivalents and Investments (Continued)

	2023	2022
Cash	$ 97,615	$ 87,003
Unrestricted short-term investments	61,815,116	58,334,812
Restricted short-term investments, current portion	2,372,568	3,274,961
Restricted short-term investments, noncurrent	22,790,713	20,151,815
TOTAL	$ 87,076,012	$ 81,848,591

As of December 31, 2023 and 2022, the Spokane Airport has the following cash and investments:

	2023	2022
Petty Cash	$ 3,065	$ 3,065
Cash in bank	94,550	83,938
Funds invested in the Spokane County Investment Pool	86,978,397	81,761,588
TOTAL	$ 87,076,012	$ 81,848,591

Credit risk:

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligations. The Pool investments are governed by state laws and Spokane County's investment policy; however, not all amounts in the County pool are rated. The Airport is not able to identify the credit risk on specific amounts held by the County on the Airport's behalf. Additional information on the Spokane County Investment Pool is contained in the Spokane County Annual Comprehensive Financial Report. A copy of the report can be obtained by contacting the Spokane County Auditor's Office, 1116 W. Broadway, 2nd Floor, Spokane, Washington, 99260. The Airport does not have a formal policy addressing credit risk.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates.

The Airport has no formal policy addressing interest rate risk. The majority of the Airport's funds are invested in the Spokane County Investment Pool. The average length of maturity of the investments of the Pool was 1.40 and 1.57 years on December 31, 2023, and 2022, respectively.

Additional information on the Spokane County Investment Pool interest rate risk is contained in the Spokane County Annual Comprehensive Financial Report.

Custodial risk:

Custodial risk is the risk that, in the event of the failure of the counterparty, the Airport will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Airport does not have a formal policy addressing custodial risk. Currently, amounts invested in the Pool are not held in the Airport's name. Additional information on custodial risk can be obtained by contacting the Spokane County Treasurers Office.

Concentration risk:

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The Spokane County Investment Pool policy mitigates concentration of credit risk by limiting the percentage of the portfolio invested with any one issuer.

Presented below are investments in any one issuer that represent 5% or more of the total County investment pool. Grammer

Note 2 – Cash, Cash Equivalents and Investments (Continued)

	2023	2022
LGIP (State)	21%	12%
Federal Home Loan Bank (FHLB)	5%	8%
Federal Nat'l Mortgage Assoc (FNMA)	-	5%
United State Treasury Notes	40%	37%
Federal Farm Credit Bank (FFCB)	13%	11%
Inter-American Development Bank (IADB)	6%	9%

The following is a table, by percentage of investment security types, of the Spokane County Investment Pool as of December 31, 2023, and 2022:

	2023	2022
Washington State Local Government Investment Pool	21%	12%
Federal agency securities	20%	29%
Miscellaneous investments	1%	1%
Supranationals	13%	16%
Corporate paper	5%	6%
Commercial paper		1%
Treasury Securities	40%	37%
	100%	100%

Cash balances:

The carrying value of the Airport's deposits with financial institutions as of December 31, 2023, and 2022, were $94,550 and $83,938, and the bank balances were $94,550 and $83,938, respectively. The bank balance is categorized as follows:

	2023	2022
Amount insured by FDIC	$ 250,000	$ 250,000
Total Bank Balance	$ 94,550	$ 83,938

Restricted cash and short-term investments:

Restricted cash and short-term investments (including current and noncurrent portions) on December 31 were as follows:

	2023	2022
Collected passenger facility charges, restricted for approved projects	$ 581,283	$ 1,492,053
Collected transaction fee, restricted for approved projects	22,209,430	18,659,762
Current portion of restricted short term investments	1,799,743	2,966,266
Refurbishment and fuel deposits	572,825	308,695
Total Restricted Cash and Short-Term Investments	$ 25,163,281	$ 23,426,776

Note 3 - Receivable from Government Agencies

The Airport has received grants for airport construction, improvements, and land acquisition, from the Federal Airport Improvement Program (AIP) and other state and federal grants. Cash collected for construction, land acquisition, and operational grants were $64,502,824 in 2023 and $23,930,363 in 2022. Amounts are recorded on the Statement of Revenues, Expenses, and Changes in Net Position as non-operating revenue, and capital contributions. The following is a summary of the activity in government receivables for the years ended December 31:

	2023	2022
Government receivable, beginning of year	$ 18,153,503	$ 14,924,621
Funds expended	69,618,409	27,159,245
	87,771,912	42,083,866
Less cash received	(64,502,824)	(23,930,363)
Government receivable, end of year	$ 23,269,088	$ 18,153,503

Note 4 - Inventory

At the end of 2023 and 2022, the Airport had a remaining supply of fuel and de-icing material, which was recorded as inventory using the FIFO accounting method. Inventory on December 31, 2023, and 2022, was $560,672 and $458,493, respectively.

Note 5 - Change in Capital Assets

A summary of changes in capital assets for the years ended December 31, 2023, and 2022, is as follows:

	Beginning Balance January 1, 2023	Additions	Deletions	Transfers	Ending Balance December 31, 2023
Nondepreciable Assets					
Land	$ 20,663,872	$ -	$ (13,801)	$ -	$ 20,650,071
Construction in progress	45,987,587	101,889,615		(36,420,250)	111,456,952
Total Nondepreciable Assets	66,651,459	101,889,615	(13,801)	(36,420,250)	132,107,023
Depreciable Assets					
Land improvements	287,708,228	293,981	-	28,384,512	316,386,721
Buildings	204,360,621	-	(224,159)	3,210,718	207,347,180
Equipment	82,751,642	1,006,790	(31,231)	2,037,914	85,765,115
Water and sewer facilities	5,010,937	-	-	2,787,106	7,798,043
Total Depreciable Assets	579,831,428	1,300,771	(255,390)	36,420,250	617,297,059
Less accumulated depreciation for:					
Land improvements	170,321,751	15,443,592	-	-	185,765,343
Buildings	126,291,430	7,507,738	(224,159)	-	133,575,009
Equipment	61,065,371	5,238,187	(31,231)	-	66,272,327
Water and sewer facilities	2,022,243	292,935	-	-	2,315,178
Total Accumulated Depreciation	359,700,795	28,482,452	(255,390)	-	387,927,857
Total Depreciable Capital Assets - net	220,130,633	(27,181,681)	-	36,420,250	229,369,202
Total Capital Assets - net	$ 286,782,092	$ 74,707,934	$ (13,801)	$ -	$ 361,476,225

Note 5 – Change in Capital Assets (Continued)

	Beginning Balance January 1, 2022	Additions	Deletions	Transfers	Ending Balance December 31, 2022
Nondepreciable Assets					
Land	$ 20,348,571	$ 330,992	$ (15,691)	$ -	$ 20,663,872
Construction in progress	33,597,604	40,604,284	-	(28,214,301)	45,987,587
Total Nondepreciable Assets	53,946,175	40,935,276	(15,691)	(28,214,301)	66,651,459
Depreciable					
Land improvements	273,545,431	-	(133,019)	14,295,816	287,708,228
Buildings	199,269,339	1,000,000	(531,027)	4,622,309	204,360,621
Equipment	73,409,772	741,170	(258,158)	8,858,858	82,751,642
Water and sewer facilities	4,573,619	-	-	437,318	5,010,937
Total Depreciable Assets	550,798,161	1,741,170	(922,204)	28,214,301	579,831,428
Less accumulated depreciation for:					
Land improvements	154,135,171	16,315,197	(128,617)	-	170,321,751
Buildings	119,555,377	7,267,079	(531,026)	-	126,291,430
Equipment	54,193,963	7,129,564	(258,156)	-	61,065,371
Water and sewer facilities	1,775,018	247,225	-	-	2,022,243
Total Accumulated Depreciation	329,659,529	30,959,065	(917,799)	-	359,700,795
Total Depreciable Capital Assets - net	221,138,632	(29,217,895)	(4,405)	28,214,301	220,130,633
Total Capital Assets - net	$ 275,084,807	$ 11,717,381	$ (20,096)	$ -	$ 286,782,092

Intangible Assets GASB 96

The Airport has entered into various contracts that meet the GASB 96 definition of Subscription-Based Information Technology Arrangements (SBITA). A SBITA under GASB 96 is an arrangement that conveys the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The standard is based on the foundational principle that SBITAs are financing of the right-to-use the underlying asset. Prior years financial statements were not restated because the cumulative effect was immaterial to the financial statements as a whole. There were no significant variable SBITAs, termination penalties, or residual value guarantee payments.

A summary of the changes in balances of the subscriptions are as follows:

	Beginning Balance January 1, 2023	Additions	Deletions	Ending Balance December 31, 2023
Intangible Assets				
Subscription Assets	$ 246,876	$ 288,967	$ -	$ 535,843
Total Depreciable Assets	246,876	288,967	-	535,843
Less accumulated amortization for:				
Subscription Assets	234,750	120,077	-	354,827
Total Accumulated Amortization	234,750	120,077	-	354,827
Total Intangible Assets - net	$ 12,126	$ 168,890	$ -	$ 181,016

Note 6 – Long-Term Liabilities

Following is a summary of long-term debt on December 31:

Other long-term liability activity for the years ended December 31 (excludes current portion) is as follows:

	Balance at December 31, 2022	Increase	Decrease	Balance at December 31, 2023
Deposits	$ 308,696	$ 265,000	$ (870)	$ 572,826
Subscription liabilities	-	52,511	-	52,511
Accrued environmental liabilities	2,106,943	87,862	-	2,194,805
Accrued postretirement benefits	2,576,533	228,917	-	2,805,450
Pension liability	944,457		(151,801)	792,656
Compensated absences	868,103	143,405	-	1,011,508
	$ 6,804,732	$ 777,695	$ (152,671)	$ 7,429,756

	Balance at December 31, 2021	Increase	Decrease	Balance at December 31, 2022
Deposits	$ 319,951	$ -	$ (11,255)	$ 308,696
Accrued environmental liabilities	2,106,943	-	-	2,106,943
Accrued postretirement benefits	3,487,274	-	(910,741)	2,576,533
Pension liability	461,162	483,295	-	944,457
Compensated absences	933,747	-	(65,644)	868,103
	$ 7,309,077	$ 483,295	$ (987,640)	$ 6,804,732

Current Portion of Long-Term Liabilities

The estimated current portion of compensated absences for 2023 and 2022 was $84,545 and $74,395, respectively.

In March of 2023, the Airport borrowed $15,000,000 from Spokane County to help fund the construction of a new terminal.

	Balance at December 31, 2022	Increase	Decrease	Balance at December 31, 2023
2023 Short-term loan	$ -	$ 15,000,000	$ (11,185,018)	$ 3,814,982
Total Short-term loans	$ -	$ 15,000,000	$ (11,185,018)	$ 3,814,982

Future subscription payments were discounted based on the interest rate implicit in the SBITA or a comparable incremental borrowing rate determined by the Airport. A summary of the principal and interest amounts for the remaining subscriptions are as follows:

	Principal	Interest	Total
2024	$ 52,511	$ 1,312	$ 53,823
Total	$ 52,511	$ 1,312	$ 53,823

Note 7 – Operating Leases

The Airport, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. As lessor, the asset underlying the lease is not unrecognized. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Note 7 – Operating Leases (Continued)

The Airport leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, and others. Payments for a majority of the leases are received monthly, and the revenue varies based on the nature of the lease. A majority of the leases are a fixed monthly fee and often contain annual or periodic escalation clauses. For some leases for which the business conducts sales, the monthly fee is a percentage of gross revenue and varies each month. For these sales-based leases, there are often minimum annual guarantees (MAGs) contained in the lease that provide a certain amount of revenue regardless of the operation's success. Lease terms vary from month to month to over 20 years. The majority of the leases carry a term of greater than five years.

The Airport has considered the following to assist in determining lease treatment according to the requirements of GASB Statement No. 87 (GASB 87):

The maximum possible lease term(s) is noncancelable by both lessee and lessor and is more than 12 months.

The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information regarding the likelihood of renewal. The term of the lease will exclude possible termination periods that are not deemed to be reasonably certain, given all available information, regarding the likelihood of exercise.

For the years ended December 31, 2023, and 2022, all leases with associated receivables are based on fixed payments and do not have variable payment components included in the receivable.

The Airport’s leases have been categorized as follows:

- Leases subject to GASB No. 87 – Non-Regulated Leases
- Leases not subject to GASB No. 87 – Regulated Leases and Short-Term Leases

Leases Subject to GASB 87

During the years ended December 31, 2023, and 2022, the Airport recognized the following related to its lessor agreements:

	2023	2022
Interest income related to leases	$ 1,293,526	$ 796,816

Real Estate – Buildings and Land

The Airport leases buildings and land located outside of the terminal for terms that range from 3 to 50 years. The terms of the real estate leases include a fixed revenue component based on square footage. The Airport received fixed real estate revenue of $3,606,055 and $2,860,264 for the fiscal years ended December 31, 2023 and 2022, respectively. The terms of these lease agreements do not include a variable revenue component.

Concessions

The Airport has various concession leases for terms that range from 5 to 15 years. The terms of the concession lease agreements include a fixed revenue component or Minimum Annual Guarantee (MAG). The terms of the concession lease agreements include a variable revenue component based on a percentage of gross sales. The variable revenue received was not included in the measurement of the lease receivable. The following table shows revenues received under concession leases on December 31, 2023, and 2022.

	2023	2022	2021
Concession revenue	$ 10,055,278	$ 9,366,958	$ 7,957,935
Minimum Annual Guarantee (MAG)	(6,437,698)	(5,819,541)	(5,829,841)
Excess over MAG	$ 3,617,580	$ 3,547,417	$ 2,128,094

Note 7 – Operating Leases (Continued)

During the years ended December 31, 2023 and 2022, the Airport recognized the following related to its lessor agreements:

	2023	2022
Lease revenue subject to GASB 87	$ 9,616,524	$ 7,775,405
Interest income related to leases	1,293,526	796,816
Total lease revenue subject to GASB 87	$ 10,910,050	$ 8,572,221

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2023, are as follows:

Years Ending	Principle	Interest	Total
2024	$ 7,527,259	$ 1,145,127	$ 8,672,386
2025	7,187,022	943,390	8,130,412
2026	7,145,340	743,537	7,888,877
2027	5,662,075	550,335	6,212,410
2028	661,548	484,870	1,146,418
2029-2033	2,805,424	2,177,554	4,982,978
2034-2038	2,730,724	1,805,889	4,536,613
2039-2043	2,727,037	1,421,515	4,148,552
2044-2048	2,573,006	1,043,615	3,616,621
2049-2053	2,424,223	698,765	3,122,988
2054-2058	1,152,420	459,552	1,611,972
2059-2063	1,099,164	298,438	1,397,602
2064-2068	1,066,839	150,016	1,216,855
2069-2073	559,871	36,501	596,372
	$ 45,321,952	$ 11,959,104	$ 57,281,056

Leases not Subject to GASB 87

Excluded - Regulated Leases

The Airport is party to certain regulated leases, as defined by GASB Statement No. 87. Regulated leases are classified as leases that are subject to external laws, regulations, or legal rulings, such as requirements from the U.S. Department of Transportation and the Federal Aviation Administration. The leased assets include aircraft facilitates, cargo facilities and ramps, building facilities, and land that the lessees use for fixed-base operations (FBO) and hangars. These leases are regulated by the U.S. Department of Transportation and the Federal Aviation Administration. Certain of these assets are subject to preferential use by counterparties to these agreements.

The Airport has nineteen terminal gates of which the following airlines have preferential use of sixteen of those gates:

Airline	2023	2022
Alaska	7	7
American	2	2
Delta	4	4
Southwest	2	2
United	2	2

Note 7 – Operating Leases (Continued)

During the years ended December 31, 2023, and 2022, the Airport recognized the following revenue from regulated leases:

	2023	2022
Regulated lease revenue	$ 2,546,932	$ 2,513,086

Future expected minimum payments related to the Airport's regulated leases at December 31, 2023, are as follows:

Year	Amount
2024	$ 2,182,460
2025	1,832,599
2026	1,804,769
2027	1,669,168
2028	1,604,408
2029-2033	6,786,753
2034-2038	6,030,835
2039-2043	5,578,378
2044-2048	5,008,520
2049-2053	3,422,341
2054-2058	2,589,898
2059-2063	969,139
2064-2068	488,097
2069-2073	159,965
2074-2078	27,445
2079-2084	27,272

Excluded - Short-Term Leases

In accordance with GASB Statement No. 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are classified as leases containing a lease term of twelve (12) months or less. The term of the lease includes all options to extend, regardless of their probability of being exercised. For short term lease payments, the Airport recognizes these as inflows of resources based on the Agreement.

Lease arrangements with the Airport as the Lessee

The Airport does not have any long-term leases where the Airport is the lessee.

Note 8 - Pension and Benefit Plans

Pensions:

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 8 – Pension and Benefit Plans (Continued)

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the years 2023 and 2022:

Aggregate Pension Amounts - All Plans		
	2023	2022
Pension liabilities	$ (792,656)	$ (944,457)
Pension assets	4,182,274	4,396,791
Deferred outflows of resources	2,814,689	2,792,694
Deferred inflows of resources	(1,577,381)	(2,678,653)
Pension expense/expenditures	(224,696)	71,890

State Sponsored Pension Plans:

Substantially all Spokane Airport Board's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

Plan Description:

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

Pension Benefits:

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions:

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary (OSA), adopted by the Pension Funding Council and it subject to change by the legislature.

Note 8 – Pension and Benefit Plans (Continued)

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

PERS Plan 1	2023	2023		2022	2022
Actual Contribution Rates	**Employer**	**Employee**		**Employer**	**Employee**
Jan – Jun 2023			Jan – Aug 2022		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%		PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	**10.39%**	**6.00%**	**Total**	**10.25%**	**6.00%**
Jul – Aug 2023			Sep – Dec 2022		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%		PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	**9.39%**	**6.00%**	**Total**	**10.39%**	**6.00%**
Sep – Dec 2023					
PERS Plan 1	6.36%	6.00%			
PERS Plan 1 UAAL	2.97%				
Administrative Fee	0.20%				
Total	**9.53%**	**6.00%**			

The Spokane Airport Board's actual contributions to the plan were $218,563 and $221,848 for the years ended December 31, 2023 and 2022, respectively.

Pension Benefits:

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions:

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 are as follows:

Note 8 – Pension and Benefit Plans (Continued)

PERS Plan 2/3	2023	2023		2022	2022
Actual Contribution Rates	**Employer 2/3**	**Employee 2/3**		**Employer 2/3**	**Employee 2/3**
Jan – June 2023			Jan – Aug 2022		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%		PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Employee PERS Plan 3		Varies	Employee PERS Plan 3		Varies
Total	**10.39%**	**6.36%**	**Total**	**10.25%**	**6.36%**
Jul – Aug 2023			Sep – Dec 2022		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%		PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%		Administrative Fee	0.18%	
Employee PERS Plan 3		Varies	Employee PERS Plan 3		Varies
Total	**9.39%**	**6.36%**	**Total**	**10.39%**	**6.36%**
Sep – Dec 2023					
PERS Plan 1	6.36%	6.36%			
PERS Plan 1 UAAL	2.97%				
Administrative Fee	0.20%				
Total	**9.53%**				

The Spokane Airport Board's actual contributions to the plan were $411,092 and $375,455 for the years ended December 31, 2023, and 2022, respectively.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF):

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state's full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

Plan Description and Benefits:

LEOFF Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include a cost-of living adjustment (COLA), LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions:

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20 percent of covered payroll.

Plan Description and Benefits:

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50-52, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially

Note 8 – Pension and Benefit Plans (Continued)

reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a cost-of-living allowance (based on the CPI), capped at three percent annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions:

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate is adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% as of July 1, 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

LEOFF Plan 2	2023	2023		2022	2022
Actual Contribution Rates	**Employer**	**Employee**		**Employer**	**Employee**
Jan – Aug 2023			Jan – Dec 2022		
State and local governments	5.12%	8.53%	State and local governments	5.12%	8.53%
Administrative Fee	0.18%		Administrative Fee	0.18%	
Total	**5.30%**	**8.53%**	**Total**	**5.30%**	**8.53%**
Sep – Dec 2023					
State and local governments	5.12%	8.53%			
Administrative Fee	0.20%				
Total	**5.32%**	**8.53%**			

The Spokane Airport Board's actual contributions to the plan were $123,131 and $136,821 for the years ended December 31, 2023, and 2022, respectively.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Office of the State Actuary and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ended June 30, 2023, the state contributed $87,966,142 to LEOFF Plan 2. SIA's portion of the state contribution is $83,069.

Actuarial Assumptions:

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age normal cost method), assumed interest, and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries' Pub H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each

Note 8 – Pension and Benefit Plans (Continued)

system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rate for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

Discount Rate:

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return:

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class:

The table below summarizes best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of NPL:

The table below presents the Spokane Airport Board's proportionate share of the net pension liability(NPL) (asset) calculated using the discount rate of 7.0 percent, as well as what the Spokane Airport Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$ 1,107,400	$ 792,656	$ 517,958
PERS 2/3	1,999,951	(1,838,832)	(4,992,637)
LEOFF 1	(852,217)	(961,106)	(1,055,528)
LEOFF 2	228,877	(1,382,336)	(2,700,976)

Note 8 – Pension and Benefit Plans (Continued)

Pension Plan Fiduciary Net Position:

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2023 and 2022, the Spokane Airport Board reported a total pension liability and pension assets are as follows:

	2023	2022
	Liability (or Asset)	Liability (or Asset)
PERS 1	$ 792,656	$ 944,457
PERS 2/3	(1,838,832)	(1,637,019)
LEOFF 1	(961,106)	(944,921)
LEOFF 2	(1,382,336)	(1,814,852)

The amount of the assets reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the Airport. The amount recognized by the Airport as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the Airport were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	$ 961,106	$ 1,382,336
State's proportionate share of the net pension asset associated with the employer	6,500,894	882,746
TOTAL	$ 7,461,99	$ 2,265,082

At June 30, the Spokane Airport Board's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/2023	Proportionate Share 6/30/2022	Change in Proportion
PERS 1	0.034724%	0.033920%	0.000804%
PERS 2/3	0.044864%	0.044139%	0.000725%
LEOFF 1	0.032382%	0.032940%	0.000558%
LEOFF 2	0.057631%	0.066779%	(0.009148%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2023. Historical data was obtained from a 2011 study by OSA. The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Note 8 – Pension and Benefit Plans (Continued)

Pension Expense (Benefit):

For the years ended December 31, 2023 and 2022, the Spokane Airport Board recognized pension expense (benefit) as follows:

	2023 Pension Expense (Benefit)	2022 Pension Expense (Benefit)
PERS 1	$ 21,313	$ 332,481
PERS 2/3	(202,915)	(530,579)
LEOFF 1	(70,441)	(44,962)
LEOFF 2	27,346	314,950
TOTAL	$ (224,696)	$ 71,890

Deferred Outflows of Resources and Deferred Inflows of Resources:

Deferred outflows of resources related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/collective net pension liability in the year ended December 31, 2024, and 2023, respectively. On December 31, 2023 and 2022, the Spokane Airport Board reported deferred outflows of resources and deferred inflows of resources related to pensions from sources as shown in the table below. Spokane Airport Board reported outflows of resources and deferred inflows of resources related to pensions from sources as shown in the table below.

PERS 1	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(89,415)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	96,617	
TOTAL	$ 96,617	$ (89,415)

PERS 1	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(156,524)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	118,278	-
TOTAL	$ 118,278	$ (156,524)

Note 8 - Pension and Benefit Planes (Continued)

PERS 2/3	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 374,568	$ (20,545)
Net difference between projected and actual investment earnings on pension plan investments	-	(692,983)
Changes of assumptions	772,006	(168,267)
Changes in proportion and differences between contributions and proportionate share of contributions	72,647	(109,919)
Contributions subsequent to the measurement date	209,643	-
TOTAL	$ 1,428,864	$ (991,714)

PERS 2/3	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 405,615	$ (37,058)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,210,260)
Changes of assumptions	912,412	(238,902)
Changes in proportion and differences between contributions and proportionate share of contributions	113,384	(118,129)
Contributions subsequent to the measurement date	197,896	-
TOTAL	$ 1,629,307	$ (1,604,349)

LEOFF 1	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(63,730)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	$ -	$ (63,730)

LEOFF 1	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(117,986)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	$ -	$ (117,986)

Note 8 - Pension and Benefit Plans (Continued)

LEOFF 2	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 564,645	$ (11,373)
Net difference between projected and actual investment earnings on pension plan investments	-	(292,499)
Changes of assumptions	353,113	(113,548)
Changes in proportion and differences between contributions and proportionate share of contributions	312,266	(15,101)
Contributions subsequent to the measurement date	59,183	-
TOTAL	$ 1,289,207	$ (432,521)

LEOFF 2	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 431,239	$ (16,839)
Net difference between projected and actual investment earnings on pension plan investments	-	(607,682)
Changes of assumptions	459,753	(158,024)
Changes in proportion and differences between contributions and proportionate share of contributions	87,714	(17,248)
Contributions subsequent to the measurement date	66,404	-
TOTAL	$ 1,045,110	$ (799,793)

Deferred outflows of resources related to pensions resulting from the Spokane Airport Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an addition to the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended December 31:	PERS 1
2024	$ (60,834)
2025	$ (76,506)
2026	$ 47,172
2027	$ 753
Thereafter	$ -

Year ended December 31:	LEOFF 1
2024	$ (43,695)
2025	$ (54,832)
2026	$ 34,014
2027	$ 783
Thereafter	$ -

Year ended December 31:	PERS 2/3
2024	$ (333,739)
2025	$ (406,116)
2026	$ 558,029
2027	$ 195,583
2028	$ 208,661
Thereafter	$ 5,089

Year ended December 31:	LEOFF 2
2024	$ (77,987)
2025	$ (125,222)
2026	$ 291,001
2027	$ 129,548
2028	$ 136,051
Thereafter	$ 444,112

Note 8 – Pension and Benefit Plans (Continued)

Postretirement Health Care Plan

Benefits Other than Pensions:

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2023:

Aggregate OPEB Amounts - All Plans				
	2023		2022	
OPEB liabilities	$	2,805,450	$	2,576,533
OPEB assets	$	-	$	-
Deferred outflows of resources	$	1,592,023	$	1,457,251
Deferred inflows of resources	$	(1,325,693)	$	(1,471,122)
OPEB expense/expenditures	$	135,014	$	75,966

The most recent actuarial evaluation was performed on May 1, 2023, for the year ended December 31, 2022.

Plan description:

The Airport sponsors and administers a single employer defined benefit postretirement health care plan (Spokane Airport Firefighters OPEB Plan) for firefighters retiring under the Washington LEOFF 1 retirement plan. The plan is directed and defined by the State of Washington Revised Code (RCW 41.26.150). Under the Airport's bargaining unit agreement with its firefighters, the Airport is required to provide full coverage medical and dental insurance to the retired firefighters. The Airport pays 100% of the premiums, employee deductibles, and co-insurance payments from the time of retirement until death. An employee is eligible for retirement with five years of service at the age of 50.

At December 31, 2023, the following employees were covered by the benefit terms:

Type of employee	Amount
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	10

The Plan is closed to all new entrants. The accrued benefit liability is determined using the entry age normal cost method.

Funding policy:

The Airport has not established a trust fund to supplement the cost of OPEB obligation. The Airport pays benefits on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits do not make contributions to the Plan.

Funding status:

As of December 31, 2023 and 2022, using the entry age normal cost method, the actuarial accrued liability for LEOFF Plan 1 Members' Medical Services Plan benefits was $2,805,450 and $2,576,533, respectively, all of which was unfunded.

Note 8 – Pension and Benefit Plans (Continued)

Assumptions and Other Inputs:

The following actuarial methods and assumptions were made:

Assumption/Input	Value
Valuation Date	12/31/2023
Measurement Date	12/31/2023
Actuarial Cost Method	Entry Age Normal
Funding Model	Service Cost + Shortfall Amortization
Amortization Method	Level Dollar
Remaining Amortization Period	11
Asset Valuation Method	Market Value
Medical Trend Rate	9% reduced by .5% until base 5%
Salary increase rate	0.00%
Discount rate	4.31% at 12-31-2022 4.00% at 12-31-2023
Investment Rate of Return	0.00%
Long-Term Rate of Return	0.00%
20-Year AA Municipal Bond Index Rate	4.00%
Retirement Age	55
Mortality Table	RP-2014 Mortality with 2023 Improvement Rate
Turnover Table	T2 Table
Salary changes	Not applicable

The following presents the total OPEB liability of the Airport calculated using the current healthcare cost trend rate of 9.0 percent decreasing to 5.0 percent as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (8.0 percent) or 1-percentage point higher (10.0 percent) that the current rate.

	1% Decrease 8% decreasing to 5.0%	Current Healthcare Cost Trend Rate 9% decreasing to to 5.0%	1% Increase 10% decreasing to 5.0%
Total OPEB Liability	$ 2,671,514	$ 2,805,450	$ 2,969,621

The following presents the total OPEB liability of the Airport calculated using the discount rate of 4.00 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00 percent) or 1-percentage point higher (5.00 percent) that the current rate.

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB Liability	$ 3,032,481	$ 2,805,450	$ 2,605,964

Note 8 – Pension and Benefit Plans (Continued)

Changes in the Total OPEB Liability:

Spokane Airport Firefighter OPEB Plan	
Total OPEB Liability at 01/01/2023	$ 2,576,533
Service cost	-
Interest	107,034
Changes of benefit terms	-
*Differences between expected and actual experience	74,069
*Changes of assumptions	234,112
Benefit payments	(186,298)
Other changes	-
Total OPEB Liability at 12/31/2023	$ 2,805,450

The following table summarizes changes that may have affected the OPEB liability:

Changes	Value
Assumptions/inputs	N/A
Benefits	N/A

The benefit payments in the measurement period attributable to the purchase of insurance contracts for the year ended December 31, 2023, totaled $186,298, and $182,776 for the year ended December 31, 2022. The insurance provided full coverage to the retired firefighters. Under the insurance contract, payment of benefits has been transferred from the Airport to Kaiser Permanente and MetLIfe.

The amount of OPEB expense recognized by the Airport for the reporting period ending December 31, 2023 was $135,014, and $75,966 for the year ended December 31, 2022.

At December 31, 2023, the Spokane Airport Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 984,301	$ 656,297
Changes of assumptions	607,722	669,396
Payments subsequent to the measurement date	-	-
TOTAL	$ 1,592,023	$ 1,325,693

Note 8 – Pension and Benefit Plans (Continued)

Deferred outflows of resources of $0 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ended December 31:	Spokane Airport Firefighters OPEB Plan
2024	$ 27,980
2025	$ 27,980
2026	$ 27,980
2027	$ 27,980
2028	$ 27,980
Thereafter	$ 126,430

Note 9 - Deferred Outflows and Inflows

The Airport had the following Deferred Outflows and Inflows at December 31, 2023 and 2022.

	2023	2022
Deferred Outflows		
Pension Outflows	$ 2,814,689	$ 2,792,696
OPEB Outflows	1,592,023	1,457,251
Total Deferred Outflows	$ 4,406,712	$ 4,249,947
Deferred Inflows		
Pensions	$ 1,577,379	$ 2,678,652
OPEB	1,325,693	1,471,122
Leases	44,137,842	47,202,753
Total Deferred Inflows	$ 47,040,914	$ 51,352,527

Note 10 - Deferred Compensation

The Airport offers their employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457(b). The Plan, available to substantially all of the Airports' employees, permits them to defer a portion of their salary until termination, retirement, death, or unforeseeable emergency. Contributions to the Plan were $305,560 and $321,551 for the years ended December 31, 2023 and 2022, respectively.

Effective December 31, 1997, Section 457(b) of the Internal Revenue Code was amended by Section 1448 of the Small Business Job Protection Act of 1996, which provides that governmental deferred compensation plans must hold all assets and income of the Plan in trust for the exclusive benefit of members and their beneficiaries.

The fair value of the deferred compensation plan assets and the total amount of deferred compensation, including income earned, were approximately $4,459,282 and $3,687,991 on December 31, 2023 and 2022, respectively. In accordance with the legislation described above, the assets and associated liability of the deferred compensation plan assets are not included in the Airport's statement of net position.

The Airport has no liability for losses under the Plan.

Note 10 – Deferred Compensation (Continued)

Effective November 1, 2022, the Airport Board adopted a 457(f) deferred compensation plan for qualified executive employees. The plan adopted by the Airport Board is a nonqualified deferred compensation plan, or commonly referred to as a “top hat plan” under Section 201(2) of the Employee Retirement Income Security Act (ERISA) of 1974, as amended. Per the plan, the Airport made an initial contribution of $327,672, plus associated taxes, at the end of fiscal year 2022. Additionally, the Airport may make additional contributions from time to time per the plan’s vesting schedule; however, the Airport is under no obligation to make a contribution(s) to an employee if the employee leaves the organization prior to a vesting period.

Note 11 – Related-Party Leases

The Airport has noncancelable operating land lease agreements with the City of Spokane (City), a related party. The Airport recognized income of $206,362 in 2023 and $142,441 in 2022 as a result of the land leases. The Airport purchases various utilities and permits from the City. In 2023 and 2022 those amounts totaled $513,368 and $785,775, respectively.

The Airport has operating lease agreements with various entities within Spokane County (County), a related party. During 2023 and 2022, the Airport recognized income of $374,201 and $374,476, respectively, under the lease agreements. The Airport purchases various services from the County. In 2023 and 2022, those amounts totaled $15,818 and $8,855, respectively.

The Airport purchases the majority of its electrical power from Avista Utilities. During 2022, employees from Avista Utilities were members of the Airport Board. The Airport paid Avista Utilities $1,903,369 and in 2022. The Airport received revenue from Avista for 2022 in the amount of $19,905.

The Airport has a land and building lease with West Plains Airport Area PDA, a related party. The Airport recognized income of $64,674 in 2023 and $63,934 in 2022 as a result of the land leases. During 2022 the Airport sold land to West Plain Airport Area PDA totaling $4,641,965.

Income and future minimum rental payments under the lease agreements are included in amounts in Note 7.

Note 12 – Environmental Liability

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* requires accrual of pollution remediation obligation amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: (1) imminent endangerment to the public; (2) permit violation; (3) the governmental entity is named as party responsible for sharing costs; (4) the governmental entity is named in a lawsuit to compel participation in pollution remediation; or (5) the governmental entity has commenced or legally obligated itself to commence pollution remediation. Costs incurred for pollution remediation obligations are recorded as environmental expenses unless the expenditure meets specific criteria that allow them to be capitalized.

Capitalization criteria include preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

The Airport has been identified by a state or federal agency as a potentially responsible party (PLP) on a regulatory database or has voluntarily implemented pollution remediation at a site. Areas the Airport has been identified as a PLP include a former burn pit, soil, and/or groundwater remediation associated with underground storage tanks and leaking underground storage tanks, asbestos abatement, and groundwater remediation/bioremediation as it relates to contaminants.

The Airport has multiple test wells and has retained engineering firms to monitor surface water and groundwater quality to determine the environmental impact of current aircraft and runway deicing practices. Based on these studies and discussions with the Department of Ecology, in April 2010, an application for a State Waste Discharge Permit for Discharge of Industrial Wastewater to Groundwater was submitted on July 11, 2011, and a temporary permit was granted on November 7, 2011.

Note 12 - Environmental Liability (Continued)

In July 2015, the Airport submitted to the Department of Ecology an application to land apply recovered aircraft deicing fluid (ADF). Ecology has acknowledged receipt of the application and during a review period SIA began monitoring the effect of land application of ADF. On February 19, 2019, the Airport submitted an updated permit and application that reflected changes to the collection, treatment and discharge of the ADF-containing storm water. Department of Ecology accepted the application as complete on February 26, 2019. On June 20, 2020, the Department of Ecology issued Permit ST0045499 authorizing the Airport to continue to discharge residual ADF-containing storm water to the storm water infiltration area.

In fall of 2023, the Airport began negotiations with Washington State Department of Ecology regarding an agreed order to address investigation and remediation of potential contamination of per- and polyfluoroalkyl substances (PFAS) on Airport property. Until fall of 2023, the Airport was mandated by the Federal Aviation Administration to use for fire suppression aqueous film-forming foam (AFFF), which historically contained various forms of PFAS. Prior occupants of Airport property may have also used PFAS-containing substances. In fall of 2017, it was publicly reported that Fairchild Air Force Base, which is located immediately adjacent to the northwest area of Airport property, had contributed to elevated levels of PFAS in the immediate area. The Airport is investigating to identify any contamination and its possible sources. The costs of ongoing investigation and potential remediation cannot be reasonably determined at this time.

The Airport has estimated an environmental liability in the amount of $2,194,805 and $2,106,943 as of December 31, 2023, and 2022, respectively. The estimate of costs used to establish the liability was developed by using the expected cash flow technique. The liability is an estimate and is subject to changes resulting from price increases, changes in technology, or changes in applicable laws and regulations. At December 31, 2023, it was not known how much of these costs will be recovered from other parties, if any.

Note 13 - Contingencies and Commitments

Litigation:

The Airport is a party to various assertions and legal actions arising in connection with the operation of the Airport, including personal injury claims, employment-related claims, and construction claims. In this regard, there are incidents that might result in the assertion of additional claims.

Based on consultation with counsel and an evaluation of such matters, management is of the opinion that such matters either are adequately covered by insurance or valid defenses exist, and the settlement of such matters will not have a material adverse effect on the financial position of the Airport. Accordingly, the financial statements of the Airport do not include any recorded liability related to these claims.

Commitments:

During the fiscal years 2023 and 2022, the Airport entered into various construction and service-related contracts totaling $87,617,000 and $201,522,302. Commitments remaining on contracts totaled $133,778,968 at December 31, 2023, and $175,684,113 at December 31, 2022.

Note 14 – Grants

Grants the Airport receives are subject to audit and final acceptance by the granting agency. Current and prior year costs of such grants are subject to adjustment upon audit.

Note 15 – Net Position

Investment in capital assets, net of debt, consisted of the following at December 31:

	2023	2022
Long-term assets		
Land	$ 20,650,071	$ 20,663,872
Construction in process	111,456,952	45,987,587
Intangible assets, net	181,016	-
Depreciable capital assets, net	229,369,202	220,130,633
Total capital assets	$ 361,657,241	$ 286,782,092
Less related liabilities		
Construction Retainage Payable	$ 775,787	$ 1,087,712
Construction Warrants Payable	1,023,956	1,878,555
Subscription liability	52,511	-
Short term loan	3,814,982	-
Total liabilities	5,667,236	2,966,267
INVESTMENT IN CAPITAL ASSETS	$ 355,990,005	$ 283,815,825

Restricted net position consisted of the following:

	2023	2022
Passenger Facility Charge, investments, restricted for approved projects	$ 581,283	$ 1,492,053
Customer facility Charges	22,209,430	18,659,762
Cash restricted for retainages, deposits, and grants	2,372,568	3,274,961
Receivable from Government Agency	23,269,088	18,153,503
Net Pension Asset	4,182,274	4,396,791
RESTRICTED NET POSITION	$ 52,614,643	$ 45,977,070

Note 16 - Risk Management

The Airport can be exposed to a variety of risks or losses related to torts (i.e., injuries to employees, passengers, damage to property, destruction, theft of assets, or natural disasters). The Airport has purchased commercial insurance for coverage of these risks. There have been no significant changes in coverage. There were no settlements in excess of insurance coverage in 2023 and in 2022.

Note 17 - Subsequent Events

Contracts:

During the first five months of 2024, the Airport Board approved the following contracts:

Construction contracts	$ 1,890,929
Service Contracts	11,093,007
Good Purchases	2,650,008
Total Contracts	$ 15,633,944

Note 17 – Subsequent Events (Continued)

Economic Events:

On January 25, 2024, the Airport Board approved the second of two installments of a Promissory Note with the Spokane County Treasurer's Office for short-term borrowing. The Airport originally secured funding of $15 million in 2023, for the construction of the Concourse C TREX project. The Airport will use the second installment, also in the amount of $15 million, to continue construction of the Concourse C TREX project.

Fiscal year 2023 was the highest passenger activity in the Airport's history. That history has continued into the first four months of 2024.

REQUIRED SUPPLEMENTARY

INFORMATION

State Sponsored Pension Plans

Schedule of Proportionate Share of the Net Pension Liability
As of June 30

PERS 1	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.034724%	0.033920%	0.037762%
Employer's proportionate share of the net pension liability	$ 792,656	$ 944,457	$ 461,162
Employer's covered payroll	6,278,997	5,509,382	5,714,844
Employer's proportionate share of the net pension liability as a percentage of covered payroll	12.62%	17.14%	8.07%
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%

PERS 2/3	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.044864%	0.044139%	0.048575%
Employer's proportionate share of the net pension liability (asset)	$ (1,838,833)	$ (1,637,019)	$ (4,838,852)
Employer's covered payroll	6,278,997	5,509,382	5,714,844
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-29.29%	-29.71%	-84.67%
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%

LEOFF 1	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.032382%	0.032940%	0.032872%
Employer's proportionate share of the net pension liability (asset)	$ (961,106)	$ (944,921)	$ (1,126,050)
Employer's covered payroll	-	-	-
State's proportionate share of the net pension liability (asset) associated with the employer	$ (6,500,894)	$ (6,391,423)	$ (7,616,579)
TOTAL	$ (7,462,000)	$ (7,336,344)	$ (8,742,629)
Employer's covered payroll	-	-	-
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	175.99%	169.62%	187.45%

LEOFF 2	2023	2022	2021
Employer's proportion of the net pension liability (asset)	0.057631%	0.066779%	0.066227%
Employer's proportionate share of the net pension liability (asset)	$ (1,382,336)	$ (1,814,852)	$ (3,846,738)
State's proportionate share of the net pension liability (asset) associated with the employer	(882,746)	(1,175,621)	(2,481,566)
TOTAL	$ (2,265,082)	$ (2,990,473)	$ (6,328,304)
Employer's covered payroll	2,545,944	2,690,312	2,549,438
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-88.97%	-111.16%	-248.22%
Plan fiduciary net position as a percentage of the total pension liability	113.17%	116.09%	142.00%

State Sponsored Pension Plans (Continued)

2020	2019	2018	2017	2016	2015	2014
0.043163%	0.043428%	0.041895%	0.042622%	0.040130%	0.039292%	0.041972%
$ 1,523,887	$ 1,669,961	$ 1,871,045	$ 2,022,447	$ 2,155,170	$ 2,072,175	$ 2,112,914
6,551,262	6,144,088	5,584,050	5,960,060	4,868,988	4,524,442	4,617,726
23.26%	27.18%	33.51%	33.93%	44.26%	45.80%	45.76%
68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%

2020	2019	2018	2017	2016	2015	2014
0.055949%	0.056091%	0.053522%	0.054863%	0.051356%	0.050566%	0.053087%
$ 715,556	$ 544,834	$ 913,841	$ 1,906,227	$ 2,585,734	$ 1,838,537	$ 1,075,519
6,551,262	6,144,088	5,584,050	5,960,060	4,868,988	4,515,039	4,587,162
10.92%	8.87%	16.37%	31.98%	53.11%	40.72%	23.45%
97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

2020	2019	2018	2017	2016	2015	2014
0.033059%	0.032810%	0.032389%	0.032609%	0.034301%	0.035194%	0.036583%
$ (624,322)	$ (648,526)	$ (588,023)	$ (494,750)	$ (353,398)	$ (424,165)	$ (443,675)
-	-	-	-	-	-	23,038
$ (4,222,900)	$ (4,386,614)	$ (3,977,373)	$ (3,346,479)	$ (2,390,378)	$ (2,869,042)	$ (3,001,007)
$ (4,847,222)	$ (5,035,140)	$ (4,565,396)	$ (3,841,229)	$ (2,743,776)	$ (3,293,207)	$ (3,444,682)
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
146.88%	148.78%	144.42%	135.96%	123.74%	127.36%	126.91%

2020	2019	2018	2017	2016	2015	2014
0.069828%	0.070087%	0.071336%	0.074294%	0.073676%	0.082249%	0.080339%
$ (1,424,389)	$ (1,623,701)	$ (1,448,276)	$ (1,030,960)	$ (428,522)	$ (839,853)	$ (1,060,517)
(910,784)	(1,063,306)	(937,732)	(668,764)	(279,365)	(555,133)	$ (692,922)
$ (2,335,173)	$ (2,687,007)	$ (2,386,008)	$ (1,699,724)	$ (707,887)	$ (1,394,986)	$ (1,753,439)
2,659,260	2,471,461	2,372,143	2,476,968	2,278,302	2,384,962	2,256,310
-87.81%	-108.72%	-100.58%	-68.62%	-31.07%	-58.49%	-77.71%
115.83%	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

State Sponsored Pension Plans (Continued)

Schedule of Employer Contributions
As of December 31

PERS 1	2023	2022	2021
Statutorily or contractually required contributions	$ 218,563	$ 221,848	$ 230,504
Contributions in relation to the statutorily or contractually required contributions	218,563	221,848	230,504
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	6,463,699	5,903,224	5,382,802
Contributions as a percentage of covered payroll	3.38%	3.76%	4.28%

PERS 2/3	2023	2022	2021
Statutorily or contractually required contributions	$ 411,092	$ 375,445	$ 383,769
Contributions in relation to the statutorily or contractually required contributions	411,092	375,445	383,769
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employer payroll	6,463,699	5,903,224	5,382,802
Contributions as a percentage of covered payroll	6.36%	6.36%	7.13%

LEOFF 1	2023	2022	2021
Statutorily or contractually required contributions	$ -	$ -	$ -
Contributions in relation to the statutorily or contractually required contributions	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employer payroll	-	-	-
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

LEOFF 2	2023	2022	2021
Statutorily or contractually required contributions	$ 123,131	$ 136,821	$ 130,522
Contributions in relation to the statutorily or contractually required contributions	123,131	136,821	130,522
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employer payroll	2,404,896	2,672,284	2,542,072
Contributions as a percentage of covered payroll	5.12%	5.12%	5.13%

State Sponsored Pension Plans (Continued)

2020	2019	2018	2017	2016	2015	2014
$ 303,072	$ 318,572	$ 290,805	$ 271,541	$ 245,770	$ 205,343	$ 182,726
303,072	318,572	290,805	271,541	245,770	205,343	182,726
$ -	$ -	$ -	$ -	$ -	$ -	$ -
6,319,335	6,144,088	5,741,232	5,538,859	5,193,812	4,669,550	4,543,077
4.80%	5.19%	5.07%	4.90%	4.73%	4.40%	4.02%

2020	2019	2018	2017	2016	2015	2014
$ 500,492	$ 497,916	$ 430,625	$ 380,628	$ 321,470	$ 263,805	$ 227,331
500,492	497,916	430,625	380,628	321,470	263,805	227,331
$ -	$ -	$ -	$ -	$ -	$ -	$ -
6,319,335	6,144,088	5,741,232	5,538,859	5,193,812	4,669,550	4,543,077
7.92%	8.10%	7.50%	6.87%	6.19%	5.65%	5.00%

2020	2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2020	2019	2018	2017	2016	2015	2014
$ 135,958	$ 134,741	$ 125,868	$ 120,068	$ 112,905	$ 119,085	$ 119,032
135,958	134,741	125,868	120,068	112,905	119,085	119,032
$ -	$ -	$ -	$ -	$ -	$ -	$ -
2,639,947	2,471,461	2,397,478	2,330,224	2,235,741	2,358,113	2,357,062
5.15%	5.45%	5.25%	5.15%	5.05%	5.05%	5.05%

Other Postemployment Health Care Benefits

The following information is based on an actuarial report prepared on March 27, 2024, and for the fiscal years ended December 31, 2023, and 2022.

Spokane Airport Board
Schedule of Changes in Total OPEB Liability and Related Ratios
For the year ended December 31, 2023
Last 10 Fiscal Years*

	2023	2022	2021
Total OPEB liability - Beginning	$ 2,576,533	$ 3,469,274	$ 3,461,120
Service cost	-	-	-
Interest	107,034	76,002	67,364
Changes in benefit terms	-	-	-
Differences between expected and actual experience	74,069	(310,561)	207,648
Changes of assumptions	234,112	(475,406)	(80,986)
Benefit payments	(186,298)	(182,776)	(185,872)
Other changes	-	-	-
Total OPEB liability - ending	$ 2,805,450	$ 2,576,533	$ 3,469,274
Plan fiduciary net position			
Contribution	$ 186,298	$ 182,776	$ 185,872
Net Investment Income			
Benefit Payments	(186,298)	(182,776)	(185,872)
Administrative Expense	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending	-	-	-
Net OPEB Liability	$ 2,805,450	$ 2,576,533	$ 3,469,274
Plan Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%	0.00%
Covered-employee payroll	$ -	$ -	$ -
Total OPEB liability as a % of covered payroll	N/A	N/A	N/A

Notes to Schedule:
* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Other Postemployment Health Care Benefits (Continued)

2020	2019	2018	2017	2016
$ 3,031,126	$ 2,446,912	$ 3,062,684	$ 3,202,985	$ 2,961,892
-	-	-	-	-
81,111	91,028	98,577	117,440	86,200
-	113,328	-	-	-
326,458	356,852	(430,493)	(261,003)	613,175
185,718	163,432	(132,858)	145,743	(281,172)
(163,293)	(140,426)	(150,998)	(142,481)	(177,110)
-	-	-	-	-
$ 3,461,120	$ 3,031,126	$ 2,446,912	$ 3,062,684	$ 3,202,985
$ 163,293	$ 140,426	$ 150,998	$ 142,481	$ 142,481
	-	-	-	-
(163,293)	(140,426)	(150,998)	(142,481)	(142,481)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 3,461,120	$ 3,031,126	$ 2,446,912	$ 3,062,684	$ 3,202,985
0.00%	0.00%	0.00%	0.00%	0.00%
$ -	$ -	$ -	$ -	$ -
N/A	N/A	N/A	N/A	N/A

Other Postemployment Health Care Benefits (Continued)

The following actuarial methods and assumptions were made:

Assumption/Input	Value
Valuation Date	12/31/2023
Measurement Date	12/31/2023
Actuarial Cost Method	Entry Age Normal
Funding Model	Service Cost + Shortfall Amortization
Amortization Method	Level Dollar
Remaining Amortization Period	11
Asset Valuation Method	Market Value
Medical Trend Rate	9% reduced by .5% until base 5%
Salary increase rate	0.00%
Discount rate	4.31% at 12-31-2022 4.00% at 12-31-2023
Investment Rate of Return	0.00%
Long-Term Rate of Return	0.00%
20-Year AA Municipal Bond Index Rate	4.00%
Retirement Age	55
Mortality Table	RP-2014 Mortality with 2023 Improvement Rate
Turnover Table	T2 Table
Number of Participants in plan	Not applicable
Changes in Benefits	12/31/2023
Salary changes	12/31/2023

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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 basic 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, 2023, 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 June 28, 2024.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

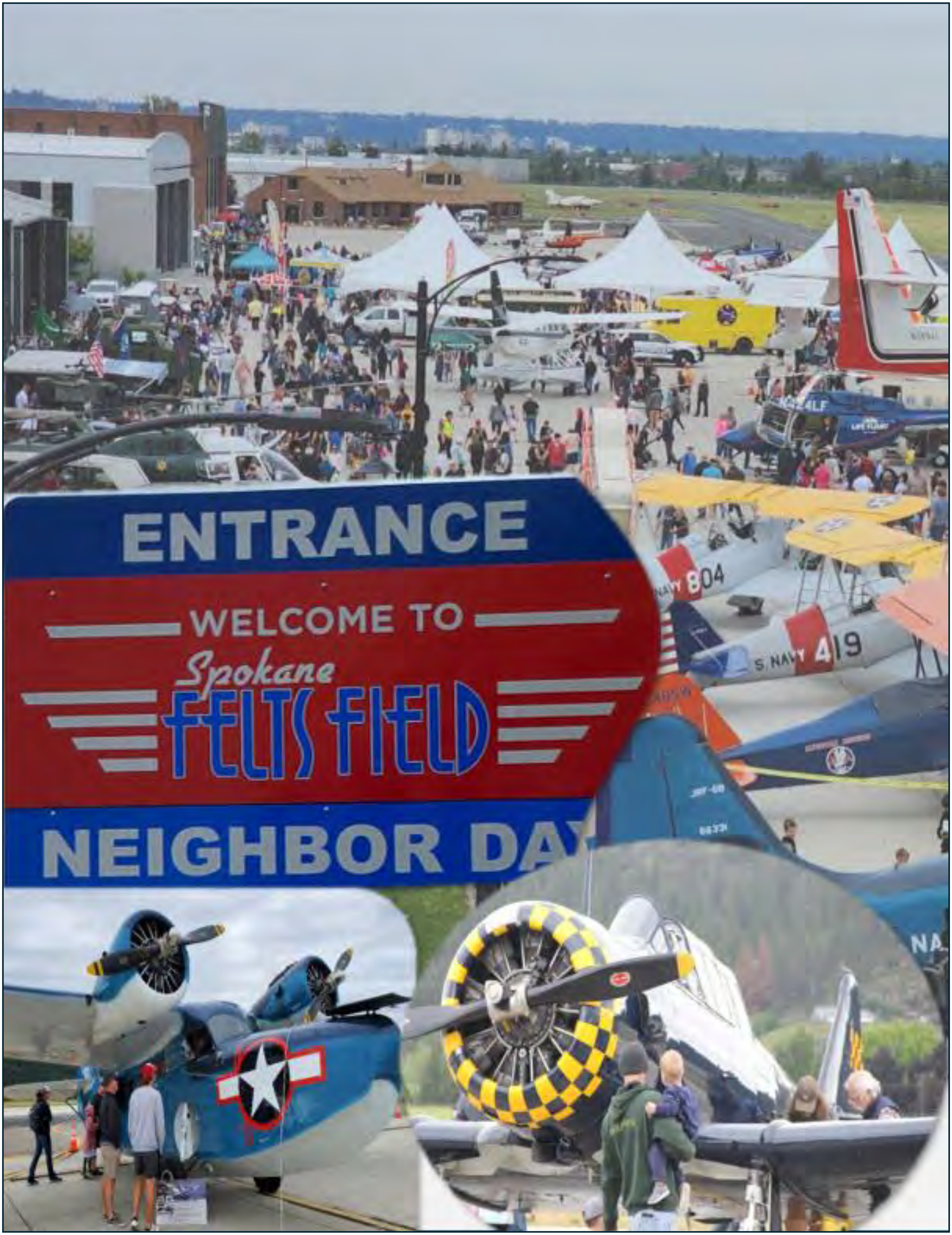
As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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
June 28, 2024


ENTRANCE
WELCOME TO
Spokane
FELTS FIELD
NEIGHBOR DAY

Supporting our Community

SPOKANE
AIRPORT BOARD

9000 West Airport Drive
Spokane, WA 99224