



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

December 31, 2019

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Spokane Airport Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Spokane Airport Board (Airport), which comprise the statement of net position as of and for the year ended December 31, 2019, 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 24, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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 24, 2020

Report on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program, Report on Internal Control Over Compliance in Accordance with the Passenger Facility Charge Program Audit Guide for Public Agencies, and Report on the Schedule of Passenger Facility Charge Program Receipts and Expenditures

The Board of Directors
Spokane Airport Board

Report on Compliance for the Passenger Facility Charge Program

We have audited the compliance of the Spokane Airport Board (Airport) with the types of compliance requirements described in the Passenger Facility Charge Program Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on its Passenger Facility Charge (PFC) program for the year ended December 31, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the PFC program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the PFC program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for the PFC program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on PFC Program

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Passenger Facility Charge Program Receipts and Expenditures

We have audited the financial statements of the Spokane Airport Board as of and for the year ended December 31, 2019, and have issued our report thereon dated June 24, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charge program receipts and expenditures is presented for purposes of additional analysis as required by the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charge program receipts and expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Spokane, Washington
June 24, 2020

**Spokane Airport Board
 Passenger Facility Charge Program
 Schedule of Passenger Facility Charge Program Receipts and
 Expenditures for Year Ended December 31, 2019**

Program	Application Approved Number	Amount Authorized	Collection Level	Period Beginning Cumulative Collections	Current PFC Revenues	Current Interest Earned	Period Ending Cumulative Collections	Remaining Collection Authority	Period Beginning Cumulative Expenditures	Current Expenditures	Period Ending Cumulative Expenditures	Collections vs. Expenditures
Quarter Ended March 31, 2019												
Passenger Facility Charges	15-10-C-00-GEG	\$ 16,458,882	4.50	\$ 16,458,882	\$ -	\$ -	\$ 16,458,882	\$ -	\$ 6,477,651	\$ 867,362	\$ 7,345,013	\$ 9,113,869
	17-11-C-00-GEG	16,298,809	4.50	11,740,045	852,229	53,245	12,645,519	3,653,290	7,644,543	-	7,644,543	5,000,976
				<u>\$ 28,198,927</u>	<u>\$ 852,229</u>	<u>\$ 53,245</u>	<u>\$ 29,104,401</u>	<u>\$ 3,653,290</u>	<u>\$ 14,122,194</u>	<u>\$ 867,362</u>	<u>\$ 14,989,556</u>	<u>\$ 14,114,845</u>
Quarter Ended June 30, 2019												
Passenger Facility Charges	15-10-C-00-GEG	16,458,882	4.50	\$ 16,458,882	\$ -	\$ -	\$ 16,458,882	\$ -	\$ 7,345,013	\$ 3,681,409	\$ 11,026,422	\$ 5,432,460
	17-11-C-00-GEG	16,298,809	4.50	12,645,519	1,888,865	86,105	14,620,489	1,678,320	7,644,543	131,700	7,776,243	6,844,246
				<u>\$ 29,104,401</u>	<u>\$ 1,888,865</u>	<u>\$ 86,105</u>	<u>\$ 31,079,371</u>	<u>\$ 1,678,320</u>	<u>\$ 14,989,556</u>	<u>\$ 3,813,109</u>	<u>\$ 18,802,665</u>	<u>\$ 12,276,706</u>
Quarter Ended September 30, 2019												
Passenger Facility Charges	15-10-C-00-GEG	16,458,882	4.50	\$ 16,458,882	\$ -	\$ -	\$ 16,458,882	\$ -	\$ 11,026,422	\$ 2,485,574	\$ 13,511,996	\$ 2,946,886
	17-11-C-00-GEG	16,298,809	4.50	14,620,489	1,942,668	93,802	16,656,959	(358,150)	7,776,243	2,291,505	10,067,748	6,589,211
				<u>\$ 31,079,371</u>	<u>\$ 1,942,668</u>	<u>\$ 93,802</u>	<u>\$ 33,115,841</u>	<u>\$ (358,150)</u>	<u>\$ 18,802,665</u>	<u>\$ 4,777,079</u>	<u>\$ 23,579,744</u>	<u>\$ 9,536,097</u>
Quarter Ended December 31, 2019												
Passenger Facility Charges	15-10-C-00-GEG	16,458,882	4.50	\$ 16,458,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amendment 15-10-C-00-GEG	15-10-C-00-GEG	4,340,755	4.50	-	3,044,150	103,670	19,606,702	1,192,935	13,511,996	3,730,644	17,242,640	2,364,062
	17-11-C-00-GEG	16,298,809	4.50	16,656,959	-	-	-	-	-	-	-	-
Amendment 17-11-C-00-GEG	17-11-C-00-GEG	7,483,180	4.50	-	-	-	16,656,959	7,125,030	10,067,748	5,239,193	15,306,941	1,350,018
				<u>\$ 33,115,841</u>	<u>\$ 3,044,150</u>	<u>\$ 103,670</u>	<u>\$ 36,263,661</u>	<u>\$ 8,317,965</u>	<u>\$ 23,579,744</u>	<u>\$ 8,969,837</u>	<u>\$ 32,549,581</u>	<u>\$ 3,714,080</u>
Year Ended December 31, 2019												
Passenger Facility Charges	15-10-C-00-GEG	20,799,637	4.50	\$ 16,458,882	\$ 3,044,150	\$ 103,670	\$ 19,606,702	\$ 1,192,935	\$ 6,477,651	\$ 10,764,989	\$ 17,242,640	\$ 2,364,062
	17-11-C-00-GEG	23,781,989	4.50	11,740,045	4,683,762	233,152	16,656,959	7,125,030	7,644,543	7,662,398	15,306,941	1,350,018
				<u>\$ 28,198,927</u>	<u>\$ 7,727,912</u>	<u>\$ 336,822</u>	<u>\$ 36,263,661</u>	<u>\$ 8,317,965</u>	<u>\$ 14,122,194</u>	<u>\$ 18,427,387</u>	<u>\$ 32,549,581</u>	<u>\$ 3,714,080</u>
Cumulative Year Ended 12/31/19												
				<u>\$ 28,198,927</u>	<u>\$ 7,727,912</u>	<u>\$ 336,822</u>	<u>\$ 36,263,661</u>	<u>\$ 8,317,965</u>	<u>\$ 14,122,194</u>	<u>\$ 18,427,387</u>	<u>\$ 32,549,581</u>	<u>\$ 3,714,080</u>

Spokane Airport Board
Passenger Facility Charge Program
Note to The Schedule of Passenger Facility Charge Program Receipts and
Expenditures for the Year Ended December 31, 2019

Note 1 – Basis of Accounting

The accompanying schedule of passenger facility charge program receipts and expenditures reports the activity of the Spokane Airport Board related to its passenger facility charges.

The following is the basis of presentation:

PFC revenues – These amounts represent the receipt of PFC charges from airlines for the year ended December 31, 2019. Amounts are reported on an accrual basis.

Interest earned – These amounts represent the interest income earned on deposit balances of PFC receipts for the year ended December 31, 2019. Amounts are reported on an accrual basis.

Expenditures – Expenditures represent the amount of capital and other approved cost expended for approved projects for the year ended December 31, 2019. Amounts are reported on an accrual basis.

Spokane Airport Board
Passenger Facility Charge Program
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

PFC Awards

Internal control over Passenger Facility Charge Program:

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

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

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

Section II—Financial Statement Findings None reported

Section III—PFC Award Findings and Questioned Costs None reported

