

The background of the cover is a photograph of a modern airport terminal interior. It features a long, white, curved reception desk in the foreground, with several orange armchairs and grey chairs arranged around it. The ceiling is high with exposed wooden beams and several spherical pendant lights. Large windows are visible in the background, and a sign with 'C7' is hanging. The image is overlaid with a dark blue diagonal band on the left and a light blue diagonal band on the right.

# **Spokane Airport Board 2024**

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Annual  
**REPORT**

# TAXIWAY ALPHA





# REHAB PROJECT







# **ANNUAL FINANCIAL STATEMENTS**

For the years ending December 31, 2025 & 2024

Spokane, Washington

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# INTRODUCTION

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# SPOKANE AIRPORT BOARD



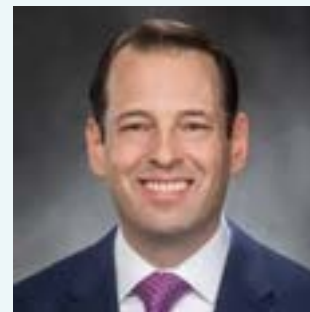
**Ezra Eckhardt**  
*Chair*



**Al French**  
*Vice Chair*



**Brooke Baker Spink**  
*Secretary*



**Andy Billig**



**Max Kuney**



**Nancy Vorhees**



**Betsy Wilkerson**







# FINANCIAL SECTION

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## **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, 2024 and 2023, 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, 2024 and 2023, 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 audits. 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 but does not include the basic financial statement and our auditor's report thereon. 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 September 17, 2025, 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.

A handwritten signature in dark ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Spokane, Washington  
September 17, 2025



**SPOKANE AIRPORT BOARD  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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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, 2024, with selected comparative information from the years ended December 31, 2023, and 2022.

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 73rd busiest US airport for passengers and 51st 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	2024	2023	2022
Total Passengers	4,264,875	4,131,266	3,920,972
Cargo (pounds)	134,595,471	154,805,615	157,789,826
SIA - Operations	67,944	67,223	66,720
Felts Field - Operations	65,109	70,218	69,796

Total passenger traffic in 2024 increased 3.2% compared to 2023 levels as the Airport saw record passenger activity in 2024. The number of operations (takeoffs and landings) in 2024 increased 1.1% over 2023 as airlines added capacity in response to increased passenger traffic demand. Felts Field experienced a decrease of 7.3% in operations compared to 2023 levels. Despite the decrease, infrastructure improvements made at Felts Field over the past few years continue to attract pilots and aircraft to the field.

## **SPOKANE AIRPORT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Mail and cargo traffic in 2024 decreased compared to 2023. The decrease in 2024 compared to 2023 was due to a decrease in cargo carried by traditional cargo carriers. Cargo carriers decreased their tonnage 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 Governmental 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 2024 to 2023 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.

# SPOKANE AIRPORT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

Below is a Summary of the Statement of Net Position:

Summary Statement of Net Position	2024	2023	2022
Current Assets	\$117,234,650	\$100,583,079	\$ 92,721,707
Noncurrent Assets			
Other Noncurrent Assets	168,695,963	64,767,680	64,231,447
Capital Assets	420,338,690	361,657,241	286,782,092
Total Assets	706,269,302	527,008,000	443,735,246
Deferred Outflow of Resources	5,327,792	4,406,712	4,249,947
Current Liabilities	23,522,260	28,610,933	20,587,240
Noncurrent Liabilities			
Other Noncurrent Liabilities	6,750,556	7,429,756	6,804,732
Bonds and Other Long-Term Debt	139,110,370	-	-
Total Liabilities	169,383,185	36,040,689	27,391,972
Deferred Inflow of Resources	54,619,656	47,040,914	51,352,527
Net Position			
Net Investment in Capital Assets	358,542,625	355,990,005	283,815,825
Restricted	61,669,220	52,614,643	45,977,070
Unrestricted	67,382,408	39,728,461	39,447,799
Total Net Position	\$487,594,253	\$448,333,109	\$369,240,694

## Assets:

*Current Assets* increased in both 2024 and 2023. The increase in 2024 relates mainly due to an increase in unrestricted and restricted cash and short-term investment balances. The change in 2023 was primarily due to an increase in unrestricted cash and receivable balance from government agencies.

*Other Noncurrent Assets* increased in both 2024 and 2023. The main reason for the increase in 2024 was the proceeds from the sale of revenue bonds while the slight increase in 2023 was related to an increase in restricted cash and investments.

*Capital Assets* increased in 2024 following an increase in 2023. The 2024 increase was due to an increase in capitalized assets as the Airport finalized and capitalized several large capital projects. The increase in 2023 was primarily due to an increase in construction in progress, which stems from several large capital projects that are or were underway at the Airport.

*Total Assets*, combining the changes in the components above, increased in both 2024 and 2023. The increase in both years was mainly due to the increase in capital assets and the increase in restricted cash due to the sale of revenue bonds.

*Deferred Outflows* increased in 2024 after a slight increase in 2023. 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.



## SPOKANE AIRPORT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Liabilities:

*Current liabilities* decreased in 2024 following an increase in 2023. The decrease in 2024 is due to a reduction in accounts payable and pay off of short-term debt. 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.

*Other noncurrent liabilities* decreased in 2024 following a modest increase in 2023. The 2024 decrease relates mainly to a decrease in accrued postretirement benefits and net pension liabilities. The 2023 change is 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.

*Bonds and other long-term debt* was issued in 2024 to fund certain capital projects at the Airport, see financial statement Note 6 for more detail. At the end of 2023, the Airport had no long-term debt.

*Total liabilities* increased in 2024 and 2023. The increase in 2024 relates to the issuance of revenue bonds and the 2023 increase was due to an increase in current liabilities.

*Deferred Inflows* increased in 2024 following a decrease in 2023. 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, Leases discuss these topics in greater depth.

### Net Position:

The Airport's assets and deferred outflows exceed its liabilities and deferred inflows at the end of 2024 by \$487.6 million, an increase of \$39.3 million over the previous year. 2023 showed a year over year increase of \$79.1 million over 2022.

The largest portion of the Airport's net position, \$358.5 million in 2024, \$356.0 million in 2023 and \$283.8 million in 2022, represents the net investment in capital assets (e.g., land, buildings, machinery, and equipment net of related debt). The small increase in 2024 relates to the Airport issuing long-term debt, which the Airport did not have prior to 2024. The long-term debt is somewhat offset by an increase in net capital assets given the recent investments made by the Airport. The increase in prior years was the result of more investment in capital assets than recorded depreciation expense, resulting in an increase in net position. 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, \$61.7 million in 2024, \$52.6 million in 2023 and \$46.0 million in 2022, 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 from 2023 to 2024 related to the debt service reserve and capitalized interest from the long-term debt issuance in 2024. The increase in 2023 was related to higher balances for CFCs and grant receivables. 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 in 2024 following a slight increase in 2023. The main reason for the increase in 2024 is an increase in unrestricted cash and lease receivable. The increase in 2023 was due to an increase in unrestricted cash. These unrestricted net assets may be used for any lawful purpose of the Airport.

## SPOKANE AIRPORT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

The table below summarizes the effect of revenues and expenses on Net Position for the three years ended December 31, 2024, 2023, and 2022.

Summary of Net Position	2024	2023	2022
Operating Revenue	\$ 57,804,943	\$ 52,789,524	\$ 49,213,576
Operating Expense	36,510,186	32,230,240	31,424,144
Operating income before depreciation	21,294,757	20,559,284	17,789,432
Depreciation and amortization expense	34,393,571	28,602,529	30,959,065
Operating income (loss)	(13,098,813)	(8,043,245)	(13,169,633)
Nonoperating Income (Expense)	15,986,569	21,327,413	16,150,070
Increase (decrease) in Net Position before Capital	2,887,756	13,284,168	2,980,437
Capital Contributions and Grants	36,373,387	65,808,247	22,583,994
Increase (decrease) in Net Position	39,261,144	79,092,415	25,564,431
Net Position, beginning of year	448,333,109	369,240,694	343,676,263
Net Position, end of year	<u>\$ 487,594,253</u>	<u>\$ 448,333,109</u>	<u>\$ 369,240,694</u>

*Total operating revenues* in 2024 were \$57.8 million, an increase of \$5.0 million over 2023. This followed an increase of \$3.7 million in 2023 over 2022. Total revenue in 2024 increased due to the record passenger traffic at the airport, which led to an increase in several different operating areas. 2023 revenues increased due to the then record passenger activity at the airport, which drove an increase in several revenue streams.

*Total operating expenses* prior to depreciation were \$36.5 million in 2024, an increase of \$4.2 million compared to the previous year. In 2023, operating expenses were \$32.2 million, an increase of \$0.9 million over 2022. The increase in 2024 is due to increases in several different cost centers because of an uptick in operating activity at the airport and the opening of the West phase of the Concourse C expansion project. The increase in 2023 was due to minor increases across most cost centers.

*Depreciation charges* were \$34.4 million in 2024, an increase of \$5.8 million over 2023. In 2023, depreciation decreased \$2.4 million over 2022. The increase in 2024 was due to several large capital projects being capitalized while the decrease in 2023 related to several large assets becoming fully depreciated.

*Non-operating income over expenses* decreased in 2024 after an increase in nonoperating income in 2023 over the previous year. The decrease in 2024 is mainly due to an increase in interest expense related to the issuance of debt in 2024. The increase in 2023 was the result of a gain on investments.

*Capital contributions and capital grants revenue* totaled \$36.4 million after a total of \$65.8 million in 2023, a decrease of \$29.4 million over 2023. 2023 had a \$43.2 million increase over 2022. 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.

**SPOKANE AIRPORT BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Revenues:**

Below is a summary of revenue for the three fiscal years ended December 31, 2024, 2023, and 2022:

Summary of Revenues	2024	2023	2022
Operating Revenues:			
Airfield	\$ 8,560,202	\$ 8,292,007	\$ 7,310,868
Passenger terminal	19,742,875	18,909,732	17,993,398
Leased buildings	3,033,452	2,817,467	2,674,246
Leased areas	3,436,308	3,140,571	2,596,445
Parking and ground transportation	22,722,178	19,426,601	18,002,014
Other	309,928	203,146	636,605
Total Operating Revenue	57,804,943	52,789,524	49,213,576
Nonoperating Income:			
Interest income	4,484,252	3,444,106	1,858,128
Gain on disposal of assets	2,214,928	1,105,619	1,780,121
Gain on investments	-	1,559,667	-
Customer facility charges	4,411,472	3,942,126	3,581,911
Passenger facility charges	8,088,109	7,871,653	7,601,519
Other grant revenue	766	3,818,624	4,575,251
Total Nonoperating Income	19,199,527	21,741,795	19,396,930
Federal AIP and other grants	36,373,387	65,808,247	22,583,994
Total	<u>\$113,377,857</u>	<u>\$140,339,566</u>	<u>\$91,194,500</u>

*Airfield revenue* increased in both 2024 and 2023 over prior years. The increases in 2024 and 2023 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 both 2024 and 2023 because of increased passenger activity that resulted in an increase in terminal revenue.

*Leased building revenue* increased in 2024 over 2023 following an increase in 2023 over the prior year. The increases in both 2024 and 2023 related to contractual rent increases for various tenants.

*Leased area revenue* increased in both 2024 and 2023. 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 2024 and 2023, which was the result of the increased passenger activity experienced at the Airport.

*Nonoperating revenue* decreased in 2024 following an increase in 2023. The decrease in 2024 was mainly due to a decrease in other grant revenue while the increase in 2023 was due to an increase in interest income and gain on investments.



## SPOKANE AIRPORT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

### Expenses:

Below is a summary of expenses for the three fiscal years ended December 31, 2024, 2023, and 2022.

Summary of Expenses	2024	2023	2022
Operating Expenses:			
Airfield	\$13,619,691	\$12,209,089	\$11,507,516
Passenger terminal	8,702,084	6,712,930	6,110,750
Leased buildings	1,233,628	1,477,935	1,971,285
Parking and ground transportation	4,745,754	4,755,541	4,745,827
Administration and operations	8,209,029	7,074,745	7,088,766
Total Operating Expense	36,510,186	32,230,240	31,424,144
Depreciation and amortization expense	34,393,571	28,602,529	30,959,065
Nonoperating Expense			
Interest expense	3,143,214	406,156	-
Loss on investments	68,978	-	2,848,374
Other grant expense	766	8,226	398,486
Total Nonoperating Expense	3,212,957	414,382	3,246,860
Total	\$74,116,714	\$61,247,151	\$65,630,069

*Airfield expenses* increased in 2024 and 2023. The 2024 increase related to an increase in staffing levels and environmental expenses. The increase in 2023 was driven by an increase in maintenance and ground expenditures.

*Passenger Terminal expenses* increased in both 2024 and 2023. The increases in both years are attributed to an increase in utilities, general maintenance, and contract services in the terminal driven by terminal expansion of Concourse C.

*Leased Buildings expenses* decreased in both 2024 and 2023. The decrease in 2024 was related to a decrease in ground maintenance expenses while the 2023 decrease was mainly due to no demolition expense as incurred in the previous year.

*Parking and Ground Transportation expenses* have been nearly the same amount the last several years with only negligible differences between 2024 and previous years.

*Administration and operations expenses* increased in 2024 following a decrease in 2023. The increase in 2024 was mostly the result of an increase in marketing and legal expenses. The decrease in 2023 related primarily to a decrease in pension expenses.

*Nonoperating expenses* in 2024 increased compared to 2023 as the Airport incurred interest expense as a result of issuing bonds in 2024. In 2023, the decrease in nonoperating expenses related primarily to not having the loss on investments as in 2022.

## **SPOKANE AIRPORT BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS**

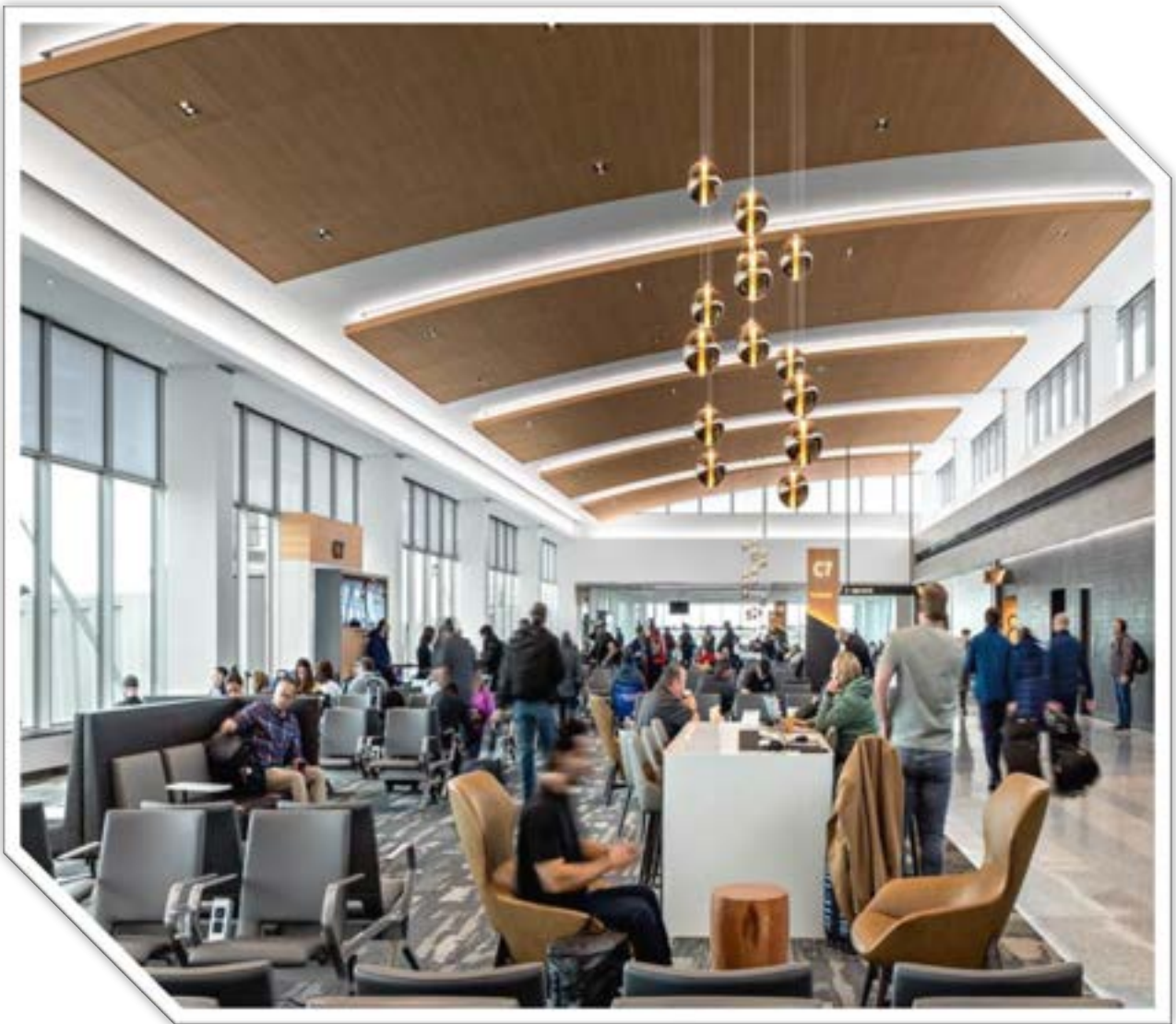
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### **Other financial considerations**

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, 2025. The Airport and airlines have agreed in principle to extend the current agreement through December 31, 2028.

The Airport is in a strong financial position given its net position, a manageable level of long-term debt, and low debt burden per enplaned 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.







**SPOKANE AIRPORT BOARD  
STATEMENT OF NET POSITION**

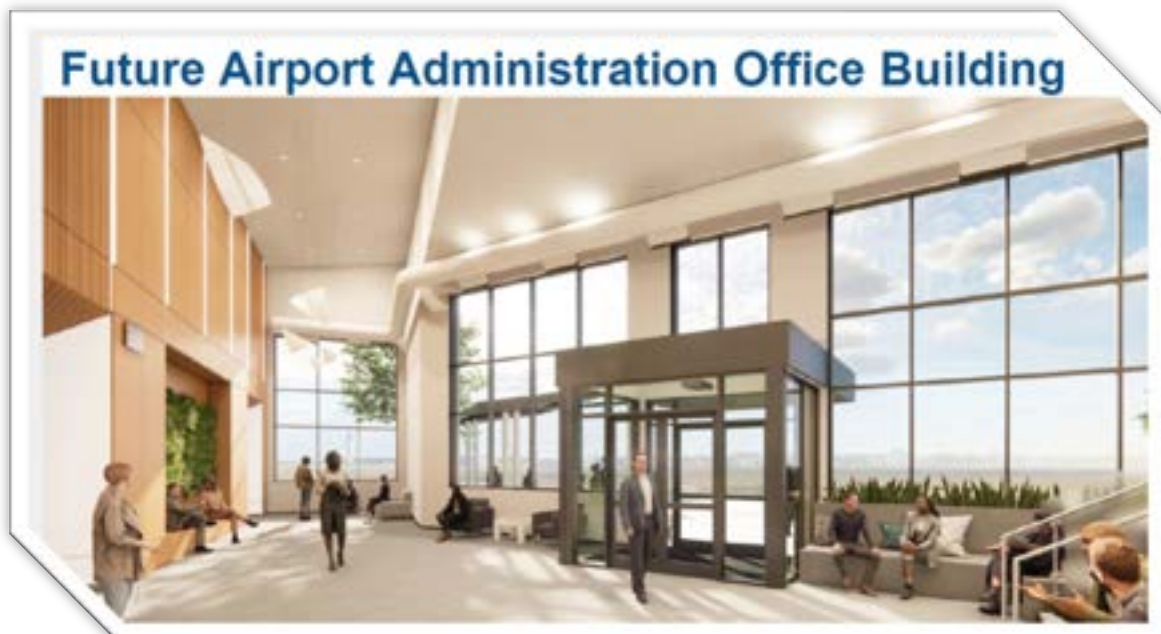
ASSETS	December 31,	
	2024	2023
<b>CURRENT ASSETS</b>		
<b>Unrestricted Current Assets</b>		
Cash	\$ 131,693	\$ 97,615
Unrestricted cash and short-term investments	79,278,123	61,815,116
Accounts receivable, less allowance for doubtful accounts at 2024 \$447,847; 2023 \$447,847	2,821,882	3,613,317
Prepaid expenses and other assets	1,500,666	1,327,444
Inventory	632,844	560,672
Short term lease receivable	7,888,722	7,527,259
Total Unrestricted Current Assets	92,253,929	74,941,423
<b>Restricted Current Assets</b>		
Current portion, restricted cash and short-term investments	8,942,828	2,372,568
Receivable from government agencies	16,037,892	23,269,088
Total Restricted Current Assets	24,980,720	25,641,656
Total Current Assets	117,234,650	100,583,079
<b>NONCURRENT ASSETS</b>		
<b>Unrestricted Noncurrent Assets</b>		
Long term lease receivable	45,945,383	37,794,693
Land	20,650,962	20,650,071
Construction in process	45,091,767	111,456,952
Right of use assets, net of accumulated amortization	302,856	181,016
Depreciable capital assets, net of accumulated depreciation	354,293,106	229,369,202
Total Unrestricted Noncurrent Assets	466,284,073	399,451,934
<b>Restricted Noncurrent Assets</b>		
Restricted cash and investments, less current portion	119,500,654	22,790,713
Net Pension Asset	3,249,926	4,182,274
Total Restricted Noncurrent Assets	122,750,580	26,972,987
Total Noncurrent Assets	589,034,653	426,424,921
TOTAL ASSETS	706,269,302	527,008,000
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	5,327,792	4,406,712
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 711,597,094</u>	<u>\$ 531,414,712</u>

**SPOKANE AIRPORT BOARD  
STATEMENT OF NET POSITION**

LIABILITIES	December 31,	
	2024	2023
<b>CURRENT LIABILITIES</b>		
<b>Liabilities Payable from Unrestricted Assets</b>		
Construction warrants and retainage payable	\$ 382,494	\$ 272,563
Vouchers payable and other accrued expenses	12,713,790	22,035,192
Accrued payroll	1,007,620	871,148
Other liabilities	69,015	-
Compensated absences - current portion	78,969	84,545
Total Unrestricted Current Liabilities	14,251,889	23,263,448
<b>Liabilities Payable from Restricted Assets</b>		
Construction warrants and retainage payable	8,206,794	1,527,180
Accrued interest payable	1,063,577	5,323
Short-term debt due within one year	-	3,814,982
Total Restricted Current Liabilities	9,270,371	5,347,485
Total Current Liabilities	23,522,260	28,610,933
<b>NONCURRENT LIABILITIES</b>		
Deposits	307,825	572,826
Compensated absences	970,151	1,011,508
Accrued environmental liabilities	2,194,805	2,194,805
Accrued postretirement and termination benefits	2,587,323	2,805,450
Net Pension liabilities	600,980	792,656
Other long-term liabilities	89,471	52,511
Bonds payable, due in more than one year	139,110,370	-
Total Noncurrent Liabilities	145,860,925	7,429,756
TOTAL LIABILITIES	169,383,185	36,040,689
<b>DEFERRED INFLOWS OF RESOURCES</b>	54,619,656	47,040,914
<b>NET POSITION</b>		
<b>Net Investment in capital assets</b>	358,542,625	355,990,005
<b>Restricted for:</b>		
Passenger facility charge	2,919,289	581,283
Customer facility charge	26,466,753	22,209,430
Restricted for debt service	12,305,041	-
Cash restricted for retainages and deposits	690,319	2,372,568
Receivable from government agencies	16,037,892	23,269,088
Net Pension Asset	3,249,926	4,182,274
Total Restricted Net Assets	61,669,220	52,614,643
<b>Unrestricted</b>	67,382,408	39,728,461
<b>TOTAL NET POSITION</b>	487,594,253	448,333,109
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	\$ 711,597,094	\$ 531,414,712

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

	Years Ended December 31,	
	2024	2023
<b>Operating revenues:</b>		
Airfield	\$ 8,560,202	\$ 8,292,007
Passenger terminal	19,742,875	18,909,732
Leased buildings	3,033,452	2,817,467
Leased areas	3,436,308	3,140,571
Parking and ground transportation	22,722,178	19,426,601
Other	309,928	203,146
Total Operating Revenue	57,804,943	52,789,524
<b>Operating expenses:</b>		
Airfield:		
General	8,370,287	7,623,333
Fire department	2,382,714	2,196,667
Police department	2,866,690	2,389,089
Passenger terminal	8,702,084	6,712,930
Leased buildings	1,233,628	1,477,935
Parking and ground transportation	4,745,754	4,755,541
Administration and operations	8,209,029	7,074,745
Total Operating Expense	36,510,186	32,230,240
Operating income before depreciation	21,294,757	20,559,284
<b>Depreciation and amortization</b>	34,393,571	28,602,529
Operating income (loss)	(13,098,813)	(8,043,245)





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

	Years Ended December 31,	
	2024	2023
<b>Nonoperating revenues (expenses):</b>		
Interest income	\$ 4,484,252	\$ 3,444,106
Interest expense, including amortization of bond premiums	(3,143,214)	(406,156)
Gain (loss) on disposition of assets	2,214,928	1,105,619
Gain (loss) on investments	(68,978)	1,559,667
CARES grant revenue	-	3,810,398
Grant revenue	766	8,226
Grant expense	(766)	(8,226)
Customer facility charges	4,411,472	3,942,126
Passenger facility charges	8,088,109	7,871,653
<b>Total Nonoperating revenue (expenses)</b>	<b>15,986,569</b>	<b>21,327,413</b>
 Increase (decrease) in net position before capital grants and related items	 2,887,756	 13,284,168
<b>Capital contributions</b>		
Federal AIP and other grants	36,373,387	65,808,247
<b>Total Grants</b>	<b>36,373,387</b>	<b>65,808,247</b>
 Increase (decrease) in Net Position	 39,261,144	 79,092,415
<b>Net Position, beginning of year</b>	<b>448,333,109</b>	<b>369,240,694</b>
<b>Net Position, end of year</b>	<b>\$ 487,594,253</b>	<b>\$ 448,333,109</b>



**SPOKANE AIRPORT BOARD**  
**STATEMENT OF CASH FLOWS**

	Years Ended December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from airfield operations	\$ 9,086,638	\$ 8,102,066
Cash received from passenger terminal	19,311,277	18,316,135
Cash received from building leases	3,033,452	2,817,467
Cash received from area leases	3,436,308	3,140,571
Cash received from parking	22,722,178	19,426,601
Cash received (paid) from administration and operations	(15,274,419)	460,166
Other operating cash received	378,943	203,146
Cash paid for airfield operations	(9,328,372)	(7,899,490)
Cash paid to airfield employees	(5,009,289)	(4,992,742)
Cash paid for passenger terminal	(6,058,109)	(4,249,460)
Cash paid to passenger terminal employees	(2,798,463)	(2,654,819)
Cash paid for leased building operations	(1,233,628)	(1,366,623)
Cash paid for parking operations	(4,056,316)	(4,072,209)
Cash paid to parking operations employees	(738,906)	(785,519)
Cash paid to administration and operations employees	(2,390,287)	(2,355,246)
Net cash provided (used) by operating activities	11,081,008	24,090,044
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants received	766	3,818,624
Operating grant expenses	(766)	(8,226)
Net cash provided by noncapital financing activities	-	3,810,398
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Federal and state grant proceeds	43,604,584	60,692,662
Acquisition and construction of capital assets	(86,380,882)	(104,769,315)
Principal payments on short-term debt	(18,778,022)	(11,185,018)
Net proceeds from issuance of bonds and short term debt	154,110,370	15,052,511
Proceeds from sale of capital assets	2,310,334	1,119,420
Interest paid on debt	(2,084,959)	(400,833)
Customer facility charges collected	4,411,472	3,942,126
Passenger facility charges collected	8,088,109	7,871,653
Net cash provided (used) by capital and related financing activities	105,281,005	(27,676,794)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	4,415,274	5,003,773
Net cash provided by investing activities	4,415,274	5,003,773
<b>NET CHANGE IN CASH</b>	120,777,287	5,227,421
Cash, beginning of year	87,076,012	81,848,591
Cash, end of year	\$ 207,853,298	\$ 87,076,012

**SPOKANE AIRPORT BOARD  
STATEMENT OF CASH FLOWS**

	Years Ended	December 31,
	2024	2023
<b>OPERATING INCOME (LOSS)</b>	\$ (13,098,813)	\$ (8,043,245)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation and amortization expense	34,393,571	28,602,529
Changes in assets and liabilities:		
Accounts receivable	791,435	(454,071)
Lease receivable	(431,599)	(593,597)
Prepaid expenses and other assets	(173,222)	(184,180)
Inventory	(72,172)	(102,179)
Vouchers payable and other accrued expenses	(9,321,402)	5,444,547
Current portion of SBITA	69,015	-
Accrued payroll	136,472	(84,785)
Compensated absences	(46,933)	153,555
Increase (decrease) in net pension liability, and related deferred outflows and inflows of resources	(682,220)	(1,340,751)
Other	(483,125)	692,221
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 11,081,008</u>	<u>\$ 24,090,044</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
<b>NONCASH CAPITAL ACTIVITIES</b>		
Acquisition of construction and capital assets, recorded but not paid at year end	\$ 8,589,288	\$ 1,799,743
<b>TOTAL NONCASH ITEMS</b>	<u>\$ 8,589,288</u>	<u>\$ 1,799,743</u>
<b>RECONCILIATION OF CASH</b>		
Cash	\$ 131,693	\$ 97,615
Unrestricted short-term cash investments	79,278,123	61,815,116
Restricted cash and short-term investments, current and noncurrent	<u>128,443,482</u>	<u>25,163,281</u>
<b>CASH AS PRESENTED IN STATEMENTS OF CASH FLOWS</b>	<u>\$ 207,853,298</u>	<u>\$ 87,076,012</u>

## **SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT**

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### **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 debt obligations 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 for paying 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 for making a payment to the other entity 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. Non-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 lease receivable, environmental reserves, litigated and



## **SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT**

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### **Note 1 - Significant Accounting Policies (Continued)**

Non-litigated contingencies, allowance for doubtful accounts, pension liabilities/assets, and other post-employment benefits. Actual results could differ from those estimates.

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.

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.

#### **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 30% and 29% of operating revenue for the years ended December 31, 2024, and 2023, respectively. Rental car revenue was 22% of operating revenue for the year ended December 31, 2024, and 24% for the year ended 2023. Parking revenue for the years ended December 31, 2024, was 39% and 37% for the year ending December 31, 2023.

## **SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT**

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### **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 the 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 fee through April 1, 2036. 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 \$270,234,006 has been approved for collection and \$270,234,006 has been approved for use, of which \$188,525,193 has been received through December 31, 2024. As of December 31, 2024, Spokane International Airport had total cumulative expenditures of \$185,605,903 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 customer facility charge (CFC) of \$3.75 per day from rental car transactions. 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 can be 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 investments and gain (loss) on investments.

#### **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

## SPOKANE AIRPORT BOARD

### NOTES TO THE FINANCIAL STATEMENT

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#### Note 1 - Significant Accounting Policies (Continued)

written off against the allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

##### Inventory:

Inventories consist of de-icing materials and fuel and are valued using the First In First Out (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 as of December 31, 2024 and 2023, 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

##### Bonds Payable:

Bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

##### 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 they are 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

## SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT

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### Note 1 - Significant Accounting Policies (Continued)

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, considered more likely than not to be used 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. Part time maintenance employees accrue leave at the rate of 1 hour for every 40 hours worked.

Full-time employees in pay status for 80% or more of a pay period shall accrue no less than 4 hours per pay period. Employees may carry over paid sick leave from calendar year to calendar year; provided, 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 300 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, or one (1) hour for every forty (40) hours worked, whichever is greater. Employees are eligible to begin using accrued sick leave beginning on the 90th calendar day after the start of employment. 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 net of unspent bond proceeds.

*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.



## SPOKANE AIRPORT BOARD

### NOTES TO THE FINANCIAL STATEMENT

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#### Note 1 - Significant Accounting Policies (Continued)

##### 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. 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 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.

GASB Statement No. 103 (GASB 103) - Financial Reporting Model Improvements. The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing accountability. This Statement also addresses certain application issues related to the MD & A, unusual or infrequent items, presentation of proprietary fund statement of operating and nonoperating revenue and expense, major component units, and budgetary comparison information. The Airport is currently evaluating the effect this Statement will have on the financial position or results of operations.

GASB Statement No. 104 (GASB 104) - Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Disclosures should include the ending balance of capital assets held for sale, with separate disclosures for historical cost and accumulated depreciation by major class of assets, and the carrying amount of the debt for which the capital assets held for sale are pledged as collateral for each major class of assets. The Statement also requires that capital assets held for sale be evaluated each reporting period. The requirements of the Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Airport is currently evaluating the effect this Statement will have on the financial position or results of operations.

##### New Accounting Standards Adopted:

GASB issued Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences. The statement requires that entities recognize liabilities for compensated absences for both unused leave and leave used but not yet paid or settled. A liability for unused leave is recorded when the leave (a) relates to services already performed, (b) accumulates for future use or payment, and (c) is more likely than not to be taken or paid. Leave expected to convert to postemployment benefits is excluded. Certain types of leave, such as parental, military, and jury duty leave, are only recognized as liabilities once the leave begins or is used. Liabilities for unused leave are measured using current pay rates, while liabilities for used but unpaid leave are measured at the amount to be paid or settled, including related salary-based payments. The Airport implemented this statement and the impact to the financial statements was immaterial. The Airport determined the impact to the 2023 financial statements was immaterial and thus did not retroactively restate the prior year.

## **SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT**

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### **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 statutes 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](http://www.spokanecounty.org) or see RCW 36.29-020.

#### **Investments:**

The Airport invests its funds in the Spokane County Investment Pool (SCIP or Pool). 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 depend 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 per share measured at NAV. 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.

**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 2 - Cash, Cash Equivalents and Investments (Continued)**

The State of Washington Local Government Investment Pool is the only government-sponsored pool approved for investment of funds. On December 31, 2024, and 2023, the Airport had the following cash and investments. Cash and investments are classified on the statements of net position as follows:

	2024	2023
Cash	\$ 131,693	\$ 97,615
Unrestricted short-term investments	79,278,123	61,815,116
Restricted short-term investments, current portion	8,942,828	2,372,568
Restricted short-term investments, noncurrent	119,500,654	22,790,713
<b>TOTAL</b>	<b>\$ 207,853,298</b>	<b>\$ 87,076,012</b>

As of December 31, 2024 and 2023, Spokane Airports has the following cash and investments:

	2024	2023
Petty Cash	\$ 3,065	\$ 3,065
Cash in bank	128,629	94,550
Funds invested in the Spokane County Investment Pool	207,721,605	86,978,397
<b>TOTAL</b>	<b>\$ 207,853,298</b>	<b>\$ 87,076,012</b>

**Credit risk:**

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligations. The Spokane County Investment 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, 2<sup>nd</sup> 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 1.55 and 1.40 years on December 31, 2024, and 2023, 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.

**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 2 - Cash, Cash Equivalents and Investments (Continued)**

**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.

	2024	2023
LGIP (State)	25%	21%
Federal Home Loan Bank (FHLB)	7%	5%
United State Treasury Notes	43%	40%
Federal Farm Credit Bank (FFCB)	10%	13%
Inter-American Development Bank (IADB)	-	6%

The following is a table, by percentage of investment security types, of the Spokane County Investment Pool as of December 31, 2024, and 2023:

	2024	2023
Washington State Local Government Investment Pool	25%	21%
Federal agency securities	20%	20%
Miscellaneous investments	-	1%
Supranationals	9%	13%
Corporate paper	2%	5%
Treasury Securities	43%	40%
	100%	100%

**Cash balances:**

The carrying value of the Airport's deposits with financial institutions as of December 31, 2024, and 2023, were \$128,629 and \$94,550, and the bank balances were \$128,629 and \$94,550, respectively. The bank balance is categorized as follows:

	2024	2023
Amount insured by FDIC	\$ 250,000	\$ 250,000
Total Bank Balance	\$ 128,629	\$ 94,550

**Restricted cash and investments:**

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

	2024	2023
Collected passenger facility charges, restricted for approved projects	\$ 2,919,289	\$ 1,801,090
Collected customer facility charges, restricted for approved projects	26,466,753	22,516,803
Bond proceeds, restricted for approved projects	86,062,080	-
Debt service	8,945,490	-
Capitalized interest	3,359,551	-
Refurbishment, fuel deposits, retainage	690,319	845,388
Total Restricted Cash and Short-Term Investments	\$ 128,443,482	\$ 25,163,281



# SPOKANE AIRPORT BOARD

## NOTES TO THE FINANCIAL STATEMENTS

### 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 \$43,605,349 in 2024 and \$64,502,824 in 2023. 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:

	2024	2023
Government receivable, beginning of year	\$ 23,269,088	\$ 18,153,503
Funds expended	36,374,153	69,618,409
	59,643,241	87,771,912
Less cash received	(43,605,349)	(64,502,824)
Government receivable, end of year	\$ 16,037,892	\$ 23,269,088

### Note 4 - Inventory

At the end of 2024 and 2023, 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, 2024, and 2023, was \$632,844 and \$560,672, respectively.

### Note 5 - Change in Capital Assets

A summary of changes in capital assets for the years ended December 31, 2024, and 2023, is as follows:

	Beginning Balance January 1, 2024	Additions	Deletions	Transfers	Ending Balance December 31, 2024
<b>Nondepreciable Assets</b>					
Land	\$ 20,650,071	\$ 278,860	\$ (277,969)	\$ -	\$ 20,650,962
Construction in process	111,456,952	91,230,724		(157,595,909)	45,091,767
Total Nondepreciable Assets	132,107,023	91,509,584	(277,969)	(157,595,909)	65,742,729
<b>Depreciable Assets</b>					
Land improvements	316,386,721	78,974	(564,420)	43,790,675	359,691,950
Buildings	207,347,180	-	(6,569,822)	72,967,578	273,744,936
Equipment	85,765,115	1,774,276	(1,322,941)	38,410,922	124,627,372
Water and sewer facilities	7,798,043	-	(133,821)	2,147,874	9,812,096
Total Depreciable Assets	617,297,059	1,853,250	(8,591,004)	157,317,049	767,876,354
<b>Less accumulated depreciation for:</b>					
Land improvements	185,765,343	17,675,288	(564,420)	-	202,876,211
Buildings	133,575,009	9,057,912	(6,569,822)	-	136,063,099
Equipment	66,272,327	7,113,642	(1,322,941)	-	72,063,028
Water and sewer facilities	2,315,178	399,553	(133,821)	-	2,580,910
Total Accumulated Depreciation	387,927,857	34,246,395	(8,591,004)	-	413,583,248
Total Depreciable Capital Assets - net	229,369,202	(32,393,145)	-	157,317,049	354,293,106
Total Capital Assets - net	\$ 361,476,225	\$ 59,116,439	\$ (277,969)	\$ (278,860)	\$ 420,035,835

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENTS**

**Note 5 - Change in Capital Assets (Continued)**

	Beginning Balance January 1, 2023	Additions	Deletions	Transfers	Ending Balance December 31, 2023
<b>Nondepreciable Assets</b>					
Land	\$ 20,663,872	\$ -	\$ (13,801)	\$ -	\$ 20,650,071
Construction in process	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
<b>Depreciable Assets</b>					
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
<b>Less accumulated depreciation for:</b>					
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



**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 6 - Long-Term Liabilities**

**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, 2024	Additions	Deletions	Ending Balance December 31, 2024
Intangible Assets				
Subscription Assets	\$ 535,843	\$ 254,404	\$ (167,950)	\$ 622,297
Total Intangible Assets	535,843	254,404	(167,950)	622,297
Less accumulated amortization for:				
Subscription Assets	354,827	147,177	(182,563)	319,441
Total Accumulated Amortization	354,827	147,177	(182,563)	319,441
Total Intangible Assets - net	\$ 181,016	\$ 107,227	\$ 14,613	\$ 302,856

	Beginning Balance January 1, 2023	Additions	Deletions	Ending Balance December 31, 2023
Intangible Assets				
Subscription Assets	\$ 246,876	\$ 288,967	\$ -	\$ 535,843
Total Intangible 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

## SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT

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### Note 6 - Long-Term Liabilities (Continued)

Spokane County issued Series 2024 Airport Revenue Bonds on behalf of the Airport in October 2024. The 2024 Bonds are issued pursuant to a joint resolution adopted by the Spokane Airport Board (the "Airport Board") on July 26, 2024, the City Council of the City of Spokane, Washington (the "City") on July 22, 2024, and the Board of County Commissioners (the "County") on July 23, 2024 (the "2024 Joint Resolution"), Resolution No. 10-24 adopted by the Airport Board on September 3, 2024 (the "2024 Airport Board Series Resolution"), Resolution No. 24-0547, adopted by the County on September 10, 2024 (the "Master Resolution"), and Supplemental Resolution No. 24-0548, adopted by the County on September 10, 2024 (the "2024 Supplemental Resolution"). The 2024 Bonds are being issued in accordance with the provisions of chapter 14.08 and chapter 39.46 of the Revised Code of Washington ("RCW"), as amended (including without limitation RCW 39.46.150).

The proceeds of the 2024 Bonds will be applied by the Airport to finance and/or reimburse the Airport (including repaying a loan from the County for interim financing) for the following: (a) designing, acquiring, constructing, installing, and equipping the concourse C terminal renovation and expansion project, an administration building, parking facilities, and fuel storage facilities, (b) funding Capitalized Interest on the 2024 Bonds, (c) funding a Reserve Requirement for the 2024 Bonds, and (d) paying costs of issuance for the 2024 Bonds.

The Master Resolution established debt service reserve accounts in a separate Airport revenue bond fund to accumulate the requested debt service reserve. The Airport has covenanted and agreed to establish and collect charges for use of the Airport to ensure all operation and maintenance expenses and annual debt service are due and payable in each fiscal year. The Airport is required to deposit, maintain and fund a common debt service reserve fund. Further, the Airport agrees to maintain and operate the Airport and related facilities in good working order at all times. The 2024 Bonds further stipulates that defined net revenues, together with any coverage amount, in each fiscal year will be equal to at least 125 percent of defined annual debt service. The Airport has complied with all of the previously mentioned covenants in the fiscal year ending December 31, 2024.

*Optional Redemption of the 2024A Bonds.* The 2024A Bonds maturing on or before January 1, 2034 are not subject to optional redemption prior to maturity. The 2024A Bonds maturing on or after January 1, 2035 are subject to redemption at the option of the County, in whole or in part (and if in part, as selected by the County) on any date on or after January 1, 2034, at a price equal to 100 percent of the principal amount to be redeemed, without premium, plus accrued interest, if any, to the date fixed for redemption.

*Optional Redemption of the 2024B Bonds.* The 2024B Bonds maturing on or before January 1, 2034 are not subject to optional redemption prior to maturity. The 2024B Bonds maturing on or after January 1, 2035 are subject to redemption at the option of the County, in whole or in part (and if in part, as selected by the County) on any date on or after January 1, 2034, at a price equal to 100 percent of the principal amount to be redeemed, without premium, plus accrued interest, if any, to the date fixed for redemption.

*Pledged Revenue:* The 2024 Bonds are guaranteed only by Airport revenue, the bonds are not in any manner or to any extent a general obligation of the County or City. The proceeds of the revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, Airport purposes only.



**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 6 - Long-Term Liabilities (Continued)**

The following is a summary of long-term debt at December 31:

	2024			2023
	Due Within One Year	Due After One Year	Total	Total
Series 2024 Bonds, due in six-month installments of increasing amounts through January 1, 2054, interest rates of 5.0% to 5.25%. Proceeds from the issuance funded a terminal expansion, administration building, fuel facility and parking facility expansions.				
Original principal amount \$130,385,000	\$ -	\$ 130,385,000	\$ 130,385,000	\$ -
Add unamortized bond premium.	\$ 300,875	\$ 8,424,495	\$ 8,725,370	-
Total Long-Term Debt	<u>\$ 300,875</u>	<u>\$ 138,809,495</u>	<u>\$ 139,110,370</u>	<u>\$ -</u>

A summary of changes in debt is as follows:

	Balance at December 31, 2023	Increase	Decrease	Balance at December 31, 2024
2024A Bonds payable	\$ -	\$ 34,900,000	\$ -	\$ 34,900,000
2024B Bonds payable	-	95,485,000	-	95,485,000
2023 County promisory note	3,814,982	-	(3,814,982)	-
2024 County promisory note	-	15,000,000	(15,000,000)	-
Unamortized premium	-	8,773,345	(47,975)	8,725,370
Total Long-term debt	<u>\$ 3,814,982</u>	<u>\$ 154,158,345</u>	<u>\$ (18,862,957)</u>	<u>\$ 139,110,370</u>

	Balance at December 31, 2022	Increase	Decrease	Balance at December 31, 2023
2023 County Promisory Note	\$ -	\$ 15,000,000	\$ (11,185,018)	\$ 3,814,982
	<u>\$ -</u>	<u>\$ 15,000,000</u>	<u>\$ (11,185,018)</u>	<u>\$ 3,814,982</u>

**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 6 - Long-Term Liabilities (Continued)**

The following is a summary of future scheduled debt payment requirements (without regard to unamortized discounts/premium):

	Principal	Interest	Total
2025	\$ -	\$ 4,371,266	\$ 4,371,266
2026	775,000	6,705,650	7,480,650
2027	1,960,000	6,637,275	8,597,275
2028	2,305,000	6,530,650	8,835,650
2029	2,420,000	6,412,525	8,832,525
2030-2034	14,055,000	30,071,250	44,126,250
2035-2039	17,940,000	26,078,544	44,018,544
2040-2044	23,035,000	20,827,263	43,862,263
2045-2049	29,660,000	14,034,463	43,694,463
2050-2054	38,235,000	5,224,406	43,459,406
Total	<u>\$ 130,385,000</u>	<u>\$ 126,893,291</u>	<u>\$ 257,278,292</u>

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
2025	\$ 69,015	\$ 4,966	\$ 73,981
2026	62,940	1,604	64,544
2027	17,601	610	18,211
2028	8,931	138	9,069
Total	<u>\$ 158,487</u>	<u>\$ 7,318</u>	<u>\$ 165,805</u>

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

	Balance at December 31, 2023	Increase	Decrease	Balance at December 31, 2024
Deposits	\$ 572,826	\$ -	\$ (264,999)	\$ 307,827
Subscription liabilities	52,511	36,960	-	89,471
Accrued environmental liabilities	2,194,805	-	-	2,194,805
Accrued postretirement benefits	2,805,450	-	(218,127)	2,587,323
Pension liability	792,656	-	(191,676)	600,980
Compensated absences	1,011,508	6,303	(47,660)	970,151
	<u>\$ 7,429,756</u>	<u>\$ 43,264</u>	<u>\$ (722,462)</u>	<u>\$ 6,750,557</u>
	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
	<u>\$ 6,804,732</u>	<u>\$ 777,695</u>	<u>\$ (152,671)</u>	<u>\$ 7,429,756</u>

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**Note 6 - Long-Term Liabilities (Continued)**

**Short Term Promissory Note**

The Airport entered into a promissory note for \$15,000,000 with the Spokane Investment Pool on March 20, 2023. The maturity date for the note was March 19, 2024, with an interest rate of 4.63% and 4 installment payments of \$3,859,140. The note was secured to help with cashflow while the Airport was constructing a new terminal and until revenue bonds could be sold to finance the construction of the new terminal.

On February 1, 2024, the Airport entered into a second promissory note for \$15,000,000 with the Spokane Investment Pool. The maturity date for the note was January 30, 2025, with an interest rate of 5.343% and 1 installment payments of \$15,801,450. The note was secured to help with cashflow while the Airport was constructing a new terminal and until revenue bonds could be sold to finance the construction of the new terminal. The note was paid off in December of 2024.

**Current Portion of Long-Term Liabilities**

	Balance at December 31, 2023	Increase	Decrease	Balance at December 31, 2024
2023 Spokane County loan	\$ 3,814,982	\$ -	\$ (3,814,982)	\$ -
2024 Spokane County loan	-	15,000,000	(15,000,000)	-
Compensated absences	84,545	-	(5,576)	78,969
Subscription liabilities	53,449	243,212	(227,646)	69,015
	<u>\$ 3,952,976</u>	<u>\$ 15,243,212</u>	<u>\$ (19,048,204)</u>	<u>\$ 147,984</u>
	Balance at December 31, 2022	Increase	Decrease	Balance at December 31, 2023
2023 Spokane County loan	\$ -	\$ 15,000,000	\$ (11,185,018)	\$ 3,814,982
Compensated absences	74,395	10,150	-	84,545
Subscription liabilities	-	53,449	-	53,449
	<u>\$ 74,395</u>	<u>\$ 15,063,599</u>	<u>\$ (11,185,018)</u>	<u>\$ 3,952,976</u>

# SPOKANE AIRPORT BOARD

## NOTES TO THE FINANCIAL STATEMENT

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### Note 7 - 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.

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 non-cancelable 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, 2024, and 2023, 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, 2024, and 2023, the Airport recognized the following related to its lessor agreements:

	2024	2023
Interest income related to leases	\$ 1,616,796	\$ 1,293,526

### 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 \$4,664,711 and \$3,606,055 for the fiscal years ended December 31, 2024 and 2023, respectively. The terms of these lease agreements do not include a variable revenue component.



**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 7 - Leases (Continued)**

*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 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 for the years ended December 31, 2024, and 2023.

	2024	2023
Concession revenue	\$ 9,976,819	\$ 10,055,278
Minimum Annual Guarantee (MAG)	(7,256,138)	(6,437,698)
Excess over MAG	<u>\$ 2,720,681</u>	<u>\$ 3,617,580</u>

During the years ended December 31, 2024 and 2023, the Airport recognized the following related to its lessor agreements:

	2024	2023
Lease revenue subject to GASB 87	\$ 9,502,747	\$ 9,616,524
Interest income related to leases	1,272,863	1,293,526
Total lease revenue subject to GASB 87	<u>\$ 10,775,610</u>	<u>\$ 10,910,050</u>

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2024, are as follows:

Years Ending	Principal	Interest	Total
2025	\$ 7,888,722	\$ 1,082,329	\$ 8,971,051
2026	8,558,937	1,197,351	9,756,288
2027	7,186,984	1,107,589	8,294,573
2028	2,159,427	1,020,130	3,179,557
2029	1,751,211	946,918	2,698,129
2030-2034	8,133,899	3,729,674	11,863,573
2035-2039	6,028,505	2,027,170	8,055,675
2040-2044	2,720,310	1,345,605	4,065,915
2045-2049	2,480,501	973,287	3,453,788
2050-2054	2,146,304	635,372	2,781,676
2055-2059	1,165,999	427,196	1,593,195
2060-2064	1,514,760	268,344	1,783,104
2065-2069	1,161,322	121,755	1,283,077
2070-2074	937,224	22,628	959,852
	<u>\$ 53,834,105</u>	<u>\$ 14,905,348</u>	<u>\$ 68,739,453</u>

# SPOKANE AIRPORT BOARD

## NOTES TO THE FINANCIAL STATEMENT

### Note 7 - Leases (Continued)

#### 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 facilities, 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 seventeen terminal gates of which the following airlines lease 16 gates on a preferential use basis:

Airline	2024	2023
Alaska	6	7
American	2	2
Delta	4	4
Southwest	2	2
United	2	2

During the years ended December 31, 2024, and 2023, the Airport recognized the following revenue from regulated leases:

	2024	2023
Regulated lease revenue	\$ 2,510,271	\$ 2,546,932

Future expected minimum payments related to the Airport's regulated leases at December 31, 2024, are as follows:

Year	Amount
2025	\$ 2,237,681
2026	2,152,153
2027	1,727,509
2028	1,644,118
2029	1,459,313
2030-2034	6,586,892
2035-2039	5,858,705
2040-2044	5,620,666
2045-2049	4,933,321
2050-2054	3,228,645
Therafter	3,867,548

# SPOKANE AIRPORT BOARD

## NOTES TO THE FINANCIAL STATEMENT

### Note 7 - Leases (Continued)

#### *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 has several long-term Subscription 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.

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 2024 and 2023:

<b>Aggregate Pension Amounts - All Plans</b>		
	2024	2023
Pension liabilities	\$ (600,980)	\$ (792,656)
Pension assets	3,249,926	4,182,274
Deferred outflows of resources	3,696,714	2,814,689
Deferred inflows of resources	(900,764)	(1,577,381)
Pension expense/(benefit)	38,915	(224,696)

#### **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](http://www.drs.wa.gov).

#### **Public Employees' Retirement System (PERS)**

##### *Plan Description:*

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for accounting purposes: Plan 1, 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined

# SPOKANE AIRPORT BOARD

## NOTES TO THE FINANCIAL STATEMENT

### Note 8 - Pension and Benefit Plans (Continued)

benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

#### *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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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 and employee contribution rates are developed by the Office of the State Actuary (OSA), adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 and 2023 were as follows:

PERS Plan 1	2024	2024		2023	2023
Actual Contribution Rates	Employer	Employee		Employer	Employee
Jan - Jun 2024			Jan - Jun 2023		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%		PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.20%		Administrative Fee	0.18%	
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>	<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>
Jul - Aug 2024			Jul - Aug 2023		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%		PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.20%		Administrative Fee	0.18%	
<b>Total</b>	<b>9.03%</b>	<b>6.00%</b>	<b>Total</b>	<b>9.39%</b>	<b>6.00%</b>
Sep - Dec 2024			Sep - Dec 2023		
PERS Plan 1	6.36%	6.00%	PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%		PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%		Administrative Fee	0.20%	
<b>Total</b>	<b>9.11%</b>	<b>6.00%</b>	<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>

The Spokane Airport Board's actual contributions to the plan were \$193,988 and \$218,563 for the years ended December 31, 2024 and 2023, 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. 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



## SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT

### Note 8 - Pension and Benefit Plans (Continued)

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 2024 and 2023 are as follows:

<b>PERS Plan 2/3 Actual Contribution Rates</b>	<b>2024 Employer 2/3</b>	<b>2024 Employee 2/3</b>		<b>2023 Employer 2/3</b>	<b>2023 Employee 2/3</b>
Jan - June 2024			Jan - June 2023		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%		PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.20%		Administrative Fee	0.18%	
Employee PERS Plan 3		Varies	Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.53%</b>	<b>6.36%</b>	<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>
Jul - Aug 2023			Jul - Aug 2023		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.47%		PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.20%		Administrative Fee	0.18%	
Employee PERS Plan 3		Varies	Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.03%</b>	<b>6.36%</b>	<b>Total</b>	<b>9.39%</b>	<b>6.36%</b>
Sep - Dec 2023			Sep - Dec 2023		
PERS Plan 2/3	6.36%	6.36%	PERS Plan 1	6.36%	6.36%
PERS Plan 1 UAAL	2.55%		PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%		Administrative Fee	0.20%	
Employee PERS Plan 3		Varies			
<b>Total</b>	<b>9.11%</b>	<b>6.36%</b>	<b>Total</b>	<b>9.53%</b>	

The Spokane Airport Board's actual contributions to the plan were \$450,371 and \$411,092 for the years ended December 31, 2024, and 2023, 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. LEOFF is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are defined benefit plans.

# SPOKANE AIRPORT BOARD

## NOTES TO THE FINANCIAL STATEMENT

### Note 8 - Pension and Benefit Plans (Continued)

#### *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 2024 or 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 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%.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2024 and 2023 were as follows:

LEOFF Plan 2	2024	2024		2023	2023
Actual Contribution Rates	Employer	Employee		Employer	Employee
Jan - Aug 2024			Jan - Aug 2023		
State and local governments	5.12%	8.53%	State and local governments	5.12%	8.53%
Administrative Fee	0.20%		Administrative Fee	0.18%	
<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>	<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
Sep - Dec 2024			Sep - Dec 2023		
State and local governments	5.12%	8.53%	State and local governments	5.12%	8.53%
Administrative Fee	0.20%		Administrative Fee	0.20%	
<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>	<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>

## SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT

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### Note 8 - Pension and Benefit Plans (Continued)

The Spokane Airport Board's actual contributions to the plan were \$116,526 and \$123,131 for the years ended December 31, 2024, and 2023, 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, 2024, the state contributed \$96,422,231 to LEOFF Plan 2. SIA's portion of the state contribution is \$75,283.

#### Actuarial Assumptions:

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. 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 *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, 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 service-based salary increase.
- **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 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 of 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.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS1.

#### 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.

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

**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, 2024. The inflation component used to create the table is 2.5 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	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.8%
Global Equity	30%	5.60%
Private Equity	23%	8.60%
	<b>100%</b>	

**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	\$ 884,026	\$ 600,980	\$ 352,741
PERS 2/3	2,573,606	(1,427,647)	(4,713,792)
LEOFF 1	(823,359)	(935,554)	(1,033,394)
LEOFF 2	587,468	(886,726)	(2,092,572)

**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, 2024 and 2023, the Spokane Airport Board reported a total pension liability and pension assets are as follows:

	2024	2023
	(Liability) or Asset	(Liability) or Asset
PERS 1	\$ (600,980)	\$ (792,656)
PERS 2/3	1,427,647	1,838,832
LEOFF 1	935,554	961,106
LEOFF 2	886,726	1,382,336

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

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

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	\$ 935,554	\$ 886,726
State's proportionate share of the net pension asset associated with the employer	6,328,065	575,438
TOTAL	\$ 7,263,619	\$ 1,462,164

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

	Proportionate Share 6/30/2024	Proportionate Share 6/30/2023	Change in Proportion
PERS 1	0.033823%	0.034724%	(.000901)%
PERS 2/3	0.043307%	0.044864%	(.001557)%
LEOFF 1	0.032897%	0.032382%	.000515%
LEOFF 2	0.047349%	0.057631%	(.010282)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, 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 2024. Historical data was obtained from a 2011 study by the Office of the State Actuary (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 2024, 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.

**Pension Expense (Benefit):**

For the years ended December 31, 2024 and 2023, the Spokane Airport Board recognized pension expense (benefit) as follows:

	2024	2023
	Pension Expense (Benefit)	Pension Expense (Benefit)
PERS 1	\$ (29,833)	\$ 21,313
PERS 2/3	(61,880)	(202,915)
LEOFF 1	(2,817)	(70,441)
LEOFF 2	133,446	27,346
TOTAL	\$ 38,915	\$ (224,696)



**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

**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, 2025, and 2024, respectively. On December 31, 2024, and 2023, 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.

PERS 1	December 31, 2024	
	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	-	(48,089)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	101,599	-
TOTAL	\$ 101,599	\$ (48,089)

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 2/3	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 811,218	\$ (3,305)
Net difference between projected and actual investment earnings on pension plan investments	-	(409,123)
Changes of assumptions	788,349	(90,455)
Changes in proportion and differences between contributions and proportionate share of contributions	108,678	(77,584)
Contributions subsequent to the measurement date	232,806	-
TOTAL	\$ 1,941,051	\$ (580,467)

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (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	-
<b>TOTAL</b>	<b>\$ 1,428,864</b>	<b>\$ (991,714)</b>

LEOFF 1	December 31, 2024	
	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	-	(35,361)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ (35,361)</b>

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	-	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ (63,730)</b>

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

LEOFF 2	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 652,614	\$ (6,748)
Net difference between projected and actual investment earnings on pension plan investments	-	(145,889)
Changes of assumptions	365,031	(74,534)
Changes in proportion and differences between contributions and proportionate share of contributions	575,651	(9,674)
Contributions subsequent to the measurement date	60,767	-
<b>TOTAL</b>	<b>\$ 1,654,063</b>	<b>\$ (236,845)</b>

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	-
<b>TOTAL</b>	<b>\$ 1,289,207</b>	<b>\$ (432,521)</b>

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 ending December 31, 2025. 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
2025	\$ (79,584)
2026	\$ 40,886
2027	\$ (4,329)
2028	\$ (5,062)
Thereafter	\$ -

Year ended December 31:	PERS 2/3
2025	\$ (309,302)
2026	\$ 621,062
2027	\$ 271,312
2028	\$ 284,511
2029	\$ 139,220
Thereafter	\$ 120,976

Year ended December 31:	LEOFF 1
2025	\$ (59,456)
2026	\$ 30,803
2027	\$ (2,956)
2028	\$ (3,752)
Thereafter	\$ -

Year ended December 31:	LEOFF 2
2025	\$ (38,062)
2026	\$ 300,626
2027	\$ 168,014
2028	\$ 173,138
2029	\$ 192,064
Thereafter	\$ 560,669

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**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 2024:

Aggregate OPEB Amounts - All Plans		
	2024	2023
OPEB liabilities	\$ 2,587,323	\$ 2,805,450
Deferred outflows of resources	\$ 1,631,077	\$ 1,592,023
Deferred inflows of resources	\$ (1,500,498)	\$ (1,325,693)
OPEB expense	\$ 125,268	\$ 135,014

The most recent actuarial evaluation was performed in March 2025, for the year ended December 31, 2024.

*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, 2024, 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, 2024 and 2023, using the entry age normal cost method, the actuarial accrued liability for LEOFF Plan 1 Members' Medical Services Plan benefits was \$2,587,323 and \$2,805,450, respectively, all of which was unfunded.

**SPOKANE AIRPORT BOARD  
NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

*Assumptions and Other Inputs:*

The following actuarial methods and assumptions were made:

Assumption/Input	Value
Valuation Date	12/31/2024
Measurement Date	12/31/2024
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	6.20% increase with rates gradually decreasing from 5.60% in 2026 to 4.70% in 2037
Salary increase rate	0.00%
Assumption/Input	
Discount rate	4.00% at 12-31-2023 4.28% at 12-31-2024
Investment Rate of Return	0.00%
Long-Term Rate of Return	0.00%
20-Year AA Municipal Bond Index Rate	4.28%
Retirement Age	55
Mortality Table	RP-2014 Mortality with 2024 Improvement Rate
Turnover Table	Not applicable
Salary changes	Not applicable

The following presents the total OPEB liability of the Airport calculated using the current healthcare cost trend rate of 6.20 percent decreasing to 4.70 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 (5.2 percent) or 1-percentage point higher (7.2 percent) than the current rate.

	1% Decrease 5.2% decreasing to 3.7%	Current Healthcare Cost Trend Rate 6.2% decreasing to to 4.7%	1% Increase 7.2% decreasing to 5.7%
Total OPEB Liability	\$ 2,419,656	\$ 2,587,323	\$ 2,773,053



**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

The following presents the total OPEB liability of the Airport calculated using the discount rate of 4.28 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.28 percent) or 1-percentage point higher (5.28 percent) than the current rate.

	<b>1% Decrease (3.28%)</b>	<b>Current Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total OPEB Liability	\$ 2,776,782	\$ 2,587,323	\$ 2,419,667

Changes in the Total OPEB Liability:

<b>Spokane Airport Firefighter OPEB Plan</b>	
<b>Total OPEB Liability at 01/01/2024</b>	\$ 2,805,450
Service cost	-
Interest	108,065
Changes of benefit terms	-
*Differences between expected and actual experience	233,709
*Changes of assumptions	(352,257)
Benefit payments	(207,644)
Other changes	-
<b>Total OPEB Liability at 12/31/2023</b>	\$ 2,587,323

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

<b>Changes</b>	<b>Value</b>
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, 2024, totaled \$207,644, and \$186,298 for the year ended December 31, 2023. 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.

**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 8 - Pension and Benefit Plans (Continued)**

The amount of OPEB expense recognized by the Airport for the reporting period ending December 31, 2024 was \$125,268, and \$135,014 for the year ended December 31, 2023.

At December 31, 2024, 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	\$ 1,086,070	\$ 584,317
Changes of assumptions	545,007	916,181
Payments subsequent to the measurement date	-	-
<b>TOTAL</b>	<b>\$ 1,631,077</b>	<b>\$ 1,500,498</b>

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
2025	\$ 17,203
2026	\$ 17,203
2027	\$ 17,203
2028	\$ 17,203
2029	\$ 17,203
Thereafter	\$ 44,565

**Note 9 - Deferred Outflows and Inflows**

The Airport had the following Deferred Outflows and Inflows at December 31, 2024 and 2023.

	2024	2023
<b>Deferred Outflows</b>		
Pension Outflows	\$ 3,696,713	\$ 2,814,689
OPEB Outflows	1,631,077	1,592,023
<b>Total Deferred Outflows</b>	<b>\$ 5,327,790</b>	<b>\$ 4,406,712</b>
<b>Deferred Inflows</b>		
Pensions	\$ 900,762	\$ 1,577,379
OPEB	1,500,498	1,325,693
Leases	50,478,103	44,137,842
<b>Total Deferred Inflows</b>	<b>\$ 52,879,363</b>	<b>\$ 47,040,914</b>

## **SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT**

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### **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 \$290,012 and \$305,560 for the years ended December 31, 2024 and 2023, 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 \$5,224,286 and \$4,459,282 on December 31, 2024 and 2023, 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.

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. The Airport may make 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 \$270,749 in 2024 and \$206,362 in 2023 as a result of the land leases. The Airport purchases various utilities and permits from the City. In 2024 and 2023 those amounts totaled \$615,568 and \$513,368, respectively.

The Airport has lease agreements with various entities within Spokane County (County), a related party. During 2024 and 2023, the Airport recognized income of \$444,623 and \$374,201, respectively, under the lease agreements. The Airport purchases various services from the County. In 2024 and 2023, those amounts totaled \$12,426 and \$15,818, respectively.

The Airport has a land and building lease with West Plains Airport Area PDA, a related party. The Airport recognized income of \$65,383 in 2024 and \$64,674 in 2023 as a result of the land leases.

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.

## **SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT**

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### **Note 12- Environmental Liability (Continued)**

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.

In July 2015, the Airport submitted an application to the Department of Ecology to 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 March 2024, the Washington State Department of Ecology issued an enforcement order (the "Order") requiring the Airport Board to complete a remedial investigation, feasibility study and conduct groundwater testing to determine 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 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 in accordance with the Order. The costs of the investigation in 2024 were \$1,082,826 for ongoing investigation. Potential remediation cannot be reasonably determined at this time.

The Airport has estimated an environmental liability in the amount of \$2,194,805 as of December 31, 2024, and 2023. 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. As of December 31, 2024, 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 are either 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 2024 and 2023, the Airport entered into various construction and service-related contracts totaling \$97,675,094 and \$87,617,000. Commitments remaining on contracts totaled \$119,464,608 as of December 31, 2024 and \$133,778,968 as of December 31, 2023.

**SPOKANE AIRPORT BOARD**  
**NOTES TO THE FINANCIAL STATEMENT**

**Note 14 - Grants**

Grants the Airport receives are subject to audit and final acceptance by the granting agency. The 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:

	2024	2023
Long-term assets		
Land	\$ 20,650,962	\$ 20,650,071
Construction in process	45,091,767	111,456,952
Intangible assets, net	302,856	181,016
Depreciable capital assets, net	354,293,106	229,369,202
Total capital assets	\$ 420,338,690	\$ 361,657,241
Add		
Unspent bond proceeds	\$ 86,062,080	\$ -
Total unspent bond proceeds	\$ 86,062,080	\$ -
Less related liabilities		
Construction retainage payable	\$ 743,449	\$ 775,787
Construction warrants payable	7,845,839	1,023,956
Subscription liability	158,487	52,511
Unamortized bond premium	8,725,370	-
Short term loan	-	3,814,982
Outstanding principal of bond-related debt	130,385,000	-
Total liabilities	147,858,145	5,667,236
INVESTMENT IN CAPITAL ASSETS	\$ 358,542,625	\$ 355,990,005

Restricted net position consisted of the following:

	2024	2023
Passenger Facility Charge, investments, restricted for approved projects	\$ 2,919,289	\$ 581,283
Customer facility charges	26,466,753	22,209,430
Investments restricted for repayment of debt	12,305,041	-
Cash restricted for retainages, deposits, and grants	690,319	2,372,568
Receivable from Government Agency	16,037,892	23,269,088
Net Pension Asset	3,249,926	4,182,274
RESTRICTED NET POSITION	\$ 61,669,220	\$ 52,614,643



## SPOKANE AIRPORT BOARD NOTES TO THE FINANCIAL STATEMENT

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### 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 2024 and in 2023.

### Note 17 - Subsequent Events

#### Contracts:

During the first eight months of 2025, the Airport Board approved the following contracts:

Construction contracts	\$	73,118,607
Service Contracts		13,302,992
Good Purchases		<u>4,043,876</u>
Total Contracts	\$	<u>90,465,475</u>

#### Economic Events:

On March 13, 2025, the Airport Board accepted three Bipartisan Infrastructure Law (BIL) grants totaling \$11,072,731 for the construction of the Concourse C TREX project.



# REQUIRED **SUPPLEMENTARY INFORMATION**

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**SPOKANE AIRPORT BOARD  
REQUIRED SUPPLEMENTARY INFORMATION**

**State Sponsored Pension Plans**

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

<b>PERS 1</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Employer's proportion of the net pension liability (asset)	0.033823%	0.034724%	0.033920%
Employer's proportionate share of the net pension liability	\$ 600,980	\$ 792,656	\$ 944,457
Employer's covered payroll	7,081,308	6,278,997	5,509,382
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.49%	12.62%	17.14%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%
<b>PERS 2/3</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Employer's proportion of the net pension liability (asset)	0.043307%	0.044864%	0.044139%
Employer's proportionate share of the net pension liability (asset)	\$ (1,427,647)	\$ (1,838,833)	\$ (1,637,019)
Employer's covered payroll	7,081,308	6,278,997	5,509,382
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-20.16%	-29.29%	-29.71%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%
<b>LEOFF 1</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Employer's proportion of the net pension liability (asset)	0.032897%	0.032382%	0.032940%
Employer's proportionate share of the net pension liability (asset)	\$ (935,554)	\$ (961,106)	\$ (944,921)
Employer's covered payroll	-	-	-
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (6,328,065)	\$ (6,500,894)	\$ (6,391,423)
<b>TOTAL</b>	<b>\$ (7,263,619)</b>	<b>\$ (7,462,000)</b>	<b>\$ (7,336,344)</b>
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	168.48%	175.99%	169.62%
<b>LEOFF 2</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Employer's proportion of the net pension liability (asset)	0.047349%	0.057631%	0.066779%
Employer's proportionate share of the net pension liability (asset)	\$ (886,726)	\$ (1,382,336)	\$ (1,814,852)
State's proportionate share of the net pension liability (asset) associated with the employer	(575,438)	(882,746)	(1,175,621)
<b>TOTAL</b>	<b>\$ (1,462,164)</b>	<b>\$ (2,265,082)</b>	<b>\$ (2,990,473)</b>
Employer's covered payroll	2,275,896	2,545,944	2,690,312
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-64.25%	-88.97%	-111.16%
Plan fiduciary net position as a percentage of the total pension liability	109.27%	113.17%	116.09%

**SPOKANE AIRPORT BOARD**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**State Sponsored Pension Plans (Continued)**

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.037762%	0.043163%	0.043428%	0.041895%	0.042622%	0.040130%	0.039292%
\$ 461,162 5,714,844	\$ 1,523,887 6,551,262	\$ 1,669,961 6,144,088	\$ 1,871,045 5,584,050	\$ 2,022,447 5,960,060	\$ 2,155,170 4,868,988	\$ 2,072,175 4,524,442
8.07%	23.26%	27.18%	33.51%	33.93%	44.26%	45.80%
88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.048575%	0.055949%	0.056091%	0.053522%	0.054863%	0.051356%	0.050566%
\$ (4,838,852) 5,714,844	\$ 715,556 6,551,262	\$ 544,834 6,144,088	\$ 913,841 5,584,050	\$ 1,906,227 5,960,060	\$ 2,585,734 4,868,988	\$ 1,838,537 4,515,039
-84.67%	10.92%	8.87%	16.37%	31.98%	53.11%	40.72%
120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.032872%	0.033059%	0.032810%	0.032389%	0.032609%	0.034301%	0.035194%
\$ (1,126,050) -	\$ (624,322) -	\$ (648,526) -	\$ (588,023) -	\$ (494,750) -	\$ (353,398) -	\$ (424,165) -
<u>\$ (7,616,579)</u>	<u>\$ (4,222,900)</u>	<u>\$ (4,386,614)</u>	<u>\$ (3,977,373)</u>	<u>\$ (3,346,479)</u>	<u>\$ (2,390,378)</u>	<u>\$ (2,869,042)</u>
<u>\$ (8,742,629)</u>	<u>\$ (4,847,222)</u>	<u>\$ (5,035,140)</u>	<u>\$ (4,565,396)</u>	<u>\$ (3,841,229)</u>	<u>\$ (2,743,776)</u>	<u>\$ (3,293,207)</u>
-	-	-	-	-	-	-
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.066227%	0.069828%	0.070087%	0.071336%	0.074294%	0.073676%	0.082249%
\$ (3,846,738) (2,481,566)	\$ (1,424,389) (910,784)	\$ (1,623,701) (1,063,306)	\$ (1,448,276) (937,732)	\$ (1,030,960) (668,764)	\$ (428,522) (279,365)	\$ (839,853) (555,133)
<u>\$ (6,328,304)</u>	<u>\$ (2,335,173)</u>	<u>\$ (2,687,007)</u>	<u>\$ (2,386,008)</u>	<u>\$ (1,699,724)</u>	<u>\$ (707,887)</u>	<u>\$ (1,394,986)</u>
2,549,438	2,659,260	2,471,461	2,372,143	2,476,968	2,278,302	2,384,962
-248.22%	-87.81%	-108.72%	-100.58%	-68.62%	-31.07%	-58.49%
142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

**SPOKANE AIRPORT BOARD**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**State Sponsored Pension Plans (Continued)**

Schedule of Employer Contributions  
As of December 31

<b>PERS 1</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Statutorily or contractually required contributions	\$ 193,988	\$ 218,563	\$ 221,848
Contributions in relation to the statutorily or contractually required contributions	193,988	218,563	221,848
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	7,081,308	6,463,699	5,903,224
Contributions as a percentage of covered payroll	2.74%	3.38%	3.76%
<b>PERS 2/3</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Statutorily or contractually required contributions	\$ 450,371	\$ 411,092	\$ 375,445
Contributions in relation to the statutorily or contractually required contributions	450,371	411,092	375,445
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	7,081,308	6,463,699	5,903,224
Contributions as a percentage of covered payroll	6.36%	6.36%	6.36%
<b>LEOFF 1</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Statutorily or contractually required contributions	\$ -	\$ -	\$ -
Contributions in relation to the statutorily or contractually required contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	-	-	-
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%
<b>LEOFF 2</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Statutorily or contractually required contributions	\$ 116,526	\$ 123,131	\$ 136,821
Contributions in relation to the statutorily or contractually required contributions	116,526	123,131	136,821
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	2,275,896	2,404,896	2,672,284
Contributions as a percentage of covered payroll	5.12%	5.12%	5.12%



**SPOKANE AIRPORT BOARD**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**State Sponsored Pension Plans (Continued)**

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 230,504	\$ 303,072	\$ 318,572	\$ 290,805	\$ 271,541	\$ 245,770	\$ 205,343
230,504	303,072	318,572	290,805	271,541	245,770	205,343
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
5,382,802 4.28%	6,319,335 4.80%	6,144,088 5.19%	5,741,232 5.07%	5,538,859 4.90%	5,193,812 4.73%	4,669,550 4.40%
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 383,769	\$ 500,492	\$ 497,916	\$ 430,625	\$ 380,628	\$ 321,470	\$ 263,805
383,769	500,492	497,916	430,625	380,628	321,470	263,805
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
5,382,802 7.13%	6,319,335 7.92%	6,144,088 8.10%	5,741,232 7.50%	5,538,859 6.87%	5,193,812 6.19%	4,669,550 5.65%
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%
<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 130,522	\$ 135,958	\$ 134,741	\$ 125,868	\$ 120,068	\$ 112,905	\$ 119,085
130,522	135,958	134,741	125,868	120,068	112,905	119,085
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2,542,072 5.13%	2,639,947 5.15%	2,471,461 5.45%	2,397,478 5.25%	2,330,224 5.15%	2,235,741 5.05%	2,358,113 5.05%

**SPOKANE AIRPORT BOARD  
REQUIRED SUPPLEMENTARY INFORMATION**

**Other Postemployment Health Care Benefits**

The following information is based on an actuarial report prepared in March, 2025, and for the fiscal years ended December 31, 2024, and 2023.

**Spokane Airport Board  
Schedule of Changes in Total OPEB Liability and Related Ratios  
For the year ended December 31, 2024  
Last 10 Fiscal Years\***

	2024	2023	2022
<b>Total OPEB liability - Beginning</b>	\$ 2,805,450	\$ 2,576,533	\$ 3,469,274
Service cost	-	-	-
Interest	108,065	107,034	76,002
Changes in benefit terms	-	-	-
Differences between expected and actual experience	233,709	74,069	(310,561)
Changes of assumptions	(352,257)	234,112	(475,406)
Benefit payments	(207,644)	(186,298)	(182,776)
Other changes	-	-	-
<b>Total OPEB liability - ending</b>	<u><u>\$ 2,587,323</u></u>	<u><u>\$ 2,805,450</u></u>	<u><u>\$ 2,576,533</u></u>
<b>Plan fiduciary net position</b>			
Contribution	\$ 207,644	\$ 186,298	\$ 182,776
Net Investment Income	-	-	-
Benefit Payments	(207,644)	(186,298)	(182,776)
Administrative Expense	-	-	-
Other	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Net OPEB Liability</b>	<u><u>\$ 2,587,323</u></u>	<u><u>\$ 2,805,450</u></u>	<u><u>\$ 2,576,533</u></u>
<b>Plan Fiduciary Net Position as a % of Total OPEB Liability</b>	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ -	\$ -	\$ -
<b>Total OPEB liability as a % of covered payroll</b>	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.

**SPOKANE AIRPORT BOARD**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Other Postemployment Health Care Benefits (Continued)**

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2021	2020	2019	2018	2017	2016
\$ 3,461,120	\$ 3,031,126	\$ 2,446,912	\$ 3,062,684	\$ 3,202,985	\$ 2,961,892
-	-	-	-	-	-
67,364	81,111	91,028	98,577	117,440	86,200
-	-	113,328	-	-	-
207,648	326,458	356,852	(430,493)	(261,003)	613,175
(80,986)	185,718	163,432	(132,858)	145,743	(281,172)
(185,872)	(163,293)	(140,426)	(150,998)	(142,481)	(177,110)
-	-	-	-	-	-
<u>\$ 3,469,274</u>	<u>\$ 3,461,120</u>	<u>\$ 3,031,126</u>	<u>\$ 2,446,912</u>	<u>\$ 3,062,684</u>	<u>\$ 3,202,985</u>
\$ 185,872	\$ 163,293	\$ 140,426	\$ 150,998	\$ 142,481	\$ 142,481
-	-	-	-	-	-
(185,872)	(163,293)	(140,426)	(150,998)	(142,481)	(142,481)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,469,274</u>	<u>\$ 3,461,120</u>	<u>\$ 3,031,126</u>	<u>\$ 2,446,912</u>	<u>\$ 3,062,684</u>	<u>\$ 3,202,985</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

**SPOKANE AIRPORT BOARD**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Other Postemployment Health Care Benefits (Continued)**

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The following actuarial methods and assumptions were made:

<b>Assumption/Input</b>	<b>Value</b>
Valuation Date	12/31/2024
Measurement Date	12/31/2024
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	6.20% increase was assumed for 2025 with rates gradually decreasing from 5.60% in 2026 to an ultimate trend of 4.70% in 2037
Salary increase rate	0.00%
Discount rate	4.00% at 12-31-2023 4.28% at 12-31-2024
Investment Rate of Return	0.00%
Long-Term Rate of Return	0.00%
20-Year AA Municipal Bond Index Rate	4.28%
Retirement Age	55
Mortality Table	RP-2014 Mortality with 2024 Improvement Rate
Turnover Table	Not applicable
Number of Participants in plan	Not applicable
Changes in Benefits	12/31/2024
Salary changes	12/31/2024



# INTERNAL CONTROL

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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, 2024, 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 September 17, 2025.

### **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.

*Baker Tilly US, LLP*

Spokane, Washington  
September 17, 2025

# FELTS FIELD PARKING





# LOT RESURFACING



# **SPOKANE**

## **AIRPORT BOARD**

9000 West Airport Drive

Spokane, WA 99224