# JACKSON HOLE AIRPORT BOARD

## FINANCIAL REPORT

**June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson Hole Airport Board
Jackson, Wyoming

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business type activities of Jackson Hole Airport Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Jackson Hole Airport Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Jackson Hole Airport Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of Jackson Hole Airport Board, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of changes in net pension liability and related ratios, and pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 the 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***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson Hole Airport Board's basic financial statements. The budgetary comparison information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements of Jackson Hole Airport Board. The schedule of passenger facility charges collected and expended is also presented for purposes of additional analysis, as specified in the Passenger Facility Charge Audit Guide for Public Entities, by the Federal Aviation Administration and is not a required part of the basic financial statements of the Jackson Hole Airport Board.

The budgetary comparison information, schedule of expenditures of federal awards, and the schedule of passenger facility charges collected and expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, the schedule of expenditures of federal awards, and the schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2016, on our consideration of Jackson Hole Airport Board'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit preformed in accordance with *Government Auditing Standards* in considering Jackson Hole Airport Board's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

October 19, 2016

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The Jackson Hole Airport Board (the "Airport Board") is the operator and proprietor of the Jackson Hole Airport (the "Airport"), located north of the Town of Jackson, in Teton County, Wyoming. The Airport Board offers readers of its Financial Statements this narrative overview of its financial activities for the fiscal year ended June 30, 2016 (the "Fiscal Year"). This narrative responds to the requirements of Government Accounting Standards Board ("GASB") No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

***Financial Highlights.*** Financial highlights for this fiscal year are as follows:

- The assets of the Airport Board exceeded its liabilities at the close of the most recent fiscal year by $83,417,571 (net position). Of this amount, $10,726,787 is classified as unrestricted net position, which may be used to meet the Airport Board's ongoing obligations to citizens and creditors.
- The Airport Board's total net position increased by $3,705,276.
- As of the close of the fiscal year, the Airport Board's general cash and investments balance was $10,285,289. Of this, $800,336 was invested in Certificates of Deposit in a federally insured institution, having maturities of greater than three months.
- At the close of the fiscal year, the Airport Board's passenger facility charge ("PFC") remaining cash balance was $83,543. This PFC balance is restricted for spending in accordance with the Airport Board's PFC applications, and as approved by the Federal Aviation Administration.
- The Airport Board's total long-term debt excluding the unfunded pension and compensated absences decreased by $638,623 during the current fiscal year.

***Overview of the Financial Statements.*** This discussion and analysis is intended to serve as an introduction to the Airport Board's financial statements. The Airport Board's financial statements are comprised of basic financial statements (found at pages 10 through 14) which include all revenue and expenses, required supplementary information reflecting changes in net pension liability and related ratio and pension contributions (found at pages 29 to 32), and supplementary information (found at pages 35 through 38) which breaks revenue and expenses into logical categories. In addition, this financial report includes a schedule of passenger facility charges collected and expended (found at page 40), single audit section listing all Federal grants (found at pages 48 and 49), a report on compliance with the Uniform Guidance (found on pages 50 and 57), and a summary of the auditor's findings (found at pages 52 and 53).

***Basic Financial Statements.*** The Basic Financial Statements are made up of four components: (1) Statement of Net Position, at page 10; (2) Statement of Revenues, Expenses and Changes in Net Position, at pages 11-12; (3) Statement of Cash Flows, at pages 13-14; and (4) Notes to Financial Statements, at pages 15-27. These are designed to provide readers with a broad overview of the Airport Board's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Airport Board assets and liabilities, with the difference between the two reported as net position. For most organizations, increases or decreases in net position over time may serve as an indicator of whether the financial position of an organization is improving or deteriorating. With respect to the Airport Board, increases or decreases in net position may simply reflect an increase in federal grant funding for infrastructure improvements, in relation to their depreciation.

The Statement of Revenues, Expenses and Changes in Net Position separately describe operating revenues and operating expenses by logical categories; non-operating revenues made up of interest and passenger facilities charge (PFC) reimbursements; and capital contributions. This statement shows that the Airport Board's net position increased by $3,705,276 during the fiscal year.

The Statement of Cash Flows separately discloses cash flow from (a) operating activities, (b) non capital financing activities, (c) capital and related financing activities, and (d) investing activities. The statement reveals that the Airport Board's cash and cash equivalents including restricted PFC and CFFs at the beginning of the fiscal year were $9,810,566, and at the end of the fiscal year were $10,973,659, an increase of $1,163,093.

Notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Airport Board, assets exceeded liabilities by $83,417,571 at the close of the most recent fiscal year.

| | 2016 | 2015 |
|---|---|---|
| Assets | | |
| Current and other assets | $ 17,091,985 | $ 13,651,003 |
| Capital assets, net | 77,901,269 | 76,965,949 |
| Total assets | 94,993,254 | 90,616,952 |
| Deferred outflows | 1,723,067 | |
| Liabilities | | |
| Current and other liabilities | 3,019,311 | 1,434,002 |
| Long term liabilities | 10,167,333 | 9,470,655 |
| Total liabilities | 13,186,644 | 10,904,657 |
| Deferred inflows | 112,106 | - |
| Net position | | |
| Invested in capital assets, net of related debt | 72,607,241 | 71,033,297 |
| Restricted for passenger facility charges expenditures | 83,543 | 121,020 |
| Unrestricted | 10,726,787 | 8,557,978 |
| Total net position | $ 83,417,571 | $ 79,712,295 |

The Airport Board's total operating and non-operating revenues including capital contributions of $5,782,309 exceeded total operating and non-operating expenses for an increase in net position of $3,705,276. A summary of revenues and expenses is shown below:

| | 2016 | 2015 |
|---|---|---|
| Program revenues | $ 15,292,006 | $ 14,213,348 |
| Program expenses | 19,756,787 | 18,731,655 |
| Loss from operations | (4,464,781) | (4,518,307) |
| Non-operating revenues and expenses | | |
| Interest income | 9,491 | 4,808 |
| Interest expense | (88,518) | (34,342) |
| Non capital grants | 248,806 | 381,224 |
| Passenger facilities reimbursements | 1,134,505 | 1,053,833 |
| Customer facility fees | 1,083,464 | 978,805 |
| Total non-operating revenues and expenses | 2,387,748 | 2,384,328 |
| Net loss before capital contributions | (2,077,033) | (2,133,979) |
| Capital contributions | 5,782,309 | 1,296,483 |
| | 3,705,276 | (837,496) |
| Net position - beginning of year | 79,712,295 | 83,522,317 |
| Prior period adjustment | - | (2,972,526) |
| Net position - beginning of year, as restated | 79,712,295 | 80,549,791 |
| Net position - end of year | $ 83,417,571 | $ 79,712,295 |

***Supplementary Financial Information.*** The supplementary financial information, found at pages 35 through 40 of the Financial Statements, are composed of (a) Schedules of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), at pages 35-38, and (b) the Schedule of Passenger Facility Charges Collected and Expended, at page 40. These Schedules have not been prepared in accordance with generally accepted accounting principles (GAAP), but are useful for a deeper understanding of variances between budgeted and actual revenues, expenses and capital outlays in a more detailed breakdown by categories.

The Schedule of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), is prepared on the modified cash-basis and separately states revenues in categories of operating; grant and PFC, CFF; and security screening contract; and separately states expenses in categories in operating, capital outlays and security screening contract.

The Schedule of Passenger Facility Charges Collected and Expended, shows the PFC beginning balance, collections, expenditures and ending balance. This Schedule shows the amount of the FAA-authorized PFC which remains to be collected in future years.

***Overview of Revenue and Expenses – budgetary basis.*** The Airport Board received revenue from a variety of sources during the fiscal year. The major sources of revenue, on the budgetary basis, are as follows:

- 3,154,902 from state and federal grants for selected capital improvements and equipment acquisitions; an increase of $1,320,432 from the previous year. This increase in grant funding resulted in part from the start of the commercial apron project.
- $5,956,670 earned through provision of security screening services under a contract with the Transportation Security Administration (TSA); an increase of $153,550 over the previous year.
- $1,130,524 in project reimbursements from Passenger Facility Charges collected by airlines from airline passengers utilizing the Airport; an increase of $52,087 over the previous year.
- $3,230,887 in rentals and fees related to the operations of scheduled airlines; an increase of $659,462 over the previous year.
- $1,201,266 from general aviation related rentals and fees, including those received from the fixed base operator, and landing fees; a decrease of $302,492 over the previous year. The decrease resulted in part from revenue received in FY 14-15 that was due in the previous year.
- $310,882 from other terminal and facilities rents and access fees, including the restaurant, gift shop, TSA rental and terminal advertising; an increase of $26,418 over the previous year.
- $3,112,159 from on and off-airport rental car concession fees, an increase of $32,986 over the previous year.
- $944,852 from all other operating revenues (excluding glycol) and including parking and ground transportation providers; an increase of $178,396 from the previous year. This increase was due in part to an increase in aviation tax refunds and parking income.

The Airport Board's expenses for the fiscal year are summarized as follows:

- $6,895,155 in capital outlays; a decrease of $3,011,584 from the previous year. This decrease was due to the closeout of the baggage claim remodel project and the wastewater treatment plant project.
- $4,015,123 related to the provision of security screening services; a decrease of $155,146 over the previous year.
- $7,401,108 for general operating expenses (excluding glycol); an increase of $422,360 over the previous year. This was in part due to the increase in repair and maintenance expenses, and payroll and related expenses.

***Analysis of Significant Changes***. For the fiscal year ending June 30, 2016, significant changes in the Airport Board's finances are discussed as follows:

***General Comments***. Operating revenues and expenses from year to year will depend to a significant degree upon the Airport's aircraft and passenger volume. For instance, fees received from many airport tenants are on a "percentage of gross" basis; parking revenues are directly related to parking lot usage; landing fees and fuel flowage fees are directly related to the volume of aircraft activity. Operating revenues can therefore be expected to mirror future increases or decreases in aircraft and passenger volumes. However, operating expenses do not immediately and automatically mirror aircraft and passenger volume, and must therefore be closely monitored and changed by Airport management when appropriate.

Capital outlays are funded in large part through grant revenues and PFC project reimbursements. Grant revenues are largely dependent on the appropriation of federal funds, and the Airport's aircraft and passenger volume upon which the level of grant funding is partially based. The amount of PFC reimbursements is directly related to passenger volumes. Lack of availability of one or both of these sources of revenue could dramatically limit the Airport Board's ability to make capital outlays in the future.

The Airport Board operates passenger security screening services under a contract from the Transportation Security Administration. Security screening reimbursements and expenses both reflect operations under that contract. Should the contract not be renewed, both revenues and expenditures will simultaneously, or nearly simultaneously, terminate.

***Specific Comments***

***Net Position.*** Total net position increased from $79,712,295 to $83,417,571, an increase of $3,705,276 over the last fiscal year. This increase resulted mainly from an increase in capital contributions related to the Commercial Apron project and an increase in operating revenue net of related debt.

***Cash Position.*** Cash and cash equivalents (including amounts restricted from PFC and CFC) increased from $9,810,566 to $10,973,659, an increase of $1,163,093 over the last fiscal year (see page 13).

***Accounts Payable and Total Liabilities.*** Accounts payable at the end of the fiscal year increased from $528,095 to $2,054,050 an increase of $1,525,955 from the last fiscal year. This increase relates to the ongoing commercial apron reconstruction project.

***Operating Revenues***. Operating revenues, including security screening, increased from $14,213,348 to $15,292,006, an increase of $1,078,658 over the last fiscal year.

***Operating Expenses***. Operating expenses also increased from $18,731,655 to $19,756,787, an increase of $1,025,232 over the last fiscal year, due to increases including payroll, repair and maintenance expenses, and depreciation.

***Non-Operating Revenues and Expenses***. Non-operating revenues and expenses increased from $2,384,328 to $2,387,748, an increase of $3,420 over the last fiscal year.

***Analysis of Budget Variances***.

Actual operating revenues for the fiscal year exceeded budget projections by $616,172, a 7% increase over the amount budgeted. This was due principally to increases over budget in a number of categories including airline revenues parking income and aviation tax revenue. At the same time, actual operating expenses were under budget by $479,627, or 5.8%.

Revenues from the passenger security screening contract were $5,956,670, which was $23,486 above budget. Related security screening expenses were $4,015,123, under budget by $979,478 or 20%.

***Capital Asset Long-Term Debt Activity***.
At the end of June 30, 2016, the Airport had $72,607,241 invested in capital assets net of related debt. This represents a net increase of $1,573,944 or 2% increase from 2015. This increase is primarily due to the retirement of long term debt and an increase in capital assets.

***Long-Term Debt Activity.***
During the year ended June 30, 2016, the Airport paid $443,937 in principal payments on the two loans from Wyoming Business Council and retired $194,686 on the Series 2013 Revenue Bond. The Airport had two loans totaling $3,324,711 from Wyoming Business Council and one Series 2013 Revenue Bond from Bank of the West totaling $1,969,317 outstanding at June 30, 2016.

***Requests for Information.***
This financial report is designed to provide a general overview of the Jackson Hole Airport Board's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Offices of the Board at the following address:

Jackson Hole Airport Board
P.O. Box 159
1250 East Airport Road
Jackson, Wyoming 83001
Phone: (307) 733-7695
Fax: (307) 733-9270

# BASIC FINANCIAL STATEMENTS

**JACKSON HOLE AIRPORT BOARD**

STATEMENT OF NET POSITION
June 30, 2016

| | |
|---|---|
| **ASSETS AND DEFERRED OUTFLOW OF RESOURCES** | |
| Current assets | |
| Cash and cash equivalents | $ 9,484,953 |
| Investments | 800,336 |
| Accounts receivable | 935,422 |
| Receivable from state and federal governments | 3,961,991 |
| Prepaid expenses | 282,224 |
| Inventory | 88,353 |
| Total current assets | 15,553,279 |
| Noncurrent assets | |
| Restricted cash - customer facility fees | 1,405,163 |
| Restricted cash - passenger facility charges | 83,543 |
| Note receivable - related party | 50,000 |
| Capital assets | |
| Buildings and runways including improvements, equipment, furniture, fixtures, and vehicles, net of accumulated depreciation | 70,021,976 |
| Art - terminal building | 740,477 |
| Construction in progress | 7,138,816 |
| Total capital assets | 77,901,269 |
| Total assets | 94,993,254 |
| Deferred outflow of resources | |
| Pension contributions and change in earnings | 1,723,067 |
| Total assets and deferred outflow of resources | 96,716,321 |
| **LIABILITIES DEFERRED INFLOW OF RESOURCES** | |
| Current liabilities | |
| Accounts payable and retainage | 2,054,050 |
| Accrued wages payable | 255,646 |
| Compensated absences - current portion | 31,998 |
| Other payables | 29,079 |
| Current portion of long-term debt | 648,538 |
| Total current liabilities | 3,019,311 |
| Long term debt - net of current portion | 4,645,490 |
| Compensated absences - long-term portion | 222,680 |
| Net unfunded pension liability | 5,299,163 |
| | 10,167,333 |
| Total liabilities | 13,186,644 |
| Deferred inflow of resources | |
| Differences between expected and actual pension experience | 112,106 |
| **NET POSITION** | |
| Invested in capital assets, net of related debt | 72,607,241 |
| Restricted for passenger facility charges expenditures | 83,543 |
| Unrestricted | 10,726,787 |
| Total net position | $ 83,417,571 |

See accompanying notes to the financial statements

**JACKSON HOLE AIRPORT BOARD**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2016

| | |
|---|---|
| Operating revenues | |
| Airline landing fees and rent | $ 3,674,517 |
| Lease rentals | 4,215,326 |
| Security screening reimbursement (TSA) | 5,956,670 |
| Glycol sales | 491,980 |
| LEO service reimbursement contract (TSA) | 71,387 |
| Parking income | 623,643 |
| Display case and local service reservations | 15,540 |
| Gas tax refund | 172,365 |
| Miscellaneous | 70,578 |
| Total operating revenues | 15,292,006 |
| Operating expenses | |
| Capital maintenance | 1,446,229 |
| Consulting - noise study | 67,400 |
| Depreciation | 6,164,986 |
| Dues and subscriptions | 17,992 |
| Environmental management | 117,752 |
| Fire rescue training and supplies | 41,452 |
| Franchise fees | 328,449 |
| Fuel | 50,654 |
| Glycol | 393,033 |
| Insurance | 499,295 |
| Repairs, maintenance and supplies | 1,342,913 |
| Meeting expenses | 118,356 |
| Miscellaneous | 99,269 |
| Office expenses | 102,293 |
| Payroll taxes and benefits | 2,667,097 |
| Professional fees | 273,123 |
| Salaries | 4,761,764 |
| Screening | 132,726 |
| Security | 570,420 |
| Snow removal | 152,255 |
| Telephone | 35,635 |
| Travel | 49,659 |
| Utilities | 324,035 |
| Total operating expenses | 19,756,787 |
| Loss from operations | (4,464,781) |

(Continued)

**JACKSON HOLE AIRPORT BOARD**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
Year Ended June 30, 2016

| | |
|---|---|
| Non-operating revenues and expenses | |
| Interest income | $ 9,491 |
| Interest expense | (88,518) |
| Non-capital grants | 248,806 |
| Passenger facilities reimbursements | 1,134,505 |
| Customer facility fees | 1,083,464 |
| Total non-operating revenues and expenses | 2,387,748 |
| Loss before capital contributions | (2,077,033) |
| Capital contributions | 5,782,309 |
| Change in net position | 3,705,276 |
| Total net position - beginning of year | 79,712,295 |
| Total net position - end of year | $ 83,417,571 |

See accompanying notes to the financial statements

**JACKSON HOLE AIRPORT BOARD**

STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

| | |
|---|---|
| Cash flows from operating activities | |
| Cash received from customers | $ 15,230,220 |
| Cash payments to suppliers for services | (5,815,996) |
| Cash payments to employees for services | (6,980,559) |
| Net cash provided by operating activities | 2,433,665 |
| | |
| Cash flows from noncapital financing activities | |
| Advance to the Board's director | (12,000) |
| Grants received from State and Federal governments for noncapital projects | 273,195 |
| Net cash provided by noncapital financing activities | 261,195 |
| | |
| Cash flows from capital and related financing activities | |
| Passenger facilities reimbursements received | 1,147,435 |
| Acquisitions of property and equipment | (5,928,024) |
| Customer facility charges received | 1,078,024 |
| Principal payments on notes payable to BRC and Series 2013 Revenue Bond | (638,624) |
| Interest payments on notes payable to BRC and Series 2013 Revenue Bond | (93,816) |
| Grants received from State and Federal governments | 2,893,653 |
| Net cash used in capital and related financing activities | (1,541,353) |
| | |
| Cash flows from investing activities | |
| Interest on investments | 9,586 |
| Net cash provided by investing activities | 9,586 |
| | |
| Net increase in cash and cash equivalents | 1,163,093 |
| | |
| Cash and cash equivalents - beginning of year | |
| (Including $121,020 for PFC's and $383,936 for CFC's reported as restricted asset) | 9,810,566 |
| | |
| Cash and cash equivalents - end of year | |
| (Including $83,543 for PFC's and $1,405,163 for CFC's reported as restricted asset) | $ 10,973,659 |

(Continued)

See accompanying notes to the financial statements

## JACKSON HOLE AIRPORT BOARD

STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2016

Reconciliation of loss from operations to net cash provided by operating activities

| | |
|---|---|
| Loss from operations | $ (4,464,781) |
| Adjustments to reconcile loss from operations to net cash provided by operating activities | |
| Depreciation and amortization | 6,164,986 |
| Amortization of deferred outflows and inflows related to pension items | (951,652) |
| Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities | |
| Accounts receivable | (76,118) |
| Receivable from state and federal governments | 14,331 |
| Prepaid expenses | (21,344) |
| Inventory | 14,614 |
| Accounts payable and retainage | 353,674 |
| Accrued wages payable | 79,489 |
| Accrued compensated absences | 50,480 |
| Accrued pension liability | 1,254,828 |
| Other payables | 15,157 |
| Net cash provided by operating activities | $ 2,433,665 |

See accompanying notes to the financial statements

## Note 1. Organization and Summary of Significant Accounting Policies

### *Reporting Entity and Organization*

The Jackson Hole Airport Board (Board) is the level of government which has governing responsibilities over all activities related to the Jackson Hole Airport. The Board is a joint powers board created by the Town of Jackson and County of Teton, as authorized by Wyoming Statute Sections 10-5-201 through 10-5-204. Though created by joint action of the Town and County, the Board is a separate and distinct governmental entity and "body corporate."

The Board receives funding from state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14 and 39 for its basic financial statements. Using this premise, the Board is not financially accountable for any other organizations; thus, the report includes only the financial statements of the Board. The Board has no component units nor is it considered a component unit of any other government.

The Board operates in Grand Teton National Park under an agreement with the U.S. Department of Interior. The operating agreement between the Board and U.S. Department of Interior expires in 2053. The Board pays a use fee to the U.S. Department of Interior equal to three percent of the first $4,000,000 of eligible operating receipts and four percent of any eligible operating receipts in excess of $4,000,000.

### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The basic financial statements are reported using the economic resources measurements focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise fund is charges to users of the airport facilities. Operating expenses for the enterprise fund includes the cost of providing the services for the airport, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### *Receivables*

The Board recognizes bad debts at the time specific accounts become doubtful of collection; accordingly, accounts receivable are included in the accompanying statement of net position at face value with no provision for losses thereon. This form of presentation is preferable due to the nature of receivables and the immaterial amounts of doubtful collections involved.

### *Cash and Cash Equivalents*

For purposes of the cash flow statement, the Board considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

## Note 1. Organization and Summary of Significant Accounting Policies (Continued)

### *Deposits and Investments*

Investments for the Board are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the end of the fiscal year. In September 2011, the Board approved an investment policy. The investment policy allows the Board to invest in U.S. Treasury instruments, certificates of deposits which are fully insured by the FDIC or fully secured by a pledge of U.S. Treasury instruments, and the Wyoming State Treasurer's Asset Reserve as permitted by Wyoming Statutes. Management reviews statements of investments on a monthly basis to identify significant downturns which might affect the fair value measurements of investments.

### *Inventory and Prepaid Items*

Inventory consists of glycol and is valued at cost using the first in/first out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### *Capital Assets*

Capital assets, which include property, equipment and infrastructure assets (e.g., runways and aprons), are reported in the basic financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of 2 years. Such assets as buildings, improvements, and equipment are carried at cost or estimated cost. Depreciation is recorded on the straight-line basis over the estimated useful lives of the properties. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

| | Years |
|---|---|
| Buildings | 40 |
| Wastewater treatment plan | 30 |
| Runways, apron, ramps and taxiways | 10 to 20 |
| Equipment | 7 to 15 |
| Furniture, fixtures and computer equipment | 5 |
| Vehicles, including fire trucks | 5 to 10 |

### *Deferred Outflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board only has one item that qualifies for reporting in this category. The Board reports deferred outflows of resources for pension plan items.

## Note 1. Organization and Summary of Significant Accounting Policies (Continued)

### *Deferred Inflows of Resources*

In addition, to the liabilities, the statement of net position may sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item that qualifies for reporting in this category. The Board reports deferred inflow of resources for pension plan items.

### *Compensated Absences*

Compensated absences are accrued based on an employee's years of employment. Non-exempt employees receive 128 hours of compensated absences in their first through fourth year of employment, 168 hours in their fifth through ninth year of employment, and 280 in their tenth year of employment and beyond. Exempt employees receive 160 hours in their first year through fourth of employment, 200 hours in their fifth through ninth year of employment, and 280 in their tenth year of employment and beyond. Carryover of compensated absences is limited to 288 hours for both non-exempt and exempt employees.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates of the pension liability is especially significant to the Board. It is reasonably possible that this estimate will change within one year of the date of the financial statements due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

### *Restricted Resources*

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

### *Income Taxes*

No provision for income taxes is included in the statements as governmental units are exempt from paying income taxes.

### *Passenger Facility Charge (PFC) Funds*

PFC funds are collected based on an approved FAA application to "impose" charges on enplaned passengers at the Airport. These funds are restricted for designated capital projects and any debt incurred to finance the construction of these projects. The Airport recognizes and reports as non-operating revenue those PFC's that have been collected when all conditions have been met that entitles the Airport to retain the PFC's. Any PFC's received prior to this time for certain designated capital projects are reported as deferred revenue.

**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

***Passenger Facility Charge (PFC) Funds (Continued)***

By letter dated November 29, 1993, the FAA issued a Record of Decision to the Airport that authorized the collection and expenditure of PFC revenue. PFC's are imposed on enplaning passengers by airports for the purpose of generating resources for airport projects that increase capacity, increase safety, or mitigate noise impacts. In the first application, the Airport received approval for $3 PFC to finance projects totaling approximately $375,000. Collection for the first application began in 1994. There were a number of amendments to the Records of Decision since 1994. These amendments have increased the authorized collections and project expenditures to approximately $39,749,000 in total.

Additionally, the May 18, 2001 record of collection amended the PFC rate to increase the collection level to $4.50. Charges collected and receivable are recorded as restricted assets.

***Rental Car Facility Fee (CFF)***

In June 2010, the Board established an on-airport rental car facility fee to be collected by on-airport rental car companies from their customers and paid over to the Board for the purpose of financing and payment of the planning, design, enabling, construction, improvement and/or repair of facilities and improvements which benefit the on-airport rental car companies. The car facility fee of $2 per customer per transaction day was increased to $4 per customer per transaction day in October 2012. It is capped at the first fourteen days of any continuous vehicle rental and is charged and collected by each on-airport car rental company from each person entering into a motor vehicle rental agreement. Car facility fees are recorded as restricted assets. The car facility fee commenced on August 1, 2010 and will continue until terminated by the Board.

***Revenue Recognition***

Additional types of Airport revenue are recognized as follows:

*Airfield Landing Fees* - Landing fees are principally generated from scheduled passenger and cargo carriers, as well as non-scheduled commercial aviation, and are based on the landed weight of the aircraft. The estimated landing fee structure is determined annually pursuant to an agreement between the Airport and each of the signatory airlines based on the Certified Gross Weight of the aircraft landed. Landing fees are recognized as revenue when the related facilities are utilized.

*Terminal Rents and Concessions* - Rental and concession fees are generated from airlines, parking facilities, food and beverage operations, rental car agencies, advertisers and other commercial tenants. Leases are for terms from one to five years and generally require rentals based on the volume of business; specific minimum annual rental payments are required for some of the leases. Rental revenue is recognized over the life of the respective leases and concession revenue is recognized based on reported concessionaire revenue.

*Other* - All other types of revenue are recognized when earned.

## Note 2. Property and Equipment

A summary of changes in capital assets follows:

| | Beginning Balance July 1, 2015 | Additions | Deletions and Transfers | Ending Balance June 30, 2016 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Art - terminal building | $ 643,860 | $ 96,617 | | $ 740,477 |
| Construction in progress | 447,166 | 6,691,650 | - | 7,138,816 |
| | 1,091,026 | 6,788,267 | - | 7,879,293 |
| Capital assets, being depreciated | | | | |
| Buildings and runways | 118,610,287 | 98,468 | 695,598 | 118,013,157 |
| Waste water treatment plant | 2,787,518 | | | 2,787,518 |
| Equipment | 5,377,068 | 87,026 | 151,253 | 5,312,841 |
| Furniture, fixtures and computer equipment | 365,015 | 37,619 | 44,044 | 358,590 |
| Vehicles including fire trucks | 3,238,050 | 88,926 | 2,581 | 3,324,395 |
| Total capital assets, being depreciated | 130,377,938 | 312,039 | 893,476 | 129,796,501 |
| Less accumulated depreciation | 54,503,015 | 6,164,986 | 893,476 | 59,774,525 |
| Total capital assets, being depreciated, net | 75,874,923 | (5,852,947) | - | 70,021,976 |
| Business-type activities capital assets, net | $ 76,965,949 | $ 935,320 | $ - | $ 77,901,269 |

Depreciation expense for the year ended June 30, 2016 was $6,164,986.

## Note 3. Deposits and Investments

As of June 30, 2016, all of the Board's investments consisted of Certificates of Deposit with maturity dates no greater than one year and interest rates ranging from 0.35% to 0.05%. In addition, the Board had approximately $2,516,000 in WYO-STAR, which is a government investment pool, established in 1987 offered exclusively to Wyoming governmental entities. The value of the Board's investment in WYO-STAR is equal to the value of its share in WYO-STAR. Amounts held in WYO-STAR are considered cash and cash equivalents. As of June 30, 2016, the interest rate earned on WYO-STAR was .441%.

### *Interest rate risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board's investments and cash and cash equivalents are held in certificates of deposit and in external pooled investment accounts with a focus on liquidity. As a means of limiting its exposure to fair value losses arising from interest rates, the Board attempts to match investment maturities with its expected cash flow needs. With this investment focus, investment and cash and cash equivalents are expected to reach maturity with limited gains and losses.

## Note 3. Deposits and Investments (Continued)

### *Credit risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2016, the Board was not exposed to credit risk as respects to investments held in certificates of deposit. With respect to funds held at WYO-STAR, the Board has invested monies at fixed contract rate of interest. WYO-STAR pool is not rated.

### *Custodial credit risk - deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be redeemable to it. State Statutes require that the Board's deposits in excess of the federal depository insurance amount be collateralized. At June 30, 2016, the Board's deposits except for the funds held in WYO-STAR were collateralized as required by statutes and Board policy with securities held by the pledging financial institution's trust department or agent, in joint custody of the bank and the Board.

### *Custodial credit risk – investments*

For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the Board can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing any local government's exposure to custodial credit risk for its investments.

### *Fair Value Measurements*

The Airport categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Airport has the following recurring fair value measurements as of June 30, 2016:

- External investment pool of $2,516,000 million is valued at the net asset value (NAV) of shares held at year end, based on quoted prices for identical or similar assets in active markets for the underlying assets (Level 2 inputs).

**Note 4. Long-Term Debt, Long-Term Liabilities and Pledged Revenues**

The following is a summary of changes in long-term debt and long-term liabilities of the Board for the year ended June 30, 2016:

| | Balance June 30, 2015 | New Debt Incurred | Debt Retired | Balance June 30, 2016 | Due Within One Year |
|---|---|---|---|---|---|
| Wyoming Business Council | $ 768,648 | $ - | $ 150,688 | $ 617,960 | $ 152,194 |
| Wyoming Business Council | 3,000,000 | - | 293,249 | 2,706,751 | 296,182 |
| Series 2013 Revenue Bond | 2,164,003 | - | 194,686 | 1,969,317 | 200,162 |
| Total long-term debt | 5,932,651 | - | 638,623 | 5,294,028 | 648,538 |
| Net unfunded pension liability | 4,044,335 | 1,254,828 | - | 5,299,163 | - |
| Compensated absences | 204,198 | 50,480 | - | 254,678 | 31,998 |
| | $10,181,184 | $1,305,308 | $ 638,623 | $10,847,869 | $ 680,536 |

In September 2009, the Board received a $1,500,000 loan at a fixed rate of 1.00% from the Business Ready Community Grant and Loan Program ("BRC") of the Wyoming Business Council for the purpose of paying part of the costs to construct a Phase One expansion of the passenger terminal building at the Jackson Hole Airport. The principal and interest on the BRC loan are payable in nine annual payments of $158,374 with all unpaid principal and interest due on the tenth anniversary date of the final loan disbursement. Payments are applied first to the accrued interest. There is no prepayment penalty on this loan. Passenger Facility Charges and net revenues defined as gross revenues received by the Board from all other rents, user and concession fees, and fuel flowage fees less operating and maintenance costs are pledged for the payment of the BRC loan.

| | Wyoming Business Council (BRC) | | |
|---|---|---|---|
| Year ending June 30, | Principal | Interest | Total |
| 2017 | $ 152,194 | $ 6,180 | $ 158,374 |
| 2018 | 153,716 | 4,658 | 158,374 |
| 2019 | 155,254 | 3,121 | 158,375 |
| 2020 | 156,796 | 1,568 | 158,364 |
| | $ 617,960 | $ 15,527 | $ 633,487 |

**Note 4. Long-Term Debt, Long-Term Liabilities and Pledged Revenues (Continued)**

During the fiscal year ended June 30, 2014, the Board obtained a $3,000,000 line of credit from the Business Ready Community Grant and Loan Program ("BRC") of the Wyoming Business Council for the purpose of an expansion of the airport baggage claim facilities, TSA support space, passenger security screening area, and janitor space to serve the terminal. Once the available funds have been disbursed the principal and interest will be payable at a fixed rate of 1.5% over ten years. As of June 30, 2016, the Board has drawn $3,000,000 and had no minimum payments other than the accrued interest. There is no prepayment penalty on this loan. Passenger Facility Charges and net revenues defined as gross revenues received by the Board from all other rents, user and concession fees, and fuel flowage fees less operating and maintenance costs are pledged for the payment of the BRC loan. The BRC's security interest in the Board's passenger facility charges and net revenues is subordinate to the security interest of the Bank of the West under the 2013 Series Revenue Bonds.

| | Wyoming Business Council (BRC) | | |
|---|---|---|---|
| Year ending June 30, | Principal | Interest | Total |
| 2017 | $ 296,182 | $ 27,068 | $ 323,250 |
| 2018 | 299,144 | 24,106 | 323,250 |
| 2019 | 302,135 | 21,114 | 323,249 |
| 2020 | 305,157 | 18,093 | 323,250 |
| 2021 | 308,208 | 15,041 | 323,249 |
| 2022 to 2025 | 1,195,925 | 29,034 | 1,224,959 |
| | $2,706,751 | $ 134,456 | $2,841,207 |

In November 2013, the Board issued Series 2013 Revenue Bond ("Bond") in the amount of $4,100,000, at an annual fixed rate of 2.66% for the purpose of financing a portion of the design and construction of a new and expanded baggage claim building as part of the passenger terminal building and paying costs incurred in connection with the issuance of this bond. As of June 30, 2016, the Board has advanced $2,200,000 of the Series 2013 revenue Bond. Principal and interest in the amount of $20,901 shall be paid in monthly installments commencing in May 2015 until May 2025. Series 2013 Revenue Bond has certain requirements which include maintenance of a minimum effective tangible net worth of $65,000,000 and establishment of the special trust account for payment of the principal and interest. The Board shall not issue additional bonds or other obligations having a lien on the pledged airport revenues superior to the lien of the Bond. The Bond is subject to redemption prior to the stated maturity, at the option of the Board. There is no prepayment penalty on the Bond.

| | Series 2015 Revenue Bonds | | |
|---|---|---|---|
| Year ending June 30, | Principal | Interest | Total |
| 2017 | $ 200,162 | $ 50,654 | $ 250,816 |
| 2018 | 205,628 | 45,189 | 250,817 |
| 2019 | 211,243 | 39,574 | 250,817 |
| 2020 | 216,921 | 33,896 | 250,817 |
| 2021 | 222,934 | 27,883 | 250,817 |
| 2022 to 2025 | 912,429 | 49,044 | 961,473 |
| | $1,969,317 | $ 246,240 | $2,215,557 |

## Note 5. Risk Management

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions, injuries to employees and natural disasters. During the year ended June 30, 2016, the Board contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverages under each type of insurance policy vary in amounts and deductibles. The Board has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

During the fiscal year 2009, the Board received the Support Anti-Terrorism by Fostering Effective Technologies (SAFETY) Act designation. This designation for the Board means that for any claim arising out of an act of terrorism and involving the Board's security screening operation; a) exclusive jurisdiction is in federal court; b) liability is limited to an amount of liability specified by insurance coverage; c) joint and several liability for non-economic damages is prohibited, so the Board can only be liable for that percentage of non-economic damages proportionate to its responsibility for the harm; d) punitive damages and prejudgment interest are barred, and e) plaintiff's recovery is reduced by amounts they receive from "collateral sources", such as insurance benefits.

The Board pays into the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative costs. The Board paid approximately $67,000 in 2016.

## Note 6. Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System ("WRS") plans and additions to/deductions from WRS's fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

All eligible Board employees are covered under the following retirement plan:

### *Public Employees' Pension Plan*

The Board participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all Board full-time employees are eligible to participate. The PEPP provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes.

PEPP members are required to contribute 8.25% of their annual covered salary and the Board is required to contribute 7.62% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Board currently pays 15.19% of the required employee's contribution and the employees pay 1.43%. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The Board's contributions to the PEPP for the years ended June 30, 2016, 2015 and 2014 were approximately $618,000, $585,000, and $417,000, while the employees' portion was $58,000, $65,000, and $82,000, respectively, equal to the required contributions for each year.

**Note 6. Retirement Plan (Continued)**

***Pension Plan Fiduciary Net Position***

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at http://retirement.state.wy.us.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the Board reported a total liability of $5,299,163 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2015. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At December 31, 2015, the Board's liability as well as their proportion and increase from its proportion measured at December 31, 2014 was as follows:

| | Pension liability at December 31, 2015 | Proportion at December 31, 2015 | Increase (decrease) from December 31, 2014 |
|---|---|---|---|
| Public Employees' Pension Plan | $ 5,299,163 | 0.227495553% | 0.001685191% |

For the year ended June 30, 2016, the Board recognized pension expense of $920,600. At June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ 1,299,514 | $ - |
| Difference between actual and expected experience rate | - | 112,106 |
| Change in employer's proportion and difference between the employer's contribution and the employer's proportionate share of contributions | 19,871 | - |
| Subtotal | 1,319,385 | 112,106 |
| Contributions subsequent to the measurement date | 403,682 | - |
| Total | $ 1,723,067 | $ 112,106 |

The Board reported $403,682 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date which will be recognized as reduction of the net pension liability in the year ended June 30, 2017.

## Note 6. Retirement Plan (Continued)

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

Amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Year ended June 30, | | |
| 2017 | $ 352,423 | $ 38,477 |
| 2018 | 352,423 | 38,477 |
| 2019 | 351,834 | 35,152 |
| 2020 | 262,705 | - |
| | $ 1,319,385 | $ 112,106 |

***Actuarial Assumptions***

The total pension liability in the December 31, 2015 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Actuarial Assumptions and Methods | |
|---|---|
| Valuation Date | 1/1/2016 |
| Actuarial cost method | Individual Entry Age Normal |
| Amortization method | Level percent open |
| Remaining amortization period | 30 years |
| Asset valuation method | 5-year |
| Actuarial assumptions: | |
| Projected salary increases (includes | 4.25% to 6.00% |
| Assumed inflation rate | 3.25% |
| Mortality | RP-2000 Combined Mortality Table, fully generational |

The current actuarial assumptions and methods used in the January 1, 2016 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

**Note 6. Retirement Plan (Continued)**

***Actuarial Assumptions (Continued)***

For each major asset class that is included in the pension plans' target allocation as of January 1, 2016, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 2.50% | 0.25% |
| Fixed income | 15.00% | 0.87% |
| Equity | 59.00% | 5.13% |
| Marketable alternatives | 15.50% | 4.25% |
| Private markets | 8.00% | 5.84% |
| Total | 100.00% | |

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

| Pension Plan | 1% Decrease (6.75)% | Current Discount Rate (7.75)% | 1% Increase (8.75)% |
|---|---|---|---|
| Public Employees' Pension Plan | $ 7,607,723 | $ 5,299,163 | $ 3,397,479 |

***Payables to the pension plan*** – At June 30, 2016, the Board reported $57,985 as payable to the pension plan.

### Note 7. Support from Governmental Units

The Board receives a substantial amount support from federal and state governments to fund its capital project and airport related studies. If a significant reduction in this level of support were to occur, it may have a significant effect on the Board's ability to continue its capital project activities at their present level. During the fiscal year ended June 30, 2016, the Board received $6,031,115 in support from federal and state governments to fund its capital projects and airport related studies.

### Note 8. Major Customer

During the 2016, the Board had a one major customer (any customer who provided 10% or more of total revenues). The Board received $5,956,670 in revenues from Transportation Security Administration under a contract to provide screening services and had $494,432 in receivables at June 30, 2016.

### Note 9. Contractual Commitments

As of the fiscal year ended June 30, 2016, the Board had outstanding engineering and construction contracts in the amounts of $870,000 and $5,829,000, respectively, for the reconstruction of the commercial apron in accordance with Capital Improvement Plan. As of June 30, 2016 approximately $5,750,000 was completed and included in construction in progress. The major funding source for the apron reconstruction project is Airport Improvement Program grants.

### Note 10. Contractual Obligations

Terminal space is rented to various car rental companies; the rental revenue is determined by applying the agreed upon percent of gross receipts, or a minimum guaranteed amount based on the individual rental agreements.

### Note 11. Commitments and Transaction with Related Organization

The Board enters into various contracts that extend beyond the current year. The Board has an agreement with the Town of Jackson with respect to the provision of law enforcement services. During the 2016 this agreement required monthly payments of $40,235 for the total annual amount of $482,820. The contract was renewed in July 2016 for another two years for an annual amount of $487,000 payable monthly at $40,583.33. This agreement may be terminated by either of the parties without cause.

The Board has a two year contract for custodial services for the total annual amount of $486,660 expiring in April 2018.

### Note 12. Implementation of Governmental Accounting Standards Board Statements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statement No. 67, No. 68, and No. 73*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. The Board early implemented this standard.

## Note 13. Subsequent Events

Subsequent to the year end the Board received an FAA grant in the amount of $8,629,497 for the rehabilitation of the apron and awarded a bid for Schedule II of the apron rehabilitation project to DePatco, Inc. in the amount of $4,309,889.

In addition, the Board entered into a Memorandum of Understanding with Town of Jackson, Spring Creek ISD, and Spring Creek HOA in regards to construction of a pipeline and lift station from the Airport to ultimately connect to the Town of Jackson wastewater treatment plant. The Board also entered into an agreement with Ovivo converting certain wastewater treatment plant equipment purchase to a lease with no rent through December 31, 2016. If a lease of the equipment is necessary beyond December 31, 2016, the Board will pay rent. Ovivo will refund the Airport $544,746 in consideration for this agreement.

The Board did not have any other subsequent events through October 19, 2016, the date at which the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2016.

# REQUIRED SUPPLEMENTARY INFORMATION

## JACKSON HOLE AIRPORT BOARD

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 fiscal years
(Unaudited)

| | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|
| **Public Employees Pension Plan** | | | | |
| Board's proportion of the net pension liabilty (asset) | 0.227495553% | 0.229180744% | * | * |
| Board's proportionate share of the net pension liability (asset) | $ 5,299,162 | $ 4,044,335 | * | * |
| Board's covered-employee payroll | 3,967,627 | 3,917,644 | * | * |
| Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 133.56% | 98.74% | * | * |
| Plan fiduciary net position as a percentage of the total pension liability | 73.40% | 79.08% | * | * |

*The amounts presented for each fiscal year were determined as of December 31.
* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| * | * | * | * | * | * |
| * | * | * | * | * | * |
| * | * | * | * | * | * |
| * | * | * | * | * | * |
| * | * | * | * | * | * |

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 fiscal years
(Unaudited)

| | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|
| **Public Employees Pension Plan** | | | | |
| Contractually required contribution | $ 676,000 | $ 650,000 | * | * |
| Contributions in relations to the contractually required contributions | (676,000) | (650,000) | * | * |
| Contribution deficiency (excess) | $ - | $ - | * | * |
| Board's covered-employee payroll | $ 3,967,627 | $ 3,917,644 | * | * |
| Contributions as a percentage of covered-employee payroll | 17.04% | 16.59% | * | * |

* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| --- | --- | --- | --- | --- | --- |
| * | * | * | * | * | * |
| * | * | * | * | * | * |
| * | * | * | * | * | * |
| * | * | * | * | * | * |
| * | * | * | * | * | * |

## SUPPLEMENTARY INFORMATION

**Budget and Actual Comparison Schedules**

These schedules are prepared on a basis consistent with the Board's budgeting system. Under this basis, revenues are recognized when collected and expenses are recorded as the liabilities are paid (cash basis). Such basis of accounting is not in accordance with generally accepted accounting principles and, accordingly, the following schedules are not intended to present financial position and results of operations in conformity with such principles.

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2016

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| Operating revenues | | | |
| Airline rentals and fees | | | |
| Airlines revenue | $ 1,280,689 | $ 1,462,847 | $ 182,158 |
| Airlines shared - baggage claim | 1,149,306 | 836,344 | (312,962) |
| Airlines shared - security holding room | 627,520 | 624,490 | (3,030) |
| Airlines checked baggage | - | 294,500 | 294,500 |
| Airline other operations | 13,936 | 12,706 | (1,230) |
| Terminal and facilities rents and fees | | | |
| Brochures, display, and phone board | 13,000 | 15,540 | 2,540 |
| FAA office rent | - | 6,279 | 6,279 |
| Restaurant rent and GA catering | 220,700 | 279,608 | 58,908 |
| TSA office rent | 8,673 | 9,455 | 782 |
| Rental cars | | | |
| Rental cars | 2,647,413 | 2,716,238 | 68,825 |
| Rental cars - off airport | 365,000 | 395,921 | 30,921 |
| General aviation rentals and fees | | | |
| JHA, LLC - rent and operations fee | 736,117 | 799,208 | 63,091 |
| Landing fee g/s and other | 336,000 | 402,058 | 66,058 |
| Glycol administration | 548,000 | 491,980 | (56,020) |
| Other operating revenues | | | |
| Gas tax refund | 120,000 | 210,084 | 90,084 |
| Ground transportation | 80,000 | 103,891 | 23,891 |
| Interest | 2,000 | 9,491 | 7,491 |
| Miscellaneous | 6,700 | 30,954 | 24,254 |
| Parking | 450,000 | 519,125 | 69,125 |
| TSA reimbursement - LEO | 70,800 | 71,307 | 507 |
| Total operating revenues | 8,675,854 | 9,292,026 | 616,172 |
| Grant, PFC and CFF revenues, and donations | | | |
| Terminal baggage claim - AIP | 113,349 | 113,349 | - |
| Terminal baggage claim - WYDOT | 23,000 | 23,000 | - |
| FAR 150 | 796,875 | 203,845 | (593,030) |
| Commercial apron rehabilitation - AIP | 1,921,875 | 2,709,581 | 787,706 |
| Airfield markings - WYDOT | - | 105,127 | 105,127 |
| Wildlife EA | 450,000 | - | (450,000) |
| Total grant revenues | 3,305,099 | 3,154,902 | (150,197) |
| PFC income | 950,000 | 1,130,524 | 180,524 |
| CFF income | - | 1,078,024 | 1,078,024 |
| Total grant, PFC and CFF revenues, and donations | 4,255,099 | 5,363,450 | 1,108,351 |
| Security screening contract | | | |
| TSA screening reimbursement | 5,933,184 | 5,956,670 | 23,486 |
| Total reimbursement screening | 5,933,184 | 5,956,670 | 23,486 |
| Total revenues | 18,864,137 | 20,612,146 | 1,748,009 |

(Continued)

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2016

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| Operating expenses | | | |
| Salaries | $ 1,940,785 | $ 2,287,497 | $ (346,712) |
| Payroll taxes | 262,006 | 165,252 | 96,754 |
| Employee benefits - medical insurance | 497,500 | 400,197 | 97,303 |
| Employee benefits - retirement | 268,067 | 254,710 | 13,357 |
| Building insurance | 545,226 | 507,933 | 37,293 |
| Building supplies | 86,000 | 88,088 | (2,088) |
| Contract cleaning services | 472,500 | 483,139 | (10,639) |
| Contract waste water operator | 163,400 | 84,324 | 79,076 |
| Control tower operations | 62,000 | 58,964 | 3,036 |
| Dues and subscriptions | 16,000 | 17,992 | (1,992) |
| Environmental planning and operations | 87,700 | 45,432 | 42,268 |
| Fire rescue training and supplies | 62,200 | 41,549 | 20,651 |
| Use agreement payment | 310,000 | 322,720 | (12,720) |
| Fuel | 120,000 | 50,296 | 69,704 |
| JH security services | 87,600 | 87,600 | - |
| Landscaping | 56,200 | 50,684 | 5,516 |
| Legal fees | 74,000 | 162,346 | (88,346) |
| Meeting and school expense | 155,750 | 126,659 | 29,091 |
| Glycol expense | 500,000 | 378,419 | 121,581 |
| Miscellaneous | 46,000 | 47,036 | (1,036) |
| Noise abatement plan | 75,000 | 77,700 | (2,700) |
| Office expense | 137,250 | 99,197 | 38,053 |
| LEO security | 482,820 | 482,820 | - |
| Professional fees | 165,300 | 104,139 | 61,161 |
| Repair and maintenance expenses | 901,600 | 796,150 | 105,450 |
| Telephone | 38,000 | 34,157 | 3,843 |
| Travel | 39,400 | 52,181 | (12,781) |
| Utilities | 375,000 | 320,091 | 54,909 |
| Snow removal | 185,200 | 152,255 | 32,945 |
| Equipment - operations | 46,650 | - | 46,650 |
| Total operating expenses | 8,259,154 | 7,779,527 | 479,627 |

(Continued)

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2016

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| Capital outlay | | | |
| Wastewater treatment facility CFF | $ 220,000 | $ 134,522 | $ 85,478 |
| Apron crack and joint seal and concrete drain pan | 20,000 | - | 20,000 |
| Apron design and construction | 1,950,000 | 4,918,569 | (2,968,569) |
| Terminal baggage claim area and CM terminal design | 160,000 | 115,923 | - 44,077 |
| FBO South fuel farm and hangar 2 improvements | 250,000 | 31,000 | 219,000 |
| Parking master plan | - | 56,797 | (56,797) |
| USGS water testing | 70,000 | 70,340 | (340) |
| Fuel Farm Facility | - | 116,356 | (116,356) |
| EA for WWTP | - | 90,319 | (90,319) |
| FAR 150 | 850,000 | 246,790 | 603,210 |
| RFQ Conceptual Area Plan 2015 | - | 97,062 | (97,062) |
| Development subzone space analysis | 100,000 | 106,069 | (6,069) |
| Art signage/base/landscaping | 298,000 | 644,862 | (346,862) |
| Debt repayment (interest expense) | 125,700 | 104,081 | 21,619 |
| Propane trucks | 90,000 | 91,926 | (1,926) |
| Lighting for De-Ice Pad | 60,000 | 16,408 | 43,592 |
| Terminal art | | 53,343 | (53,343) |
| Taxiway A/A4 rehabilitation | | 788 | (788) |
| Other projects not started in 2015-16 | 730,000 | - | 730,000 |
| Other miscellaneous projects started in 2015-16 | 16,000 | - | 16,000 |
| Total capital outlay | 4,939,700 | 6,895,155 | (1,955,455) |

(Continued)

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2016

| | Original and Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| Security screening contract expenses | | | |
| Salaries | $ 2,745,277 | $ 2,368,261 | $ 377,016 |
| Payroll taxes | 370,612 | 310,761 | 59,851 |
| Benefits - retirement | 416,459 | 362,068 | 54,391 |
| Benefits - medical insurance | 1,178,253 | 843,018 | 335,235 |
| Screening costs - other | 274,000 | 127,508 | 146,492 |
| Screening costs - nonreimbursable | - | 1,785 | (1,785) |
| TSA claims - damages | 10,000 | 1,722 | 8,278 |
| Total screening contract expenses | 4,994,601 | 4,015,123 | 979,478 |
| Total expenses | 18,193,455 | 18,689,805 | 496,350 |
| Excess of revenues over expenses | $ 670,682 | 1,922,341 | $ 1,251,659 |
| Fixed assets (budgeted but not included as an expense) | | (149,734) | |
| Accounts interest receivable change (non-budget item) | | 95 | |
| Accounts receivable change (non-budget item) | | 7,947 | |
| Prepaid expenses (non-budget item) | | 9,436 | |
| Deposits (non-budget item) | | 1,000 | |
| Accounts payable change (non-budget item) | | (65) | |
| Accrued payroll (non-budget item) | | 431 | |
| Debt principal payments (non budget item) | | (628,359) | |
| Cash including certificates of deposit of $800,000 and PFC restricted cash $121,020, and $383,936 CFF restricted cash - beginning of year | | 10,610,902 | |
| Cash including certificates of deposit of $800,000, PFC restricted cash $83,544, and $1,405,163 CFF restricted cash - end of year | | $ 11,773,995 | |

**Schedule of Passenger Facilities Charges Collected and Expended**

This schedule is prepared on a basis consistent with the requirements of the Federal Aviation Administration of the U.S. Department of Transportation to implement Section 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990. Under this basis, revenues are recognized when collected and expenses are recorded as the liabilities are paid (cash basis). Such basis of accounting is not in accordance with generally accepted accounting principles and, accordingly, the following schedule is not intended to present financial position and results of operations in conformity with such principles.

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
Year Ended June 30, 2016

| PFC Projects | Balance Unliquidated PFC June 30, 2015 | PFC Collections | Interest Earned | PFC Expenditures | Balance Unliquidated PFC June 30, 2016 |
|---|---|---|---|---|---|
| APP 12 and 13 Terminal, Master Plan, Operations, and Administration | $ (19,916,197) | $1,130,512 | $ 12 | $ 178,489 | $ (18,964,162) |
| | $ (19,916,197) | $1,130,512 | $ 12 | $ 178,489 | $ (18,964,162) |

## COMPLIANCE AND INTERNAL CONTROL REPORTS

REPORT 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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson Hole Airport Board
Jackson, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Jackson Hole Airport Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Jackson Hole Airport Board's basic financial statements, and have issued our report thereon dated October 19, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Jackson Hole Airport Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson Hole Airport Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson Hole Airport Board'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 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 charges 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 the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***
As part of obtaining reasonable assurance about whether Jackson Hole Airport Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of the 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
October 19, 2016

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson Hole Airport Board
Jackson, Wyoming

***Report on Compliance***

We have audited Jackson Hole Airport Board's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration applicable to its passenger facility charge program for the year ended June 30, 2016.

***Management's Responsibility***

Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Jackson Hole Airport Board's management.

***Auditors' Responsibility***

Our responsibility is to express an opinion on Jackson Hole Airport Board's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on passenger facility charges programs occurred. An audit includes examining, on a test basis, evidence about the Jackson Hole Airport Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the passenger facility charge program. However, our audit does not provide a legal determination of the Jackson Hole Airport Board's compliance.

***Opinion on Compliance with Passenger Facility Charge Audit Guide for Public Agencies***

In our opinion, Jackson Hole Airport Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2016.

***Internal Control Over Compliance***

The management of the Jackson Hole Airport Board is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above.

In planning and performing our audit of compliance, we considered Jackson Hole Airport Board's internal control over compliance in accordance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion of compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson Hole Airport Board's internal control over compliance.

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

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

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

***Report on Schedule of Expenditures of Passenger Facility Charges***

We have audited the financial statements of the business-type activities of Jackson Hole Airport Board as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Jackson Hole Airport Board's basic financial statements. We issued our report thereon dated October 19, 2016, which contained unmodified opinions of those financial statements. Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of passenger facility charges is presented for purpose of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and recording such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

October 19, 2016

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF PASSENGER FACILITY PROGRAM
FINDINGS AND QUESTIONED COSTS
June 30, 2015

## Current Year Findings

None Noted.

## Schedule of Prior Findings

None Noted.

**SINGLE AUDIT SECTION**

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

| Federal Grantor/Pass-Through Granton/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Expenditures |
|---|---|---|---|---|
| U.S. Department of Transportation | | | | |
| Airport Improvement Program # 50 | 20.106 | 3-56-0014-50 | | $ 231,366 |
| Airport Improvement Program # 53 | 20.106 | 3-56-0014-53 | | 481,033 |
| Airport Improvement Program # 54 | 20.106 | 3-56-0014-54 | | 4,130,125 |
| Airport Improvement Program # 55 | 20.106 | 3-56-0014-55 | | 740 |
| Total U.S. Department of Transportation | | | | 4,843,264 |
| Total Federal Awards | | | | $ 4,843,264 |

See accompanying notes to the Schedule of Expenditures of Federal Awards

## Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Jackson Hole Airport Board under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principals and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jackson Hole Airport Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Jackson Hole Airport Board

## Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in (Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principals and Audit Requirements for Federal Awards*) (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Jackson Hole Airport Board has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jackson Hole Airport Board
Jackson, Wyoming

***Report on Compliance for the Major Federal Program***

We have audited Jackson Hole Airport Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Jackson Hole Airport Board's major federal program for the year ended June 30, 2016. Jackson Hole Airport Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Jackson Hole Airport Board's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson Hole Airport Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Jackson Hole Airport Board's compliance.

***Opinion on the Major Federal Program***

In our opinion, Jackson Hole Airport Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

***Report on Internal Control over Compliance***

Management of Jackson Hole Airport Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson Hole Airport Board's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson Hole Airport Board's internal control over compliance.

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

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

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming

October 19, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

## Section I - Summary of Auditor's Results

### Financial Statements

| | |
|---|---|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| Noncompliance material to financial statements noted? | No |

### Federal Awards

| | |
|---|---|
| Internal control over major federal programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | No |

Identification of major programs:

| *CFDA Number* | *Name of Federal Program or Cluster* |
|---|---|
| 20.106 | Airport Improvement Program |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | Yes |

(Continued)

**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2016

## Section II - Financial Statement Findings

No matters were reported.

## Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**JACKSON HOLE AIRPORT BOARD**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2016

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*None*