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CPAs & BUSINESS ADVISORS

October 16, 2018

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

We have audited the financial statements of Jackson Hole Airport Board (the Board) as of and for the year ended June 30, 2018, and have issued our report thereon dated October 16, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated June 10, 2018, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Board solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Board is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

> Management's estimate of the net pension liability and the deferred inflows/outflows of resources related to the net pension is based on actuarial estimates provided by Gabriel Roeder Smith & Company to the Wyoming Retirement System and the Schedule of Employer Allocations and Collective Pension Amounts provided by the Wyoming Retirement System. This schedule was audited by independent auditors. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. We are pleased to communicate that no such misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated October 16, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Board, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Board's auditors.

This report is intended solely for the information and use of the Board of Directors and management of Jackson Hole Airport Board and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Boise, Idaho

Financial Statements
June 30, 2018

Jackson Hole Airport Board

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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 Jackson Hole Airport Board (the Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
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 Board'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 Board'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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board, as of June 30, 2018, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of employer's share of net pension liability and of employer's 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 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 as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of *Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award Uniform Guidance*, and is not a required part of the financial statements. 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 statement of the Jackson Hole Airport Board.

The schedule of expenditures of federal awards and the schedule of passenger facility charges collected and expended are 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 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 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2018 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
October 16, 2018

The Jackson Hole Airport Board (the 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, 2018 (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 and deferred outflows of resources of the Airport Board exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $98,442,236 (net position). Of this amount, $7,323,139 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 $11,674,267, primarily because of increases in capital assets as a result of construction activity.
- As of the close of the fiscal year, the Airport Board's unrestricted cash and investments balance was $11,486,989. Of this, $804,076 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 $5,058. 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 increased by $8,187,119 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 which include all revenue and expenses, required supplementary information reflecting changes in employer's share of net pension liability and employer's contributions and supplementary information. In addition, this financial report includes a schedule of passenger facility charges collected and expended, single audit section listing all Federal grants, a report on compliance with the Uniform Guidance, and a summary of the auditor's findings.

Basic Financial Statements. The Basic Financial Statements are made up of four components: (1) Statement of Net Position, at page 9-10; (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 15-28. 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, deferred outflows, liabilities and deferred inflows, with the difference between categories 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 $11,674,267 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 CFCs at the beginning of the fiscal year were $14,945,586 and at the end of the fiscal year were $13,478,312, a decrease of $1,467,274 which is attributed to acquisitions of capital assets and investment purchase activity.

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 $98,442,236 at the close of the most recent fiscal year.

	2018	2017
Assets		
Current and other assets	$ 20,397,779	$ 19,270,859
Capital assets, net	101,185,073	80,034,260
Total assets	121,582,852	99,305,119
Deferred Outflows of Resources	1,433,201	1,729,621
Liabilities		
Current liabilities	6,500,042	3,995,064
Long term liabilities	17,639,578	10,111,358
Total liabilities	24,139,620	14,106,422
Deferred Inflows of Resources	434,197	160,349
Net position		
Net investment in capital assets	88,323,698	75,360,004
Restricted	2,795,399	3,095,174
Unrestricted	7,323,139	8,312,791
Total net position	$ 98,442,236	$ 86,767,969

The Airport Board's total operating and non-operating revenues including capital contributions of $12,470,079 exceeded total operating and non-operating expenses for an increase in net position of $11,674,267. A summary of revenues and expenses is shown below:

	2018	2017
Program revenues	$ 17,848,111	$ 16,039,531
Program expenses	21,503,196	21,304,813
Loss from operations	(3,655,085)	(5,265,282)
Non-operating revenues and expenses		
Interest income	45,369	23,776
Interest expense	(125,046)	(108,477)
Non capital grants	96,247	199,833
Passenger facilities reimbursements	1,376,044	1,151,722
Customer facility fees	1,204,857	1,163,976
Gain (loss) on disposal of capital asset	261,802	(833,068)
Total non-operating revenues and expenses	2,859,273	1,597,762
Net loss before capital contributions	(795,812)	(3,667,520)
Capital contributions	12,470,079	7,017,918
Change in Net Position	11,674,267	3,350,398
Net Position, Beginning of Year	86,767,969	83,417,571
Net Position, End of Year	$ 98,442,236	$ 86,767,969

Supplementary Financial Information. The supplementary financial information, is composed of the Schedule of Passenger Facility Charges Collected and Expended. This schedule has not been prepared in accordance with generally accepted accounting principles (GAAP) but is required by the Federal Aviation Administration (FAA).

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.

Analysis of Significant Changes. For the fiscal year ending June 30, 2018, 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, which goes through February 28, 2022 if TSA exercises all of the options. Should the contract not be renewed, both revenues and expenditures will simultaneously, or nearly simultaneously, terminate.

Net Position

Total net position increased from $86,767,969 to $98,442,236, an increase of $11,674,267 over the last fiscal year. This increase resulted mainly from an increase in capital contributions related to the Commercial Apron project and the Fuel Farm construction project as well as an increase in operating revenue.

Cash Position

Cash and cash equivalents (including amounts restricted from PFC and CFC) decreased from $14,945,586 to $13,478,312, a decrease of $1,467,274 over the last fiscal year, resulting primarily from a decrease in CFCs and the purchase of a restricted investment of $1,039,000.

Accounts Payable and Retainage Payable

Accounts payable and retainage payable at the end of the fiscal year increased from $2,888,475 to $4,448,650 an increase of $1,560,175 from the last fiscal year. This increase relates to the ongoing commercial apron reconstruction project and Fuel Farm construction project.

Operating Revenues

Operating revenues, including security screening, increased from $16,039,531 to $17,848,111, an increase of $1,808,580 over the last fiscal year, due to an increase in airline income, rental car income, and ground transportation/parking revenue.

Operating Expenses

Operating expenses also increased from $21,304,813 to $21,503,196, an increase of $198,383 over the last fiscal year, due to increases in repairs and maintenance costs.

Non-Operating Revenues and Expenses

Non-operating revenues and expenses increased from $1,597,762 to $2,859,273, an increase of $1,261,511 over the last fiscal year primarily due to increase in PFC and CFC receipts, and recovery of some of the loss on decommissioning of the waste water treatment plant recorded in the last fiscal year.

Capital Asset Long-Term Debt Activity

At the end of June 30, 2018, the Airport had $88,323,698 reported as net investment capital assets. This represents a net increase of $12,963,694 or a 17.2% increase from 2017. This increase is primarily due to an increase in capital assets related to construction activity (see Note 3 for more information).

Long-Term Debt Activity
During the year ended June 30, 2018, the Airport paid $440,376 in principal payments on the two loans from Wyoming Business Council and retired $205,621 on the Series 2013 Revenue Bond. The Airport had three loans totaling $2,964,718 from Wyoming Business Council, a Series 2013 Revenue Bond from Bank of the West totaling $1,563,541, and a 2018 Revenue Bond from Bank of the West totaling $8,333,116 outstanding at June 30, 2018 that was issued during the current year (see Note 4 for more information).

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

Assets	
Current Assets	
Cash and cash equivalents	$ 10,682,913
Investments	804,076
Accounts receivable	3,649,729
Receivable from state and federal governments	1,075,831
Prepaid expenses	325,133
Inventory	25,698
Total current assets	16,563,380
Noncurrent Assets	
Restricted cash - customer facility fees	2,790,341
Restricted cash - passenger facility charges	5,058
Restricted investments	1,039,000
Capital assets not being depreciated	41,050,426
Capital assets being depreciated	130,423,785
Accumulated depreciation	(70,289,138)
Total noncurrent assets	105,019,472
Total assets	121,582,852
Deferred Outflows of Resources-Pension	
Employer contributions subsequent to the measurement date	375,909
Changes in proportion	468,104
Changes in assumptions	589,188
Total deferred outflows of resources	1,433,201
Total assets and deferred outflows of resources	$ 123,016,053

Liabilities	
Current Liabilities	
Accounts payable	$ 2,523,292
Retainage payable	1,925,358
Accrued wages payable	314,665
Other payables	146,971
Compensated absences	183,835
Bond and loans payable	1,405,921
Total current liabilities	6,500,042
Noncurrent Liabilities	
Compensated absences	120,434
Bond and loans payable	11,455,454
Net pension liability	6,063,690
Total noncurrent liabilities	17,639,578
Total liabilities	24,139,620
Deferred Inflows of Resources-Pension	
Differences between expected and actual experience	222,101
Net difference between projected and actual investment earnings	212,096
Total deferred inflows of resources	434,197
Net Position	
Net investment in capital assets	88,323,698
Restricted for passenger facility charges expenditures	5,058
Restricted for customer facility charges expenditures	2,790,341
Unrestricted	7,323,139
Total net position	98,442,236
Total liabilities, deferred inflows of resources and net position	$ 123,016,053

Operating Revenues	
Airline landing fees and rent	$ 5,414,996
Lease rentals	3,595,679
Security screening reimbursement (TSA)	6,304,425
LEO service reimbursement contract (TSA)	69,250
Glycol sales	591,523
Parking income	846,005
Display case and local service reservations	14,400
Gas tax refund	235,302
Miscellaneous	776,531
Total operating revenues	17,848,111
Operating Expenses	
Capital maintenance	537,641
Consulting - noise study	76,935
Depreciation	5,942,622
Dues and subscriptions	22,727
Environmental management	240,245
Fire rescue training and supplies	54,413
Franchise fees	419,075
Fuel	59,987
Glycol	467,862
Insurance	519,353
Repairs, maintenance and supplies	1,486,158
Education and training	195,669
Miscellaneous	49,491
Office expenses	161,479
Payroll taxes and benefits	3,899,861
Professional fees	526,442
Salaries	5,389,120
Screening	121,113
Security	615,700
Snow removal	204,533
Telephone	38,948
Travel	62,008
Utilities	317,411
FBO Prepurchase	94,403
Total operating expenses	21,503,196
Loss from operations	(3,655,085)

Non-Operating Revenues and Expenses	
Interest income	45,369
Interest expense	(125,046)
Non-capital grants	96,247
Passenger facilities reimbursements	1,376,044
Customer facility fees	1,204,857
Gain on disposal of capital assets	261,802
Total non-operating revenues and expenses	2,859,273
Loss before Capital Contributions	(795,812)
Capital Contributions	12,470,079
Change in Net Position	11,674,267
Total Net Position, Beginning of Year	86,767,969
Total Net Position, End of Year	$ 98,442,236

Operating Activities	
Cash received from operations	$ 16,513,664
Cash payments to suppliers for services	(4,707,582)
Cash payments to employees for services	(8,555,467)
Net Cash from Operating Activities	3,250,615
Noncapital Financing Activities	
Grants received from state and federal governments for noncapital projects	96,247
Net Cash from Noncapital Financing Activities	96,247
Capital and Related Financing Activities	
Acquisitions and construction of property and equipment	(27,099,134)
Proceeds from the disposal of capital assets	267,501
Passenger facilities reimbursements received	1,226,595
Customer facility charges received	1,195,829
Proceeds from issuance of notes payable	8,833,116
Principal payments on bond and notes payable	(645,997)
Interest payments on bond and notes payable	(86,443)
Grants received from State and Federal governments	12,389,390
Net Cash used for Capital and Related Financing Activities	(3,919,143)
Investing Activities	
Repayments of advances by employees	100,000
Investment purchase	(1,039,000)
Interest on investments	44,007
Net Cash used for Investing Activities	(894,993)
Net Decrease in Cash and Cash Equivalents	(1,467,274)
Cash and Cash Equivalents, Beginning of Year	14,945,586
Cash and Cash Equivalents, End of Year	$ 13,478,312
Statement of Net Position	
Cash and cash equivalents	$ 10,682,913
Restricted cash-customer facility fees	2,790,341
Restricted cash-passenger facility fees	5,058
Total Cash and Cash Equivalents	$ 13,478,312

Reconciliation of Loss from Operations to Net Cash from Operating Activities

Loss from operations	$ (3,655,085)
Adjustments to reconcile loss from operations to net cash from operating activities	
Depreciation	5,942,622
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	(1,334,447)
Prepaid expenses	(155,485)
Inventory	75,266
Deferred outflows of resources	296,420
Accounts payable	848,055
Retainage payable	712,120
Deferred inflows of resources	273,848
Refundable deposits	84,055
Accrued wages payable	62,227
Compensated absences	18,944
Net pension liability	82,075
Net Cash from Operating Activities	$ 3,250,615

Note 1 - Principal Business Activity and Significant Accounting Policies

Reporting Entity and Organization

The Jackson Hole Airport Board (the 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 requirements of these funding source entities. The Board serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14, 39 and 61 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. Federal and state reimbursement-type grants are recorded as receivables and revenue when the related expense is incurred.

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.

Deposits and Investments

Investments for the Board are reported at fair value. Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants as the measurement date. 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 $5,000 and an estimated useful life in excess of 2 years. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	10 to 40
Runways	10 to 20
Equipment	5 to 10
Furniture, fixtures and computer equipment	5 to 7
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 and so will not be recognized as an outflow of resources (expense) 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.

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 (paid time off) are accrued based on an employee's years of employment. 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 208 hours in their tenth year of employment and beyond. Carryover of compensated absences is limited to 288 hours for both non-exempt and exempt employees. Unused sick leave hours are not paid out upon termination and are not accrued as a liability in the financial statements.

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.

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.

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 are reported as restricted assets.

Rental Car Facility Fee (CFC)

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 - Deposits and Investments

As of June 30, 2018, 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 1.00%. In addition, the Board had $2,578,434 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, 2018, the interest rate earned on WYO-STAR was .8770%.

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.

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, 2018, 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, 2018, 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. As of June 30, 2018, $7,768,676 of the Board's bank balance was exposed to custodial credit risk. The $7.7 million in uninsured and uncollateralized amounts for Wells Fargo is the result of timing differences between the deposit of loan proceeds totaling $8.2 million and the issuance of collateral by Wells Fargo.

	Wells Fargo	Bank of the West	Total
Bank balances	$ 10,800,557	$ 4,551,470	$ 15,352,027
FDIC insurance	(250,000)	(250,000)	(500,000)
Uninsured	10,550,557	4,301,470	14,852,027
Collateralized with securities held by the pledging financial institution's trust department in the Board's name	(2,781,881)	(4,301,470)	(7,083,351)
Uninsured and uncollateralized	$ 7,768,676	$ -	$ 7,768,676

Note 3 - Property and Equipment

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2017	Additions	Deletions and Transfers	Ending Balance June 30, 2018
Capital assets, not being depreciated				
Art - terminal building	$ 752,477	$ 78,348	$ -	$ 830,825
Construction in progress	14,274,268	25,998,807	53,474	40,219,601
	15,026,745	26,077,155	53,474	41,050,426
Capital assets, being depreciated				
Buildings and runways	119,898,112	9,341	35,520	119,871,933
Equipment	5,491,998	419,430	14,332	5,897,096
Furniture, fixtures and computer equipment	358,590	164,120	11,211	511,499
Vehicles including fire trucks	3,676,855	482,561	16,159	4,143,257
Total capital assets, being depreciated	129,425,555	1,075,452	77,222	130,423,785
Less accumulated depreciation	64,418,040	5,942,622	71,524	70,289,138
Total capital assets, being depreciated, net	65,007,515	(4,867,170)	5,698	60,134,647
Capital assets, net	$ 80,034,260	$ 21,209,985	$ 59,172	$ 101,185,073

Depreciation expense for the year ended June 30, 2018 was $5,942,622.

Note 4 - Long-Term Debt, Long-Term Liabilities and Pledged Revenue

The following is a summary of changes in long-term debt and long-term liabilities of the Board for the year ended June 30, 2018:

	Balance June 30, 2017	New Debt Incurred	Debt Retired	Balance June 30, 2018	Due Within One Year
Wyoming Business Council	$ 465,767	$ -	$ 153,717	$ 312,050	$ 155,253
Wyoming Business Council	2,439,327	-	286,659	2,152,668	290,959
Wyoming Business Council	-	500,000	-	500,000	46,375
Series 2013 Revenue Bond	1,769,162	-	205,621	1,563,541	211,243
Series 2018 Revenue Bond	-	8,333,116	-	8,333,116	702,091
Total long-term debt	4,674,256	8,833,116	645,997	12,861,375	1,405,921
Compensated absences	285,325	202,779	183,835	304,269	183,835
	$ 4,959,581	$ 9,035,895	$ 829,832	$ 13,165,644	$ 1,589,756

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.

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 annual requirements to pay principal and interest on this loan are as follows:

	Wyoming Business Council (BRC)		
Years ending June 30,	Principal	Interest	Total
2019	$ 155,253	$ 3,121	$ 158,374
2020	156,797	1,568	158,365
	$ 312,050	$ 4,689	$ 316,739

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. 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. The annual requirements to pay principal and interest on this loan are as follows:

	Wyoming Business Council (BRC)		
Years ending June 30,	Principal	Interest	Total
2019	$ 290,959	$ 32,290	$ 323,249
2020	295,324	27,926	323,250
2021	299,754	23,496	323,250
2022	304,250	18,999	323,249
2023	308,814	14,436	323,250
Thereafter	653,567	14,933	668,500
	$ 2,152,668	$ 132,080	$ 2,284,748

During fiscal year 2018 the Board received a wastewater treatment conveyance loan in the amount of $500,000 at an annual interest rate of 1.5% for purposes of constructing a pipe and related improvements to convey wastewater from Jackson Hole Airport to the town of Jackson's wastewater treatment facility. The term of the repayment is ten years. The loan is secured by an assignment of pledged revenues received from all other rent, user and concession fees, and fuel flowage fees, other than PFC revenues, less operating and maintenance costs. There is no prepayment penalty on this loan. The annual requirements to pay principal and interest on this loan are as follows:

	Wyoming Business Council (BRC)		
Years ending June 30,	Principal	Interest	Total
2019	$ 46,375	$ 7,500	$ 53,875
2020	47,070	6,804	53,874
2021	47,776	6,098	53,874
2022	48,493	5,382	53,875
2023	49,221	4,654	53,875
Thereafter	261,065	11,973	273,038
	$ 500,000	$ 42,411	$ 542,411

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, 2018, 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. The 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 principal and interest payments are payable solely from PFC and gross revenues less operating and maintenance costs. 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. The annual requirements to pay principal and interest on this loan are as follows:

Years ending June 30,	Series 2013 Revenue Bonds Principal	Interest	Total
2019	$ 211,243	$ 39,574	$ 250,817
2020	216,921	33,896	250,817
2021	222,934	27,883	250,817
2022	229,021	21,796	250,817
2023	235,275	15,542	250,817
Thereafter	448,147	11,706	459,853
	$ 1,563,541	$ 150,397	$ 1,713,938

On June 28, 2018 the Board issued Series 2018A revenue bond ("Bond") in the amount of at $8,500,000 at an annual fixed rate of 4.05% for financing the cost incurred in connection with the design and construction of the new fuel facility. Under the terms of the agreement a maximum of $8,500,000 of bond proceeds are available to be advanced, and $8,333,116 had been advanced to the Board as of June 30, 2018. Principal and interest payments are due monthly based on a ten year fully amortized note. The maturity of Bond is the twelfth anniversary of the close date of the Bond, unless extended by the Bank in writing. Only interest is required to be repaid during the draw period for a maximum of 24 months. Fuel facility fees of $0.25 per gallon are pledged towards repayment 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. The annual requirements to pay principal and interest on this loan are as follows:

Years ending June 30,	Series 2018 Revenue Bonds Principal	Interest	Total
2019	$ 702,091	$ 335,940	$ 1,038,031
2020	730,608	307,403	1,038,011
2021	762,031	275,990	1,038,021
2022	793,917	244,103	1,038,020
2023	827,138	210,882	1,038,020
Thereafter	4,684,215	505,971	5,190,186
	$ 8,500,000	$ 1,880,289	$10,380,289

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, 2018, 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 $153,530 in 2018.

Note 6 - Retirement 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.

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.

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 Benefits

The PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits; a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes.

Member and Employer Contributions

PEPP members are required to contribute 8.25% of their annual covered salary and the Board is required to contribute 8.37% 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 contributes 15.19% of their annual covered salary and the employees are required to 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 year ended June 30, 2018 were $739,186.

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

At June 30, 2018, the Board reported a total liability of $6,063,690 for its proportionate share of the net pension liability. The net pension liability was determined based on the results of an actuarial valuation performed as of January 1, 2017 and rolled forward to the measurement date of December 31, 2017. The Board's proportion of the net pension liability was based on the Board's contributions to the pension plans relative to the contributions of all participating governmental entities during the measurement period. At December 31, 2017, the Board's proportion increased to .266028289% from .247429800% at December 31, 2016.

For the year ended June 30, 2018, the Board recognized pension expense of $1,028,252. At June 30, 2018, 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	$ -	$ 222,101
Differences between actual and expected experience	-	212,096
Change in assumptions	589,188	-
Change in proportion	468,104	-
Subtotal	1,057,292	434,197
Contributions subsequent to the measurement date	375,909	-
Total	$ 1,433,201	$ 434,197

The Board reported $375,909 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, 2019.

Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense (increase of expense) as follows:

Year ended June 30,		
2019	$	442,026
2020		371,713
2021		10,244
2022		(200,888)
2023		-
	$	623,095

Actuarial Assumptions

The total pension liability in the January 1, 2017, actuarial valuation date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation Date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5-year
Actuarial assumptions:	
Salary increases	4.25% to 6.00%
Payroll growth rate	4.25%
Inflation rate	3.25%
Cost of living increases	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Mortality	RP-2000 Combined Mortality Table, generational with scale BB

An experience study was performed in 2017 for the period January 1, 2011 thru December 31, 2016 which reviewed all economic and demographic assumptions, including mortality.

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.

For each major asset class that is included in the pension plans' target allocation as of January 1, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.40%
Fixed income	20.00%	1.25%
Equity	45.00%	4.96%
Marketable alternatives	17.50%	2.79%
Private markets	17.50%	5.06%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

Pension Plan	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
Net pension liability	$ 9,164,598	$ 6,063,690	$ 3,477,579

Note 7 - Support from Government 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, 2018, the Board received $12,566,326 in support from federal and state governments to fund its capital projects and airport related studies.

Note 8 - Major Customers

During the 2018, the Board had one major customer (any customer who provided 10% or more of total revenues). The Board received $6,304,425 in revenues from Transportation Security Administration under a contract to provide screening services and had $1,068,981 in receivables at June 30, 2018.

Note 9 - Contractual Commitments

As of the fiscal year ended June 30, 2018, the Board had outstanding engineering and construction contracts in the amounts of $20,790,271 for the Apron Reconstruction, Fuel Farm Construction, QTA-Rental Car Facility Construction and Landside Improvement Projects. The major funding sources for the projects are the Airport Improvement Program grants and revenue bonds.

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 2018 this agreement required monthly payments of $40,583 for the total annual amount of $487,000. The contract was renewed effective July 1, 2017 for another three years for an annual amount of $531,924 payable monthly at $44,327. This agreement may be terminated by either of the parties without cause.

The Board has a three-year contract for custodial services for the total annual amount of $448,175, $470,583, and $494,113 for years one through three, respectively, expiring on April 30, 2021.

Note 12 - Subsequent Events

On August 10, 2018 the Board accepted a grant from the Department of Transportation's Federal Aviation Administration in the amount of $2,559,086 for the Access Road rehabilitation and storm water drainage project.

Required Supplementary Information
June 30, 2018

Jackson Hole Airport Board

	2018	2017	2016	2015
Public Employees Pension Plan				
Board's proportion of the net pension liability	0.266028289%	0.247429800%	0.227495553%	0.229180744%
Board's proportionate share of the net pension liability	$ 6,063,690	$ 5,981,615	$ 5,299,162	$ 4,044,335
Board's covered payroll	$ 4,682,409	$ 4,557,759	$ 3,967,627	$ 3,917,644
Board's proportionate share of the net pension liability as a percentage of its covered payroll	129.50%	131.24%	133.56%	103.23%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

Data reported is measured as of December 31 (measurement date).

Mortality assumptions were updated in 2017 to reflect changes in the discount rate, inflation, and life expectancy. The new assumptions increased the total pension liability by $589,188.

	2018	2017	2016	2015
Public Employees Pension Plan				
Contractually required contribution	$ 739,186	$ 689,656	$ 676,000	$ 650,000
Contributions in relations to the contractually required contributions	(739,186)	(676,000)	(650,000)	(650,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Board's covered-payroll	$ 4,866,270	$ 4,540,199	$ 4,067,389	$ 4,095,778
Contributions as a percentage of covered payroll	15.19%	15.19%	16.62%	15.87%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

Data reported is measured as of June 30 (fiscal year-end).

Supplementary Information
June 30, 2018

Jackson Hole Airport Board

PFC Projects	Balance Unliquidated PFC June 30, 2017	PFC Collections	Interest Earned	PFC Expenditures	Balance Unliquidated PFC June 30, 2018
APP 12 and 13 Terminal, Master Plan, Operations, and Administration	$ (17,936,911)	$ 1,226,584	$ 11	$ (86,443)	$ (16,796,759)

Federal Awards Reports in Accordance with the Uniform Guidance
June 30, 2018

Jackson Hole Airport Board

Independent Auditor's 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*

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 (the Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 16, 2018.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
October 16, 2018

Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance

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

Report on Compliance
We have audited Jackson Hole Airport Board's (the Board) 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, 2018.

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, 2018.

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.

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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.

Eide Bailly LLP

Boise, Idaho
October 16, 2018

Independent Auditor's Report on Compliance for the Major Federal Program: Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program
We have audited the Jackson Hole Airport Board's (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the of the Board's major federal program for the year ended June 30, 2018. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for the 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 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 the 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 the Board's compliance.

Opinion on the Major Federal Program
In our opinion, the 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, 2018.

Report on Internal Control Over Compliance
Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 federal 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 the 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 compliance requirement 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 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.

Purpose of this Report
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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
October 16, 2018

Federal Grantor/Pass-Through Granton/Program or Cluster Title	Federal CFDA Number	Identifying Award Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Transportation				
Airport Improvement Program # 50	20.106	3-56-0014-50	-	$ 184,746
Airport Improvement Program # 54	20.106	3-56-0014-54-2015	-	892,316
Airport Improvement Program # 55	20.106	3-56-0014-55-2016	-	16,862
Airport Improvement Program # 56	20.106	3-56-0014-056-2016	-	3,271,122
Airport Improvement Program # 56/57	20.106	3-56-0014-057-2016	-	3,298,307
Total U.S. Department of Transportation				7,663,353
Total Federal Awards				$ 7,663,353

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, 2018. 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 position, 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.

Section I - Summary of Auditor's Results

<u>Financial Statements</u>	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies	None Reported
Noncompliance material to financial statements noted?	No
<u>Federal Awards</u>	
Internal control over major programs:	
Material weakness identified	No
Significant deficiencies	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No
Identification of major programs:	
<u>CFDA number</u>	<u>Name of Federal Program</u>
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

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None