

JACKSON HOLE AIRPORT BOARD

FINANCIAL REPORT

June 30, 2010

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Jackson Hole Airport Board, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Jackson Hole Airport Board's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jackson Hole Airport Board, as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 06, 2010, on our consideration of the Jackson Hole Airport Board's internal control over financial reporting and on our tests of its compliance with provisions of certain 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 performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying budget 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 of the Jackson Hole Airport Board. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Jackson Hole Airport Board. The accompanying 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 information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements, required supplementary information, supplementary information and our independent auditor's reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities and the management and the Board of the Jackson Hole Airport and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, required supplementary information, supplementary information and our independent auditor's reports are hereby advised that the liability of Porter, Muirhead, Cornia & Howard to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 06, 2010

JACKSON HOLE AIRPORT BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010
(UNAUDITED)

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, 2010 (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, as detailed on page 8, are as follows:

- The assets of the Airport Board exceeded its liabilities at the close of the most recent fiscal year by \$58,067,274 (net assets). Of this amount, \$4,311,768 (unrestricted net assets) may be used to meet the Airport Board's ongoing obligations to citizens and creditors.
- As of the close of the Fiscal Year, the Airport Board's general cash and investments balance was \$4,756,440. Of this, \$1,925,774 was invested in Certificates of Deposit in a federally insured institution.

At the close of the Fiscal Year, the Airport Board's passenger facility charge ("PFC") remaining balance was \$48,839. This PFC balance is restricted for spending in accordance with the Airport Board's PFC

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 7 through 19) which include all revenue and expenses, and Supplementary Information (found at pages 20 through 32) which breaks revenue and expenses into logical categories. In addition, this financial report includes a single audit section listing all Federal grants (found at pages 33 and 34), a report on compliance with OMB Circular A-133 (found on pages 36 and 37), and a summary of the auditor's findings (found at pages 38 and 39).

Basic Financial Statements. The Basic Financial Statements are made up of four components: (1) Statement of Net Assets, at page 8; (2) Statement of Revenues, Expenses and Changes in Net Assets, at pages 9-10; (3) Statement of Cash Flows, at page 11; and (4) Notes to Financial Statements, at pages 12-19. 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 Assets presents information on all Airport Board assets and liabilities, with the difference between the two reported as net assets. Generally speaking, increases or decreases in net assets 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 assets 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 Assets separately describes 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 assets increased by \$10,879,888 during the Fiscal Year.

The Statement of Cash Flows separately discloses cash flow from (a) operating activities, (b) capital and related financing activities, and (c) investing activities. The Statement reveals that the Airport Board's cash and cash equivalents at the beginning of the Fiscal Year was \$2,962,210, and at the end of the Fiscal Year were \$2,879,505, a decrease of \$82,705.

JACKSON HOLE AIRPORT BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010
(UNAUDITED)

Supplementary Financial Information. The supplementary financial information, found at pages 20 through 27 of the Financial Statements, are composed of (a) Schedules of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), at pages 21-25, and (b) the Schedule of Passenger Facility Charges Collected and Expended, at page 27. The Schedules have not been prepared in accordance with generally accepted accounting principals (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), separately states revenues in categories of operating, grant and PFC, and security screening contract; and 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.

Overview of Revenue and Expenses. 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:

- \$13,436,814 from state and federal grants for selected capital improvements and equipment acquisitions; an increase of \$5,841,378 from the previous year. This large increase in grant funds was associated with a major expansion of the Airport's passenger terminal building.
- \$4,236,122 earned through the provision of security screening services under a contract with the Transportation Security Administration (TSA); an increase of \$277,794 over the previous year.
- \$1,032,648 in project reimbursements from Passenger Facility Charges collected by airlines from airline passengers utilizing the Airport; an increase of \$105,401 over the previous year.
- \$1,510,500 in rentals and fees related to the operations of scheduled airlines; a decrease of \$24,678 over the previous year.
- \$707,231 from general aviation related rentals and fees, including those received from the fixed base operator, landing fees and general aviation catering; a decrease of \$30,742 over the previous year.
- \$2,637,256 from other terminal and facilities rents and access fees, including the restaurant, gift shop, rental cars concessions, TSA rental and terminal advertising; a decrease of \$35,888 over the previous year.
- \$787,216 from all other sources, including parking and ground transportation providers; a decrease of \$74,586 from the previous year. The decrease was due in large part to a decrease in interest income, and terminal advertising income.

The Airport Board's expenses for the Fiscal Year are summarized as follows:

- \$24,274,186 in capital outlays; an increase of \$15,929,093 from the previous year. This large increase was due to the remodel and expansion of the Airport passenger terminal building.
- \$2,875,926 related to the provision of security screening services; a decrease of \$34,743 over the previous year.
- \$4,788,244 for general operating expenses; an increase of \$6,912 over the previous year.

JACKSON HOLE AIRPORT BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010
(UNAUDITED)

Analysis of Significant Changes. For the fiscal year ending June 30, 2010 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 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. The availability of one or both of these sources of revenue could dramatically limit the 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 Assets. Total net assets increased from \$47,187,386 to \$58,067,274, an increase of \$10,879,888 over the last fiscal year. This was due to an increase in capital assets net of related debt, which resulted in large part from the Board's terminal building expansion project.

Cash Position. Cash and cash equivalents (including amounts restricted from PFC) decreased from \$2,962,210 to \$2,879,505, a decrease of \$82,540 over the last fiscal year (see page 11).

Accounts Payable and Total Liabilities. Accounts payable at the end of the fiscal year increased from \$2,538,342 to \$3,380,782, an increase of \$797,440 from the last fiscal year (see page 8). This results in a similar increase in total liabilities. This increase does not represent any backlog of accounts payable, but simply relates to timing of accounts submitted for payment relating to ongoing construction projects.

Operating Revenues. Operating revenues, including security screening, increased from \$9,792,279 to \$10,172,422, an increase of \$380,143 over the last fiscal year. This was due largely to an increase in security screening revenues.

Operating Expenses. Operating expenses also increased from \$11,280,350 to \$11,441,927, an increase of \$161,077 over the last fiscal year.

Non-Operating Revenues. Non-Operating Revenues decreased from \$1,180,546 to \$1,032,428 a decrease of \$148,112 over the last fiscal year. This decrease was due principally to decreases in interest income.

JACKSON HOLE AIRPORT BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010
(UNAUDITED)

Analysis of Budget Variances.

- Actual operating revenues for the Fiscal Year exceeded budget projections by \$464,297, a 9% increase over the amount budgeted. This was due principally to stronger than expected increases in several budget categories. At the same time, actual operating expenses were over budget by \$7,776, or .2%.
- Projected PFC reimbursements exceeded budget by \$122,648, an increase over budget of 13.5%. This was due to higher than expected airline passenger volumes. Projected grant revenues, net of PFC project reimbursement, were under budget by \$2,743,186, or 17%.
- Revenues from the passenger security screening contract were \$4,236,122, which was \$432,268 or 11.4% above budget. Related expenses were \$359,710 or 11% under budget as a result of inability to fill authorized staff positions when anticipated.

Capital Asset and Long-Term Debt Activity. The Fiscal Year saw the Board undertake a major Terminal Area Expansion and Renovation Project. The Board's share of construction costs was funded from the Board's cash reserves. To assist in funding the Project the Board incurred debt in two transactions. In August 2009 it issued a Series 2009 Revenue Bond ("Bond") in the amount of \$3,130,000 at an annual fixed rate of 4.00%. In September 2009 the Board also received a \$1,500,000 loan, at a 1.00% fixed rate, from the Business Ready Community program funds of the Wyoming Business Council. As of June 30, 2010, the Board had expended \$25,848,638 of the anticipated \$29,006,660 cost of the terminal renovation, which was construction in progress at the end of the Fiscal Year.

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

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JACKSON HOLE AIRPORT BOARD

STATEMENT OF NET ASSETS

June 30, 2010

ASSETS

Current assets

Cash and cash equivalents	\$ 2,830,666
Investments	1,925,774
Accounts receivable	879,991
Receivable from state and federal governments	1,629,593
Prepaid expenses	606,624
Accrued interest receivable	1,275
Inventory	81,039
Total current assets	<u>7,954,962</u>

Noncurrent assets

Series 2009 Revenue Bond issue costs, net of \$6,144 amortization	23,348
Restricted cash - PFC's	48,839

Capital assets

Buildings, improvements, equipment, and vehicles, net of accumulated depreciation	31,717,308
Art works	36,921
Construction in progress	26,363,908
Total capital assets	<u>58,118,137</u>

Total noncurrent assets	<u>58,190,324</u>
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Total assets	<u>66,145,286</u>
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LIABILITIES

Current liabilities

Accounts payable and retainage	3,380,782
Accrued wages payable	89,784
Accrued compensated absences	158,681
Other payables	37,295
Current portion of long-term debt	411,109
Total current liabilities	<u>4,077,651</u>

Long term debt - net of current portion	<u>4,000,361</u>
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NET ASSETS

Invested in capital assets	53,706,667
Restricted for PFC expenditures	48,839
Unrestricted	4,311,768
Total net assets	<u>\$ 58,067,274</u>

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS Year Ended June 30, 2010

Operating revenues	
Landing, ramp, and holding room fees	\$ 1,661,796
Lease rentals	2,984,858
Security screening reimbursement (TSA)	4,246,463
Glycol sales	432,286
LEO service reimbursement contract (TSA)	45,155
Parking income	464,184
Display case and local service reservations	106,350
Gas tax refund	205,489
Miscellaneous	25,841
	<hr/>
Total operating revenues	10,172,422
	<hr/>
Operating expenses	
Capital maintenance	403,851
Consulting - noise study	60,270
Depreciation	3,131,672
Dues and subscriptions	5,282
Environmental management	6,825
Fire rescue training and supplies	57,079
Franchise fees	73,428
Fuel	50,708
Glycol	395,922
Insurance	310,837
Repairs, maintenance and supplies	554,622
Meeting expenses	29,314
Miscellaneous	61,701
Office expenses	79,202
Payroll taxes and benefits	1,885,066
Professional fees	251,355
Salaries	3,182,742
Screening	108,883
Security	335,988
Snow removal	68,914
Telephone	28,645
Travel	77,215
Utilities	281,906
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Total operating expenses	11,441,427
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Loss from operations	(1,269,005)
	<hr/>
	(Continued)

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (CONTINUED)
Year Ended June 30, 2010

Non-operating revenues and expenses	
Interest income	\$ 5,128
Interest expense	(110,199)
Non capital grants	259,324
Passenger facilities reimbursements	1,071,314
Loss on asset disposal	<u>(193,139)</u>
Total non-operating revenues and expenses	<u>1,032,428</u>
Loss before capital contributions	(236,577)
Capital contributions	<u>11,116,465</u>
Change in net assets	10,879,888
Total net assets - beginning of year	<u>47,187,386</u>
Total net assets - end of year	<u>\$ 58,067,274</u>

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

STATEMENT OF CASH FLOWS

Year Ended June 30, 2010

Cash flows from operating activities	
Cash received from customers	\$ 10,161,584
Cash payments to suppliers for services	(3,688,043)
Cash payments to employees for services	(5,038,334)
Net cash provided by operating activities	1,435,207
Cash flows from capital and related financing activities	
Passenger facilities reimbursements	1,032,648
Acquisitions of property and equipment	(23,505,667)
Issuance of 2009 Series Revenue Bond	3,130,000
Principal payments on 2009 Series Revenue Bond	(218,530)
Interest payments on 2009 Series Revenue Bond	(98,918)
Loan from Wyoming Business Council	1,500,000
Cost of issuance of 2009 Series Revenue Bond	(29,492)
Grants received from State and Federal governments	12,565,769
Net cash used in capital and related financing activities	(5,624,190)
Cash flows from investing activities	
Redemption of certificates of deposits	4,000,000
Interest on investments	106,278
Net cash provided by investing activities	4,106,278
Net decrease in cash and cash equivalents	(82,705)
Cash and cash equivalents at beginning of year	
(Including \$52,791 for PFC's reported as restricted assets)	2,962,210
Cash and cash equivalents at end of year	
(Including \$48,839 for PFC's reported as restricted assets)	\$ 2,879,505
Reconciliation of operating loss to net cash provided by operating activities	
Loss from operations	\$ (1,269,005)
Adjustments to reconcile loss from operations to net cash provided by operating activities	
Depreciation and amortization	3,131,672
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	31,686
Receivable from state and federal governments	(42,524)
Prepaid expenses	(408,918)
Inventory	(1,811)
Accounts payable and retainage	(35,367)
Accrued wages payable	(22,623)
Accrued compensated absences	45,683
Other payables	6,414
Net cash provided by operating activities	\$ 1,435,207

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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 receives funding from local, 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, National Park Service. The operating agreement between the Board and U.S. Department of Interior, National Park Service expires in 2033. The Board pays a use fee to the U.S. Department of Interior, National Parks which is one percent of the first \$200,000 of operating receipts and one-and-a-half percent of any operating receipts in excess of \$200,000.

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.

Private-sector standards of accounting and financial reporting prior to December 1, 1989 generally are followed in propriety fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Airport Board has the option of following subsequent private-sector guidance, the Board has elected not to follow subsequent private-sector guidance.

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 statements of net assets 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.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

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 land, 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:

	<u>Years</u>
Buildings	40
Runways, ramps and taxiways	20
Equipment	15
Furniture	5

Income Taxes

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

Deposits and Investments

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.

State statutes authorize the Board to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, bank certificates of deposit, shares or savings certificates of savings and loan associations, Tennessee Valley Authority bonds and notes and export-import bank notes and guaranteed participations.

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 statements of net assets date.

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.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

Passenger Facility Charge (PFC) funds

This asset represents PFC collections 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.

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. Records of Decision in 1994, 1997, 1998, 1999, 2001, 2004, 2005, and 2008 have amended the program. These have increased the authorized collections and project expenditures to approximately \$11,674,000.

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.

Revenue Recognition

The various 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.

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.

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.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 2. Property and Equipment

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2009	Additions	Deletions and Transfers	Ending Balance June 30, 2010
Primary Government				
Business-type activities				
Capital assets, not being depreciated				
Art - terminal building	\$ -	\$ 36,921	\$ -	\$ 36,921
Construction in progress	7,304,703	24,226,751	5,167,546	26,363,908
	<u>7,304,703</u>	<u>24,263,672</u>	<u>5,167,546</u>	<u>26,400,829</u>
Capital assets, being depreciated				
Buildings and runways	57,114,946	5,170,345	3,058,800	59,226,491
Equipment	4,513,310	53,023	156,046	4,410,287
Furniture, fixtures and computer equipment	823,898	61,399	396,323	488,974
Vehicles including fire trucks	2,150,565	2,580	7,603	2,145,542
	<u>64,602,719</u>	<u>5,287,347</u>	<u>3,618,772</u>	<u>66,271,294</u>
Total capital assets, being depreciated	<u>64,602,719</u>	<u>5,287,347</u>	<u>3,618,772</u>	<u>66,271,294</u>
Less accumulated depreciation	<u>34,854,092</u>	<u>3,125,528</u>	<u>3,425,634</u>	<u>34,553,986</u>
Total capital assets, being depreciated, net	<u>29,748,627</u>	<u>2,161,819</u>	<u>193,138</u>	<u>31,717,308</u>
Business-type activities capital assets, net	<u>\$ 37,053,330</u>	<u>\$ 26,425,491</u>	<u>\$ 5,360,684</u>	<u>\$ 58,118,137</u>

Depreciation expense for the year ended June 30, 2010 was \$3,125,528.

Note 3. Deposits and Investments

As of June 30, 2010, all of the Board's investments consisted of Certificates of Deposit with maturity dates no greater than one year and interest rates ranging from 0.04% to 0.33%.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2010, the Board was not exposed to interest rate risk since all investments were fixed rate certificates of deposit.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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, 2010, the Board was not exposed to credit risk as all investments were certificates of deposit.

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, 2010, the Board's deposits were fully 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. Since the Board's only investments were certificates of deposit, the Board has no custodial credit risk related to investment securities.

Note 4. Long Term Debt and Pledged Revenues

In August 2009 the Jackson Hole Airport Board issued Series 2009 Revenue Bond ("Bond") in the amount of \$3,130,000 at an annual fixed rate of 4.00% for the purpose of paying part of the cost of expanding and renovating the terminal at the Jackson Hole Airport. Principal and interest on the Bond is payable in monthly installments which commenced in September 2009 until August 2013. The principal of the Bond is subject to redemption prior to the maturity on any payment date at a redemption price of 101% plus accrued interest to the date of redemption. However, on any payment in 2012 and 2013 the principal of the Bond is subject to redemption prior to maturity at a redemption price of 100% (par), plus accrued interest to the date of redemption, provided that the principal redemption is in an amount up to \$2,500,000. Redemption payments on the Bond will be applied first to the interest due on the principal balance and thereafter to reduction of the principal balance. The Bond will be repaid from pledged airport revenues which will consist of passenger facility charges and gross revenues less operating and maintenance costs. Gross revenues include but are not limited to rentals, concession fees, use charges, landing fees, license and permit fees, service fees and charges, proceeds from sale of fuel and other merchandise, and all investment income derived from the investment of any money in the Bond but will exclude all other investment income. Gross revenues will not include proceeds received from sale of the 2009 Series Bond or subordinated indebtedness, proceeds from the sale or taking by eminent domain of any part of the Airport, gifts or government grants, ad valorem tax revenues, any insurance proceeds received by the Board (other than insurance proceeds paid as compensation for business interruption), amounts received which are required to be paid to any other governmental body, including but not limited to taxes and impact fees, passenger facility charges, and any noise abatement charges received for disbursement to others.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Long Term Debt and Pledged Revenues (Continued)

In September 2009 the Board received \$1,500,000 loan at 1.00% fixed rate from the Business Ready Community program funds 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 Business Ready Community program loan is 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 will be 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, other than Passenger Facility Charge revenues less operating and maintenance costs are pledged for the payment of the Business Ready Community program loan.

The debt service requirements on the Board's long-term debt as of June 30, 2010, are summarized as follows:

Year ending June 30,	Series 2009 Revenue Bond		Business Ready Community Program Loan		Total
	Principal	interest	Principal	Interest	
2011	267,776	113,161	143,333	15,042	539,312
2012	278,564	102,374	144,807	13,567	539,312
2013	290,350	90,937	146,255	12,118	539,660
2014	2,075,124	13,979	147,718	10,656	2,247,477
2015	-	-	149,195	9,179	158,374
2016-2020	-	-	768,692	23,214	791,906
	<u>\$ 2,911,814</u>	<u>\$ 320,451</u>	<u>\$ 1,500,000</u>	<u>\$ 83,776</u>	<u>\$ 4,816,041</u>

The following is a summary of changes in long-term debt of the Board for the year ended June 30, 2010:

	Balance June 30, 2009	New Debt Incurred	Debt Retired	Balance June 30, 2010	Due Within One Year
Series 2009 Revenue Bond	\$ -	\$ 3,130,000	\$ 218,530	\$ 2,911,470	\$ 267,776
Wyoming Business Council	-	1,500,000	-	1,500,000	143,333
	<u>\$ -</u>	<u>\$ 4,630,000</u>	<u>\$ 218,530</u>	<u>\$ 4,411,470</u>	<u>\$ 411,109</u>

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, 2010, 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.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 5. Risk Management (Continued)

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.

Note 6. Retirement Plan

The Board contributes to the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system (PERS). The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of Wyoming Statutes. The System issued a publicly available financial report that includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

Plan members are required to contribute 5.57% of their annual covered salary and the Board is required to contribute 5.68% 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 100% of the required employee's contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The Board's contribution to the System was \$318,046, \$335,187, and \$298,284 for 2010, 2009 and 2008 respectively, which equaled 100% of the required contribution for the year.

Effective September 1, 2010, the employer and employee contributions will increase by 1.44% and 1.43%, respectively. The County will have an option to pay or not to pay the additional employee contribution.

Note 7. Support from Governmental Units

The Board receives a substantial amount of its support from federal and state governments, approximately 64% of its total revenue. 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 activities at their present level. At June 30, 2010, the accounts receivable from governmental agencies were \$1,629,593.

Note 8. Contractual Obligations

Terminal space is rented to various car rental agencies; the rental revenue is determined by applying the agreed upon percent of gross receipts based on the individual rental agreements.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 9. Commitments

During the fiscal year ended June 30, 2009, the Board approved a terminal renovation project. As of June 30, 2010, the Board has expended \$25,848,638 for the terminal renovation which is included in construction in progress. As of June 30, 2010, the Board had the following contract commitments related to the terminal renovation project:

	<u>Contract</u>	<u>Completed</u>
Terminal construction	\$ 22,251,617	\$ 19,677,465
Terminal construction - construction manager	1,638,949	881,309
Baggage system - construction	\$ 4,704,268	\$ 4,479,636
Baggage system - construction manager	411,826	425,091
	<u>\$ 29,006,660</u>	<u>\$ 25,463,501</u>

The terminal renovation project is funded from multiple sources including passenger facility charges, Airport Improvement Program grants, a revenue bond, and a loan and from the Wyoming Business Council.

The Board enters into various contracts that extend beyond the current year. The Board leases hangars to the fixed-based operator for a nominal fee. The Board entered into a five year contract for custodial services expiring in April 2012. The annual payments under this contract are 172,500 and 180,000 in 2011 and 2012, respectively.

SUPPLEMENTARY INFORMATION

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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.

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JACKSON HOLE AIRPORT BOARD

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Airlines revenue	\$ 996,057	\$ 1,065,834	\$ 69,777
Airlines shared - baggage claim	156,000	156,000	-
Airlines shared - security holding room	233,714	233,712	(2)
Brochures, display, and phone board	102,500	106,350	3,850
FAA office rent	9,264	12,624	3,360
GA catering	88,000	111,057	23,057
Gas tax refund	145,000	161,190	16,190
Glycol administration	25,000	40,071	15,071
Ground transportation	30,000	74,000	44,000
Interest	130,000	71,539	(58,461)
JHA, LLC - rent and operations fee	392,000	387,746	(4,254)
Landing fee g/s and other	160,000	208,428	48,428
Miscellaneous	8,000	15,740	7,740
Parking	250,000	390,161	140,161
Rental cars	2,059,700	2,213,166	153,466
Rental cars - off airport	180,000	240,094	60,094
TSA office rent	6,800	7,751	951
TSA reimbursement - LEO	120,000	57,271	(62,729)
Worldwide office/operations	11,285	14,883	3,598
Total operating revenues	<u>5,103,320</u>	<u>5,567,617</u>	<u>464,297</u>
Grant, PFC revenues, and donations			
Noise monitoring - AIP - 37	-	164,219	164,219
Taxiway rehabilitation Phase II - AIP - 39	-	62,953	62,953
Runway rehabilitation - AIP -41	1,520,000	2,392,934	872,934
Terminal building design - AIP - 42	5,000,000	503,729	(4,496,271)
Terminal building construction - AIP - 43	2,300,000	1,066,024	(1,233,976)
Terminal building construction - TSA grant	5,300,000	5,687,631	387,631
Terminal building construction - Wyoming Business Council grant	1,500,000	1,500,000	-
Terminal building construction - WAC grant	-	1,800,000	1,800,000
Operations enhancement study - WAC grant	560,000	134,324	(425,676)
Terminal building art - donation	-	125,000	125,000
	<u>16,180,000</u>	<u>13,436,814</u>	<u>(2,743,186)</u>
PFC income	<u>910,000</u>	<u>1,032,648</u>	<u>122,648</u>
Total grant, PFC revenues, and donations	<u>17,090,000</u>	<u>14,469,462</u>	<u>(2,620,538)</u>
Security screening contract			
TSA screening reimbursement	<u>3,803,854</u>	<u>4,236,122</u>	<u>432,268</u>
Total reimbursement screening	<u>3,803,854</u>	<u>4,236,122</u>	<u>-</u>
Total revenues	<u>25,997,174</u>	<u>24,273,201</u>	<u>(1,723,973)</u>

(Continued)

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED) Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating expenses			
Salaries	\$ 1,426,131	\$ 1,514,837	\$ (88,706)
Payroll taxes	183,971	183,000	971
Employee benefits - medical insurance	480,000	430,490	49,510
Employee benefits - retirement	147,939	142,902	5,037
Building insurance	280,000	334,297	(54,297)
Building supplies	57,000	58,603	(1,603)
Contract cleaning services	165,900	166,520	(620)
Control tower operations	40,730	54,345	(13,615)
Dues and subscriptions	8,500	5,282	3,218
Environmental planning and operations	56,000	6,825	49,175
Fire rescue training and supplies	54,500	57,644	(3,144)
Use agreement payment	88,000	75,516	12,484
Fuel	60,000	50,120	9,880
JH security services	88,797	79,769	9,028
Landscaping	38,900	14,688	24,212
Legal fees	65,000	120,007	(55,007)
Meeting and school expense	30,500	28,953	1,547
Miscellaneous	2,000	12,880	(10,880)
Noise abatement plan	52,000	60,270	(8,270)
Office expense	114,400	126,189	(11,789)
Security	275,000	272,194	2,806
Professional fees	95,500	131,972	(36,472)
Repair and maintenance expenses	416,700	414,203	2,497
Telephone	26,000	28,664	(2,664)
Travel	77,000	77,389	(389)
Utilities	289,000	271,770	17,230
Snow removal	70,600	68,915	1,685
Equipment - operations	90,400	-	90,400
Total operating expenses	<u>4,780,468</u>	<u>4,788,244</u>	<u>(7,776)</u>

(Continued)

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital outlay			
PFC administration	\$ 25,000	\$ 13,594	\$ 11,406
Ground water study	78,000	19,798	58,202
Glycol tank	-	6,268	(6,268)
Expand air carrier apron - AIP - 35	-	18,000	(18,000)
Noise monitoring system - AIP - 37	100,000	38,962	61,038
Taxiway rehabilitation/Schedule I and II- AIP - 39	-	66,266	(66,266)
Crack sealing	20,000	-	20,000
Fire truck - PFC - 10	-	27,756	(27,756)
Runway rehabilitation - AIP - 41	4,300,000	2,427,124	1,872,876
Terminal construction			
Terminal architect fees	1,600,000	851,927	748,073
Construction manager fees	2,100,000	830,505	1,269,495
Terminal building construction	22,200,000	19,416,034	2,783,966
Terminal debt expense	300,000	346,941	(46,941)
Restaurant remodel	-	44,252	(44,252)
Grouse study	9,500	30,000	(20,500)
New electric vehicle	16,000	-	16,000
Operations enhancement study - WAC - 2658	700,000	136,759	563,241
Total capital outlay	<u>31,448,500</u>	<u>24,274,186</u>	<u>7,174,314</u>

(Continued)

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED) Year Ended June 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Security screening contract expenses			
Salaries	\$ 1,845,132	1,652,048	\$ 193,084
Payroll taxes	234,332	175,000	59,332
Benefits - retirement	207,577	174,272	33,305
Benefits - medical insurance	804,595	760,551	44,044
Screening costs - other	136,000	94,547	41,453
Screening costs - nonreimbursable	-	18,625	(18,625)
TSA claims - damages	8,000	883	7,117
Total screening contract expenses	<u>3,235,636</u>	<u>2,875,926</u>	<u>359,710</u>
Total expenses	<u>39,464,604</u>	<u>31,938,356</u>	<u>7,526,248</u>
 Excess revenues over expenses	 <u><u>\$ (13,467,430)</u></u>	 (7,665,155)	 <u><u>\$ 5,802,275</u></u>
Fixed assets (budgeted but not included as an expense)		(6,164)	
PFC deferred revenue (non-budget item)		-	
Glycol income and expense, net (non-budget item)		(143,576)	
Accounts receivable change (non-budget item)		(918,647)	
Deposits (non-budget item)		6,413	
Long-term debt		4,630,000	
Accounts payable change (non-budget item)		(13,810)	
Accrued payroll (non-budget item)		34	
Cash including certificates of deposit of \$5,953,974 and PFC restricted cash \$52,791 - beginning of year		<u>8,916,184</u>	
Cash including certificates of deposit of \$3,326,545 and PFC restricted cash \$48,839 - end of year		<u><u>\$ 4,805,279</u></u>	

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.

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JACKSON HOLE AIRPORT BOARD

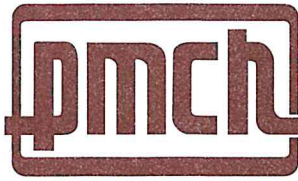
**SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
Year Ended June 30, 2010**

<u>PFC Projects</u>	Balance Unliquidated PFC June 30, 2009	PFC Collections	Interest Earned	PFC Expenditures	Balance Unliquidated PFC June 30, 2010
APP 10 Apron, Studies, Taxiway	\$ (540,906)	\$ 544,194	\$ 25	\$ 3,313	\$ -
APP 11 EDS Installation, SRE Equipment, Noise Upgrade, Administration	(1,524,734)	488,408	21	29,434	(1,065,739)
APP 12 Terminal, Master Plan, Operation, and Administration	-	-	-	4,256,504	(4,256,504)
	<u>\$ (2,065,640)</u>	<u>\$ 1,032,602</u>	<u>\$ 46</u>	<u>\$ 4,289,251</u>	<u>\$(5,322,243)</u>

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COMPLIANCE AND INTERNAL CONTROL REPORTS

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**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 the basic financial statements of the Jackson Hole Airport Board as of and for the year ended June 30, 2010 and have issued our report thereon dated December 06, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jackson Hole Airport Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson Hole Airport Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson Hole Airport Board's internal control over financial reporting.

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.

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 the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

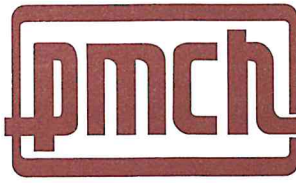
This report is intended solely for the information and use of the Board, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 06, 2010



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO PASSENGER FACILITY
CHARGE PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE FEDERAL AVIATION ADMINISTRATION OF THE U.S. DEPARTMENT OF TRANSPORTATION

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited the compliance of the Jackson Hole Airport Board with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) for its passenger facility charge program for the year ended June 30, 2010. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Jackson Hole Airport Board's management. Our responsibility is to express an opinion on the 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. Our audit does not provide a legal determination on the Jackson Hole Airport Board's compliance with those requirements.

In our opinion, the Jackson Hole Airport Board complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility program for the year ended June 30, 2010.

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

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

This report is intended solely for the information and use of the Board, management, others within the organization and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 06, 2010

SINGLE AUDIT SECTION

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JACKSON HOLE AIRPORT BOARD

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

<u>Federal/State Grantor/Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Project Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Airport Improvement Program # 37	20.106	3-56-0014-37	\$ 37,014
Airport Improvement Program # 39	20.106	3-56-0014-39	62,953
Airport Improvement Program # 42	20.106	3-56-0014-42	503,729
Airport Improvement Program # 43	20.106	3-56-0014-43	<u>1,066,024</u>
			1,669,720
Funds received under ARRA			
Airport Improvement Program # 41	ARRA - 20.106	3-56-0014-41	<u>2,392,934</u>
Total U.S. Department of Transportation			<u>4,062,654</u>
U.S. Department of Homeland Security			
Funds received under ARRA			
TSA Airport Checked Baggage Inspection System Program	ARRA - 97.117	-	<u>5,687,696</u>
Total U.S. Department of Homeland Security			<u>5,687,696</u>
Total Federal Awards			<u><u>\$ 9,750,350</u></u>

See accompanying note to the Schedule of Expenditures of Federal Awards

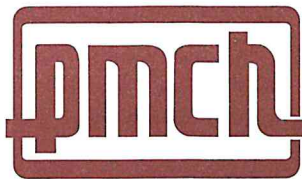
JACKSON HOLE AIRPORT BOARD

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Jackson Hole Airport Board and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT A MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited the compliance of the Jackson Hole Airport Board with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jackson Hole Airport Boards' major federal programs for the year ended, June 30, 2010. Jackson Hole Airport Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Jackson Hole Airport Board's management. Our responsibility is to express an opinion on the 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 OMB Circular A-133. Those standards and OMB Circular A-133 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 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. Our audit does not provide a legal determination on the Jackson Hole Airport Board's compliance with those requirements.

In our opinion, the Jackson Hole Airport Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Jackson Hole Airport Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Jackson Hole Airport Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Jackson Hole Airport Board, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 06, 2010

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	No

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
20.106	Airport Improvement Program
97.117	TSA Airport Checked Baggage Inspection System Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

(Continued)

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2010

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, 2010

None

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