

**JACKSON HOLE AIRPORT BOARD**

**FINANCIAL REPORT**

**June 30, 2011**

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# PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2759 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

## 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, 2011, 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 previously present fairly, in all material respects, the financial position of the Jackson Hole Airport Board, as of June 30, 2011, 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 6, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to management's discussion and analysis 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 the 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson Hole Airport Board's basic financial statements. The 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. 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 basic financial statements of the Jackson Hole Airport Board. The schedule of passenger facility charges collected and expended is also presented for purposes of additional analysis, as specified in the *Passenger Facility Charge Audit Guide for Public Entities*, by the Federal Aviation Administration and is not a required part of the basic financial statements of the Jackson Hole Airport Board. The budget comparisons, schedule of expenditures of federal award, and the schedule of passenger facility charges collected and expended have 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 financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget comparisons, schedule of expenditures of federal awards, and the schedule of passenger facility charges collected and expended are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements, other 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 6, 2011

# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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The Jackson Hole Airport Board (the "Airport Board") is the operator and proprietor of the Jackson Hole Airport (the "Airport"), located north of the Town of Jackson, in Teton County, Wyoming. The Airport Board offers readers of its Financial Statements this narrative overview of its financial activities for the fiscal year ended June 30, 2011 (the "Fiscal Year"). This narrative responds to the requirements of Government Accounting Standards Board ("GASB") No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

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

- The assets of the Airport Board exceeded its liabilities at the close of the most recent fiscal year by \$60,378,328 (net assets). Of this amount, \$7,162,871 is classified as unrestricted net assets, which 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 \$5,553,187. Of this, \$1,105,542 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 \$44,558. This PFC balance is restricted for spending in accordance with the Airport Board's PFC applications, and as approved by the Federal Aviation Administration.

**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 8 through 12) which include all revenue and expenses, and Supplementary Information (found at pages 21 through 33) 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 34 and 36), a report on compliance with OMB Circular A-133 (found on pages 37 and 38), and a summary of the auditor's findings (found at pages 39 and 40).

**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 pages 11 and 12; and (4) Notes to Financial Statements, at pages 13-20. 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. For most organizations, 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 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 assets increased by \$2,311,054 during the Fiscal Year.

# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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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 were \$2,879,505, and at the end of the Fiscal Year were \$4,607,097, an increase of \$1,727,592.

**Supplementary Financial Information.** The supplementary financial information, found at pages 21 through 33 of the Financial Statements, are composed of (a) Schedules of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), at pages 23-26, and (b) the Schedule of Passenger Facility Charges Collected and Expended, at page 28. These 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 separately states expenses in categories in operating, capital outlays and security screening contract.

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

**Overview of Revenue and Expenses.** 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:

- \$2,824,547 from state and federal grants for selected capital improvements and equipment acquisitions; a decrease of \$10,612,267 from the previous year. This large decrease in grant funding resulted from completion of the major expansion of the Airport's passenger terminal building in early 2011. This expansion caused a large spike in grant funding during 2010.
- \$4,866,739 earned through provision of security screening services under a contract with the Transportation Security Administration (TSA); an increase of \$630,617 over the previous year.
- \$1,032,648 in project reimbursements from Passenger Facility Charges collected by airlines from airline passengers utilizing the Airport; a decrease of \$121,544 over the previous year.
- \$2,151,873 in rentals and fees related to the operations of scheduled airlines; an increase of \$684,444 over the previous year. This was due in part to an expansion of terminal space rented to scheduled airlines.
- \$790,618 from general aviation related rentals and fees, including those received from the fixed base operator, landing fees and general aviation catering; an increase of \$83,387 over the previous year.
- \$97,526 from other terminal and facilities rents and access fees, including the restaurant, gift shop, TSA rental and terminal advertising; a decrease of \$29,199 over the previous year.
- \$243,800 in Customer Facility Fees collected by on-airport rental car companies. This is a new income category created by Board resolution in June 2010. *See*, Note #1 on page 15.
- \$2,549,203 from on and off-airport rental car concession fees, an increase of \$95,943 over the previous year.
- \$822,972 from all other sources, including parking and ground transportation providers; an increase of \$70,271 from the previous year. This increase was due in large part to an increase in ground transportation and parking income.



# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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

- \$9,459,564 in capital outlays; a decrease of \$14,814,622 from the previous year. This large decrease was due to the completion of the remodel and expansion of the Airport passenger terminal building in early 2011.
- \$3,168,936 related to the provision of security screening services; a decrease of \$293,010 over the previous year.
- \$5,058,498 for general operating expenses; an increase of \$270,254 over the previous year.

**Analysis of Significant Changes.** For the fiscal year ending June 30, 2011 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. The availability of one or both of these sources of revenue could dramatically limit the Airport Board's ability to make capital outlays in the future.

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

### **Specific Comments**

**Net Assets.** Total net assets increased from \$58,067,274 to \$60,378,328, an increase of \$2,311,054 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 and CFC) increased from \$2,830,666 to \$4,607,097, an increase of \$1,776,431 over the last fiscal year (see page 11).

**Accounts Payable and Total Liabilities.** Accounts payable at the end of the fiscal year decreased from \$3,380,782 to \$441,194, a decrease of \$2,939,588 from the last fiscal year (see page 8). This results in a similar decrease in total liabilities. This decrease relates to the completion of ongoing construction projects, during which large accounts payable were routine.

**Operating Revenues.** Operating revenues, including security screening, increased from \$10,172,422 to \$12,107,862, an increase of \$1,935,440 over the last fiscal year. This was due to largely to an increase in security screening revenues and terminal rents.

**Operating Expenses.** Operating expenses also increased from \$11,441,927 to \$13,502,606, an increase of \$2,060,679 over the last fiscal year, due to increases including payroll, salaries and fuel.

**Non-Operating Revenues.** Non-Operating Revenues increased from \$1,032,428 to \$1,218,771, an increase of \$186,343 over the last fiscal year. This increase was due principally to initiation of a Customer Facilities Fee.

**Analysis of Budget Variances.**

Actual operating revenues for the Fiscal Year exceeded budget projections by \$786,994, a 13.7% 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 under budget by \$270,254, or 7%. Most decreases in operating expenses were related to decreased costs of employment.

Projected PFC reimbursements exceeded budget by \$11,104, an increase over budget of 1.2%. Projected grant revenues, net of PFC project reimbursement, were under budget by \$1,674,453, or 37%.

Revenues from the passenger security screening contract were \$4,866,739, which was \$3,538,051 or 266% above budget. This was caused by the fact that the screening contract renews annually, and until renewal occurred in the middle of the year, it could not be budgeted. Related expenses were \$3,168,936 or 169% under budget, in part 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 complete a major Terminal Area Expansion and Renovation Project in early 2011. 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 three 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 received a \$1,500,000 loan, at a 1.00% fixed rate, from the Business Ready Community program funds of the Wyoming Business Council, and in December 2010, the Board received \$2,000,000 loan, at 5% fixed rate, from Wyoming Department of Transportation.

**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, 2011

### ASSETS

Current assets	
Cash and cash equivalents	\$ 4,447,645
Investments	1,105,542
Accounts receivable	762,668
Receivable from state and federal governments	1,125,280
Prepaid expenses	257,308
Accrued interest receivable	725
Inventory	83,400
Total current assets	<u>7,782,568</u>
Noncurrent assets	
Series 2009 Revenue Bond issue costs, net of \$13,517 amortization	15,975
Restricted cash - customer facility fees	114,894
Restricted cash - passenger facility charges	44,558
Capital assets	
Buildings, improvements, equipment, and vehicles, net of accumulated depreciation	58,186,887
Art works	221,971
Construction in progress	762,400
Total capital assets	<u>59,171,258</u>
Total noncurrent assets	<u>59,346,685</u>
Total assets	<u>67,129,253</u>

### LIABILITIES

Current liabilities	
Accounts payable and retainage	441,194
Accrued wages payable	48,897
Compensated absences - current portion	14,541
Other payables	88,324
Current portion of long-term debt	582,380
Total current liabilities	<u>1,175,336</u>
Long term debt - net of current portion	5,417,979
Compensated absences - long-term portion	157,610
	<u>5,575,589</u>

### NET ASSETS

Invested in capital assets	53,170,899
Restricted for passenger facility charges expenditures	44,558
Unrestricted	7,162,871
Total net assets	<u>\$ 60,378,328</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, 2011

Operating revenues	
Landing, ramp, holding room, and boarding pass check fees	\$ 2,486,487
Lease rentals	3,090,965
Security screening reimbursement (TSA)	4,925,966
Glycol sales	610,455
LEO service reimbursement contract (TSA)	143,126
Parking income	594,345
Display case and local service reservations	77,248
Gas tax refund	145,807
Miscellaneous	33,463
	<hr/>
Total operating revenues	12,107,862
	<hr/>
Operating expenses	
Capital maintenance	927,259
Consulting - noise study	55,214
Depreciation	3,968,043
Dues and subscriptions	6,383
Environmental management	6,514
Fire rescue training and supplies	42,311
Franchise fees	88,754
Fuel	102,313
Glycol	544,193
Insurance	409,023
Repairs, maintenance and supplies	602,501
Meeting expenses	51,148
Miscellaneous	71,447
Office expenses	83,355
Payroll taxes and benefits	2,045,172
Professional fees	143,283
Salaries	3,469,829
Screening	117,610
Security	329,969
Snow removal	61,318
Telephone	30,252
Travel	46,560
Utilities	300,155
	<hr/>
Total operating expenses	13,502,606
	<hr/>
Loss from operations	(1,394,744)
	<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, 2011**

Non-operating revenues and expenses	
Interest income	\$ 4,092
Interest expense	(177,095)
Non capital grants	284,215
Passenger facilities reimbursements	1,083,324
Customer facility fees	423,768
Loss on asset disposal	<u>(399,533)</u>
Total non-operating revenues and expenses	<u>1,218,771</u>
Loss before capital contributions	(175,973)
Capital contributions	<u>2,487,027</u>
Change in net assets	2,311,054
Total net assets - beginning of year	<u>58,067,274</u>
Total net assets - end of year	<u><u>\$ 60,378,328</u></u>

See accompanying notes to the financial statements

## JACKSON HOLE AIRPORT BOARD

### STATEMENT OF CASH FLOWS Year Ended June 30, 2011

Cash flows from operating activities	
Cash received from customers	\$ 11,940,048
Cash payments to suppliers for services	(3,909,509)
Cash payments to employees for services	(5,491,389)
Net cash provided by operating activities	<u>2,539,150</u>
Cash flows from capital and related financing activities	
Passenger facilities reimbursements	955,662
Acquisitions of property and equipment	(8,116,010)
Customer facility charges received	361,694
Principal payments on 2009 Series Revenue Bond and Business Ready Community Loan Program	(411,111)
Interest payments on 2009 Series Revenue Bond and Business Ready Community Loan Program	(177,095)
Loan from Wyoming Department of Transportation	2,000,000
Grants received from State and Federal governments	3,750,428
Net cash used in capital and related financing activities	<u>(1,636,432)</u>
Cash flows from investing activities	
Redemption of certificates of deposits	820,232
Interest on investments	4,642
Net cash provided by investing activities	<u>824,874</u>
Net decrease in cash and cash equivalents	1,727,592
Cash and cash equivalents at beginning of year (Including \$48,839 for PFC's reported as restricted assets)	<u>2,879,505</u>
Cash and cash equivalents at end of year (Including \$44,558 and \$114,894 for PFC's and CFF's reported as restricted assets)	<u>\$ 4,607,097</u>

See accompanying notes to the financial statements



**JACKSON HOLE AIRPORT BOARD**  
**STATEMENT OF CASH FLOWS (Continued)**  
Year Ended June 30, 2011

Reconciliation of operating loss to net cash provided by operating activities

Loss from operations	\$ (1,394,744)
Adjustments to reconcile loss from operations to net cash provided by operating activities	
Depreciation and amortization	3,968,043
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	307,059
Receivable from state and federal governments	(474,873)
Prepaid expenses	88,752
Inventory	(2,361)
Accounts payable and retainage	23,662
Accrued wages payable	(40,887)
Accrued compensated absences	13,470
Other payables	51,029
	51,029
Net cash provided by operating activities	\$ 2,539,150

Supplemental schedule on non-cash investing activities:

Loss on disposal of assets	\$ 399,533
Transfer of prepaid terminal art to property and equipment	\$ 260,564

See accompanying notes to the financial statements

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# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### **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 2053. 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 proprietary 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.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

#### ***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.

#### ***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, 2011

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**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, apron, ramps and taxiways	10 to 20
Equipment	7 to 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.

***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, 2011

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**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.

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

In June 2010, the Board established on-airport rental car facility fee to be paid and collected by on-airport rental car companies for the purpose of financing and payment of the repair, planning, construction and/or improvement of facilities and improvements with benefit on-airport rental car companies. The car facility fee of \$2 per customer per transaction day, capped at the first fourteen days of any continuous vehicle rental will be charged and collected by each on-airport car rental company from each person entering into a motor vehicle rental agreement. The car facility fee commenced on August 1, 2010 and will terminate July 31, 2012 unless sooner terminated or extended by the Board. Car facility fees 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.

**JACKSON HOLE AIRPORT BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

**Note 2. Property and Equipment**

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2010	Additions	Deletions and Transfers	Ending Balance June 30, 2011
<b>Primary Government</b>				
Business-type activities				
Capital assets, not being depreciated				
Art - terminal building	\$ 36,921	\$ 185,050	\$ -	\$ 221,971
Construction in progress	26,363,908	5,485,410	31,086,918	762,400
	<u>26,400,829</u>	<u>5,670,460</u>	<u>31,086,918</u>	<u>984,371</u>
Capital assets, being depreciated				
Buildings and runways	59,233,491	30,164,796	3,055,107	86,343,180
Equipment	4,350,275	576,702	60,406	4,866,571
Furniture, fixtures and computer equipment	481,974	41,404	109,707	413,671
Vehicles including fire trucks	2,205,554	46,879	-	2,252,433
	<u>66,271,294</u>	<u>30,829,781</u>	<u>3,225,220</u>	<u>93,875,855</u>
	<u>34,553,986</u>	<u>3,960,669</u>	<u>2,825,687</u>	<u>35,688,968</u>
	<u>31,717,308</u>	<u>26,869,112</u>	<u>399,533</u>	<u>58,186,887</u>
	<u>\$ 58,118,137</u>	<u>\$ 32,539,572</u>	<u>\$ 31,486,451</u>	<u>\$ 59,171,258</u>

Depreciation expense for the year ended June 30, 2011 was \$3,960,669.

**Note 3. Deposits and Investments**

As of June 30, 2011, all of the Boards investments consisted of Certificates of Deposit with maturity dates no greater than one year and interest rates ranging from 0.05% to 0.55%.

**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, 2011, 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, 2011

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### **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, 2011, 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, 2011, 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, 2011

**Note 4. Long Term Dept 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.

In December 2010, the Board received \$2,000,000 loan at 5% fixed rate from Wyoming Aeronautics Commission Loan for the purpose of paying part of the costs to of the terminal area expansion and remodel project at the Jackson Hole Airport. The principal and interest on the Wyoming Aeronautics Commission Loan are payable ten annual payments of \$259,009. 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 of the Board are pledged as collateral on the Wyoming Aeronautics Commission Loan. The Wyoming Aeronautics Commission Loan is subordinate to the security interest of the Bank of the West but is equal in priority to the assignment and pledge of revenues to the Wyoming Business Council loan.

The debt service requirements on the Board's long-term debt as of June 30, 2011, are summarized as follows:

Year ending June 30,	Series 2009 Revenue Bond		Business Ready Community Program Loan		Wyoming Department of Transportation Loan		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 278,564	\$102,374	\$ 144,807	\$ 13,567	\$ 159,009	\$100,000	\$ 798,321
2013	290,350	90,588	146,255	12,118	166,960	92,050	798,320
2014	2,075,124	13,979	147,718	9,179	175,308	83,702	2,505,009
2015	-	-	149,195	7,687	184,073	74,936	415,891
2016	-	-	150,687	6,180	193,277	65,733	415,876
2017-2021	-	-	618,005	15,528	1,121,374	173,672	1,928,578
	<u>\$2,644,038</u>	<u>\$206,941</u>	<u>\$ 1,356,667</u>	<u>\$ 64,258</u>	<u>\$2,000,000</u>	<u>\$590,092</u>	<u>\$ 6,861,996</u>

The following is a summary of changes in long-term debt of the Board for the year ended June 30, 2011:

	Balance June 30, 2010	New Debt Incurred	Debt Retired	Balance June 30, 2011	Due Within One Year
Series 2009 Revenue Bond	\$2,911,470	\$ -	\$ 267,778	\$2,643,692	\$ 278,564
Wyoming Business Council	1,500,000	-	143,333	1,356,667	144,807
Wyoming Department of Transportation	-	2,000,000	-	2,000,000	159,009
Total long-term debt	<u>4,411,470</u>	<u>2,000,000</u>	<u>411,111</u>	<u>6,000,359</u>	<u>582,380</u>
Compensated absences	158,681	13,470	-	172,151	14,541
	<u>\$4,570,151</u>	<u>\$2,013,470</u>	<u>\$ 411,111</u>	<u>\$ 6,172,510</u>	<u>\$ 596,921</u>



# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

### 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, 2011, 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.

### 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 7.00% of their annual covered salary and the Board is required to contribute 7.12% 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 all except for 1.43% 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 \$398,726, \$318,046, and \$335,187 for 2011, 2010 and 2009 respectively, which equaled 100% of the required contribution for the year.

### Note 7. Operating Lease

In December 2010, the Board leased a glycol truck for a term beginning in January 2010 through December 2014. The monthly rent is \$1,683 payable in advance on the first business day of each month. The Board is responsible for insurance and all taxes and fees on the leased glycol truck. The annual minimum lease payments on the glycol truck are as follows:

June 30,		
2012	\$	20,196
2013		20,196
2014		20,196
2015		10,098
	\$	<u>70,686</u>

In 2011, the Board paid \$20,196 under this operating lease agreement.

**JACKSON HOLE AIRPORT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

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**Note 8. Support from Governmental Units**

The Board receives a substantial amount support from federal and state governments to fund its capital project and airport related studies. If a significant reduction in this level of support were to occur, it may have a significant effect on the Board's ability to continue its capital project activities at their present level. During the fiscal year ended June 30, 2011, the Board received \$2,771,242 in support from federal and state governments to fund its capital projects and airport related studies.

**Note 9. 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.

**Note 10. Commitments**

In May 2011, the Board awarded contracts for glycol deicing pad and runway centerline lights in the amount of \$5,433,287 and \$549,790, respectively. Both contract awards are contingent upon an approval of grant awards.

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. March 2007, the Board entered into a five year contract for custodial services expiring in April 2012. The annual payments under this contract are \$135,000 in 2012.

**Note 11. Subsequent event**

A grant from the Transportation Security Administration to the Airport Board is the subject of an ongoing audit by the Department of Homeland Security - Office of Inspector General. That audit has not been completed and no findings have been issued. The Airport Board understands such audit may result in a negative finding concerning one aspect of TSA's administration of the grant. The Airport Board has no reason to believe at this time that the audit will result in a financial impact to the Airport Board.

**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, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
Airlines revenue	\$ 1,081,450	\$ 1,130,456	\$ 49,006
Airlines shared - baggage claim	426,810	421,658	(5,152)
Airlines shared - security holding room	348,803	347,247	(1,556)
Airlines checked baggage	245,700	242,277	(3,423)
Brochures, display, and phone board	55,500	77,248	21,748
FAA office rent	9,264	12,101	2,837
Restaurant rent and GA catering	93,000	109,083	16,083
Gas tax refund	120,000	152,994	32,994
Glycol administration	25,000	52,951	27,951
Ground transportation	55,000	96,646	41,646
Interest	20,000	4,642	(15,358)
JHA, LLC - rent and operations fee	362,000	432,368	70,368
Landing fee g/s and other	190,000	249,167	59,167
Miscellaneous	4,000	18,040	14,040
Parking	346,000	497,699	151,699
Rental cars	2,073,900	2,310,041	236,141
Rental cars - off airport	190,000	239,162	49,162
TSA office rent	6,800	8,177	1,377
TSA reimbursement - LEO	100,000	133,377	33,377
Worldwide office/operations	5,348	10,235	4,887
Total operating revenues	<u>5,758,575</u>	<u>6,545,569</u>	<u>786,994</u>
<b>Grant, PFC revenues, and donations</b>			
Noise monitoring - AIP - 37	45,000	10,412	(34,588)
Taxiway rehabilitation Phase I - AIP - 38	-	223,703	223,703
Taxiway rehabilitation Phase II - AIP - 39	-	173,123	173,123
Terminal building design - AIP - 42	70,000	164,463	94,463
Terminal building construction - AIP - 44	2,300,000	1,066,024	(1,233,976)
Terminal building construction - TSA grant	800,000	524,742	(275,258)
Terminal building construction - WAC grant	200,000	100,000	(100,000)
Operations enhancement study - WAC grant	320,000	146,699	(173,301)
Design centerline lights - WAC grant	160,000	129,040	(30,960)
Apron rehabilitation - WAC grant	300,000	286,341	(13,659)
Design glycol recapture system	304,000	-	(304,000)
	<u>4,499,000</u>	<u>2,824,547</u>	<u>(1,674,453)</u>
PFC income	900,000	911,104	11,104
CFC income	-	246,800	246,800
Total grant, PFC revenues, and donations	<u>5,399,000</u>	<u>3,982,451</u>	<u>(1,416,549)</u>
<b>Security screening contract</b>			
TSA screening reimbursement	1,328,688	4,866,739	3,538,051
Total reimbursement screening	<u>1,328,688</u>	<u>4,866,739</u>	<u>-</u>
Total revenues	<u>12,486,263</u>	<u>15,394,759</u>	<u>2,908,496</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating expenses			
Salaries	\$ 1,605,377	\$ 1,588,082	\$ 17,295
Payroll taxes	207,094	279,486	(72,392)
Employee benefits - medical insurance	518,556	463,972	54,584
Employee benefits - retirement	176,180	164,472	11,708
Building insurance	430,000	437,926	(7,926)
Building supplies	65,500	78,904	(13,404)
Contract cleaning services	193,000	181,440	11,560
Control tower operations	52,000	32,000	20,000
Dues and subscriptions	7,500	6,203	1,297
Environmental planning and operations	176,800	6,514	170,286
Fire rescue training and supplies	57,196	42,346	14,850
Use agreement payment	88,000	79,731	8,269
Fuel	60,000	101,630	(41,630)
JH security services	79,769	79,769	-
Landscaping	15,700	18,799	(3,099)
Legal fees	82,000	76,666	5,334
Meeting and school expense	63,600	50,753	12,847
Miscellaneous	2,000	37,425	(35,425)
Noise abatement plan	46,100	55,214	(9,114)
Office expense	97,000	83,342	13,658
Security	260,000	250,200	9,800
Professional fees	95,000	82,676	12,324
Repair and maintenance expenses	474,440	415,788	58,652
Telephone	26,000	31,059	(5,059)
Travel	64,700	46,695	18,005
Utilities	379,000	306,087	72,913
Snow removal	75,100	61,319	13,781
Equipment - operations	55,600	-	55,600
Total operating expenses	<u>5,453,212</u>	<u>5,058,498</u>	<u>394,714</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital outlay			
PFC administration	\$ 25,000	\$ -	\$ 25,000
Ground water study	-	93,431	(93,431)
Noise monitoring system - AIP - 37	47,500	-	47,500
Taxiway rehabilitation/Schedule I and II - AIP - 38	-	89,760	(89,760)
Taxiway rehabilitation/Schedule I and II - AIP - 39	-	172,571	(172,571)
Crack sealing	-	17,941	(17,941)
Miscellaneous projects	-	17,531	(17,531)
Terminal construction			
Terminal architect fees	200,000	150,478	49,522
Construction manager fees	800,000	705,292	94,708
Terminal building construction	3,797,500	5,689,389	(1,891,889)
Car rental area	727,500	727,503	(3)
Terminal debt expense	1,033,197	539,311	493,886
Restaurant remodel	473,153	296,751	176,402
New electric vehicle	16,000	16,893	(893)
Test wells	28,000	24,998	3,002
Joint seal repair - WAC grant - 2413	-	16,867	(16,867)
Centerline lighting - WAC grant - 2735	200,000	70,090	129,910
Aircarrier apron rehabilitation - WAC grant - 2636	375,000	400,116	(25,116)
Operations enhancement study - WAC - 2658	400,000	334,131	65,869
RW centerline lighting - WAC grant	-	91,211	(91,211)
Runway safety area improvement	-	2,500	(2,500)
Glycol recovery system	320,000	2,800	317,200
Apron crack and joint seal	20,000	-	20,000
Total capital outlay	<u>8,462,850</u>	<u>9,459,564</u>	<u>(996,714)</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, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Security screening contract expenses			
Salaries	\$ 1,180,000	\$ 1,900,361	\$ (720,361)
Payroll taxes	-	120,290	(120,290)
Benefits - retirement	-	211,521	(211,521)
Benefits - medical insurance	-	816,489	(816,489)
Screening costs - other	-	113,516	(113,516)
Screening costs - nonreimbursable	-	5,660	(5,660)
TSA claims - damages	-	1,099	(1,099)
Total screening contract expenses	1,180,000	3,168,936	(1,988,936)
Total expenses	15,096,062	17,686,998	(2,590,936)
 Excess revenues over expenses	 \$ (2,609,799)	 (2,292,239)	 \$ 317,560
Fixed assets (budgeted but not included as an expense)		(13,943)	
PFC deferred revenue (non-budget item)		159,451	
Glycol income and expense, net (non-budget item)		147,420	
Accounts receivable change (non-budget item)		904,538	
Deposits (non-budget item)		2,132	
Long-term debt		2,000,000	
Cash including certificates of deposit of \$3,326,545 and PFC restricted cash \$48,839 - beginning of year		4,805,280	
Cash including certificates of deposit of \$1,905,542 and PFC restricted cash \$44,558 and CFF restricted cash of \$114,894 - end of year		\$ 5,712,639	

**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, 2011**

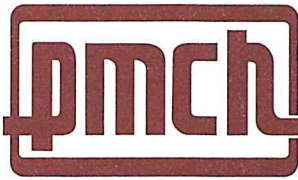
<u>PFC Projects</u>	Balance Unliquidated PFC June 30, 2010	PFC Collections	Interest Earned	PFC Expenditures	Balance Unliquidated PFC June 30, 2011
APP 10 Apron, Studies, Taxiway	\$ -	\$ -	\$ -	\$ -	\$ -
APP 11 EDS Installation, SRE Equipment, Noise Upgrade, Administration	(1,065,739)	1,065,724	15	-	-
APP 12 Terminal, Master Plan, Operation, and Administration	(4,256,504)	11,964	-	5,984,738	(10,229,278)
	<u>\$ (5,322,243)</u>	<u>\$ 1,077,688</u>	<u>\$ 15</u>	<u>\$ 5,984,738</u>	<u>\$ (10,229,278)</u>

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**COMPLIANCE AND INTERNAL CONTROL REPORTS**

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# PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2759 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

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, 2011 and have issued our report thereon dated December 06, 2011. 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*.

To the Board of Directors  
Jackson Hole Airport Board  
Page 2

We noted certain matters that we reported to management of the Board in a separate letter dated December 6, 2011.

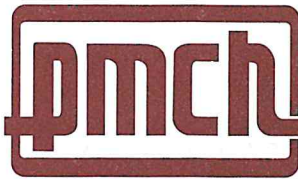
This report is intended solely for the information and use of the Board, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 6, 2011



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, 2011. 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, 2011.


***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 6, 2011

**SINGLE AUDIT SECTION**

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**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

Federal/State Grantor/Program Title	Federal CFDA Numbers	Project Number	Expenditures
U.S. Department of Transportation			
Airport Improvement Program # 37	20.106	3-56-0014-37	\$ 10,412
Airport Improvement Program # 38	20.106	3-56-0014-38	223,703
Airport Improvement Program # 39	20.106	3-56-0014-39	173,123
Airport Improvement Program # 42	20.106	3-56-0014-42	164,463
Airport Improvement Program # 44	20.106	3-56-0014-44	1,066,024
			<u>1,637,725</u>
Total U.S. Department of Transportation			<u>1,637,725</u>
U.S. Department of Homeland Security			
Funds received under ARRA			
TSA Airport Checked Baggage Inspection System Program	ARRA - 97.117	-	524,741
Total U.S. Department of Homeland Security			<u>524,741</u>
Total Federal Awards			<u>\$ 2,162,466</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

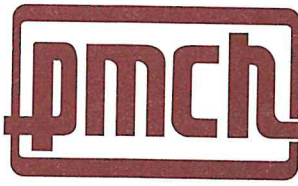
June 30, 2011

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**Note 12. 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, 2011. 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, 2011.


***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 6, 2011

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2011

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**Section I - Summary of Auditor's Results**

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**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 (ARRA)

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, 2011

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**Section II - Financial Statement Findings**

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No matters were reported.

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**Section III - Federal Award Findings and Questioned Costs**

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No matters were reported.

JACKSON HOLE AIRPORT BOARD

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2011

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*None*

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