

**JACKSON HOLE AIRPORT BOARD**

**FINANCIAL REPORT**

**June 30, 2012**

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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, 2012, 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, 2012, 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 October 11, 2012, 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 7 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 awards, and the schedule of passenger facility charges collected and expended is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional 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, required supplementary information, 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

October 11, 2012



# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2012

(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, 2012 (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 \$69,206,583 (net assets). Of this amount, \$8,811,355 is classified as unrestricted net assets, which may be used to meet the Airport Board's ongoing obligations to citizens and creditors.
- The Airport Board's total net assets increased by \$8,828,255.
- As of the close of the fiscal year, the Airport Board's general cash and investments balance was \$4,870,054. Of this, \$800,000 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 \$6,471. This PFC balance is restricted for spending in accordance with the Airport Board's PFC applications, and as approved by the Federal Aviation Administration.
- The Airport Board's total long-term debt decreased by \$4,788,542 during the current fiscal year.

**Overview of the Financial Statements.** This discussion and analysis is intended to serve as an introduction to the Airport Board's financial statements. The Airport Board's financial statements are comprised of basic financial statements (found at pages 8 through 13) which include all revenue and expenses, and supplementary information (found at pages 25 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 39 and 40), a report on compliance with OMB Circular A-133 (found on pages 41 and 42), and a summary of the auditor's findings (found at pages 43 and 44).

**Basic Financial Statements.** The Basic Financial Statements are made up of four components: (1) Statement of Net Assets, at page 9; (2) Statement of Revenues, Expenses and Changes in Net Assets, at pages 10-11; (3) Statement of Cash Flows, at pages 12-13; and (4) Notes to Financial Statements, at pages 14-24. 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 \$8,828,255 during the fiscal year.

# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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 including restricted PFC and CFCs at the beginning of the fiscal year were \$4,607,097, and at the end of the fiscal year were \$4,769,410, an increase of \$162,313.

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

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Airport Board, assets exceeded liabilities by \$69,206,583 at the close of the most recent fiscal year.

	2012	2011
<u>Assets</u>		
Current and other assets	\$ 10,114,763	\$ 7,957,995
Capital assets, net	61,600,575	59,171,258
Total assets	71,715,338	67,129,253
<u>Liabilities</u>		
Current and other liabilities	1,249,531	1,175,336
Long term liabilities	1,259,224	5,575,589
Total liabilities	2,508,755	6,750,925
<u>Net Assets</u>		
Invested in capital assets	60,388,757	53,170,899
Restricted for passenger facility charges expenditures	6,471	44,558
Unrestricted	8,811,355	7,162,871
Total net assets	\$ 69,206,583	\$ 60,378,328

The Airport Board's total revenues including capital contributions of \$23,263,253 exceeded its total expenses of \$13,972,250 for an increase in net assets of \$8,828,255 inclusive of the effect of writing off specific assets through a prior period adjustment in 2012. A summary of revenues and expenses is shown below:

	2012	2011
Program revenues	\$ 12,203,970	\$ 12,107,862
Program expenses	13,791,945	13,502,606
Loss from operations	(1,587,975)	(1,394,744)
Non-operating revenues and expenses		
Interest income	3,808	4,092
Interest expense	(167,191)	(177,095)
Non capital grants	20,000	284,215
Passenger facilities reimbursements	832,576	1,083,324
Customer facility fees	566,050	423,768
Loss on asset disposal	(13,114)	(399,533)
Total non-operating revenues and expenses	1,242,129	1,218,771
Net loss before capital contributions	(345,846)	(175,973)
Capital contributions	9,636,849	2,487,027
	9,291,003	2,311,054
Net assets - beginning of year as previously reported	60,378,328	58,067,274
Prior period adjustment	(462,748)	-
Net assets - beginning of year as restated	59,915,580	58,067,274
Net assets - end of year	\$ 69,206,583	\$ 60,378,328



# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

**Supplementary Financial Information.** The supplementary financial information, found at pages 25 through 32 of the Financial Statements, are composed of (a) Schedules of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), at pages 27-30, and (b) the Schedule of Passenger Facility Charges Collected and Expended, at page 32. These Schedules have not been prepared in accordance with generally accepted accounting principles (GAAP), but are useful for a deeper understanding of variances between budgeted and actual revenues, expenses and capital outlays in a more detailed breakdown by categories.

The Schedule of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), is prepared on the cash-basis and 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:

- \$7,615,778 from state and federal grants for selected capital improvements and equipment acquisitions; an increase of \$4,791,231 from the previous year. This large increase in grant funding resulted in part from continued reimbursements for the terminal building expansion completed in 2010 and reimbursements for the runway safety area, centerline lighting and deicing projects.
- \$5,225,738 earned through provision of security screening services under a contract with the Transportation Security Administration (TSA); an increase of \$358,999 over the previous year.
- \$874,442 in project reimbursements from Passenger Facility Charges collected by airlines from airline passengers utilizing the Airport; a decrease of \$36,662 over the previous year.
- \$2,222,258 in rentals and fees related to the operations of scheduled airlines; an increase of \$70,385 over the previous year.
- \$695,417 from general aviation related rentals and fees, including those received from the fixed base operator, and landing fees; an increase of \$13,882 over the previous year.
- \$257,901 from other terminal and facilities rents and access fees, including the restaurant, gift shop, TSA rental and terminal advertising; an increase of \$51,292 over the previous year.
- \$2,534,058 from on and off-airport rental car concession fees, a decrease of \$15,145 over the previous year.
- \$798,207 from all other operating revenues (excluding glycol) and including parking and ground transportation providers; a decrease of \$105,191 from the previous year. This decrease was due in large part to a decrease in TSA LEO reimbursements, parking income, and ground transportation.

# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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

- \$6,821,284 in capital outlays; a decrease of \$2,638,280 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.
- \$3,751,010 related to the provision of security screening services; an increase of \$582,074 over the previous year.
- \$5,476,107 for general operating expenses (excluding glycol); an increase of \$417,609 over the previous year. This was in part due to the increase cost for LEO and custodial contract cleaning.

**Analysis of Significant Changes.** For the fiscal year ending June 30, 2012 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 \$60,378,328 to \$69,206,583, an increase of \$8,828,255 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 \$4,607,097 to \$4,769,410, an increase of \$162,313 over the last fiscal year (see page 12).

**Accounts Payable and Total Liabilities.** Accounts payable at the end of the fiscal year increased from \$441,194 to \$975,677 an increase of \$534,483 from the last fiscal year. This increase relates to the ongoing construction projects. However, total liabilities decreased by \$4,242,170 due to the payoff of two loans.

**Operating Revenues.** Operating revenues, including security screening, increased from \$12,107,862 to \$12,203,970, an increase of \$96,108 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 \$13,502,606 to \$13,791,945, an increase of \$289,339 over the last fiscal year, due to increases including payroll, salaries and fuel.

# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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**Non-Operating Revenues and Expenses.** Non-operating revenues and expenses decreased from \$1,218,771 to \$1,242,129, a decrease of \$26,642 over the last fiscal year.

**Analysis of Budget Variances.**

Actual operating revenues for the fiscal year exceeded budget projections by \$963,841, a 16% increase over the amount budgeted. This was due principally to including glycol sales and fees of \$426,082 in the actual expenses. There were increases over budget in a number of categories including rental car revenue and general aviation landing fees. At the same time, actual operating expenses were over budget by \$153,580, or 2.5%.

Revenues from the passenger security screening contract were \$5,225,738, which was \$108,675 or 2% above budget. Related security screening expenses were \$3,751,010 under budget by \$997,735 or 22%.

**Capital Asset Long-Term Debt Activity.** At the end of June 30, 2012, the Airport had \$60,388,757 invested in capital assets. This represents a net increase of \$7,217,858 or 13.57% increase from 2011. This increase is primarily due to the completion of the runway safety area project and the runway centerline lighting and de-icing projects in progress at the end of June 30, 2012.

**Long-Term Debt Activity.** During the year ended June 30, 2012, the Airport paid off the Series 2009 Revenue Bond in the amount of \$2,643,692 and the loan from Wyoming Aeronautics Commission in the amount of \$2,000,000. The Airport had a \$1,211,818 loan from Wyoming Business Council outstanding at June 30, 2012.

**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

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## **BASIC FINANCIAL STATEMENTS**

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# JACKSON HOLE AIRPORT BOARD

## STATEMENT OF NET ASSETS

June 30, 2012

### ASSETS

#### Current assets

Cash and cash equivalents	\$ 4,070,054
Investments	800,000
Accounts receivable	735,523
Receivable from state and federal governments	3,351,182
Prepaid expenses	302,653
Accrued interest receivable	95
Inventory	155,900
Total current assets	<u>9,415,407</u>

#### Noncurrent assets

Restricted cash - customer facility fees	692,885
Restricted cash - passenger facility charges	6,471

#### Capital assets

Buildings, improvements, equipment, and vehicles, net of accumulated depreciation	56,574,279
Art works	221,971
Construction in progress	4,804,325
Total capital assets	<u>61,600,575</u>
Total noncurrent assets	<u>62,299,931</u>
Total assets	<u>71,715,338</u>

### LIABILITIES

#### Current liabilities

Accounts payable and retainage	975,677
Accrued wages payable	82,744
Compensated absences - current portion	10,111
Other payables	34,786
Current portion of long-term debt	146,213
Total current liabilities	<u>1,249,531</u>

Long term debt - net of current portion

1,065,605

Compensated absences - long-term portion

193,619

1,259,224

Total liabilities

2,508,755

### NET ASSETS

Invested in capital assets	60,388,757
Restricted for passenger facility charges expenditures	6,471
Unrestricted	8,811,355
Total net assets	<u>\$ 69,206,583</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, 2012

Operating revenues	
Landing, ramp, holding room, and boarding pass check fees	\$ 2,505,174
Lease rentals	3,119,036
Security screening reimbursement (TSA) -	5,282,588
Glycol sales	426,082
LEO service reimbursement contract (TSA) -	89,317
Parking income	511,245
Display case and local service reservations	73,254
Gas tax refund	137,955
Miscellaneous	59,319
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Total operating revenues	12,203,970
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Operating expenses	
Capital maintenance	275,062
Consulting - noise study	46,509
Depreciation	4,230,376
Dues and subscriptions	5,157
Environmental management	5,232
Fire rescue training and supplies	47,249
Franchise fees	90,788
Fuel	87,742
Glycol	378,770
Insurance	376,981
Repairs, maintenance and supplies	755,188
Meeting expenses	64,672
Miscellaneous	80,538
Office expenses	59,068
Payroll taxes and benefits	2,322,327
Professional fees	137,815
Salaries	3,688,200
Screening	124,376
Security	529,769
Snow removal	111,723
Telephone	31,902
Travel	51,833
Utilities	290,668
	<hr/>
Total operating expenses	13,791,945
	<hr/>
Loss from operations	(1,587,975)
	<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, 2012

Non-operating revenues and expenses	
Interest income	\$ 3,808
Interest expense	(167,191)
Non capital grants	20,000
Passenger facilities reimbursements	832,576
Customer facility fees	566,050
Loss on asset disposal	(13,114)
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Total non-operating revenues and expenses	1,242,129
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Loss before capital contributions	(345,846)
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Capital contributions	9,636,849
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Change in net assets	9,291,003
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Total net assets - beginning of year as previously reported	60,378,328
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Prior period adjustment	(462,748)
	<hr/>
Total net assets - beginning of year as restated	59,915,580
	<hr/>
Total net assets - end of year	<u><u>\$ 69,206,583</u></u>

See accompanying notes to the financial statements

# JACKSON HOLE AIRPORT BOARD

## STATEMENT OF CASH FLOWS Year Ended June 30, 2012

Cash flows from operating activities	
Cash received from customers	\$ 12,046,284
Cash payments to suppliers for services	(3,290,469)
Cash payments to employees for services	(5,998,639)
Net cash provided by operating activities	<u>2,757,176</u>
Cash flows from capital and related financing activities	
Passenger facilities reimbursements received	832,576
Acquisitions of property and equipment	(6,963,515)
Customer facility charges received	566,050
Principal payments on 2009 Series Revenue Bond and Business Ready Community Loan Program	(2,834,479)
Interest payments on 2009 Series Revenue Bond and Business Ready Community Loan Program	(167,191)
Repayments on loan from Wyoming Aeronautics Commission	(1,954,062)
Grants received from State and Federal governments	7,615,778
Net cash used in capital and related financing activities	<u>(2,904,843)</u>
Cash flows from investing activities	
Redemption of certificates of deposits	305,542
Interest on investments	4,438
Net cash provided by investing activities	<u>309,980</u>
Net increase in cash and cash equivalents	162,313
Cash and cash equivalents at beginning of year (Including \$44,558 and \$114,894 for PFC's and CFF's reported as restricted assets)	<u>4,607,097</u>
Cash and cash equivalents at end of year (Including \$6,471 and \$692,885 for PFC's and CFF's reported as restricted assets)	<u>\$ 4,769,410</u>

See accompanying notes to the financial statements

**JACKSON HOLE AIRPORT BOARD**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
Year Ended June 30, 2012

Reconciliation of operating loss to net cash provided by operating activities

Loss from operations	\$ (1,587,975)
Adjustments to reconcile loss from operations to net cash provided by operating activities	
Depreciation and amortization	4,230,376
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	27,145
Receivable from state and federal governments	(184,831)
Prepaid expenses	(45,345)
Inventory	(72,500)
Accounts payable and retainage	378,418
Accrued wages payable	33,847
Accrued compensated absences	31,579
Other payables	(53,538)
	<hr/>
Net cash provided by operating activities	<u><u>\$ 2,757,176</u></u>

Supplemental schedule on non-cash investing activities:

Loss on disposal of assets	\$ 13,114
MALS fixed asset removed from asset listing	\$ 462,748

See accompanying notes to the financial statements

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# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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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 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 eligible operating receipts and one-and-a-half percent of any eligible 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.

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 statement 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, 2012

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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:

	Years
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.

#### *Cash and Cash Equivalents*

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

#### *Deposits and Investments*

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

#### *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.



# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

#### ***Restricted Resources***

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

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

PFC funds are collected based on an approved FAA application to "impose" charges on enplaned passengers at the Airport. These funds are restricted for designated capital projects and any debt incurred to finance the construction of these projects. 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 amendments have increased the authorized collections and project expenditures to approximately \$11,674,000 in total.

Additionally, the May 18, 2001 record of collection amended the PFC rate to increase the collection level to \$4.50.

Charges collected and receivable are recorded as restricted assets.

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

In June 2010, the Board established an on-airport rental car facility fee to be collected by on-airport rental car companies from their customers and paid over to the Board for the purpose of financing and payment of the planning, design, enabling, construction, improvement and/or repair of facilities and improvements which benefit the on-airport rental car companies. The car facility fee of \$2 per customer per transaction day, 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. Car facility fees are recorded as restricted assets. The car facility fee commenced on August 1, 2010 and was to terminate on July 31, 2012 unless sooner terminated or extended by the Board. The Board is in the process of extending this agreement.

#### ***Revenue Recognition***

Additional types of Airport revenue are recognized as follows:

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

# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

#### Revenue Recognition (Continued)

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

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

### Note 2. Property and Equipment

A summary of changes in capital assets follows:

	Beginning Balance as restated July 1, 2011	Additions	Deletions and Transfers	Ending Balance June 30, 2012
<b>Primary Government</b>				
Business-type activities				
Capital assets, not being depreciated				
Art - terminal building	\$ 221,971	\$ -	\$ -	\$ 221,971
Construction in progress	762,400	7,035,395	2,993,470	4,804,325
	<u>984,371</u>	<u>7,035,395</u>	<u>2,993,470</u>	<u>5,026,296</u>
Capital assets, being depreciated				
Buildings and runways*	85,495,398	2,799,036	-	88,294,434
Equipment	4,866,571	204,539	37,315	5,033,795
Furniture, fixtures and computer equipment	413,671	34,450	3,691	444,430
Vehicles including fire trucks	<u>2,252,433</u>	<u>39,628</u>	<u>-</u>	<u>2,292,061</u>
Total capital assets, being depreciated	<u>93,028,073</u>	<u>3,077,653</u>	<u>41,006</u>	<u>96,064,720</u>
Less accumulated depreciation	<u>35,303,934</u>	<u>4,214,401</u>	<u>27,894</u>	<u>39,490,441</u>
Total capital assets, being depreciated, net	<u>57,724,139</u>	<u>(1,136,748)</u>	<u>13,114</u>	<u>56,574,279</u>
Business-type activities capital assets, net	<u>\$ 58,708,510</u>	<u>\$ 5,898,647</u>	<u>\$ 3,006,584</u>	<u>\$ 61,600,575</u>

\*The July 1, 2011 amount has been restated by \$462,748. See Note 9 for additional information.

Depreciation expense for the year ended June 30, 2012 was \$4,214,401.

# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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### **Note 3. Deposits and Investments**

As of June 30, 2012, all of the Board's investments consisted of Certificates of Deposit with maturity dates no greater than one year and interest rates ranging from 0.05% to 0.1%.

#### ***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, 2012, the Board was not exposed to interest rate risk since all investments were fixed rate certificates of deposit.

#### ***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, 2012, 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, 2012, 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 were payable in monthly installments which commenced in September 2009. The Bond was paid in full in 2012.

# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

In September 2009 the Board received a \$1,500,000 loan at a fixed rate of 1.00% 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 were 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 a \$2,000,000 loan at a fixed rate of 5% from the Wyoming Aeronautics Commission for the purpose of paying part of the costs of the terminal area expansion and remodel project at the Jackson Hole Airport. The principal and interest on the Wyoming Aeronautics Commission loan were payable in ten annual payments of \$259,009. This loan was paid in full in March of 2012.

The following is a summary of changes in long-term debt of the Board for the year ended June 30, 2012:

	Balance June 30, 2011	New Debt Incurred	Debt Retired	Balance June 30, 2012	Due Within One Year
Series 2009 Revenue Bond	\$2,643,692	\$ -	\$2,643,692	\$ -	\$ -
Wyoming Business Council	1,356,668	-	144,850	1,211,818	146,213
Wyoming Aeronautics Commission	2,000,000	-	2,000,000	-	-
Total long-term debt	6,000,360	-	4,788,542	1,211,818	146,213
Compensated absences	172,151	31,579	-	203,730	10,111
	<u>\$6,172,511</u>	<u>\$ 31,579</u>	<u>\$4,788,542</u>	<u>\$ 1,415,548</u>	<u>\$ 156,324</u>

The debt service requirements on the Board's long-term debt as of June 30, 2012, are summarized as follows:

Year ending June 30,	Business Ready Community Program Loan		
	Principal	Interest	Total
2013	\$ 146,213	\$ 12,118	\$ 158,331
2014	147,718	10,656	158,374
2015	149,195	9,179	158,374
2016	150,687	7,687	158,374
2017	152,194	6,180	158,374
2018-2021	465,811	9,347	475,158
	<u>\$1,211,818</u>	<u>\$ 55,167</u>	<u>\$ 1,266,985</u>



# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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### **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, 2012, the Board contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverages under each type of insurance policy vary in amounts and deductibles. The Board has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

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

The Board pays into the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative costs. The Board paid approximately \$99,000 and \$76,000 in 2012 and 2011, respectively.

### **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 \$503,247, \$398,726, and \$318,046 for 2012, 2011 and 2010 respectively, which equaled 100% of the required contribution for the year.

### **Note 7. Operating Lease**

The Board leases 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.

# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

### Note 7. Operating Lease (Continued)

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,	
2013	\$ 20,196
2014	20,196
2015	10,098
	<u>\$ 50,490</u>

In 2012, the Board paid \$20,196 under this operating lease agreement.

### 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, 2012, the Board received \$9,656,849 in support from federal and state governments to fund its capital projects and airport related studies.

### Note 9. Prior Period Adjustment

Under Title 49 U.S.C. Section 44502(e), airports have the option of having the FAA take over maintenance for an instrument landing system acquired with AIP funding and associated approach lighting as well as visual range equipment. If requested by the airport, the FAA will assume ownership and maintenance responsibility for an instrument system acquired under the AIP. In the prior years, the Board had requested the FAA to take over maintenance of an instrument landing system, the North MALS, acquired with AIP funds in 2002. During this year the Board became aware that the North MALS fixed asset was not removed from the Board's fixed asset schedule. The following represents the effect of the removal of the North MALS fixed asset on the financial statements:

Capital assets, being depreciated	
Buildings and runways, beginning of year as previously reported	\$ 86,343,179
Deletion of MALS asset	(847,781)
Buildings and runways, beginning of year as restated	<u>\$ 85,495,398</u>
Accumulated depreciation, beginning of year as previously reported	\$ (29,386,273)
Deletion of accumulated depreciation - MALS asset	385,034
Accumulated depreciation, beginning of year as restated	<u>\$ (29,001,239)</u>
Net assets, beginning of year as previously reported	\$ 60,378,328
Net decrease due to deletion of MALS asset	(462,748)
Net assets, beginning of year as restated	<u>\$ 59,915,580</u>



# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

### Note 10. Contractual Commitments

During the fiscal year ended June 30, 2012, the Board had several renovation projects. As of June 30, 2012, the Board had expended \$4,804,325 for these projects which is included in the construction in progress. As of June 30, 2012, the Board had the following contractual commitments for the renovation projects:

	Contract	Completed
Baggage claim remodel	\$ 915,062	\$ 148,884
Centerline lighting	2,957,267	1,568,273
De-icing project	6,426,333	2,499,034
Total renovation projects	10,298,662	4,216,191
Parking master plan	164,000	31,640
	<u>\$ 10,462,662</u>	<u>\$ 4,247,831</u>

The major funding source for these projects is Airport Improvement Program grants and passenger facility charges.

### Note 11. Contractual Obligations

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

### Note 12. Commitments

The Board enters into various contracts that extend beyond the current year. In July 2011, the Board renewed their agreement with the Town of Jackson with respect to the provision of law enforcement services. The agreement is effective until June 30, 2014 and requires monthly payments of \$37,500 for total annual payments of \$450,000 in both years 2013 and 2014. This agreement may be terminated by either of the parties without cause.

In May 2012, the Board entered into a five year contract for custodial services expiring in April 2015. The annual payments under this contract are \$180,000 for the first year commencing May 2012.

### Note 13. Subsequent Event

In August 2012, the Board approved a purchase of a snow plow not to exceed \$465,000.

### Note 14. Accounting Standards Issued, But Not Implemented

As of June 30, 2012, the Governmental Accounting Standards Board has issued the following standards which the Jackson Hole Airport Board may implement in its next fiscal year.

# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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### **Note 14. Accounting Standards Issued, But Not Implemented (Continued)**

Governmental Accounting Standard No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was issued to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this statement, an SCA is an arrangement between a transferor (a government) and an operator (a governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This standard applies to financial statements for periods beginning after December 15, 2011. Management has not finished assessing the effect of implementing this standard.

Governmental Accounting Standard No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, was issued to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. This standard applies to financial statements for periods beginning after June 15, 2012. Management has not finished assessing the effect of implementing this standard.

Governmental Accounting Standard No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. This standard applies to financial statements for periods beginning after December 15, 2011. Management has not finished assessing the effect of implementing this standard.

Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This standard applies to financial statements for periods beginning after December 15, 2011. Management has not finished assessing the effect of implementing this standard.

Governmental Accounting Standard No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions -- an amendment of GASB Statement No. 53*, was issued to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This standard applies to financial statements for

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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**Note 14. Accounting Standards Issued, But Not Implemented (Continued)**

periods beginning after December 15, 2012. Management has not finished assessing the effect of implementing this standard.

Governmental Accounting Standard No. 65, *Items Previously Reported as Assets and Liabilities*, was issued to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard applies to financial statements for periods beginning after June 15, 2011. Management has not finished assessing the effect of implementing this standard.

Governmental Accounting Standard No. 66, *Technical Corrections 2012 an amendment of GASB Statements No. 10 and No. 62*, was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 , *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62 , *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This standard applies to financial statements for periods beginning after December 15, 2012. Management has not finished assessing the effect of implementing this standard.

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**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, 2012

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Airlines revenue	\$ 1,085,047	\$ 1,088,208	\$ 3,161
Airlines shared - baggage claim	426,810	426,812	2
Airlines shared - security holding room	434,208	452,592	18,384
Airlines checked baggage	245,700	245,700	-
Brochures, display, and phone board	55,000	73,254	18,254
FAA office rent	12,100	11,572	(528)
Restaurant rent and GA catering	117,000	164,525	47,525
Gas tax refund	120,000	152,828	32,828
Glycol administration	30,000	426,082	396,082
Ground transportation	80,000	79,713	(287)
Interest	20,000	4,756	(15,244)
JHA, LLC - rent and operations fee	376,000	422,563	46,563
Landing fee g/s and other	190,000	272,854	82,854
Miscellaneous	5,000	33,527	28,527
Parking	370,000	431,612	61,612
Rental cars	2,097,165	2,289,698	192,533
Rental cars - off airport	200,000	244,360	44,360
TSA office rent	6,800	8,550	1,750
TSA reimbursement - LEO	90,000	95,771	5,771
Worldwide office/operations	9,252	8,946	(306)
Total operating revenues	5,970,082	6,933,923	963,841
Grant, PFC revenues, and donations			
Safety area improvement	1,760,000	1,760,000	-
Safety planning study	160,000	55,101	(104,899)
Taxiway rehabilitation Phase II - AIP - 39	-	-	-
Terminal building design - AIP - 42	-	18,265	18,265
Terminal building construction - AIP - 43	-	118,447	118,447
Terminal building construction - AIP - 44	-	118,448	118,448
Terminal building construction - AIP - 45	-	1,344,910	1,344,910
Terminal building construction - WAC grant	-	100,000	100,000
Operations enhancement study - WAC grant	-	147,081	147,081
Design centerline lights - WAC grant	-	31,152	31,152
Design centerline lights - AIP - 46	3,325,000	933,724	(2,391,276)
Terminal building expansion - AIP - 47	-	2,279,290	2,279,290
Apron rehabilitation - WAC grant	-	34,017	34,017
Design glycol recapture system	5,320,000	675,343	(4,644,657)
	10,565,000	7,615,778	(2,949,222)
PFC income	-	874,442	874,442
Total grant, PFC revenues, and donations	10,565,000	8,490,220	(2,074,780)
Security screening contract			
TSA screening reimbursement	5,117,063	5,225,738	108,675
Total reimbursement screening	5,117,063	5,225,738	108,675
Total revenues	21,652,145	20,649,881	(1,002,264)

(Continued)

# JACKSON HOLE AIRPORT BOARD

## SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)

Year Ended June 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating expenses			
Salaries	\$ 1,660,285	\$ 1,579,887	\$ 80,398
Payroll taxes	214,177	246,620	(32,443)
Employee benefits - medical insurance	580,339	459,758	120,581
Employee benefits - retirement	185,053	170,017	15,036
Building insurance	445,000	407,202	37,798
Building supplies	67,000	111,772	(44,772)
Contract cleaning services	193,000	278,049	(85,049)
Control tower operations	48,150	48,382	(232)
Dues and subscriptions	7,500	5,337	2,163
Environmental planning and operations	154,000	5,232	148,768
Fire rescue training and supplies	55,700	46,697	9,003
Use agreement payment	90,000	92,162	(2,162)
Fuel	80,000	88,277	(8,277)
JH security services	83,752	79,769	3,983
Landscaping	38,400	60,858	(22,458)
Legal fees	82,000	33,449	48,551
Meeting and school expense	61,600	63,696	(2,096)
Glycol expense	-	451,270	(451,270)
Miscellaneous	22,000	33,205	(11,205)
Noise abatement plan	54,000	37,727	16,273
Office expense	112,344	103,198	9,146
Security	450,000	450,000	-
Professional fees	106,500	80,100	26,400
Repair and maintenance expenses	502,800	509,721	(6,921)
Telephone	28,000	31,448	(3,448)
Travel	57,200	51,083	6,117
Utilities	383,500	290,737	92,763
Snow removal	114,000	111,724	2,276
Equipment - operations	61,100	-	61,100
Total operating expenses	<u>5,937,400</u>	<u>5,927,377</u>	<u>10,023</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital outlay			
PFC administration	\$ 25,000	\$ -	\$ 25,000
PFC project/SRE	-	16,965	(16,965)
Ground water study	-	38,961	(38,961)
Access control upgrade	140,000	-	140,000
Crack sealing	-	16,395	(16,395)
Miscellaneous projects	-	283	(283)
Terminal construction			
Construction manager fees	40,000	82,671	(42,671)
Terminal building construction	50,000	4,701	45,299
Baggage claim remodel	-	97,975	(97,975)
Terminal debt expense	798,321	204,711	593,610
Plow truck	475,000	-	475,000
New electric vehicle	18,500	-	18,500
Water wells	10,000	8,562	1,438
Dry well	10,000	-	10,000
Parking lot study	225,000	52,891	172,109
Centerline lighting - WAC grant - 2735	-	38,939	(38,939)
Aircarrier apron rehabilitation - WAC grant - 2636	-	332	(332)
Operations enhancement study - WAC - 2658	200,000	24,221	175,779
RW centerline lighting - WAC grant	3,500,000	1,510,093	1,989,907
Runway safety area improvement - WAC - 2835	2,200,000	2,307,704	(107,704)
De-icing project	5,600,000	2,291,849	3,308,151
Security access upgrade	-	122,274	(122,274)
Wildlife Study	-	1,757	(1,757)
Apron crack and joint seal	27,000	-	27,000
Total capital outlay	<u>13,318,821</u>	<u>6,821,284</u>	<u>6,497,537</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, 2012

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Security screening contract expenses			
Salaries	\$ 2,468,249	\$ 2,052,067	\$ 416,182
Payroll taxes	318,404	320,586	(2,182)
Benefits - retirement	312,974	254,502	58,472
Benefits - medical insurance	1,210,515	1,002,169	208,346
Screening costs - other	215,000	118,008	96,992
Screening costs - nonreimbursable	60,000	3,512	56,488
TSA claims - damages	-	166	(166)
Total screening contract expenses	<u>4,585,142</u>	<u>3,751,010</u>	<u>834,132</u>
Total expenses	<u>23,841,363</u>	<u>16,499,671</u>	<u>7,341,692</u>
Excess revenues over expenses	<u>\$ (2,189,218)</u>	4,150,210	<u>\$ 6,339,428</u>
Fixed assets (budgeted but not included as an expense)		(35,432)	
PFC and CFC deferred revenue (non-budget item)		569,520	
Accounts receivable change (non-budget item)		(153,728)	
Deposits (non-budget item)		5,947	
Long-term debt pay-off		(4,802,424)	
Accounts payable change (non-budget item)		(8,550)	
Accrued payroll (non-budget item)		131,228	
Cash including certificates of deposit of \$1,105,542 and PFC restricted cash \$44,558 and CFF restricted cash of \$114,894 - beginning of year		<u>5,712,639</u>	
Cash including certificates of deposit of \$800,000 and PFC restricted cash \$6,471 and CFF restricted cash of \$692,885 - end of year		<u>\$ 5,569,410</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, 2012

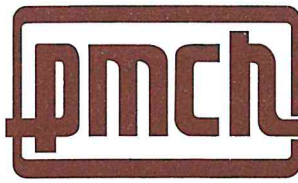
<u>PFC Projects</u>	<u>Balance Unliquidated PFC June 30, 2011</u>	<u>PFC Collections</u>	<u>Interest Earned</u>	<u>PFC Expenditures</u>	<u>Balance Unliquidated PFC June 30, 2012</u>
APP 12 Terminal, Master Plan, Operation, and Administration	<u>\$(10,229,278)</u>	<u>\$ 880,892</u>	<u>\$ 22</u>	<u>\$ 1,221,137</u>	<u>\$ (10,569,501)</u>
	<u>\$(10,229,278)</u>	<u>\$ 880,892</u>	<u>\$ 22</u>	<u>\$ 1,221,137</u>	<u>\$ (10,569,501)</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, 2012 and have issued our report thereon dated October 11, 2012. 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***

Management of the Jackson Hole Airport Board is responsible for establishing and maintaining effective 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*.

We noted certain matters that we reported to management of the Board in a separate letter dated October 11, 2012.

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

October 11, 2012



# PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2750 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON 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, 2012. 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, 2012.

#### ***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, 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 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 was not designed to identify all deficiencies in internal control over compliance 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

October 11, 2012

**SINGLE AUDIT SECTION**



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# JACKSON HOLE AIRPORT BOARD

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

<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 # 42	20.106	3-56-0014-42	\$ 18,265
Airport Improvement Program # 43	20.106	3-56-0014-43	118,447
Airport Improvement Program # 44	20.106	3-56-0014-44	118,447
Airport Improvement Program # 45	20.106	3-56-0014-45	1,344,910
Airport Improvement Program # 46	20.106	3-56-0014-46	3,801,941
Airport Improvement Program # 47	20.106	3-56-0014-47	<u>2,279,290</u>
Total U.S. Department of Transportation			<u>7,681,300</u>
Total Federal Awards			<u>\$ 7,681,300</u>

See accompanying note to the Schedule of Expenditures of Federal Awards

## JACKSON HOLE AIRPORT BOARD

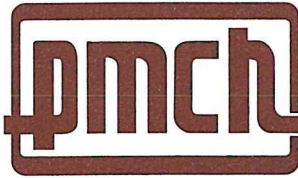
### NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

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#### **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 Jackson Hole Airport Board's compliance 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, 2012. 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, 2012.

***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

October 11, 2012



# JACKSON HOLE AIRPORT BOARD

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2012

### 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 Number</i>	<i>Name of Federal Program or Cluster</i>
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20.106	Airport Improvement Program
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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, 2012

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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, 2012

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*None*

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