

JACKSON HOLE AIRPORT BOARD

FINANCIAL REPORT

June 30, 2013

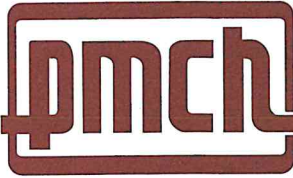
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Jackson Hole Airport Board, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Jackson Hole Airport Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Jackson Hole Airport Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Jackson Hole Airport Board, as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson Hole Airport Board's basic financial statements. The budgetary comparison information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 budgetary comparison information, schedule of expenditures of federal awards, and the schedule of passenger facility charges collected and expended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, the schedule of expenditures of federal awards, and the schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2013, on our consideration of the Jackson Hole Airport Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson Hole Airport Board's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

October 24, 2013

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JACKSON HOLE AIRPORT BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

The Jackson Hole Airport Board (the "Airport Board") is the operator and proprietor of the Jackson Hole Airport (the "Airport"), located north of the Town of Jackson, in Teton County, Wyoming. The Airport Board offers readers of its Financial Statements this narrative overview of its financial activities for the fiscal year ended June 30, 2013 (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 \$73,395,991 (net position). Of this amount, \$9,155,755 is classified as unrestricted net position, which may be used to meet the Airport Board's ongoing obligations to citizens and creditors.
- The Airport Board's total net position increased by \$4,189,408.
- As of the close of the fiscal year, the Airport Board's general cash and investments balance was \$8,107,770. 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 \$93,331. 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 \$146,256 during the current fiscal year.

Overview of the Financial Statements. This discussion and analysis is intended to serve as an introduction to the Airport Board's financial statements. The Airport Board's financial statements are comprised of basic financial statements (found at pages 10 through 14) which include all revenue and expenses, and supplementary information (found at pages 25 through 30) 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 37 and 38), a report on compliance with OMB Circular A-133 (found on pages 39 and 40), and a summary of the auditor's findings (found at pages 41 and 42).

Basic Financial Statements. The Basic Financial Statements are made up of four components: (1) Statement of Net Position, at page 10; (2) Statement of Revenues, Expenses and Changes in Net Position, at pages 11-12; (3) Statement of Cash Flows, at pages 13-14; and (4) Notes to Financial Statements, at pages 15-22. These are designed to provide readers with a broad overview of the Airport Board's finances, in a manner similar to a private sector business.

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

The Statement of Revenues, Expenses and Changes in Net Position separately describe operating revenues and operating expenses by logical categories; non-operating revenues made up of interest and passenger facilities charge (PFC) reimbursements; and capital contributions. This statement shows that the Airport Board's net position increased by \$4,189,408 during the fiscal year.

JACKSON HOLE AIRPORT BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2013

(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 \$4,769,410, and at the end of the fiscal year were \$8,723,834, an increase of \$3,954,424.

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

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Airport Board, assets exceeded liabilities by \$73,395,991 at the close of the most recent fiscal year.

	2013	2012
<u>Assets</u>		
Current and other assets	\$ 11,164,506	\$ 10,114,763
Capital assets, net	65,212,467	61,600,575
Total assets	76,376,973	71,715,338
<u>Liabilities</u>		
Current and other liabilities	1,896,709	1,249,531
Long term liabilities	1,084,273	1,259,224
Total liabilities	2,980,982	2,508,755
<u>Net position</u>		
Invested in capital assets, net of related debt	64,146,905	60,388,757
Restricted for passenger facility charges expenditures	93,331	6,471
Unrestricted	9,155,755	8,811,355
Total net position	\$ 73,395,991	\$ 69,206,583

The Airport Board's total revenues including capital contributions of \$19,874,137 exceeded its total expenses of \$15,684,729 for an increase in net position of \$4,189,408. A summary of revenues and expenses is shown below:

	2013	2012
Program revenues	\$ 12,959,909	\$ 12,203,970
Program expenses	15,676,372	13,791,945
Loss from operations	(2,716,463)	(1,587,975)
Non-operating revenues and expenses		
Interest income	4,865	3,808
Interest expense	(8,357)	(167,191)
Non capital grants	148,799	20,000
Passenger facilities reimbursements	1,014,051	832,576
Customer facility fees	720,898	566,050
Loss on asset disposal	-	(13,114)
Total non-operating revenues and expenses	1,880,256	1,242,129
Net loss before capital contributions	(836,207)	(345,846)
Capital contributions	5,025,615	9,636,849
	4,189,408	9,291,003
Net position - beginning of year as previously reported	69,206,583	60,378,328
Prior period adjustment	-	(462,748)
Net position - beginning of year as restated	69,206,583	59,915,580
Net position - end of year	\$ 73,395,991	\$ 69,206,583

JACKSON HOLE AIRPORT BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

Supplementary Financial Information. The supplementary financial information, found at pages 25 through 30 of the Financial Statements, are composed of (a) Schedules of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), at pages 25-28, and (b) the Schedule of Passenger Facility Charges Collected and Expended, at page 30. 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:

- \$7,312,032 from state and federal grants for selected capital improvements and equipment acquisitions; a decrease of \$303,746 from the previous year. This decrease in grant funding resulted in part from completion of the terminal building expansion project and associated funding.
- \$5,657,795 earned through provision of security screening services under a contract with the Transportation Security Administration (TSA); an increase of \$432,057 over the previous year.
- \$906,528 in project reimbursements from Passenger Facility Charges collected by airlines from airline passengers utilizing the Airport; an increase of \$32,086 over the previous year.
- \$2,262,893 in rentals and fees related to the operations of scheduled airlines; an increase of \$40,635 over the previous year.
- \$735,292 from general aviation related rentals and fees, including those received from the fixed base operator, and landing fees; an increase of \$39,875 over the previous year.
- \$280,109 from other terminal and facilities rents and access fees, including the restaurant, gift shop, TSA rental and terminal advertising; an increase of \$22,208 over the previous year.
- \$2,716,821 from on and off-airport rental car concession fees, an increase of \$182,763 over the previous year.
- \$767,487 from all other operating revenues (excluding glycol) and including parking and ground transportation providers; a decrease of \$30,720 from the previous year. This decrease was due in large part to a decrease in TSA LEO reimbursements and parking income.

JACKSON HOLE AIRPORT BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

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

- \$8,176,031 in capital outlays; an increase of \$1,354,747 from the previous year. This increase was due to the completion of the glycol recapture and runway centerline projects in late 2012 as well as the start of the baggage claim remodel project.
- \$4,041,894 related to the provision of security screening services; an increase of \$290,884 over the previous year.
- \$5,865,885 for general operating expenses (excluding glycol); an increase of \$389,778 over the previous year. This was in part due to the increase in environmental planning, professional and legal fees, and repair and maintenance expenses.

Analysis of Significant Changes. For the fiscal year ending June 30, 2013 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 Position. Total net position increased from \$69,206,583 to \$73,395,991, an increase of \$4,189,408 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 glycol recapture and runway centerline projects.

Cash Position. Cash and cash equivalents (including amounts restricted from PFC and CFC) increased from \$4,769,410 to \$8,723,834, an increase of \$3,954,424 over the last fiscal year (see page 13).

Accounts Payable and Total Liabilities. Accounts payable at the end of the fiscal year increased from \$975,677 to \$1,550,571 an increase of \$574,894 from the last fiscal year. This increase relates to the ongoing construction projects.

Operating Revenues. Operating revenues, including security screening, increased from \$12,203,970 to \$12,959,909, an increase of \$755,939 over the last fiscal year. This was due largely to an increase in security screening revenues and terminal rents.

Operating Expenses. Operating expenses also increased from \$13,791,945 to \$15,676,372, an increase of \$1,884,427 over the last fiscal year, due to increases including payroll, salaries and fuel.

JACKSON HOLE AIRPORT BOARD

MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

Non-Operating Revenues and Expenses. Non-operating revenues and expenses increased from \$1,242,129 to \$1,880,256, an increase of \$638,127 over the last fiscal year.

Analysis of Budget Variances.

Actual operating revenues for the fiscal year exceeded budget projections by \$628,172, a 9% increase over the amount budgeted. This was due principally to an increase in rental car revenues resulting from new contracts with higher MAGS bid in late 2012. There were increases over budget in a number of categories including airline revenues and general aviation landing fees. At the same time, actual operating expenses were under budget by \$193,323, or 3%.

Revenues from the passenger security screening contract were \$5,657,795, which was \$540,732 or 11% above budget. Related security screening expenses were \$4,041,894 under budget by \$543,248 or 12%.

Capital Asset Long-Term Debt Activity.

At the end of June 30, 2013, the Airport had \$64,146,905 invested in capital assets net of related debt. This represents a net increase of \$3,758,148 or 6% increase from 2012. This increase is primarily due to the completion of the runway centerline lighting and de-icing project and the terminal baggage claim project in progress at the end of June 30, 2013.

Long-Term Debt Activity.

During the year ended June 30, 2013, the Airport paid \$146,256 in principal payments on the loan from Wyoming Business Council. The Airport had a \$1,065,562 loan from Wyoming Business Council outstanding at June 30, 2013.

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 POSITION

June 30, 2013

ASSETS

Current assets	
Cash and cash equivalents	\$ 7,307,770
Investments	800,000
Accounts receivable	780,635
Receivable from state and federal governments	502,699
Prepaid expenses	261,838
Inventory	95,500
Total current assets	<u>9,748,442</u>
Noncurrent assets	
Restricted cash - customer facility fees	1,322,733
Restricted cash - passenger facility charges	93,331
Capital assets	
Buildings and runways including improvements, equipment, furniture, fixtures, and vehicles, net of accumulated depreciation	62,112,132
Art - terminal building	322,671
Construction in progress	2,777,664
Total capital assets	<u>65,212,467</u>
Total noncurrent assets	<u>66,628,531</u>
Total assets	<u>76,376,973</u>

LIABILITIES

Current liabilities	
Accounts payable and retainage	1,550,571
Accrued wages payable	139,221
Compensated absences - current portion	26,285
Other payables	32,914
Current portion of long-term debt	147,718
Total current liabilities	<u>1,896,709</u>
Long term debt - net of current portion	917,844
Compensated absences - long-term portion	166,429
Total liabilities	<u>1,084,273</u>
Total liabilities	<u>2,980,982</u>

NET POSITION

Invested in capital assets, net of related debt	64,146,905
Restricted for passenger facility charges expenditures	93,331
Unrestricted	9,155,755
Total net position	<u>\$ 73,395,991</u>

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Year Ended June 30, 2013

Operating revenues	
Landing, ramp, holding room, and boarding pass check fees	\$ 2,549,461
Lease rentals	3,321,214
Security screening reimbursement (TSA)	5,674,617
Glycol sales	564,714
LEO service reimbursement contract (TSA)	76,390
Parking income	496,971
Display case and local service reservations	76,730
Gas tax refund	163,308
Miscellaneous	<u>36,504</u>
Total operating revenues	<u>12,959,909</u>
Operating expenses	
Capital maintenance	591,694
Consulting - noise study	41,468
Depreciation	4,666,866
Dues and subscriptions	7,555
Environmental management	11,933
Fire rescue training and supplies	37,627
Franchise fees	99,964
Fuel	84,560
Glycol	595,206
Insurance	445,082
Repairs, maintenance and supplies	974,823
Meeting expenses	68,785
Miscellaneous	56,542
Office expenses	64,595
Payroll taxes and benefits	2,601,393
Professional fees	316,559
Salaries	3,878,563
Screening	112,103
Security	529,769
Snow removal	111,240
Telephone	32,952
Travel	51,899
Utilities	<u>283,838</u>
Total operating expenses	<u>15,676,372</u>
Loss from operations	<u>(2,716,463)</u>
	(Continued)

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) Year Ended June 30, 2013

Non-operating revenues and expenses	
Interest income	\$ 4,865
Interest expense	(8,357)
Non capital grants	148,799
Passenger facilities reimbursements	1,014,051
Customer facility fees	<u>720,898</u>
Total non-operating revenues and expenses	<u>1,880,256</u>
Loss before capital contributions	(836,207)
Capital contributions	<u>5,025,615</u>
Change in net position	<u>4,189,408</u>
Total net position - beginning of year	69,206,583
Total net position - end of year	<u>\$ 73,395,991</u>

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

Cash flows from operating activities	
Cash received from customers	\$ 13,465,879
Cash payments to suppliers for services	(4,513,206)
Cash payments to employees for services	(6,430,414)
Net cash provided by operating activities	<u>2,522,259</u>
Cash flows from capital and related financing activities	
Passenger facilities reimbursements received	1,048,198
Acquisitions of property and equipment	(7,618,993)
Customer facility charges received	687,300
Principal payments on Business Ready Community Loan Program	(146,256)
Interest payments on Business Ready Community Loan Program	(14,310)
Grants received from State and Federal governments	7,471,266
Net cash used in capital and related financing activities	<u>1,427,205</u>
Cash flows from investing activities	
Interest on investments	<u>4,960</u>
Net cash provided by investing activities	<u>4,960</u>
Net increase in cash and cash equivalents	3,954,424
Cash and cash equivalents - beginning of year (Including \$6,471 and \$692,885 for PFC's and CFF's reported as restricted assets)	<u>4,769,410</u>
Cash and cash equivalents - end of year (Including \$93,331 and \$1,322,733 for PFC's and CFF's reported as restricted assets)	<u>\$ 8,723,834</u>

See accompanying notes to the financial statements

JACKSON HOLE AIRPORT BOARD
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2013

Reconciliation of operating loss to net cash provided by operating activities

Loss from operations	\$ (2,716,463)
Adjustments to reconcile loss from operations to net cash provided by operating activities	
Depreciation and amortization	4,666,866
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	(45,661)
Receivable from state and federal governments	551,631
Prepaid expenses	40,815
Inventory	60,400
Accounts payable and retainage	(84,871)
Accrued wages payable	56,477
Accrued compensated absences	(11,016)
Other payables	4,081
	<hr/>
Net cash provided by operating activities	<u><u>\$ 2,522,259</u></u>

See accompanying notes to the financial statements

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JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Organization and Summary of Significant Accounting Policies

Reporting Entity and Organization

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

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

The Board operates in Grand Teton National Park under an agreement with the U.S. Department of Interior. The operating agreement between the Board and U.S. Department of Interior, expires in 2053. The Board pays a use fee to the U.S. Department of Interior 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.

Effective this reporting period is GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB 62). This statement brings the authoritative accounting and financial reporting literature for state and local governments together in a single source, with the FASB and AICPA guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB No. 62 will result in a more consistent application of applicable guidance in financial statements of state and local governments. This statement also supersedes GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Implementation of Governmental Accounting Standards Board (GASB) Statements No. 63

During the year ended June 30, 2013, the Board implemented two new accounting standards. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, resulting in a change to the Board’s financial reporting.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

Receivables

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

Inventory and Prepaid Items

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., runways and aprons), are reported in the basic financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of 2 years. Such assets as buildings, improvements, and equipment are carried at cost or estimated cost. Depreciation is recorded on the straight-line basis over the estimated useful lives of the properties.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<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.

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.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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.

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. There were a number of amendments to the Records of Decision since 1994. These amendments have increased the authorized collections and project expenditures to approximately \$39,749,000 in total.

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

Charges collected and receivable are recorded as restricted assets.

Rental Car Facility Fee (CFF)

In June 2010, the Board established an on-airport rental car facility fee to be collected by on-airport rental car companies from their customers and paid over to the Board for the purpose of financing and payment of the planning, design, enabling, construction, improvement and/or repair of facilities and improvements which benefit the on-airport rental car companies. The car facility fee of \$2 per customer per transaction day was increased to \$4 per customer per transaction day in October 2012, 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 will continue until terminated by the Board.

Revenue Recognition

Additional types of Airport revenue are recognized as follows:

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

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 July 1, 2012	Additions	Deletions and Transfers	Ending Balance June 30, 2013
Primary Government				
Business-type activities				
Capital assets, not being depreciated				
Art - terminal building	\$ 221,971	\$ 100,700	\$ -	\$ 322,671
Construction in progress	4,804,325	7,577,675	9,604,336	2,777,664
	<u>5,026,296</u>	<u>7,678,375</u>	<u>9,604,336</u>	<u>3,100,335</u>
Capital assets, being depreciated				
Buildings and runways	88,294,434	9,628,626	-	97,923,060
Equipment	5,033,795	25,148	-	5,058,943
Furniture, fixtures and computer equipment	444,430	7,928	76,778	375,580
Vehicles including fire trucks	2,292,061	543,017	122,486	2,712,592
	<u>96,064,720</u>	<u>10,204,719</u>	<u>199,264</u>	<u>106,070,175</u>
Less accumulated depreciation	<u>39,490,441</u>	<u>4,666,866</u>	<u>199,264</u>	<u>43,958,043</u>
	<u>56,574,279</u>	<u>5,537,853</u>	<u>-</u>	<u>62,112,132</u>
Business-type activities capital assets, net	<u>\$ 61,600,575</u>	<u>\$ 13,216,228</u>	<u>\$ 9,604,336</u>	<u>\$ 65,212,467</u>

Depreciation expense for the year ended June 30, 2013 was \$4,666,866.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Deposits and Investments

As of June 30, 2013, 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, 2013, 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, 2013, 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, 2013, 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 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.

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 10. Contractual Commitments

As of the fiscal year ended June 30, 2013, the Board had several outstanding contracts relating to the terminal baggage claim remodel project. The total contracts for the terminal baggage claim remodel project are approximately \$17,245,000, and as of June 30, 2013 approximately \$1,794,000 was completed and included in construction in progress. The major funding source for this project 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 and Transaction with Related Organization

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 with annual payments of \$180,000. In December 2012, the Board amended the annual payments from \$180,000 to \$303,000.

Note 13. Subsequent Events

Subsequent to the year end the Board approved an amendment to the operating agreement with U.S. Department of Interior which extended the agreement through 2053 and changed the use fee paid by the Board to the U.S. Department of Interior from 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 in any Board fiscal year to three percent of the first \$4,000,000 and four percent on the excess of \$4,000,000.

In addition, the Board approved a bid for a waste water treatment plant in the approximate amount of \$2,224,000 and authorized a \$4.1 million line of credit at an estimated interest rate of 2.78% to be fixed at the date of closing secured by the PFC funds for the terminal baggage claim project.

Note 14. Accounting Standards Issued, But Not Implemented

As of June 30, 2013, the Governmental Accounting Standards Board has issued the following standards which the Jackson Hole Airport Board may implement in its next fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information supporting assessments of accountability and inter-period equity, and creating transparency. Management has not concluded its assessment of the effect of implementing this guidance.

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, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Airlines revenue	\$ 1,061,725	\$ 1,117,540	\$ 55,815
Airlines shared - baggage claim	426,810	426,812	2
Airlines shared - security holding room	463,892	463,892	-
Airlines checked baggage	245,700	245,700	-
Brochures, display, and phone board	57,000	76,730	19,730
FAA office rent	12,100	13,147	1,047
Restaurant rent and GA catering	132,000	181,596	49,596
Gas tax refund	120,000	177,648	57,648
Glycol administration	492,000	564,714	72,714
Ground transportation	80,000	79,319	(681)
Interest	10,000	4,865	(5,135)
JHA, LLC - rent and operations fee	409,000	447,162	38,162
Landing fee g/s and other	230,000	288,130	58,130
Miscellaneous	5,000	9,928	4,928
Parking	380,000	417,539	37,539
Rental cars	2,242,865	2,450,499	207,634
Rental cars - off airport	225,000	266,322	41,322
TSA office rent	6,800	8,636	1,836
TSA reimbursement - LEO	90,000	78,188	(11,812)
Worldwide office/operations	9,252	8,949	(303)
Total operating revenues	<u>6,699,144</u>	<u>7,327,316</u>	<u>628,172</u>
Grant, PFC revenues, and donations			
FAR 150	1,170,000	-	(1,170,000)
Seal Coat Landside pavements	52,000	-	(52,000)
Operations enhancement study - WAC grant	88,000	63,234	(24,766)
Design centerline lights - AIP - 46	2,042,500	1,891,374	(151,126)
Design glycol recapture system	5,462,500	5,420,658	(41,842)
	<u>8,815,000</u>	<u>7,375,266</u>	<u>(1,439,734)</u>
PFC income	-	906,528	906,528
CFC income	170,000	60,454	(109,546)
Total grant, PFC revenues, and donations	<u>8,985,000</u>	<u>8,342,248</u>	<u>(642,752)</u>
Security screening contract			
TSA screening reimbursement	5,117,063	5,657,795	540,732
Total reimbursement screening	<u>5,117,063</u>	<u>5,657,795</u>	<u>540,732</u>
Total revenues	<u>20,801,207</u>	<u>21,327,359</u>	<u>526,152</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, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating expenses			
Salaries	\$ 1,714,202	\$ 1,676,884	\$ 37,318
Payroll taxes	221,132	238,745	(17,613)
Employee benefits - medical insurance	550,000	486,742	63,258
Employee benefits - retirement	190,372	177,737	12,635
Building insurance	445,000	412,881	32,119
Building supplies	70,000	72,832	(2,832)
Contract cleaning services	310,000	297,712	12,288
Control tower operations	42,250	38,157	4,093
Dues and subscriptions	7,500	7,379	121
Environmental planning and operations	38,000	11,933	26,067
Fire rescue training and supplies	54,500	37,848	16,652
Use agreement payment	90,000	100,432	(10,432)
Fuel	98,000	84,065	13,935
JH security services	86,264	79,769	6,495
Landscaping	87,100	37,469	49,631
Legal fees	62,000	95,618	(33,618)
Meeting and school expense	67,500	70,084	(2,584)
Glycol expense	460,000	534,806	(74,806)
Miscellaneous	29,000	18,651	10,349
Noise abatement plan	75,000	44,608	30,392
Office expense	100,494	65,385	35,109
Security	450,000	450,000	-
Professional fees	217,000	242,704	(25,704)
Repair and maintenance expenses	473,600	639,960	(166,360)
Telephone	32,000	32,667	(667)
Travel	53,900	49,614	4,286
Utilities	383,500	284,769	98,731
Snow removal	114,000	111,240	2,760
Equipment - operations	71,700	-	71,700
Total operating expenses	<u>6,594,014</u>	<u>6,400,691</u>	<u>193,323</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, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital outlay			
PFC administration	\$ -	\$ 11,356	\$ (11,356)
Ground water study	130,000	130,052	(52)
Wastewater treatment facility CFC	-	106,956	(106,956)
Seal coat access road and parking lot to include crack seal	183,200	140,817	42,384
Miscellaneous projects	48,000	-	48,000
Contract manager fees	20,000	12,602	7,398
Terminal art expense	-	46,199	(46,199)
Terminal baggage claim area and CM terminal design	1,030,000	1,172,082	(142,082)
Terminal debt expense	157,556	158,374	(818)
Water wells	10,000	6,227	3,773
Parking lot study	170,000	48,580	121,420
Fly Quiet Program	65,000	-	65,000
FAR 150	1,300,000	-	1,300,000
Operations enhancement study - WAC - 2658	110,000	86,543	23,457
RW centerline lighting - WAC grant	2,150,000	1,463,695	686,305
Glycol recapture system (AIP 38 Recovery)	5,750,000	4,122,495	1,627,505
Plow truck	525,000	526,051	(1,051)
Security access upgrade	30,000	10,561	19,439
Wildlife study	100,000	114,693	(14,693)
Apron crack and joint seal	27,000	18,748	8,252
Total capital outlay	<u>11,805,756</u>	<u>8,176,031</u>	<u>3,629,725</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, 2013

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Security screening contract expenses			
Salaries	\$ 2,468,249	\$ 2,208,602	\$ 259,647
Payroll taxes	318,404	293,706	24,698
Benefits - retirement	312,974	267,923	45,051
Benefits - medical insurance	1,210,515	1,155,660	54,855
Screening costs - other	215,000	105,889	109,111
Screening costs - nonreimbursable	60,000	9,261	50,739
TSA claims - damages	-	853	(853)
Total screening contract expenses	<u>4,585,142</u>	<u>4,041,894</u>	<u>543,248</u>
Total expenses	<u>22,984,912</u>	<u>18,618,616</u>	<u>4,366,296</u>
Excess (deficiency) of revenues over expenses	<u>\$ (2,183,705)</u>	2,708,743	<u>\$ 4,892,448</u>
Fixed assets (budgeted but not included as an expense)		(41,837)	
PFC and CFC deferred revenue (non-budget item)		716,708	
Accounts receivable change (non-budget item)		530,940	
Prepaid expenses (non-budget item)		8,000	
Deposits (non-budget item)		372	
Accrued payroll (non-budget item)		31,498	
Cash including certificates of deposit of \$800,000 and PFC restricted cash \$6,471 and CFF restricted cash of \$692,885 - beginning of year		<u>5,569,410</u>	
Cash including certificates of deposit of \$800,000 and PFC restricted cash \$93,331 and CFF restricted cash of \$1,322,733 - end of year		<u>\$ 9,523,834</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

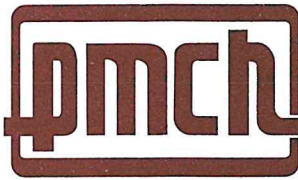
**SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
Year Ended June 30, 2013**

<u>PFC Projects</u>	Balance Unliquidated PFC June 30, 2012	PFC Collections	Interest Earned	PFC Expenditures	Balance Unliquidated PFC June 30, 2013
APP 11, 12 and 13 Terminal, Master Plan, Operations, and Administration	\$ (10,569,501)	\$ 999,932	\$ 16	\$ 2,162,590	\$ (11,732,143)
	<u>\$ (10,569,501)</u>	<u>\$ 999,932</u>	<u>\$ 16</u>	<u>\$ 2,162,590</u>	<u>\$ (11,732,143)</u>

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COMPLIANCE AND INTERNAL CONTROL REPORTS

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PORTER, MUIRHEAD, CORNIA & HOWARD

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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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Jackson Hole Airport Board, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Jackson Hole Airport Board basic financial statements, and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jackson Hole Airport Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson Hole Airport Board internal control. Accordingly, we do not express an opinion on the effectiveness of the Jackson Hole Airport Board's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 24, 2013.

Purpose of the Report

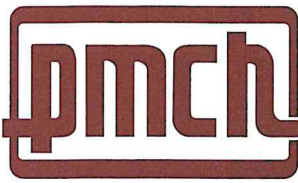
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
October 24, 2013



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, 2013. 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, 2013.


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

Casper, Wyoming
October 24, 2013

SINGLE AUDIT SECTION

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JACKSON HOLE AIRPORT BOARD

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

<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 # 46	20.106	3-56-0014-46	<u>\$ 5,119,158</u>
Total U.S. Department of Transportation			<u>5,119,158</u>
Total Federal Awards			<u><u>\$ 5,119,158</u></u>

See accompanying note to the Schedule of Expenditures of Federal Awards

JACKSON HOLE AIRPORT BOARD

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jackson Hole Airport Board
Jackson, Wyoming

Report on Compliance for the Major Federal Program

We have audited Jackson Hole Airport Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Jackson Hole Airport Board's major federal program for the year ended June 30, 2013. Jackson Hole Airport Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Jackson Hole Airport Board's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Jackson Hole Airport Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Jackson Hole Airport Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Jackson Hole Airport Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson Hole Airport Board's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming

October 24, 2013

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

 Material weaknesses identified? No

 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weaknesses identified? No

 Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? No

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

(Continued)

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2013

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

JACKSON HOLE AIRPORT BOARD

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013

None

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