

**JACKSON HOLE AIRPORT BOARD**

**FINANCIAL REPORT**

**June 30, 2014**

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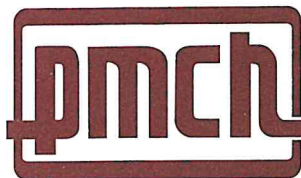
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INDEPENDENT AUDITOR'S REPORT

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, 2014, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

### ***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, 2014, 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 06, 2014, 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  
November 06, 2014

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# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2014

(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, 2014 (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 \$83,522,317 (net position). Of this amount, \$10,267,087 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 \$10,126,326.
- As of the close of the fiscal year, the Airport Board's general cash and investments balance was \$9,898,000. Of this, \$800,366 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 \$82,583. 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 increased by \$1,382,291 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 31) 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 38 and 39), a report on compliance with OMB Circular A-133 (found on pages 40 and 41), and a summary of the auditor's findings (found at pages 42 and 43).

**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 15-23. 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 \$10,126,326 during the fiscal year.

**JACKSON HOLE AIRPORT BOARD**

**MANAGEMENT DISCUSSION AND ANALYSIS**

June 30, 2014

(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 \$8,723,834, and at the end of the fiscal year were \$9,180,247, an increase of \$456,413.

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 \$83,522,317 at the close of the most recent fiscal year.

	2014	2013
<u>Assets</u>		
Current and other assets	\$ 13,245,907	\$ 11,164,506
Capital assets, net	75,640,491	65,212,467
Total assets	88,886,398	76,376,973
<u>Liabilities</u>		
Current and other liabilities	2,879,003	1,896,709
Long term liabilities	2,485,078	1,084,273
Total liabilities	5,364,081	2,980,982
<u>Net position</u>		
Invested in capital assets, net of related debt	73,172,647	64,146,905
Restricted for passenger facility charges expenditures	82,583	93,331
Unrestricted	10,267,087	9,155,755
Total net position	\$ 83,522,317	\$ 73,395,991

The Airport Board's total revenues including capital contributions of \$10,270,698 and non-operating revenue of \$2,317,001 exceeded its total expenses of \$16,503,838 for an increase in net position of \$10,126,326. A summary of revenues and expenses is shown below:

	2014	2013
Program revenues	\$ 14,042,465	\$ 12,959,909
Program expenses	16,503,838	15,676,372
Loss from operations	(2,461,373)	(2,716,463)
Non-operating revenues and expenses		
Interest income	3,433	4,865
Interest expense	(10,778)	(8,357)
Non capital grants	173,526	148,799
Passenger facilities reimbursements	1,093,029	1,014,051
Customer facility fees	930,470	720,898
Other income	127,321	-
Total non-operating revenues and expenses	2,317,001	1,880,256
Net loss before capital contributions	(144,372)	(836,207)
Capital contributions	10,270,698	5,025,615
	10,126,326	4,189,408
Net position - beginning of year	73,395,991	69,206,583
Net position - end of year	\$ 83,522,317	\$ 73,395,991



# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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**Supplementary Financial Information.** The supplementary financial information, found at pages 25 through 31 of the Financial Statements, are composed of (a) Schedules of Revenue, Expenses and Changes in Cash Balance – Budget and Actual (Budgetary Basis), at pages 25-29, and (b) the Schedule of Passenger Facility Charges Collected and Expended, at page 31. 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:

- \$9,618,919 from state and federal grants for selected capital improvements and equipment acquisitions; an increase of \$2,306,887 from the previous year. This increase in grant funding resulted in part from the ongoing terminal building baggage claim project and associated funding.
- \$5,899,497 earned through provision of security screening services under a contract with the Transportation Security Administration (TSA); an increase of \$241,702 over the previous year.
- \$1,115,252 in project reimbursements from Passenger Facility Charges collected by airlines from airline passengers utilizing the Airport; an increase of \$208,724 over the previous year.
- \$2,403,514 in rentals and fees related to the operations of scheduled airlines; an increase of \$140,621 over the previous year.
- \$757,109 from general aviation related rentals and fees, including those received from the fixed base operator, and landing fees; an increase of \$21,817 over the previous year.
- \$290,314 from other terminal and facilities rents and access fees, including the restaurant, gift shop, TSA rental and terminal advertising; a decrease of \$10,205 over the previous year.
- \$3,097,898 from on and off-airport rental car concession fees, an increase of \$381,077 over the previous year.
- \$757,645 from all other operating revenues (excluding glycol) and including parking and ground transportation providers; a decrease of \$9,842 from the previous year.

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

- \$14,821,342 in capital outlays; an increase of \$6,645,311 from the previous year. This increase was due to the ongoing baggage claim remodel project and the wastewater treatment plant project.
- \$4,095,514 related to the provision of security screening services; an increase of \$53,620 over the previous year.

# JACKSON HOLE AIRPORT BOARD

## MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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- \$6,380,108 for general operating expenses (excluding glycol); an increase of \$514,223 over the previous year. This was in part due to the increase in repair and maintenance expenses, utilities, Use Agreement payment and the addition of a Contract Waste Water Operator.

**Analysis of Significant Changes.** For the fiscal year ending June 30, 2014 significant changes in the Airport Board's finances are discussed as follows:

**General Comments.** Operating revenues and expenses from year to year will depend to a significant degree upon the Airport's aircraft and passenger volume. For instance, fees received from many airport tenants are on a "percentage of gross" basis; parking revenues are directly related to parking lot usage; landing fees and fuel flowage fees are directly related to the volume of aircraft activity. Operating revenues can therefore be expected to mirror future increases or decreases in aircraft and passenger volumes. However, operating expenses do not immediately and automatically mirror aircraft and passenger volume, and must therefore be closely monitored and changed by Airport management when appropriate.

Capital outlays are funded in large part through grant revenues and PFC project reimbursements. Grant revenues are largely dependent on the appropriation of federal funds, and the Airport's aircraft and passenger volume upon which the level of grant funding is partially based. The amount of PFC reimbursements is directly related to passenger volumes. Lack of availability of one or both of these sources of revenue could dramatically limit the Airport Board's ability to make capital outlays in the future.

The Airport Board operates passenger security screening services under a contract from the Transportation Security Administration. Security screening reimbursements and expenses both reflect operations under that contract. 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 \$73,395,991 to \$83,522,317, an increase of \$10,126,326 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 baggage claim and wastewater treatment plant projects.

**Cash Position.** Cash and cash equivalents (including amounts restricted from PFC and CFC) increased from \$8,723,834 to \$9,180,247, an increase of \$456,413 over the last fiscal year (see page 13).

**Accounts Payable and Total Liabilities.** Accounts payable at the end of the fiscal year increased from \$1,550,571 to \$2,536,495 an increase of \$985,924 from the last fiscal year. This increase relates to the ongoing construction projects.

**Operating Revenues.** Operating revenues, including security screening, increased from \$12,959,909 to \$14,042,465, an increase of \$1,082,556 over the last fiscal year. This was due largely to an increase in lease rentals.

**Operating Expenses.** Operating expenses also increased from \$15,676,372 to \$16,503,838, an increase of \$827,466 over the last fiscal year, due to increases including payroll, franchise fees, repair and maintenance expenses, and depreciation.

**Non-Operating Revenues and Expenses.** Non-operating revenues and expenses increased from \$1,880,256 to \$2,317,001, an increase of \$436,745 over the last fiscal year.

### **Analysis of Budget Variances.**

Actual operating revenues for the fiscal year exceeded budget projections by \$412,434, a 5% increase over the amount budgeted. This was due principally to strong off-airport rental car income. 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 \$34,830, or 0.05%.



**JACKSON HOLE AIRPORT BOARD**

**MANAGEMENT DISCUSSION AND ANALYSIS**

June 30, 2014

(Unaudited)

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Revenues from the passenger security screening contract were \$5,899,497, which was \$93 above budget. Related security screening expenses were \$4,095,514, under budget by \$884,774 or 18%.

***Capital Asset Long-Term Debt Activity.***

At the end of June 30, 2014, the Airport had \$73,172,647 invested in capital assets net of related debt. This represents a net increase of \$9,025,742 or 14% increase from 2013. This increase is primarily due to the terminal baggage claim and waste water treatment plant projects in progress at the end of June 30, 2014.

***Long-Term Debt Activity.***

During the year ended June 30, 2014, the Airport paid \$147,718 in principal payments on the loan from Wyoming Business Council. The Airport had two loans totaling \$2,417,844 from Wyoming Business Council and \$50,000 from Bank of the West outstanding at June 30, 2014.

***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, 2014

### ASSETS

Current assets	
Cash and cash equivalents	\$ 9,097,664
Investments	800,336
Accounts receivable	1,104,055
Receivable from state and federal governments	1,806,872
Prepaid expenses	256,030
Inventory	98,367
Total current assets	<u>13,163,324</u>
Noncurrent assets	
Restricted cash - passenger facility charges	82,583
Capital assets	
Buildings and runways including improvements, equipment, furniture, fixtures, and vehicles, net of accumulated depreciation	58,349,346
Art - terminal building	412,927
Construction in progress	16,878,218
Total capital assets	<u>75,640,491</u>
Total noncurrent assets	<u>75,723,074</u>
Total assets	<u>88,886,398</u>

### LIABILITIES

Current liabilities	
Accounts payable and retainage	2,536,495
Accrued wages payable	161,707
Compensated absences - current portion	17,310
Other payables	14,296
Current portion of long-term debt	149,195
Total current liabilities	<u>2,879,003</u>
Long term debt - net of current portion	2,318,649
Compensated absences - long-term portion	166,429
Total liabilities	<u>5,364,081</u>

### NET POSITION

Invested in capital assets, net of related debt	73,172,647
Restricted for passenger facility charges expenditures	82,583
Unrestricted	10,267,087
Total net position	<u>\$ 83,522,317</u>

See accompanying notes to the financial statements

## JACKSON HOLE AIRPORT BOARD

### STATEMENT OF CASH FLOWS

Year Ended June 30, 2014

Cash flows from operating activities	
Cash received from customers	\$ 13,699,012
Cash payments to suppliers for services	(5,491,015)
Cash payments to employees for services	(6,652,312)
Net cash provided by operating activities	<u>1,555,685</u>
Cash flows from capital and related financing activities	
Passenger facilities reimbursements received	1,115,251
Acquisitions of property and equipment	(13,660,825)
Customer facility charges received	915,410
Issue of 2013 Series Revenue Bond	50,000
Advance on a line of credit from Wyoming Business Council (BRC)	1,500,000
Principal payments on a note payable to Wyoming Business Council (BRC)	(147,718)
Interest payments on Business Ready Community Loan Program	(11,409)
Grants received from State and Federal governments	9,152,922
Cost of 2013 Series Revenue Bond	(16,000)
Net cash used in capital and related financing activities	<u>(1,102,369)</u>
Cash flows from investing activities	
Interest on investments	<u>3,097</u>
Net cash provided by investing activities	<u>3,097</u>
Net increase in cash and cash equivalents	456,413
Cash and cash equivalents - beginning of year	
(Including \$93,331 and \$1,322,733 for PFC's and CFF's reported as restricted assets)	<u>8,723,834</u>
Cash and cash equivalents - end of year	
(Including \$82,583 for PFC's reported as restricted asset)	<u>\$ 9,180,247</u>

See accompanying notes to the financial statements

**JACKSON HOLE AIRPORT BOARD**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
Year Ended June 30, 2014

Reconciliation of operating loss to net cash provided by operating activities

Loss from operations	\$ (2,461,373)
Adjustments to reconcile loss from operations to net cash provided by operating activities	
Depreciation and amortization	5,121,269
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	(330,582)
Receivable from state and federal governments	(12,871)
Prepaid expenses	5,808
Inventory	(2,867)
Accounts payable and retainage	(759,223)
Accrued wages payable	22,486
Accrued compensated absences	(8,975)
Other payables	(17,987)
	(1,918,977)
Net cash provided by operating activities	\$ 1,555,685

See accompanying notes to the financial statements

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# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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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 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.

#### ***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.

#### ***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.

#### ***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, 2014

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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 buildings, improvements, and equipment are carried at cost or estimated cost. Depreciation is recorded on the straight-line basis over the estimated useful lives of the properties. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Years</u>
Buildings	40
Runways, apron, ramps and taxiways	10 to 20
Equipment	7 to 15
Furniture	5

***Income Taxes***

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

***Deposits and Investments***

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.

***Compensated absences***

Compensated absences are accrued based on an employee's years of employment. Non- exempt employees receive 128 hours of compensated absences in their first through fourth year of employment, 168 hours in their fifth through ninth year of employment, and 280 in their tenth year of employment and beyond. Exempt employees receive 160 hours in their first year through fourth of employment, 200 hours in their fifth through ninth year of employment, and 280 in their tenth year of employment and beyond. Carryover of compensated absences is limited to 288 hours for both non-exempt and exempt employees.

***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, 2014

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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. 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, if any. The car facility fee commenced on August 1, 2010 and will continue until terminated by the Board.

***Revenue Recognition***

Additional types of Airport revenue are recognized as follows:

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

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

**JACKSON HOLE AIRPORT BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

**Revenue Recognition (Continued)**

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, 2013	Additions	Deletions and Transfers	Ending Balance June 30, 2014
<b>Primary Government</b>				
Business-type activities				
Capital assets, not being depreciated				
Art - terminal building	\$ 322,671	\$ 90,256	\$ -	\$ 412,927
Construction in progress	2,777,664	15,144,936	1,044,382	16,878,218
	<u>3,100,335</u>	<u>15,235,192</u>	<u>1,044,382</u>	<u>17,291,145</u>
Capital assets, being depreciated				
Buildings and runways	97,923,060	430,374	67,947	98,285,487
Equipment	5,058,943	351,461	28,561	5,381,843
Furniture, fixtures and computer equipment	375,580	54,491	115,326	314,745
Vehicles including fire trucks	2,712,592	525,458	-	3,238,050
	<u>106,070,175</u>	<u>1,361,784</u>	<u>211,834</u>	<u>107,220,125</u>
Less accumulated depreciation	<u>43,958,043</u>	<u>5,121,269</u>	<u>208,533</u>	<u>48,870,779</u>
	<u>62,112,132</u>	<u>(3,759,485)</u>	<u>3,301</u>	<u>58,349,346</u>
Business-type activities capital assets, net	<u>\$ 65,212,467</u>	<u>\$ 11,475,707</u>	<u>\$ 1,047,683</u>	<u>\$ 75,640,491</u>

Depreciation expense for the year ended June 30, 2014 was \$5,121,269.

**Note 3. Deposits and Investments**

As of June 30, 2014, 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%.



JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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**Note 3. Deposits and Investments (Continued)**

***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, 2014, 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, 2014, 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, 2014, the Board's deposits were collateralized except for \$3,633,650 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. The \$3,633,650 under collateralization of the Board's deposits was corrected on July 1, 2014.

***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 Grant and Loan Program ("BRC") of the Wyoming Business Council for the purpose of paying part of the costs to construct a Phase One expansion of the passenger terminal building at the Jackson Hole Airport. The principal and interest on the BRC loan are payable in nine annual payments of \$158,374 with all unpaid principal and interest due on the tenth anniversary date of the final loan disbursement. Payments are 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 BRC loan.

**JACKSON HOLE AIRPORT BOARD**

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**Note 4. Long-Term Debt and Pledged Revenue (Continued)**

During the fiscal year ended June 30, 2014, the Board obtained a \$3,000,000 line of credit from the Business Ready Community Grant and Loan Program (“BRC”) of the Wyoming Business Council for the purpose of an expansion of the airport baggage claim facilities, TSA support space, passenger security screening area, and janitor space to serve the terminal. Once the available funds have been disbursed the principal and interest will be payable at a fixed rate of 1.5% over ten years. As of June 30, 2014, the Board has drawn \$1,500,000 against this line of credit and had no minimum payments other than 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 BRC loan. The BRC’s security interest in the Board’s passenger facility charges and net revenues is subordinate to the security interest of the Bank of the West under the 2013 Series Revenue Bonds.

In November 2013, the Board issued Series 2013 Revenue Bond (“Bond”) in the amount of \$4,100,000, at an annual fixed rate of 2.66% for the purpose of financing a portion of the design and construction of a new and expanded baggage claim building as part of the passenger terminal building and paying costs incurred in connection with the issuance of this bond. Advances on the Bond shall take place until April 30, 2015 or all \$4,100,000 has been advanced, whichever occurs first. During the advance period, interest only will be paid on the Bond in monthly installments. Principal and interest on the Bond shall be paid in monthly installments commencing in June 2015 until May 2015. As of June 30, 2014, the Board has advanced \$50,000 of the Series 2013 revenue Bond. Series 2013 Revenue Bond has certain requirements which include maintenance of a minimum effective tangible net worth of \$65,000,000 and establishment of the special trust account for payment of the principal and interest. The Board shall not issue additional bonds or other obligations having a lien on the pledged airport revenues superior to the lien of the Bond. The Bond is subject to redemption prior to the stated maturity, at the option of the Board. There is no prepayment penalty on the Bond.

The following is a summary of changes in long-term debt of the Board for the year ended June 30, 2014:

	Balance June 30, 2013	New Debt Incurred	Debt Retired	Balance June 30, 2014	Due Within One Year
Wyoming Business Council	\$ 1,065,562	\$ -	\$ 147,718	\$ 917,844	\$ 149,195
Wyoming Business Council line of credit	-	1,500,000	-	1,500,000	-
Series 2013 Revenue Bond	-	50,000	-	50,000	-
Total long-term debt	1,065,562	1,550,000	147,718	2,467,844	149,195
Compensated absences	203,730	-	19,991	183,739	17,310
	<u>\$ 1,269,292</u>	<u>1,550,000</u>	<u>\$ 167,709</u>	<u>\$ 2,651,583</u>	<u>\$ 166,505</u>

JACKSON HOLE AIRPORT BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

**Note 4. Long-Term Debt and Pledged Revenue (Continued)**

The debt service requirements on the Board's long-term debt as of June 30, 2014, are summarized as follows:

Year ending June 30,	Wyoming Business Council (BRC)		
	Principal	Interest	Total
2015	\$ 149,195	\$ 9,179	\$ 158,374
2016	150,687	7,687	158,374
2017	152,194	6,180	158,374
2018	153,716	4,658	158,374
2019	155,253	3,121	158,374
2020	156,799	1,568	158,367
	<u>\$ 917,844</u>	<u>\$ 32,393</u>	<u>\$ 950,237</u>

**Note 5. Risk Management**

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions, injuries to employees and natural disasters. During the year ended June 30, 2014, 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 \$106,000 in 2014.

**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.



# JACKSON HOLE AIRPORT BOARD

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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### **Note 6. Retirement Plan (Continued)**

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 approximately \$495,000, \$498,000, and \$503,000 for 2014, 2013 and 2012 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.

The Board is responsible for insurance and all taxes and fees on the leased glycol truck. The annual minimum lease payment on the glycol truck during the fiscal year ended 2015 is \$10,098.

In 2014, 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, 2014, the Board received \$10,444,224 in support from federal and state governments to fund its capital projects and airport related studies.

### **Note 9. Major Customer**

During the 2014, the Board had a one major customer (any customer who provided 10% or more of total revenues). The Board received 5,899,497 in revenues from Transportation Security Administration under a contract to provide screening services and had \$1,011,993 in receivables at June 30, 2014.

### **Note 10. Contractual Commitments**

As of the fiscal year ended June 30, 2014, the Board had several outstanding contracts relating to the terminal baggage claim remodel project. The total contracts for the terminal baggage claim remodel and waste water treatment projects are approximately \$19,407,000 and \$2,005,000, respectively, and as of June 30, 2014 approximately \$14,204,000 and \$2,582,000, respectively was completed and included in construction in progress. The major funding source for the baggage claim project is Airport Improvement Program grants and passenger facility charges, major funding for the waste water treatment is Capital Facility Fees.

### **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.



**JACKSON HOLE AIRPORT BOARD**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

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**Note 12. Commitments and Transaction with Related Organization**

The Board enters into various contracts that extend beyond the current year. The Board has an agreement with the Town of Jackson with respect to the provision of law enforcement services. During the 2014 this agreement required monthly payments of \$37,500 for total annual amount of \$450,000. In August 2014, the Board approved an increase the monthly payments to \$40,235 for a total annual amount of \$482,820. 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 engineering contract in the amount of approximately \$808,000 for the apron design in accordance with their Capital Improvement Plan for the reconstruction of the commercial apron

The Board did not have any other subsequent events through November 06, 2014, the date at which the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2014.

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

As of June 30, 2014, 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.

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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, 2014

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating revenues			
Airline rentals and fees			
Airlines revenue	\$ 1,158,823	\$ 1,219,277	\$ 60,454
Airlines shared - baggage claim	438,810	432,987	(5,823)
Airlines shared - security holding room	497,196	496,602	(594)
Airlines checked baggage	245,700	245,700	-
Airline other operations	8,948	8,948	-
Terminal and facilities rents and fees			
Brochures, display, and phone board	57,000	51,702	(5,298)
FAA office rent	12,100	10,509	(1,591)
Restaurant rent and GA catering	168,000	219,426	51,426
TSA office rent	8,610	8,677	67
Rental cars			
Rental cars	2,549,225	2,623,193	73,968
Rental cars - off airport	225,000	474,705	249,705
General aviation rentals and fees			
JHA, LLC - rent and operations fee	609,000	446,461	(162,539)
Landing fee g/s and other	250,000	310,648	60,648
Glycol administration	468,000	468,366	366
Other operating revenues			
Gas tax refund	120,000	165,229	45,229
Ground transportation	80,000	78,550	(1,450)
Interest	10,000	3,433	(6,567)
Miscellaneous	6,000	11,443	5,443
Parking	380,000	427,535	47,535
TSA reimbursement - LEO	70,000	71,455	1,455
Total operating revenues	<u>7,362,412</u>	<u>7,774,846</u>	<u>412,434</u>
Grant, PFC and CFF revenues, and donations			
Terminal baggage claim - AIP	3,640,050	5,127,724	1,487,674
Terminal baggage claim - WYDOT	2,000,000	1,976,999	(23,001)
Terminal baggage claim - WAC	-	2,000,000	2,000,000
FAR 150	1,117,000	59,848	(1,057,152)
Planning study - safety & AIP - WAC	9,600	15,637	6,037
Apron rehab	404,550	207,500	(197,050)
Seal coat runway - WAC	-	231,211	231,211
Donation	-	40,000	40,000
Total grant revenues	<u>7,171,200</u>	<u>9,658,919</u>	<u>2,487,719</u>
PFC income	-	1,115,252	1,115,252
CFF income	1,580,000	915,410	(664,590)
Total grant, PFC revenues, and donations	<u>8,751,200</u>	<u>11,689,581</u>	<u>2,938,381</u>
Security screening contract			
TSA screening reimbursement	5,899,404	5,899,497	93
Total reimbursement screening	<u>5,899,404</u>	<u>5,899,497</u>	<u>93</u>
Other income - non operating	-	146,622	146,622
Total revenues	<u>22,013,016</u>	<u>25,510,546</u>	<u>3,497,530</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, 2014

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating expenses			
Salaries	\$ 1,725,746	\$ 1,769,891	\$ (44,145)
Payroll taxes	221,282	184,035	37,247
Employee benefits - medical insurance	516,663	478,554	38,109
Employee benefits - retirement	193,865	196,359	(2,494)
Building insurance	462,025	454,230	7,795
Building supplies	71,000	78,207	(7,207)
Contract cleaning services	340,000	304,626	35,374
Contract waste water operator	30,000	7,484	22,516
Control tower operations	36,250	47,717	(11,467)
Dues and subscriptions	7,500	5,357	2,143
Environmental planning and operations	91,200	7,369	83,831
Fire rescue training and supplies	97,720	37,121	60,599
Use agreement payment	200,000	165,630	34,370
Fuel	98,000	97,934	66
JH security services	79,764	79,769	(5)
Landscaping	81,600	43,685	37,915
Legal fees	70,000	80,988	(10,988)
Meeting and school expense	124,750	77,625	47,125
Glycol expense	450,000	426,723	23,277
Miscellaneous	26,000	22,357	3,643
Noise abatement plan	75,000	71,775	3,225
Office expense	95,000	78,364	16,636
LEO security	450,000	450,874	(874)
Professional fees	141,000	115,994	25,006
Repair and maintenance expenses	586,096	1,035,577	(449,481)
Telephone	32,000	33,918	(1,918)
Travel	43,700	24,118	19,582
Utilities	371,500	304,081	67,419
Snow removal	77,000	126,469	(49,469)
Equipment - operations	47,000	-	47,000
Total operating expenses	<u>6,841,661</u>	<u>6,806,831</u>	<u>34,830</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, 2014

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital outlay			
Wastewater treatment facility CFC	\$ 1,500,000	\$ 2,135,783	\$ (635,783)
Apron rehab	435,000	310,252	124,748
Apron crack and joint seal	30,000	14,707	15,293
Terminal baggage claim area and CM terminal design	11,500,000	11,032,843	467,157
Parking master plan	80,000	24,572	55,428
USGS water testing	70,000	61,549	8,451
FAR 150	1,300,000	76,974	1,223,026
Parking study and safety ALP - WAC - 2658	12,000	6,751	5,249
Plow truck	525,000	525,457	(457)
Security access upgrade	33,000	23,777	9,223
Wildlife study	132,650	88,459	44,191
Other projects not started in 2013-14	1,134,500	-	1,134,500
Other projects started in 2013-14	-	520,219	(520,219)
Total capital outlay	<u>16,752,150</u>	<u>14,821,342</u>	<u>1,930,808</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Security screening contract expenses			
Salaries	\$ 2,703,259	\$ 2,301,057	\$ 402,202
Payroll taxes	348,720	288,245	60,475
Benefits - retirement	356,560	298,372	58,188
Benefits - medical insurance	1,309,749	1,083,842	225,907
Screening costs - other	252,000	118,672	133,328
Screening costs - nonreimbursable	-	4,908	(4,908)
TSA claims - damages	10,000	418	9,582
Total screening contract expenses	<u>4,980,288</u>	<u>4,095,514</u>	<u>884,774</u>
Total expenses	<u>28,574,099</u>	<u>25,723,687</u>	<u>2,850,412</u>
Excess (deficiency) of revenues over expenses	<u>\$ (6,561,083)</u>	(213,141)	<u>\$ 6,347,942</u>
Fixed assets (budgeted but not included as an expense)		(225,409)	
Accounts receivable change (non-budget item)		(485,768)	
Prepaid expenses (non-budget item)		1,917	
Deposits (non-budget item)		(10,000)	
Accounts payable change (non-budget item)		618	
Accrued payroll (non-budget item)		(13,750)	
Series 2013 Revenue Bonds (non budget item)		50,000	
Debt payments (non budget item)		(147,718)	
Advance on a line of credit from Wyoming Business Council (non budget item)		1,500,000	
Cash including certificates of deposit of \$800,000 and PFC restricted cash \$93,331 and CFF restricted cash of \$1,322,733 - beginning of year		<u>9,523,834</u>	
Cash including certificates of deposit of \$800,000 and PFC restricted cash \$82,583 - end of year		<u>\$ 9,980,583</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, 2014**

<u>PFC Projects</u>	<u>Balance Unliquidated PFC June 30, 2013</u>	<u>PFC Collections</u>	<u>Interest Earned</u>	<u>PFC Expenditures</u>	<u>Balance Unliquidated PFC June 30, 2014</u>
APP 11, 12 and 13 Terminal, Master Plan, Operations, and Administration	\$ (11,732,143)	\$1,115,251	\$ 14	\$ 3,114,734	\$ (13,731,612)
	<u>\$ (11,732,143)</u>	<u>\$1,115,251</u>	<u>\$ 14</u>	<u>\$ 3,114,734</u>	<u>\$ (13,731,612)</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

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, 2014, 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 November 06, 2014.

***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*.

***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  
November 06, 2014





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, 2014. 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, 2014.

***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

November 06, 2014

**SINGLE AUDIT SECTION**

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**JACKSON HOLE AIRPORT BOARD**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014

<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 # 48	20.106	3-56-0014-48	\$ 207,500
Airport Improvement Program # 49	20.106	3-56-0014-49	1,688,585
Airport Improvement Program # 50	20.106	3-56-0014-50	59,848
Airport Improvement Program # 51	20.106	3-56-0014-51	3,821,266
			<u>5,777,199</u>
Passed through Town of Jackson Southern Teton Area Rapid Transit dba START Bus Formula grants for rural areas			
	20.509	5311-13-FTA-35	\$ 18,842
Total U.S. Department of Transportation			<u>5,796,041</u>
Total Federal Awards			<u><u>\$ 5,796,041</u></u>

See accompanying note to the Schedule of Expenditures of Federal Awards

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JACKSON HOLE AIRPORT BOARD

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2014

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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.

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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, 2014. 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, 2014.

***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  
November 06, 2014

JACKSON HOLE AIRPORT BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2014

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Section I - Summary of Auditor's Results

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**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, 2014

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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, 2014

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*None*

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