

Air Service Board Meeting

Hailey City Hall

Wednesday, July 27, 2016

2:00 p.m.

AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING
HAILEY CITY HALL
115 MAIN STREET SOUTH
HAILEY, ID
July 27, 2016 - 2:00 P.M.

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

CONSENT AGENDA *All items listed under the Consent Agenda will be approved in one motion without discussion unless any Board Member requests that the item be removed for individual discussion and possible action.*

- 1. Approval of Air Service Board Minutes of May 25, 2016; 2
- 2. Receive and File Financials:
 - a. 1% Local Option Tax Report – March and April 2016; 5

PRESENTATIONS

- 3. Fly Sun Valley Alliance, Semi-Annual Report and Budget Request, Carol Waller; 6
- 4. Sun Valley Marketing Alliance, Semi-Annual Report and Budget Request, Arlene Schieven;..... 19

PUBLIC HEARINGS

- 5. Consideration and adoption of the proposed Sun Valley Air Service Board Budget for FY 2017 for the expenditure of Local Option Tax (LOT) revenues received by the Sun Valley Air Service Board for taxes payable from the period of 10/1/16 through 9/30/17;..... 46

ACTION/DISCUSSION

- 6. Discussion and action regarding a proposal for auditing services for Fiscal Year 2016; 47
- 7. Authorization for Payment of Bills on-hand through July 21, 2016; 58

EXECUTIVE SESSION – Pursuant to Idaho Code 74-206 (d) to consider trade secrets that are exempt from disclosure as provided in Idaho Code 74-107;

ADJOURNMENT

Please Note: The agenda is subject to revisions. Any person in need of assistance to attend or participate should contact Hailey City Hall prior to the meeting at 788-4221. Air Service Board Packets are online at www.haileycityhall.org; www.sunvalley.govoffice.com; and www.ketchumidaho.org.

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DRAFT
REGULAR SUN VALLEY AIR SERVICE BOARD MEETING
SUN VALLEY CITY HALL
81 ELKHORN ROAD
SUN VALLEY, ID
MAY 25, 2016 - 2:00 P.M.

CALL TO ORDER

The Sun Valley Air Service Board meeting was called to order at 2:11 p.m. in Sun Valley City Hall.

Mayor Fritz Haemmerle noted the agenda item for executive session needed to be changed to the updated code sections, suggesting Idaho Code Section 74-107(1) and 74-107(6). Mayor Nina Jonas moved to amend the agenda as suggested, seconded by Mayor Peter Hendricks. All in favor. The motion carried unanimously.

ROLL CALL

Members Present: Fritz Haemmerle – Mayor of Hailey
Peter Hendricks – Mayor of Sun Valley
Nina Jonas – Mayor of Ketchum

Members Absent: Lawrence Schoen – Chair, Blaine County Commission

Staff Present: Sun Valley City Administrator – Susan Robertson
Ketchum City Administrator – Suzanne Frick

PLEDGE OF ALLEGIANCE

Mayor Peter Hendricks led the pledge of allegiance.

PUBLIC COMMENT

None.

REMARKS FROM THE CHAIR

None.

REMARKS FROM THE BOARD

None.

CONSENT AGENDA

1. Approval of Air Service Board Minutes of March 16, 2016;
2. Receive and File Financials:
 - a. 1% Local Option Tax Report – January and February 2016;

Mayor Peter Hendricks moved to approve the entire consent agenda as presented, seconded by Mayor Nina Jonas. A roll call vote was taken. All in favor. The motion carried unanimously.

ACTION/DISCUSSION

3. Discussion regarding Friedman Memorial Airport (SUN) air service strategic planning;
Carol Waller, of Fly Sun Valley, presented the variables that go into deciding where to pursue new non-stop destinations for the Sun Valley airport. One variable is the market demographics, such as second-home ownership, markets that provide travelers to competition resort communities and the potential demand.

Market feasibility is also crucial, which takes into account whether there is an airline that is interested and has the type of aircraft that can fly into the Sun Valley airport. If those two factors are feasible, the decision must also take into account space constraints and economics, such as MRG and marketing costs. Waller stated they generally plan out on a three-year time period for both new and enhanced services.

Mayor Peter Hendricks asked which factors were the most important in making a decision. Waller responded they are market potential and market feasibility.

Mayor Nina Jonas asked about the factors examined when looking at market demographics. She specifically asked if millennials were a target market. Waller responded age groups are more of a focus of marketing. She noted that the Alliance submitted a grant for service to Portland due to strong second-home ownership and the business market. She noted it is also a strong millennial market.

Mayor Nina Jonas asked about the focus on tourism and whether the focus would ever shift to developing the economic diversity of the Valley. She suggested additional dates and times for flights would help businesses. Waller responded they are looking at expanding the current service into the off season, noting there may also be more daily flights with some airlines. Mayor Nina Jonas stated she would like to see that integrated into the strategy. Waller responded there will be expansion of service for Fiscal Year 2017.

Mayor Nina Jonas asked whether the Alliance looks at adding airlines. Waller responded that they want to ensure their current airlines are successful but may look at a new market that is not a hub for a current airline. She noted when the 1% Air Service tax went into effect, the goal was to have new service to three cities. They started immediately with San Francisco and Denver and are continuing to expand that service.

Mayor Nina Jonas asked about whether the goals included looking at what is delivered to the customer. Waller responded that a lot of fares are determined by supply and demand, but it can be cheaper to fly into Sun Valley than to Boise. She noted there has been a drop in overall average fares into Sun Valley.

Mayor Nina Jonas encouraged Fly Sun Valley Alliance to continue to look at helping to make the valley a viable business community, especially when travel is essential to that part of the community. Mayor Peter Hendricks asked Mayor Nina Jonas whether she was asking for more emphasis on business than tourism. Mayor Nina Jonas responded that tourism is still the biggest economy in the area, but to have a healthy community there needs to be more than one economy.

Mayor Fritz Haemmerle noted the lack of flight frequency is not unique to SUN. Mayor Nina Jonas responded she was focused not only on the number of daily flights, but the frequency throughout the calendar year. Waller responded that they are looking to make significant expansions.

Mayor Peter Hendricks asked if there are an optimal number of markets. Waller responded they are always looking at various opportunities but that all new markets are carefully planned.

Mayor Fritz Haemmerle asked whether other markets besides Seattle expanded into the slack season. Waller responded that Los Angeles and San Francisco expanded and are continuing to do so.

Mayor Nina Jonas encouraged the Alliance to focus on millennial markets.

4. Authorization of Payment of Bills on-hand through May 19, 2016;
Susan Robertson presented the various bills to be paid.

Mayor Nina Jonas moved to authorize the payment of bills on hand, seconded by Mayor Peter Hendricks. A roll call vote was taken. All in favor. The motion carried unanimously.

5. Changing of the time of the Regular Sun Valley Air Service Board September 21, 2016 meeting;
Susan Robertson stated the Board was scheduled to meet on September 21st at 2 p.m., but the Ketchum Council Chambers are not available until 3 p.m. She asked that the meeting time be changed to that time.

Mayor Peter Hendricks moved to change the September 21st meeting time from 2 to 3 p.m., seconded by Mayor Nina Jonas. A roll call vote was taken. All in favor. The motion carried unanimously.

EXECUTIVE SESSION

Mayor Fritz Haemmerle stated there was no longer a need for an executive session.

ADJOURNMENT

Mayor Nina Jonas moved to adjourn, seconded by Mayor Peter Hendricks. A roll call vote was taken. All in favor. The motion carried unanimously.

The meeting adjourned at 2:38 p.m.

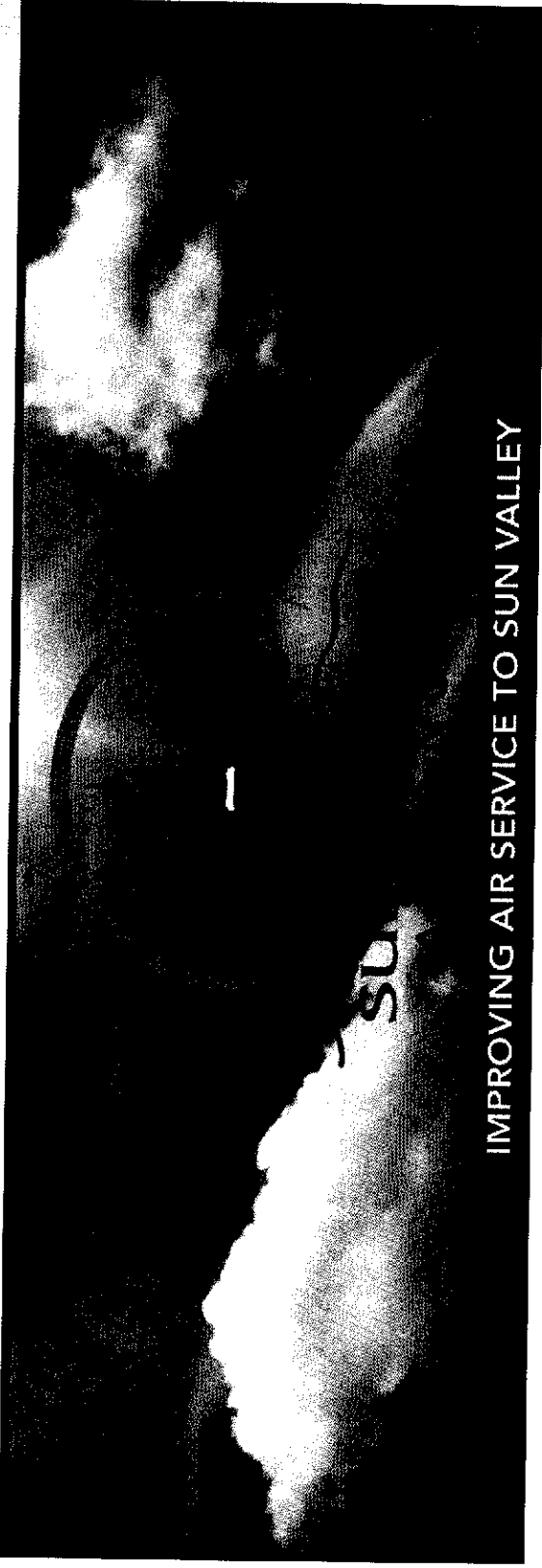
Fritz Haemmerle, Chair

ATTEST:

Nina Jonas, Secretary/Treasurer

1% Local Option Tax Report - March 2016 and April 2016

1% LOT Generated	1% LOT Received	Communities' Direct Costs				LOT Funds from Communities	Air Service Board Administrative Expenses	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
		Sun Valley	Ketchum	Hailey	TOTAL								
Oct-15	Dec-15	23,617.42	108,535.59	3,966.60	136,119.61	-6,181.28	129,938.33	-2,955.00	270,000.00	54,000.00	20%	216,000.00	80%
Nov-15	Jan-16	17,203.31	107,445.27	2,775.83	127,424.41	-6,147.94	121,276.47	-125.00	126,983.33	25,396.67	20%	101,586.66	80%
Dec-15	Feb-16	69,987.79	243,369.11	5,786.85	319,143.75	-6,232.25	312,911.50	-125.00	121,151.47	24,230.29	20%	96,921.18	80%
Jan-16	Mar-16	42,379.49	163,150.32	10,381.19	215,911.00	-6,360.89	209,550.11	-125.00	312,786.50	62,557.30	20%	250,229.20	80%
Feb-16	Apr-16	58,703.63	184,907.18	7,001.05	250,611.86	-6,337.81	244,274.05	-125.00	209,425.11	41,885.02	20%	167,540.09	80%
Mar-16	May-16	44,181.22	162,606.26	6,833.63	213,621.11	-6,261.56	207,359.55	-125.00	244,149.05	48,829.81	20%	195,319.24	80%
Apr-16	Jun-16	18,540.19	92,508.00	3,098.79	114,146.98	-6,156.99	107,989.99	-625.00	207,234.55	165,787.64	80%	41,446.91	20%
May-16	Jul-16					-6,146.00		-125.00	107,364.99	96,628.49	90%	10,736.50	10%
Jun-16	Aug-16					-6,163.00		-125.00			90%		10%
Jul-16	Sep-16					-6,229.00		-125.00			90%		10%
Aug-16	Oct-16					-6,427.00		-125.00			90%		10%
Sep-16	Nov-16					-6,431.00		-125.00			49%		51%
		274,613.05	1,062,521.73	39,843.94	1,376,978.72	-75,074.72	1,333,300.00	-4,830.00	270,000.00	519,315.22		1,079,779.77	



IMPROVING AIR SERVICE TO SUN VALLEY

FY16 MID-YEAR REPORT FY17 CONTRACT BUDGET PROPOSAL

July 27, 2016

Presented To

**SUN VALLEY
AIR SERVICE BOARD**

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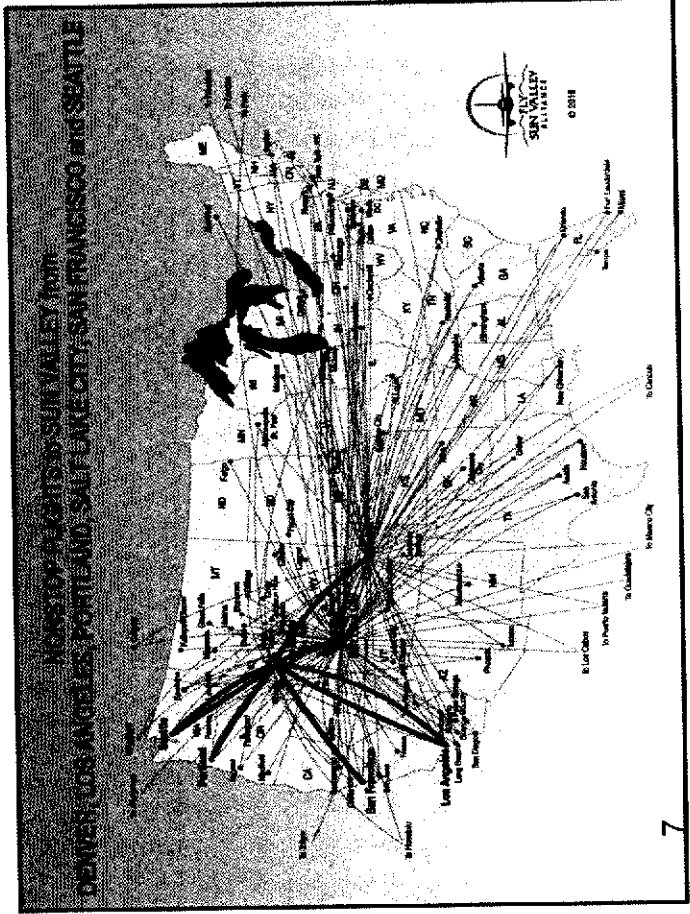
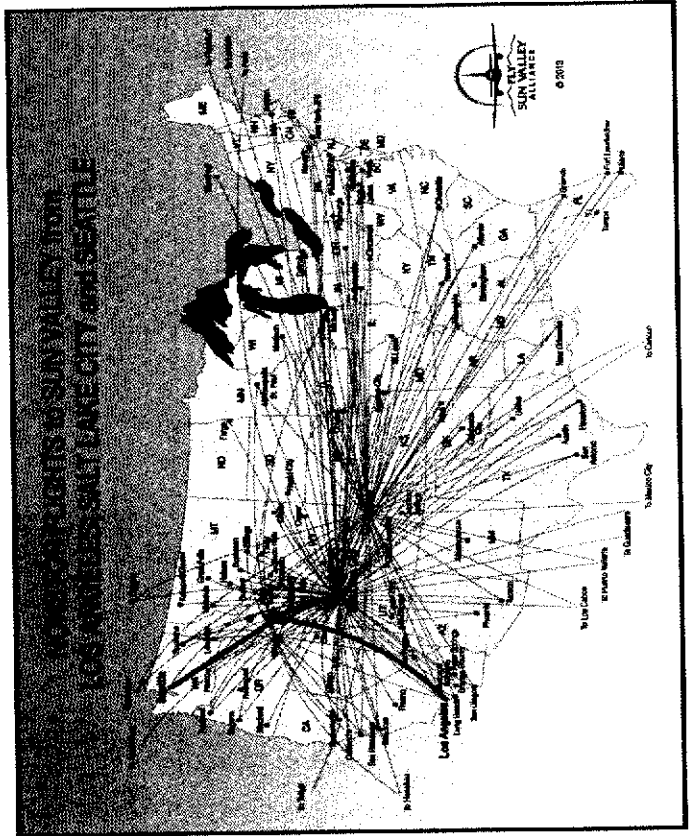


BIG SUCCESS IN 2016

Investment in Air Service Continues to Deliver Results

- ❑ Now 6 nonstop cities for SUN! New Alaska Portland (PDX) flight to start Dec 2016
- ❑ Expanded Flights to LAX, SEA, DEN, more daily frequency to SLC
- ❑ For the local, business, part-time resident, visitor travelers – more choices, more convenience, more competitive fares
- ❑ For the Wood River Valley – more positive economic impact

2013





FY16 MID-YEAR UPDATE

FSVA Air Service Development Efforts

- **Airline Meetings/Strategic Development**
 - Negotiated and secured optimized winter & summer air service contracts w/United and Alaska
 - Continued discussions with Delta on increasing SLC flight frequency
 - Continued discussions, analysis on performance, fares, etc. with airlines
 - Continued pursuit of strategic opportunities for enhanced/new future service
 - Continued to support and manage enhanced diversion bussing for winter
 - Weekly monitoring/tracking of bookings, competitive developments

• Local Air Marketing/Community Outreach

- Promotion in local and regional (southern ID) markets.
 - Encourage use of SUN as air gateway*
- Keep community, stakeholders, consumers, media updated with information via Enews, website, social media, press releases, presentations, etc.
- Gather input from business on air service needs

• Research

- Air Passenger survey for winter 2015/16 season completed
- Air Passenger survey for summer 2016 underway
- Other ongoing research studies, analysis, etc.





FY16 YTD RESULTS & SUCCESS

Secured Expanded Service for Winter/Summer FY16

MORE SEATS & FLIGHTS

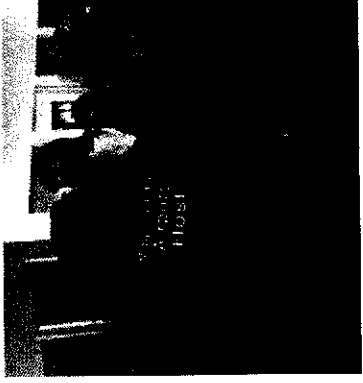
- ❖ Expanded overall service for winter 2015/16 by 12% more seats (5,672)
- ❖ Expanded overall service for summer 2016 by 17% more seats (8,215)
- ❖ Expanded United DEN-SUN winter 2015/16 service to 5x week
- ❖ Added 2nd daily SEA flight over peak Xmas holiday period
- ❖ Welcomed new Delta nonstop weekly LAX flights for winter/summer 2016
- ❖ 186% increase in SUN-SLC flights for 2016 (non-contract service)

Improved Diversion Busing Operations & Customer Experience

- ❖ Newer motor coaches – Airport hosts in TWF/SUN - improved communication with passengers

More Competitive average business and leisure airfares to SUN

- ❖ Airfares in 17 of top 20 SUN markets have decreased over past 2 years by average of 10%

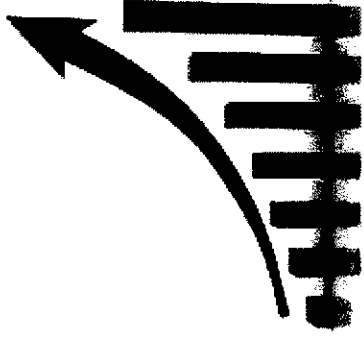




FY16 YTD RESULTS & SUCCESS

2015/16 WINTER SEASON (FMA Reported Dec- April)

- 43,314 seats available - up 5%
- 31,958 enplanements - up 7%
- Average Load Factor: 74% - up 1 pt



Notes:

- Passengers and flights diverted to TWF/BOI not included in these stats
- *Weather-diverted flights increased substantially this winter due to heavy snowfall, which means actual flights and passengers were significantly higher . Total scheduled seats for winter season were up 12%.

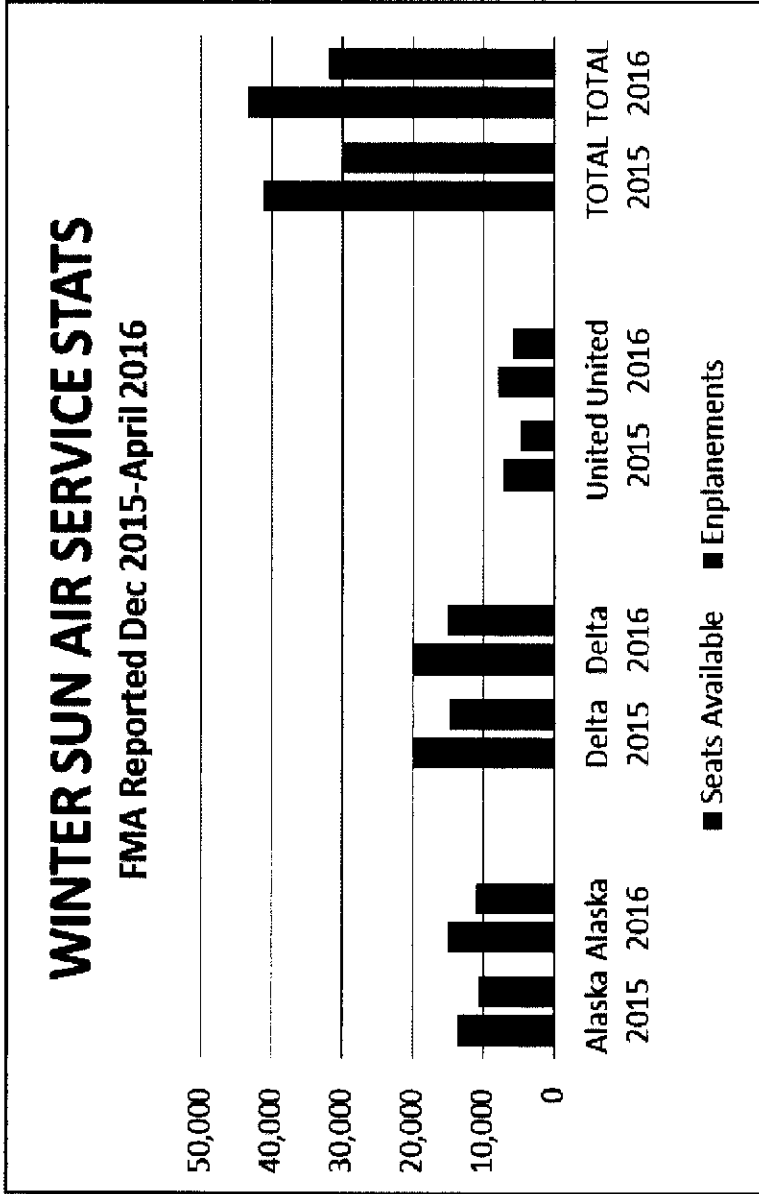
* Average annual flight load factor at competing Rocky Mtn destinations: 65-75%



FY16 YTD RESULTS & SUCCESS

SUN Winter Stats – Continued Growth

Notes: Statistics do not include flights, passengers diverted to TWF /BOI; diverted flights increased this winter due to heavy snow



	Alaska 2015	Alaska 2016	% Change	Delta 2015	Delta 2016	% Change	United 2015	United 2016	% Change	TOTAL 2015	TOTAL 2016	% Change
Seats Available	13,680	15,048	10%	20,081	20,148	0%	7,392	8,118	10%	41,153	43,314	5%
Enplanements	10,604	11,084	5%	14,641	15,073	3%	4,750	5,801	22%	29,995	31,958	7%
LF % Avg	78%	74%	(-4pts)	73%	75%	1 1/2 pt	64%	71%	7 pts	73%	74%	1 pt



SUMMER FY16 UPDATE

- Secured 17% increase in seats (+8,215) for summer/fall 2016
- Delta SUN-SLC flights increased 186% in 2016; 169 days with 3 daily Delta flights vs 59 days in 2015.
- FSVA negotiating with contract airlines for 2016/17 winter & 2017 summer service
- FSVA partnered with FMA to submit \$500K USDOT grant for new winter/summer nonstop PDX-SUN service – was awarded grant in July
- SUN Air Passenger Surveys for summer/fall began mid-June
- FSVA & FMA local marketing of SUN air service ongoing

2016 SUN VALLEY (SUN) AIR SERVICE WINTER & SUMMER FLIGHT SCHEDULE

AIRLINE	CITY	AIRPORT	FLIGHT	DEPARTS CITY	ARRIVES SUN	DEPARTS SUN	ARRIVES CITY	FREQUENCY	DATES	DAYS
Alaska www.alaska.com	Los Angeles	LAX	0400	1:25pm	8:00pm	11:20am	12:45pm	Daily	Jun 10 - Sep 5	Thurs, Fri, Sat
			0400	7:35pm	8:00pm	1:30am	12:35pm	3 x week	Sep 6 - Oct 2	Thurs, Fri, Sat
	Seattle	SEA	0400	8:05am	10:45am	5:30pm	6:30pm	Daily	Jun 10 - Sep 18	Thurs, Fri, Sat
			0400	8:05am	10:45am	5:30pm	6:30pm	3 x week	Sep 22 - Oct 16	Thurs, Fri, Sat
DELTA www.delta.com	Los Angeles	LAX	CR700	12:30pm	9:50pm	4:05pm	5:10pm	SA	Jun 11 - Sep 10	
			CR700	9:00am	12:00pm	12:35pm	1:40pm	SU	Jun 12 - Aug 28	
	Salt Lake City	SLC	CR700	9:50pm	10:42am	4:50am	7:40am	Daily	Year Round	
			CR700	11:15am	12:25pm	1:00pm	2:00pm	Daily	Year Round	
UNITED www.united.com	Denver	DEN	CRJ700	4:30pm	8:39pm	7:05am	8:50am	Daily	Jun 24 - Sep 4	Mon, Tue, Wed, Thu, Fri, Sat, Sun
			CRJ700	8:50pm	9:39pm	7:05am	8:50am	3 x week	Sep 7 - 18	Mon, Tue, Wed, Thu, Fri, Sat, Sun
	San Francisco	SFO	CRJ700	4:15pm	7:05pm	8:10am	9:22am	Daily	Jun 24 - Sep 4	Mon, Tue, Wed, Thu, Fri, Sat, Sun
			CRJ700	4:15pm	7:05pm	8:10am	9:22am	3 x week	Sep 7 - 18	Mon, Tue, Wed, Thu, Fri, Sat, Sun

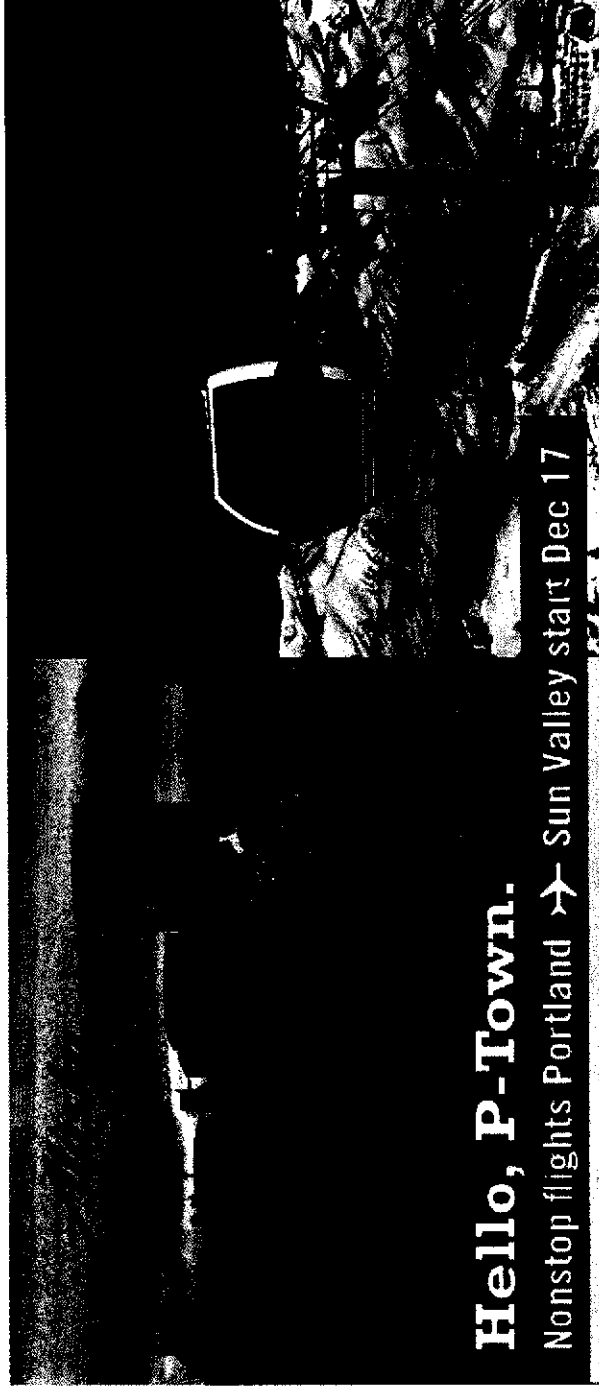
Airlines and independent scheduling contractors should be checked for accurate flight information and fares.
Flight times and actual air operations are subject to change.

IMPROVING AIR SERVICE TO SUN VALLEY www.flysunvalleyalliance.com



WINTER FY17 UPDATE

- **30% increase in seats (+15,500) for winter 2016/17**
 - **New!** Alaska Portland (PDX) flights start in December (2x weekly – Wed & Sat)
 - **New!** Alaska SEA flights expanded – starts Nov 23, more flights in Feb & March
 - **New!** Delta SEA flight daily during holidays and Saturdays all winter
 - **New!** Delta LAX flight daily Dec – March
 - **New!** UA DEN flights run daily Dec – March (up from 2x week in Jan, 5x week Feb & March in 2015)
 - Alaska LAX nonstop flights Dec – early April
 - United SFO nonstop flights daily Dec - March
 - Delta SLC daily nonstop flights continue year-round, 3x daily flights all winter
- **Improved instrument landing procedures at FMA will help reduce diversions**



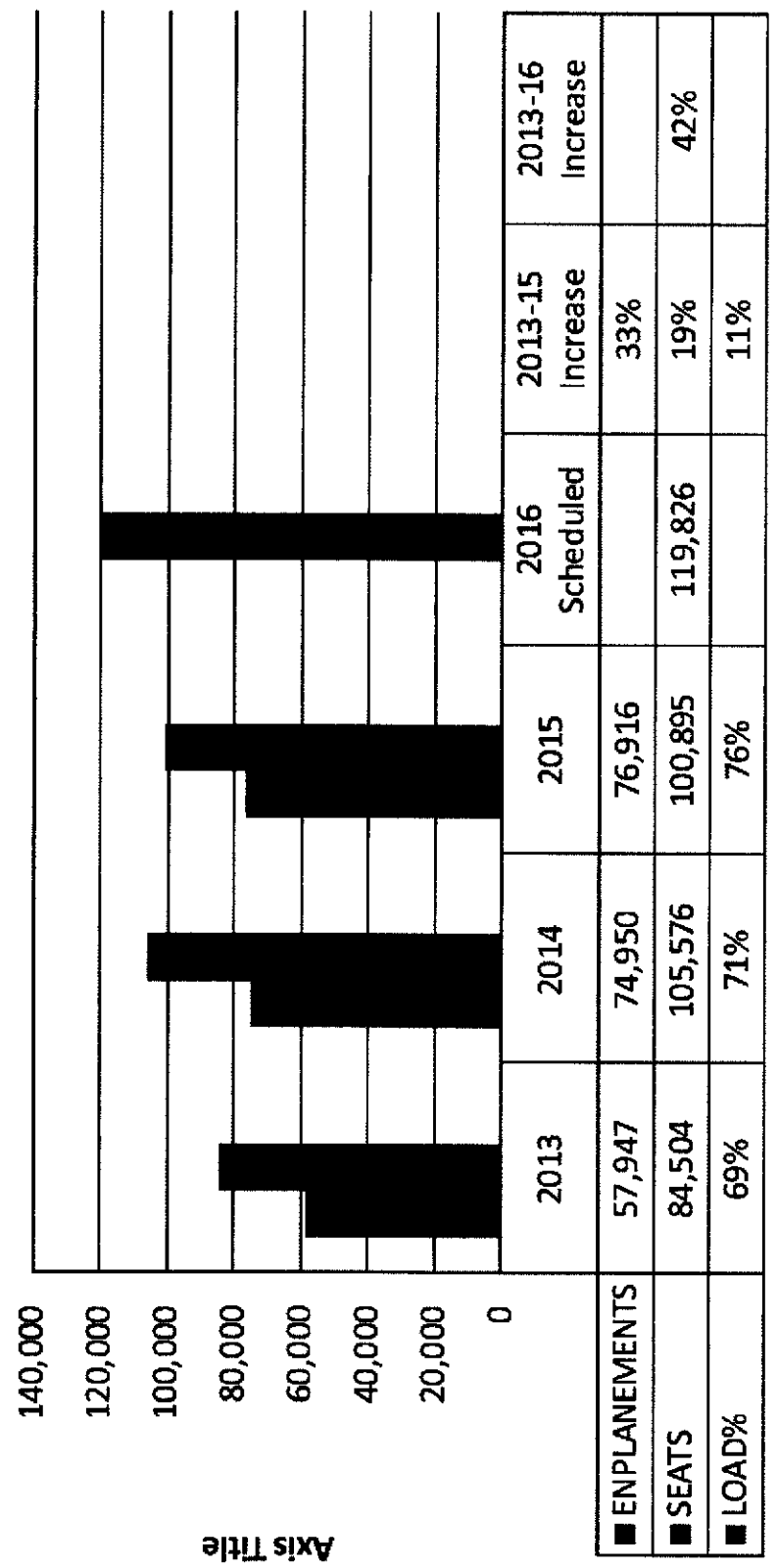
Hello, P-Town.

Nonstop flights Portland → Sun Valley start Dec 17

SUN AIR SERVICE GROWTH



SUN AIR SERVICE GROWTH 2013-2016



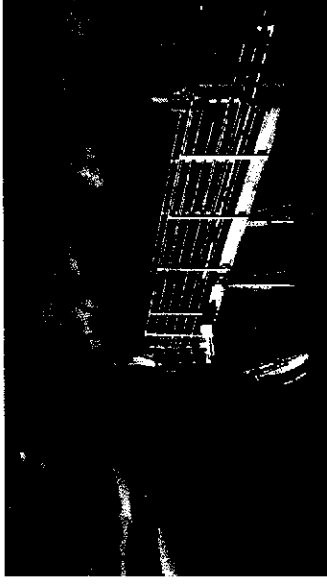
*Friedman Memorial Airport Stats +10% estimated for diverted flights/passengers

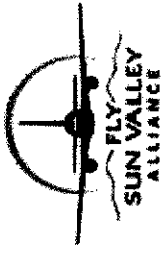
*SFO service began Dec 2013; DEN Service began June 2014; PDX service begins Dec 2016



FY17 Goals & Performance Metrics

- **Retain/Expand Current Air Service**
 - Retain contracted nonstop SEA, LAX, SFO, DEN, PDX flights
 - Expand winter and summer service schedules and frequency
 - Pursue increased frequency during non-peak months (April/May/Oct/Nov)
- **Pursue New Air Service**
 - Pursue new nonstop flight market for FY18
- **Minimize Air Service Contract Costs**
 - Work with airlines & marketing partners to increase load factors & minimize air service contract costs. Reduce local market leakage.
 - Work with airlines to make SUN fares as competitive as possible
- **Research**
 - Conduct Air Passenger Surveys at SUN; continue with competitive analysis, economic impact and air service ROI research.





FSVA FY17 ASB PROPOSED BUDGET

FSVA 1% LOT ASB CONTRACT BUDGET (FYE 9/30/17)

FSVA CONTRACT INCOME

1% LOT Revenues

TOTAL INCOME

*Contract for Services with Air Service Board

FSVA AIR SERVICE DEVELOPMENT EXPENSE

Air Service Contract Costs (United SFO/DEN; Alaska SEA/LAX/PDX)

Projected maximum MRG FSVA (50% share with SV Resort) + Bussing

Air Service Consulting Fees/Meetings/Travel

Mead & Hunt consulting fees, airline meetings

Local Air Service Marketing (fare sales, etc)

Wood River Valley, southern Idaho

Research

Winter/summer air passenger surveys, other research

TOTAL EXPENSE

	FY16 1% LOT Budget	FY17 1% LOT Budget
\$	1,300,000	1,495,000
\$	1,300,000	1,495,000
\$	1,185,000	\$ 1,365,000
\$	70,000	\$ 80,000
\$	25,000	\$ 25,000
\$	20,000	\$ 25,000
\$	1,300,000	\$ 1,495,000

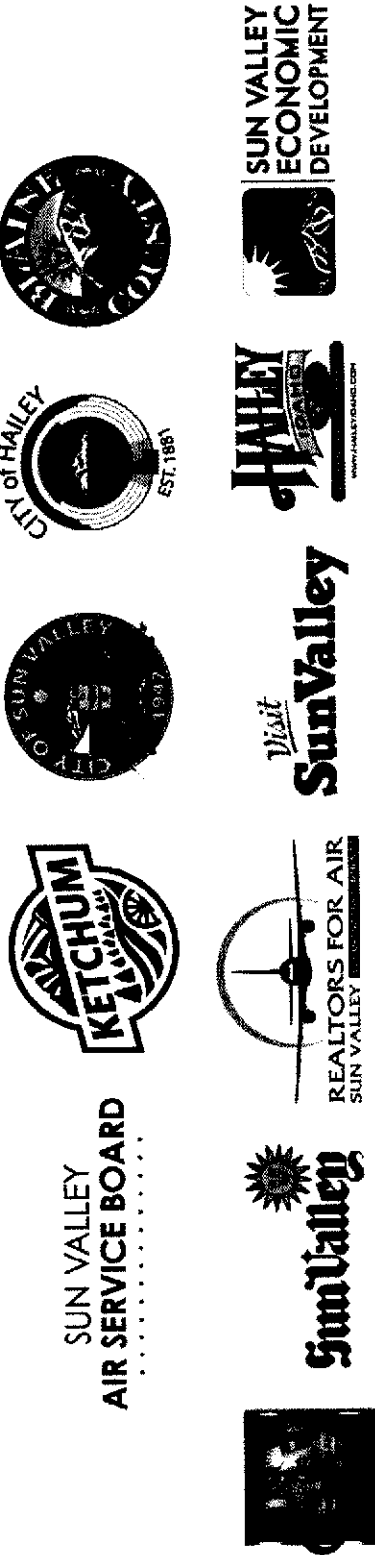
Notes:

- FY17 FSVA Air Service Contract Cost amount less than estimated MRG caps due to:
 - 1) PDX grant
 - 2) Allocation of 30% increase in VSV marketing \$ for inaugural service to PDX and to fill 30% increase in winter seats and estimated 10% increase in summer seats.



FSVA AIR SERVICE PARTNERS

FLY SUN VALLEY ALLIANCE SUN VALLEY AIR SERVICE KEY PARTNERS



Plus.....

The Wood River Valley Community

Over 50 Local Businesses



AIR SERVICE = BUSINESS

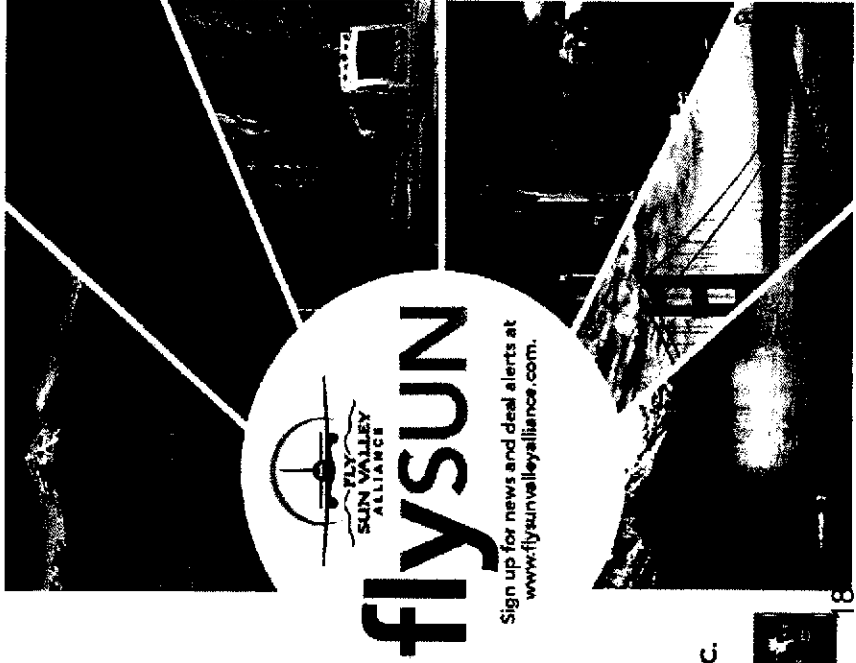
We continue to make great progress –
the investment in air service is working for our community.

THANK YOU

YOUR ADVENTURE STARTS HERE!

Fly SUN. ✈️ Nonstop to DEN, LAX, PDX, SEA, SFO, SLC.
ONE STOP TO THE WORLD.

Whether you travel for work or adventure, check SUN fares first.





Visit Sun Valley Semi-Annual Update for the Air Service Board

July 27, 2016



Agenda

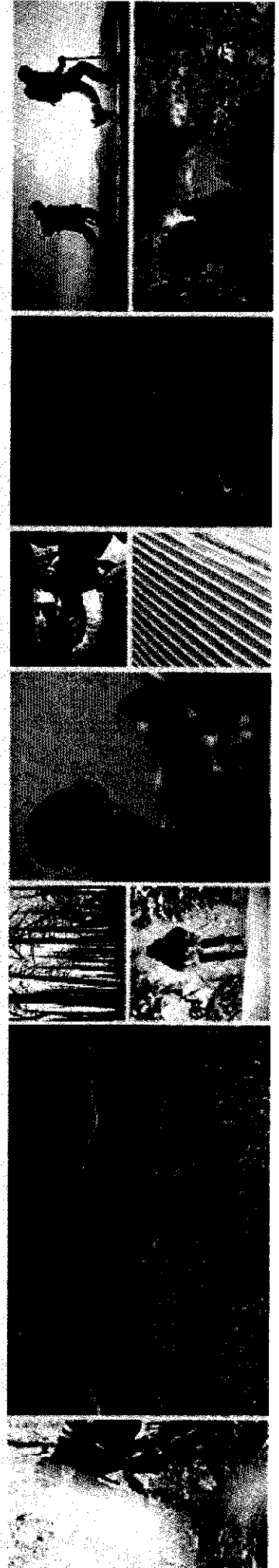
- Recap of Winter 2015/16
- Summer 2016 –YTD
- Winter 2016/17





Visit
SunValley

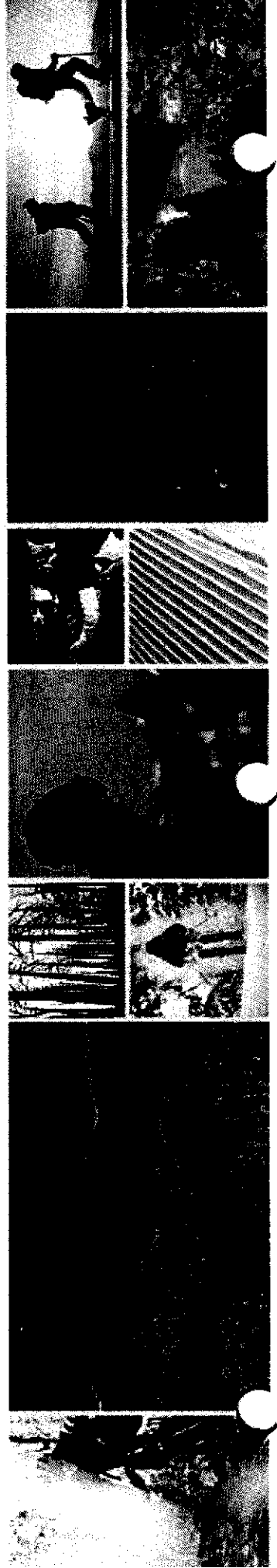
Winter 2015/16



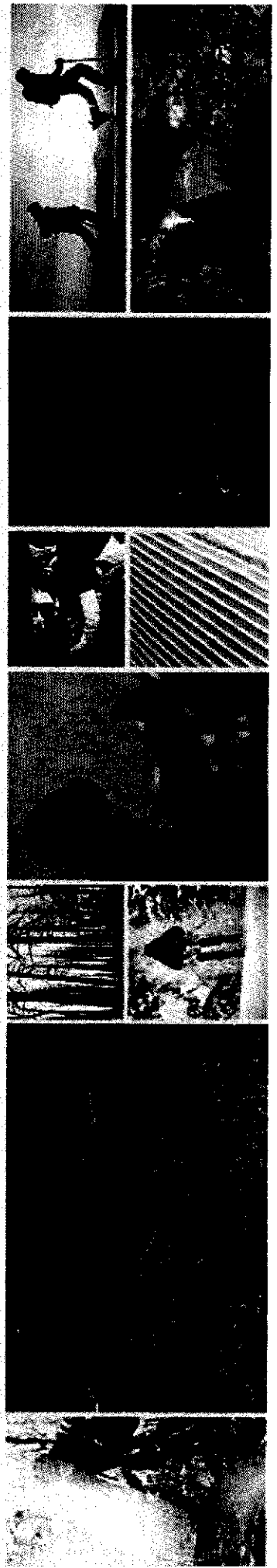
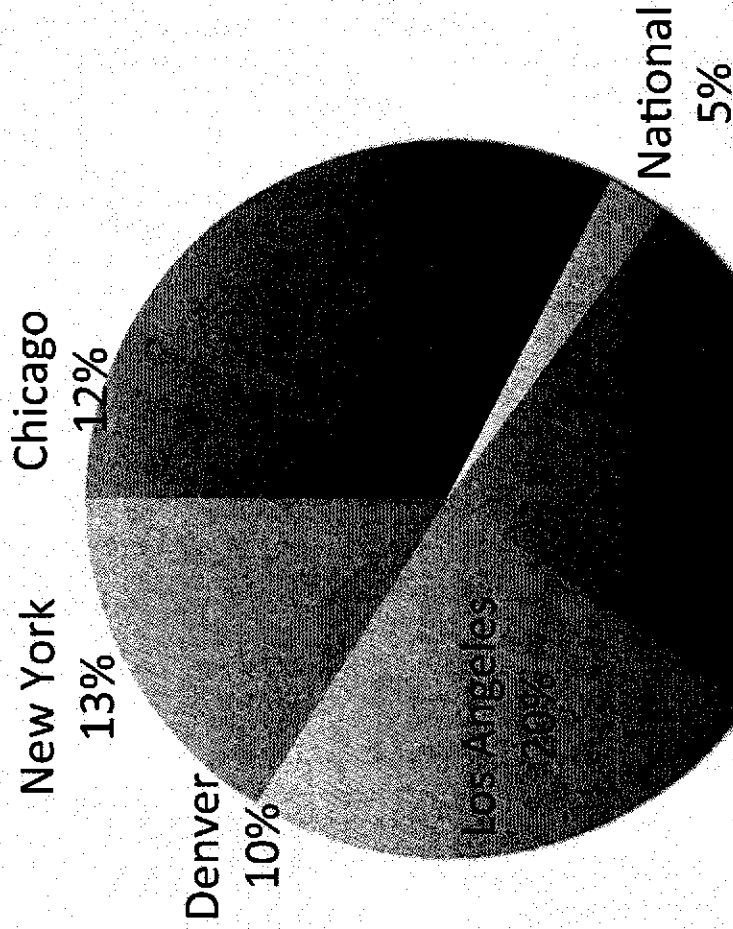
Winter 2014/15



- Second winter with additional 1% funds
- \$695K compared to \$519K last winter
- Target markets: Seattle, San Francisco, Los Angeles, National, Denver, New York, Chicago
- Results:
 - Dec +10%
 - Jan +8%
 - Feb +15%
 - Mar +4%
 - Winter Overall +9%



Budget by Market



LET MOUNTAINS *be your* CANVAS

VISITSUNVALLEY.COM

SUN VALLEY, A WINTER
PARADISE DAMED FOR 3,600
FEET OF GOOD BASKING
SUN. CRAVENSSE CUISINE,
AND ARTISTIC INSPIRATION
THAT CATCHES YOUR SOUL. IT
BECOMES MORE THAN A PLACE
— IT BECOMES PART OF YOU.
PLAN YOUR JOURNEY.

Visit **SunValley**

LAX TO SUN IN 2.5 HRS, NON-STOP FLIGHTS ALL WINTER.

IDAHO
visitidaho.org

a PULL

THAN

gravity

VISITSUNVALLEY.COM



Visit
SunValley

NON-STOP FLIGHTS FROM 5 MAJOR CITIES

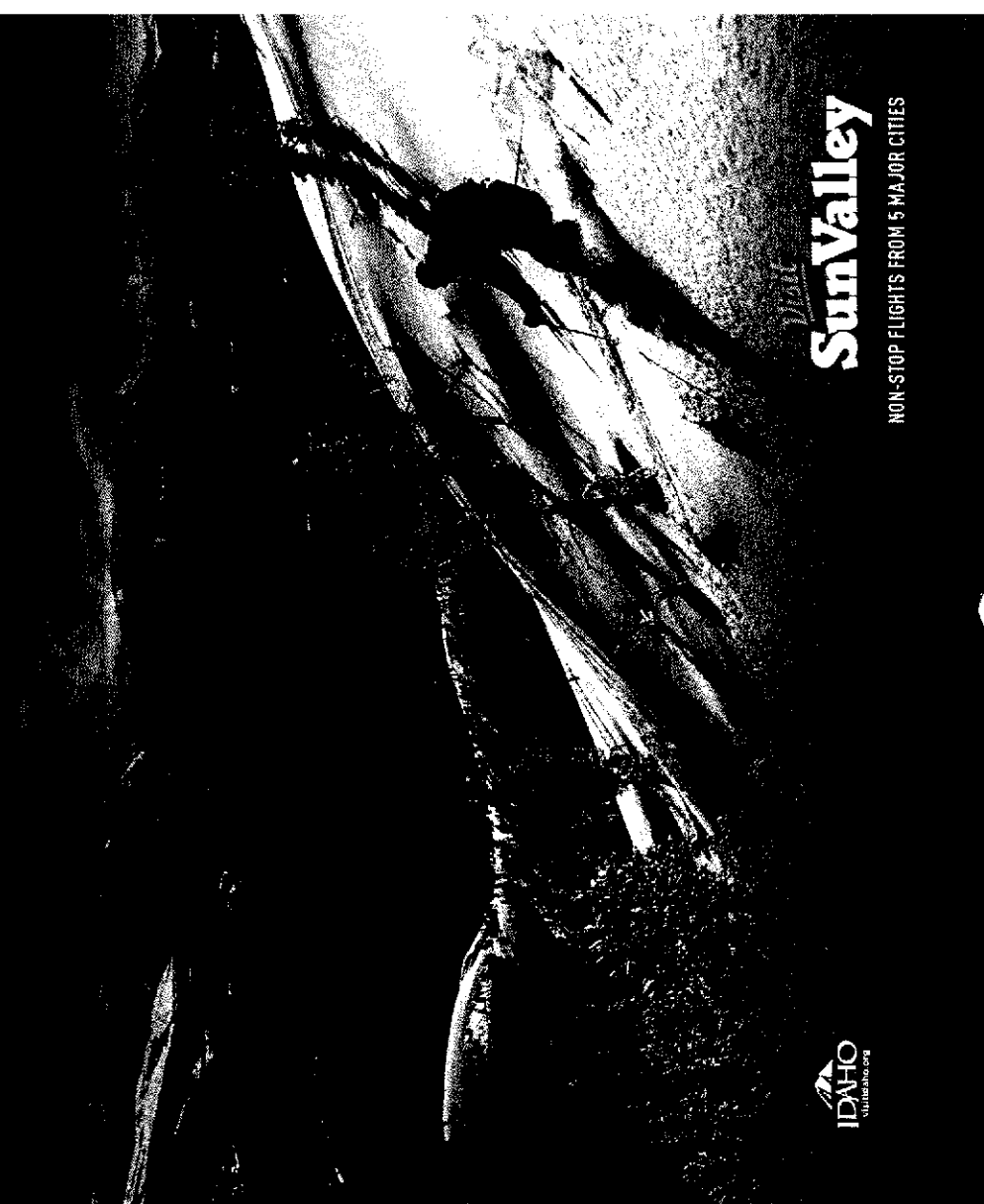
THE **HUMAN** *spirit* HAS A HAPPY

VISITSUNVALLEY.COM

SunValley

NON-STOP FLIGHTS FROM 5 MAJOR CITIES

IDAHO
idaho.org



ROAM

ROOMS START AT \$100
NON-STOP FLIGHTS
FROM SEA TO SUN

SunValley

**LET
MOUNTAINS**

CANVAS

ROOMS START AT \$100
NON-STOP FLIGHTS
FROM SFO TO SUN

SunValley

HUMAN

place

ROOMS START AT \$100
NON-STOP FLIGHTS
FROM SEA TO SUN

SunValley

Summer 2016





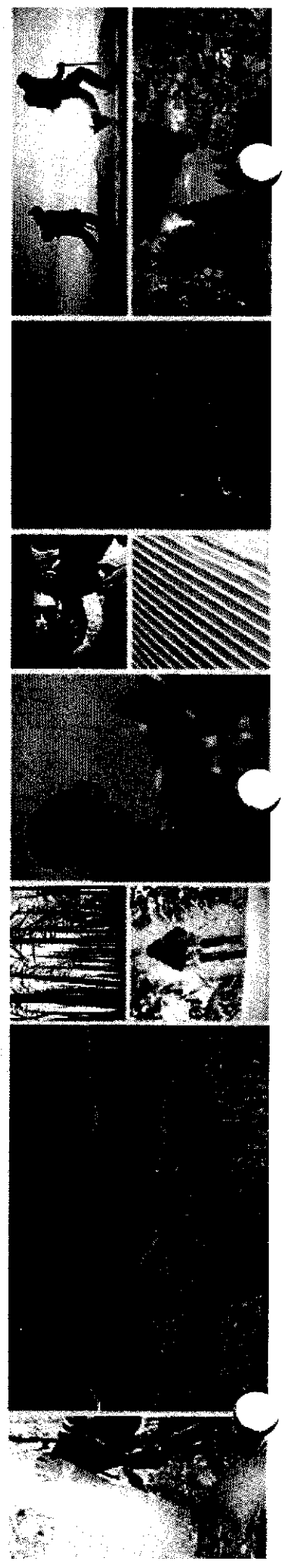
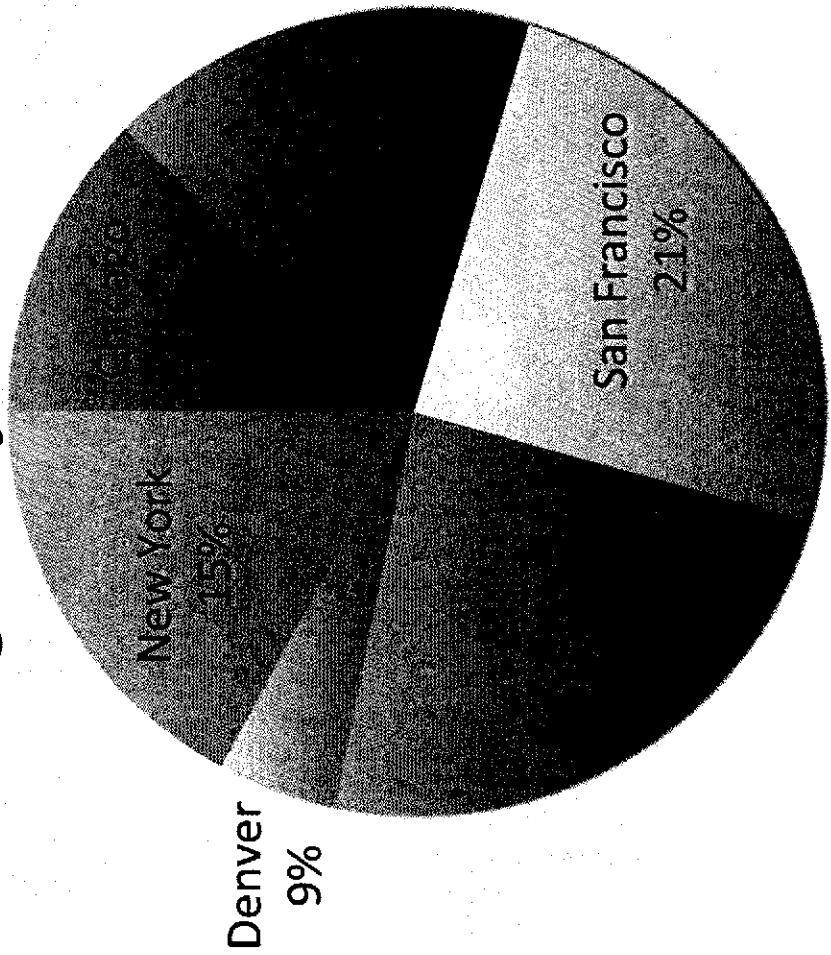
Summer 2016



- Third summer with additional 1% funds
- \$463K
- Target markets: Seattle, San Francisco, Los Angeles, Denver, New York, Chicago



Budget by Market



IN

natural

VISITSUNVALLEY.COM

Experience the beauty of Sun Valley, Idaho, with a stay at the Sun Valley Resort. Enjoy the scenic views, world-class skiing, and luxurious amenities. Book your stay today!



DIRECT FLIGHTS FROM 8 MAJOR CITIES

SunValley

IN THE

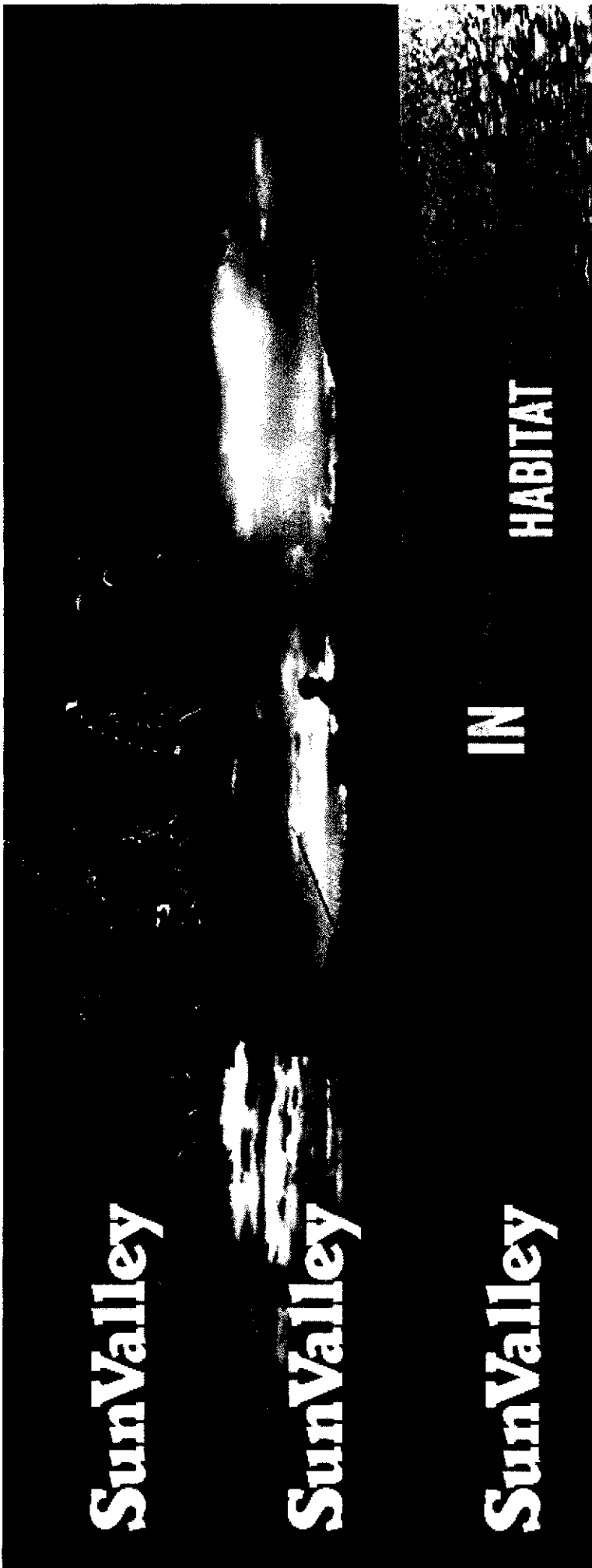
VISITSUNVALLEY.COM

Experience the beauty of the Sun Valley area with a stay at the Sun Valley Resort. Enjoy the views, the amenities, and the service. Sun Valley is the perfect place to relax and unwind.



DIRECT FLIGHTS FROM 6 MAJOR CITIES

SunValley



SunValley

SunValley

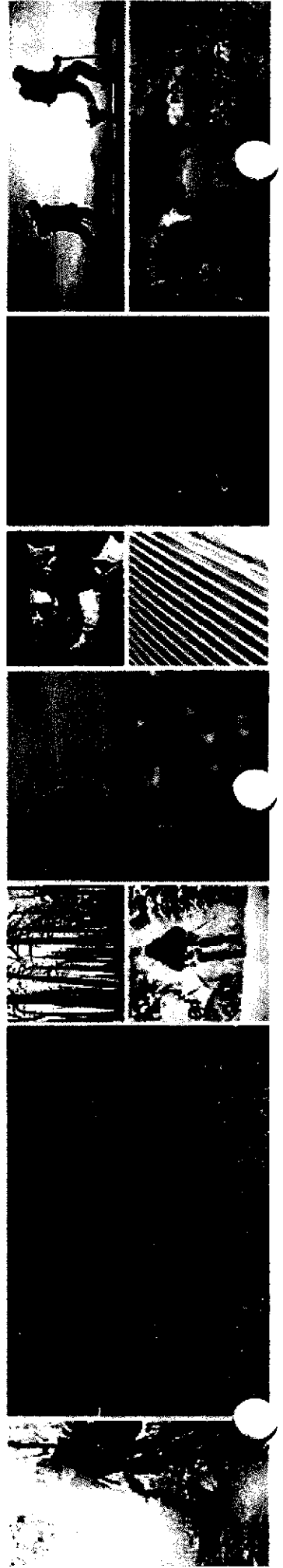
SunValley

IN

HABITAT



2016/17 Budget Request and Marketing Plan



Budget by Season



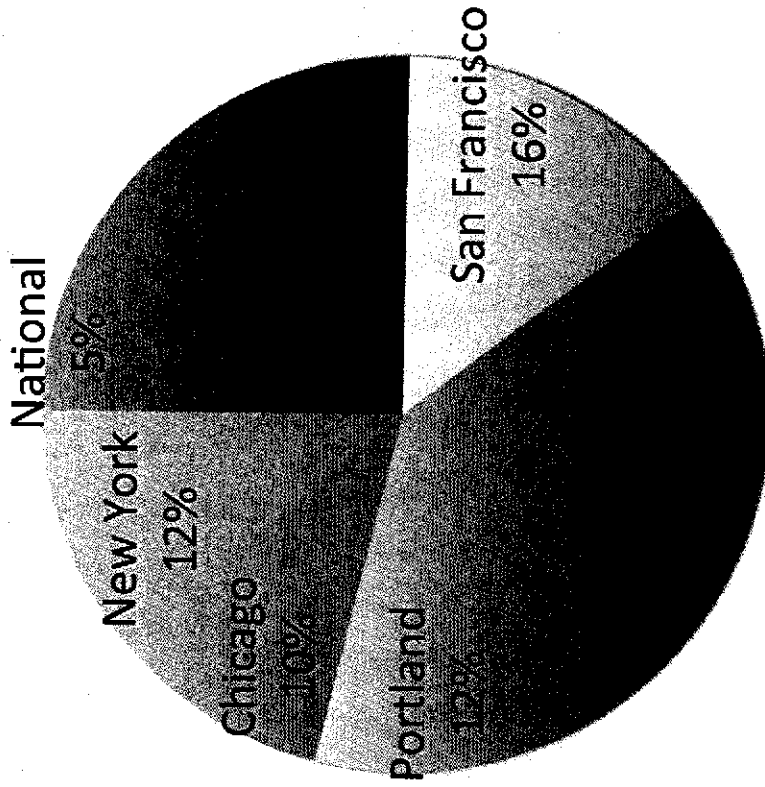
Total Budget = 1,510,750

Winter = 906,450

Summer = 604,300



Budget by Market



Target Markets



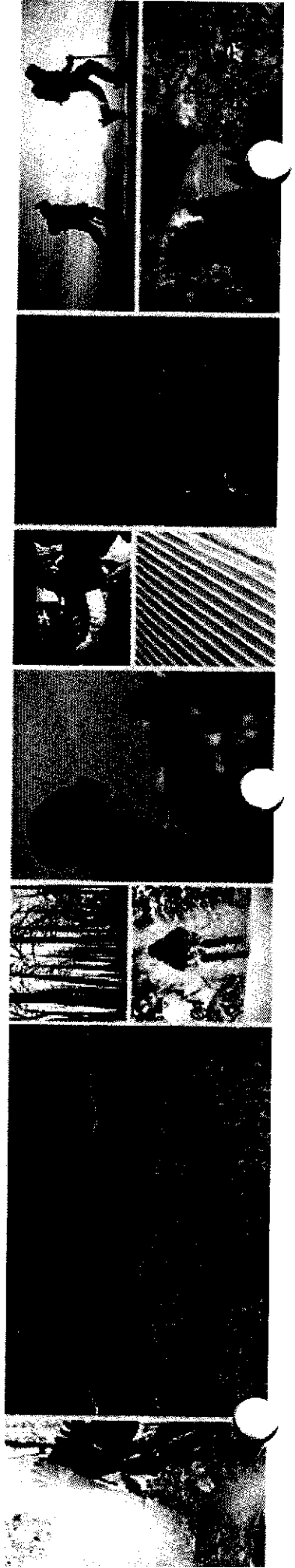
Primary: Destination Leisure Skier

Secondary: Ski Focused Traveler



Campaign Concept

There is no beaten path



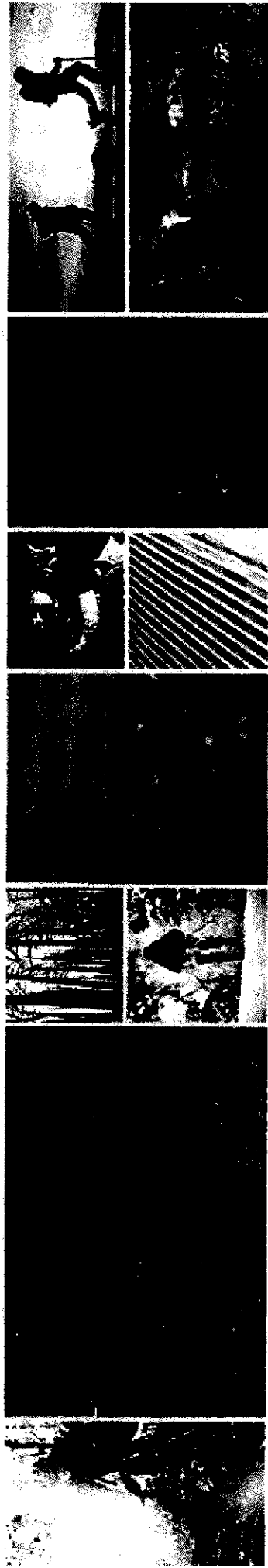
Visit
SunValley

Sun Valley was founded on the notion that skiing should be an escape—a retreat from every day life and every day places.

It was then, the nation's first ski resort—a pristine mountain setting barely blemished by a quiet mountain town rooted in the foothills of its dramatic peaks. It was undisturbed. Uncrowded. Unpretentious. Unaffected. And unassuming.

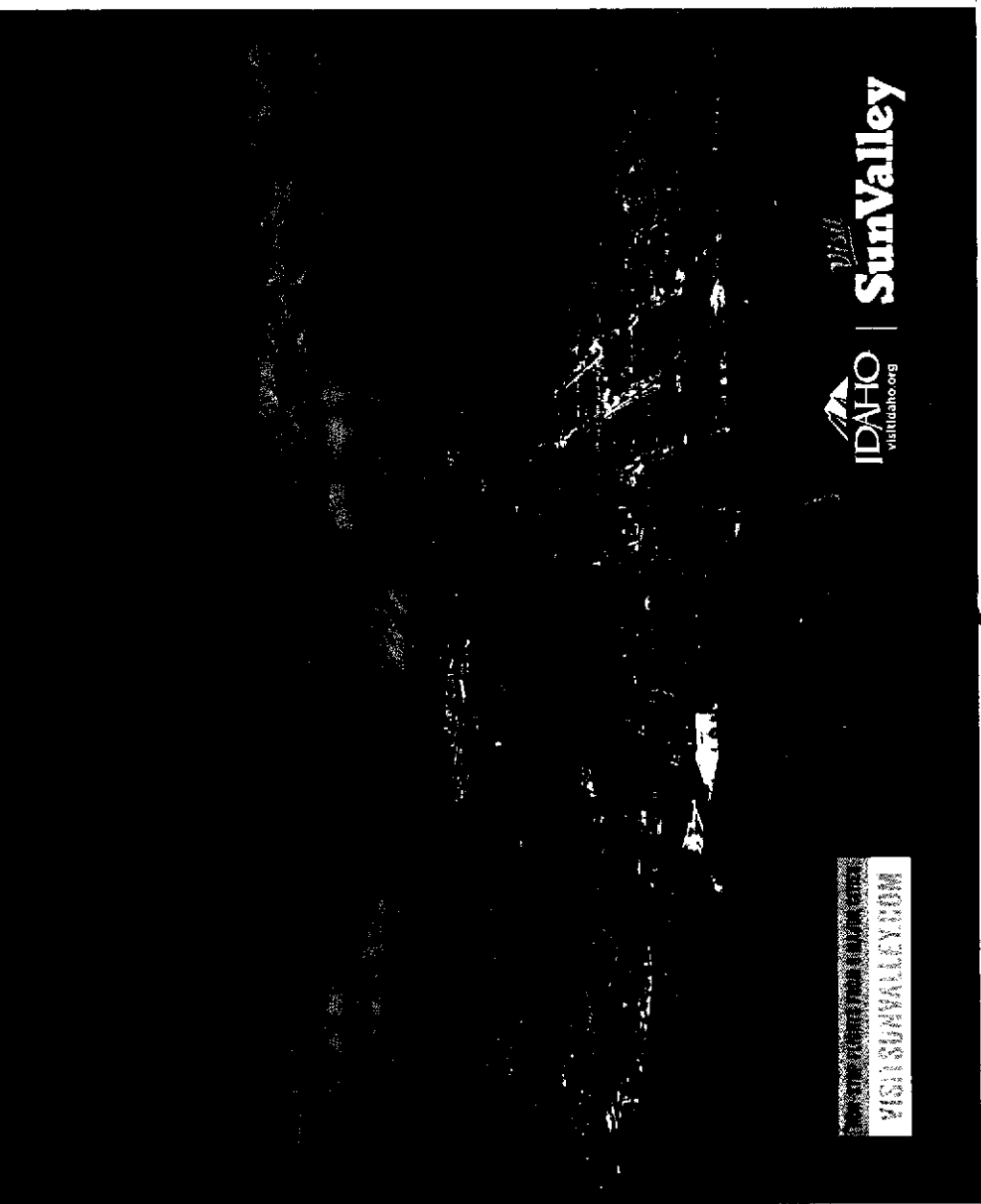
Over 80 years later, the essence of Sun Valley remains unchanged. Today it is a place where people choose freedom over following the crowds. Wilderness over wildness. Locals over looky-loos. Actually skiing over being seen. It is a place that fills souls. Fuels get-up-and-go. And frees minds.

*And yet, there are not beaten paths to this special place.
This is Sun Valley. Unspoiled and Unsurpassed.*



- THE - UNBEATEN PATH

It will find you when you're ready.



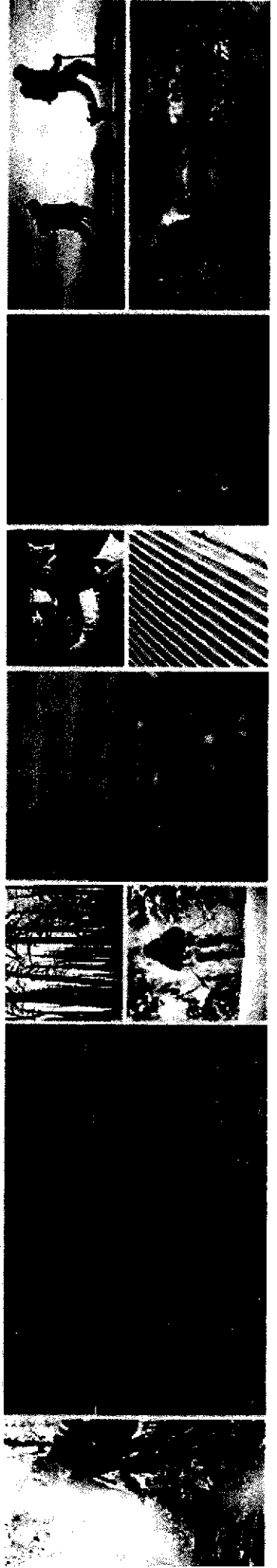
VISIT SUNVALLEY.COM

IDAHO | ^{visit} SunValley
visitidaho.org

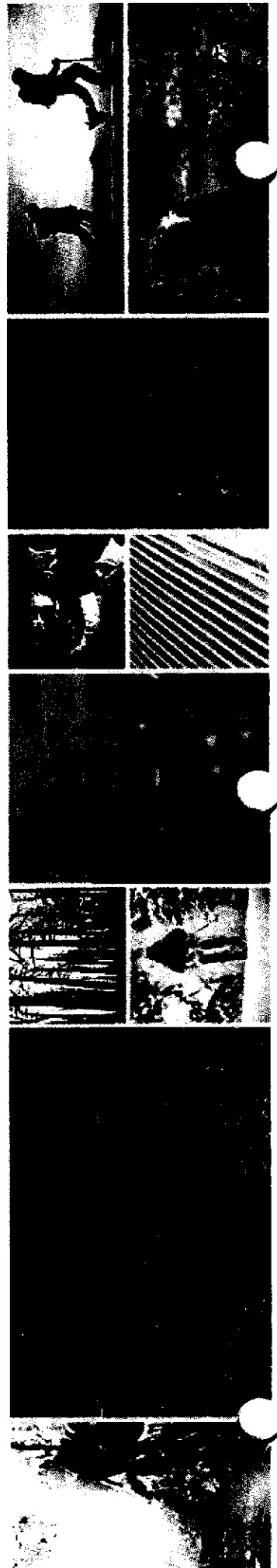
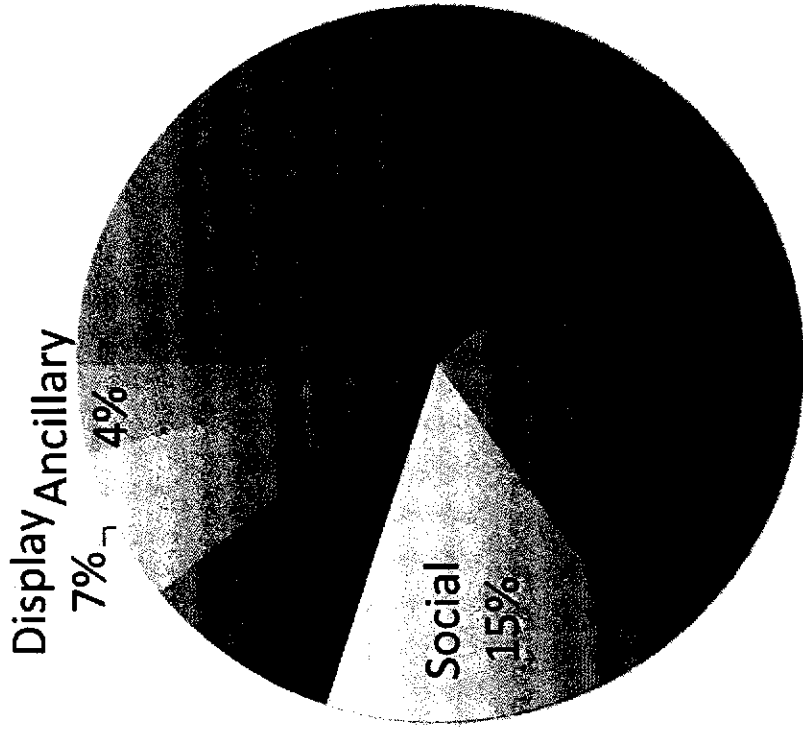
Winter Media Plan



- First draft complete – final plan by end of July
- In market September through March. Heavier early in the season
- RFP's to 49 publishers who speak to SV audience
- Received proposals from 47. 24 partners selected
- Print, digital (video), social



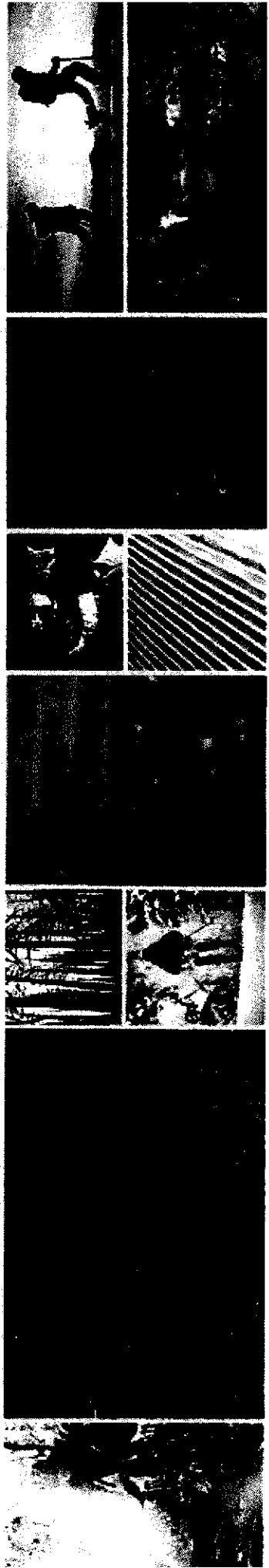
Winter 2016-2017 Media Mix



Winter Video Content



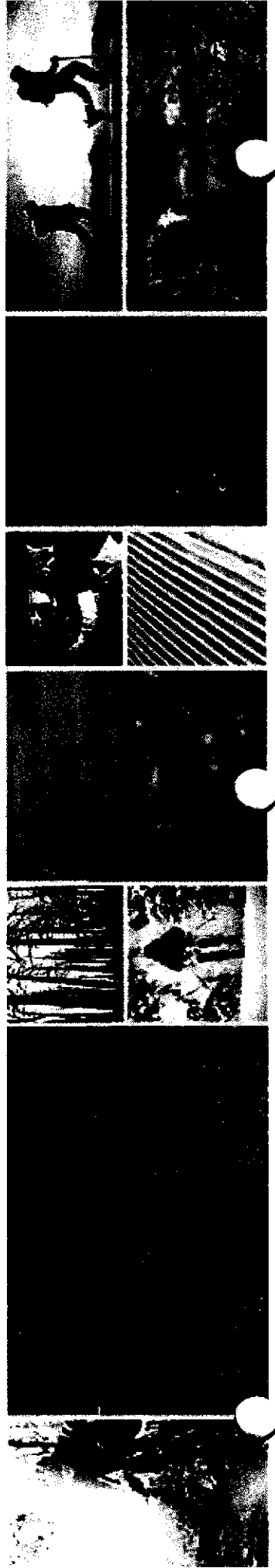
- More than we have ever had to help tell the Sun Valley story and inspire new visitors
- Samples for today (many more edits to come)
 - 90 second brand video with “detours”
 - 4- 60 second detours
 - Ski
 - Outdoor
 - Family
 - Town



Summer 2017



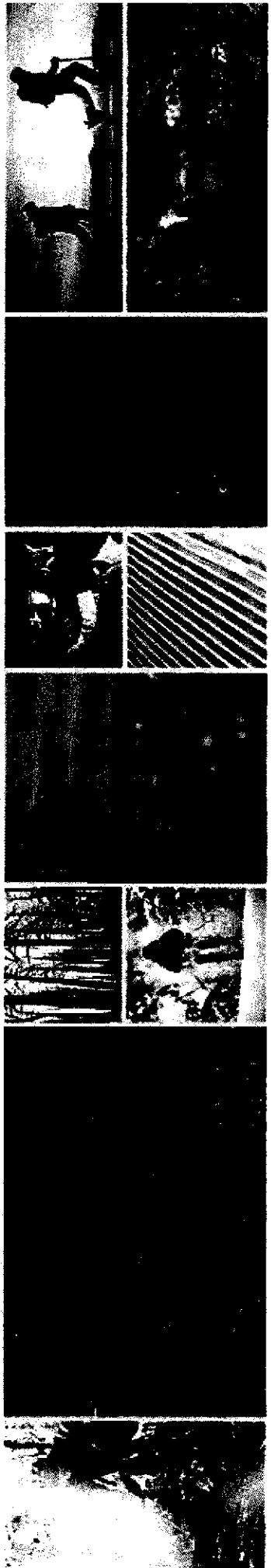
- Campaign concept and creative confirmed
- Video and photography complete
- Media plan will be developed in early 2017





Visit
Sun Valley

Thank you for your support!



SUN VALLEY AIR SERVICE BOARD 2017 PROPOSED BUDGET

	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>+/-</u>	<u>% CHANGE</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATED</u>	<u>PROPOSED</u>	<u>2016/2017</u>	<u>2016/2017</u>
REVENUES							
CITY OF HAILEY 1% LOCAL OPTION TAX	53,223	70,664	77,000	78,000	77,760	760	1.0%
CITY OF KETCHUM 1% LOCAL OPTION TAX	1,165,167	1,751,812	1,718,183	1,848,752	1,848,451	130,268	7.6%
CITY OF SUN VALLEY 1% LOCAL OPTION TAX	371,706	434,877	399,443	515,312	476,667	77,224	19.3%
INTEREST EARNINGS	34	140	50	150	180	130	260.0%
FUND BALANCE APPLIED	0	0	270,000	270,000	607,142	337,142	124.9%
<u>TOTAL REVENUE</u>	1,590,130	2,257,493	2,464,676	2,712,214	3,010,200	545,524	22.1%
EXPENDITURES							
CONTRACTS FOR SERVICES	1,482,654	1,948,901	2,459,846	2,458,397	3,005,750	545,904	22.2%
OFFICE SUPPLIES/POSTAGE	126	1,738	500	48	500	0	0.0%
ADVERTISING/PUBLIC NOTICES/WEBSITE	760	446	1,000	388	800	(200)	-20.0%
AUDIT	0	975	980	975	1,000	20	2.0%
ATTORNEY FEES	2,850	90	1,000	450	1,000	0	0.0%
INSURANCE	1,671	1,122	1,350	1,122	1,150	(200)	-14.8%
<u>TOTAL EXPENDITURES</u>	1,488,061	1,953,272	2,464,676	2,461,380	3,010,200	545,524	22.1%
BEGINNING FUND BALANCE		102,069		406,290	657,124		
ENDING FUND BALANCE	102,069	406,290		657,124	49,982		



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

July 20, 2016

Nina Jonas, Sec/Treas
Sun Valley Air Service Board
PO Box 3801
Ketchum, ID 83340

Dear Nina,

Attached are documents containing our proposed contract for our services. The essence of this contract is as follows:

1. We will audit the Board's financial statements for the year ended September 30, 2016.
2. Our fee for this work will not exceed \$ 1,000 (unless additional work is necessary which would be negotiated.)
3. We will begin our audit services approximately December 12 and issue our report by January 31, 2017.

We are pleased to propose our services to the Board. If you accept our proposed contract, please sign and return a copy to our offices.

Sincerely yours,

Dennis R. Brown
Certified Public Accountant



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

July 20, 2016

Sun Valley Air Service Board
PO Box 3801
Ketchum, Idaho 83341

I am pleased to confirm my understanding of the services I am to provide the Sun Valley Air Service Board (Board) for the year ended September 30, 2016. I will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Sun Valley Air Service Board as of and for the year ended September 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Agency's basic financial statements. The Board has determined not to include this MD&A as part of its financial statements. Such other RSI, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to the Board's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis (Not Included)
- 2) Budgetary Information

Audit Objectives

The objective of my audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures I consider necessary to enable me to express such opinions. I will issue a written report upon completion of my audit of the Agency's financial statements. My report will be addressed to the Board of Directors of the Sun Valley Air Service Board. I cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for me to modify my opinions or add emphasis-of-matter or other-matter paragraphs. If my opinions on the financial statements are other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed opinions, I may decline to express opinions or issue reports, or may withdraw from this engagement.

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance

with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during my audit I become aware that the Agency is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential, and of any material abuse that comes to my attention. My responsibility as auditor is limited to the period covered by my audit and does not extend to later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

My audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of the Board's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

I will also assist in preparing the financial statements and related notes of the Board in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that I report.

You are responsible for the preparation of the supplementary information, which I have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with my report thereon. Your responsibilities include acknowledging to me in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to me corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on my current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services I provide. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility

for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

I may from time to time, and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by me for testing.

I will provide copies of my reports to the Sun Valley Air Service Board; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Dennis R Brown, CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Dennis R. Brown CPA personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

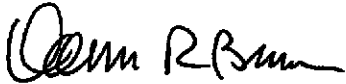
The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Board. If I am aware that a federal awarding agency or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

I expect to begin my audit on approximately December 12, 2016 and to issue my reports no later than January 31, 2017. This estimate annually is based on availability of records and cooperation of Board personnel. Dennis R Brown is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that my gross fee, including expenses, will not exceed \$1,000 for fiscal year 2016. My standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

I appreciate the opportunity to be of service to the Sun Valley Air Service Board and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,



Dennis R. Brown
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Sun Valley Air Service Board.

By: _____

Title: _____

Date: _____



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

July 20, 2016

Sun Valley Air Service Board
PO Box 3801
Ketchum, Idaho 83341

I am pleased to confirm my understanding of the services I am to provide the Sun Valley Air Service Board (Board) for the year ended September 30, 2016. I will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Sun Valley Air Service Board as of and for the year ended September 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Agency's basic financial statements. The Board has determined not to include this MD&A as part of its financial statements. Such other RSI, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to the Board's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis (Not Included)
- 2) Budgetary Information

Audit Objectives

The objective of my audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. My audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures I consider necessary to enable me to express such opinions. I will issue a written report upon completion of my audit of the Agency's financial statements. My report will be addressed to the Board of Directors of the Sun Valley Air Service Board. I cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for me to modify my opinions or add emphasis-of-matter or other-matter paragraphs. If my opinions on the financial statements are other than unmodified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed opinions, I may decline to express opinions or issue reports, or may withdraw from this engagement.

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance

with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during my audit I become aware that the Agency is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential, and of any material abuse that comes to my attention. My responsibility as auditor is limited to the period covered by my audit and does not extend to later periods for which I am not engaged as auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

My audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of the Board's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion in my report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

I will also assist in preparing the financial statements and related notes of the Board in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that I report.

You are responsible for the preparation of the supplementary information, which I have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include my report on the supplementary information in any document that contains and indicates that I have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes my report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with my report thereon. Your responsibilities include acknowledging to me in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to me any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to me corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on my current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services I provide. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility

for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

I may from time to time, and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by me for testing.

I will provide copies of my reports to the Sun Valley Air Service Board; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Dennis R Brown, CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Dennis R. Brown CPA personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Board. If I am aware that a federal awarding agency or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

I expect to begin my audit on approximately December 12, 2016 and to issue my reports no later than January 31, 2017. This estimate annually is based on availability of records and cooperation of Board personnel. Dennis R Brown is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that my gross fee, including expenses, will not exceed \$1,000 for fiscal year 2016. My standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

I appreciate the opportunity to be of service to the Sun Valley Air Service Board and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,



Dennis R. Brown
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of the Sun Valley Air Service Board.

By: _____

Title: _____

Date: _____

SUN VALLEY AIR SERVICES BOARD

INVOICES TO BE PAID

Through June 21, 2016

Fly Sun Valley Alliance	March 2016 LOT Invoice	\$165,787.64
Fly Sun Valley Alliance	April 2016 LOT Invoice	96,628.49
Sun Valley Marketing Alliance	March 2016 LOT Invoice	41,446.91
Sun Valley Marketing Alliance	April 2016 LOT Invoice	10,736.50
TOTAL		\$314,599.54

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
3/31/2016	171

Bill To
Sun Valley Air Service Board Attn: Sandy C & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - March 2016 LOT Revenue - May 2016 FSVA Services	165,787.64	165,787.64
Total			\$165,787.64

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
4/30/2016	172

Bill To
Sun Valley Air Service Board Attn: Sandy C & Kathleen S City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - April 2016 LOT Revenue - June 2016 FSVS Services	96,628.49	96,628.49
Total			\$96,628.49



TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED – May 2016

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored weekly booking reports for 2016 summer flights; analyzed impact of key schedule and cost changes, ROI, marketing, etc.
- Ongoing analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets
- Continued strategic planning and analysis regarding future air service needs and opportunities for FY17 and beyond
- Discussions with airlines re FY16 summer and potential FY17 service; future planning, etc.
- Prepared for meetings with airlines at Airports Council's Jumpstart conference in June
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Meetings with bus company regarding diversion bussing program for FY17 winter.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications.
- Created/executed ongoing local area marketing/ PR for air service (*print, digital, tv*)
- Attended various community and stakeholder meetings to continue information outreach efforts.
- Provided information regarding air service to inquiries from local and other travelers.

RESEARCH/OTHER

- Reviewed results of winter 2015/16 SUN Air Passenger survey; planning for summer 2016 survey to start in June.
- Continued work on compiling/tracking relevant news and comparative data and information of air service



TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED – June 2016

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored weekly booking reports for 2016 summer flights; analyzed impact of key schedule and cost changes, ROI, marketing, etc.
- Ongoing analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets
- Continued strategic planning and analysis regarding future air service needs and opportunities for FY17 and beyond
- Discussions with airlines re FY16 summer and potential FY17 service; future planning, etc.
- Prepared for and attended at Airports Council's Jumpstart conference – met with various airlines about SUN service.
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Continued discussions with bus company regarding diversion bussing program for FY17 winter.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Created/executed ongoing local area marketing/ PR for air service (*print, digital, tv*)
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications.
- Attended various community and stakeholder meetings to continue information outreach efforts.
- Provided information regarding air service to inquiries from local and other travelers.

RESEARCH/OTHER

- Began implementation of SUN Air Passenger survey for summer 2016 survey.
- Continued work on compiling/tracking relevant news and comparative data and information on air service

Sun Valley Marketing Alliance, Inc.

Visit Sun Valley
 P.O. Box 4934
 Ketchum, ID 83340



Invoice

Date	Invoice #
6/30/2016	279

Bill To
Air Service Board PO Box 3801 Ketchum, ID 83340

		P.O. No.	Terms
Quantity	Description	Rate	Amount
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing- March	41,446.91	41,446.91
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing- April	10,736.50	10,736.50
Thank you for your participation and support of Visit Sun Valley!		Total	\$52,183.41

Phone #
208-726-3423



**Detail for invoices submitted to Air Service Board
June 2016**

- Launched summer campaign in air service markets
- Reviewed bi-weekly campaign reports and made adjustments as required
- Completed winter 2016/17 videos
- First draft of winter 2016/17 media plan
- Began submitting creative for Winter 2016/17 campaign
- Confirmed summer 2017 campaign concept
- Gathered all assets (video and photography) in support of Summer 2017 campaign

Upcoming:

- Ongoing monitoring, placement and adjustment of summer advertising campaign
- Finalizing summer 2017 videos
- Final winter media plan confirmed
- On-going creation and submission of winter 2016/17 ads

