

Air Service Board
Meeting

Ketchum City Hall

July 30, 2015
2:00 p.m.

**REVISED
AGENDA
REGULAR SUN VALLEY AIR SERVICE BOARD MEETING
KETCHUM CITY HALL
480 EAST AVENUE NORTH
KETCHUM, ID
July 30, 2015 - 2:00 P.M.**

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

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 28, 2015; 1
- 2. Receive and File Financials:
 - a. 1% Local Option Tax Report – April 2015; 4
 - b. 1% Local Option Tax Report – May 2015; 5

PUBLIC HEARINGS

- 3. Consideration and adoption of the proposed Sun Valley Air Service Board Budget for FY 2015 for the expenditure of LOT revenues received by the Sun Valley Air Service Board for taxes payable from the period of 10/1/15 through 9/30/16; 6

ACTION/DISCUSSION

- 4. Discussion and action regarding a proposal for auditing services for Fiscal Year 2015; 7
- 5. Authorization of Payment of Bills on-hand through July 27, 2015; 13
- 6. Scheduling of a Special Sun Valley Air Service Board meeting to consider budget presentations from Fly Sun Valley Alliance and Sun Valley Marketing Alliance; (no documents)

ADJOURNMENT

DRAFT
SPECIAL SUN VALLEY AIR SERVICE BOARD MEETING
SUN VALLEY CITY HALL
81 ELKHORN ROAD
SUN VALLEY, ID
May 28, 2015 – 2:00 P.M.

Members Present: Nina Jonas – Mayor of Ketchum
Fritz Haemmerle – Mayor of Hailey

Members absent: Dewayne Briscoe – Mayor of Sun Valley
Lawrence Schoen – Chair of Blaine County Commission

Staff present: Sun Valley City Administrator – Susan Robertson
Ketchum City Administrator – Suzanne Frick
Ketchum Administrative Assistant – Kathleen Schwartzenberger

CALL TO ORDER

The Sun Valley Air Service Board meeting was called to order by Mayor Nina Jonas at 2:00 p.m. in Sun Valley City Hall.

PLEDGE OF ALLEGIANCE

Pledge led by Arlene Schieven.

PUBLIC COMMENT

None.

REMARKS FROM THE CHAIR

None.

REMARKS FROM THE BOARD

None.

CONSENT AGENDA

1. Approval of Air Service Board Minutes of April 9, 2015

Mayor Fritz Haemmerle move to approve the Air Service Board minutes of April 9, 2015 seconded by Mayor Nina Jonas. A voice vote was taken. All in favor. The motion carried unanimously.

2. Receive and File Financials:

- a. 1% Local Option Tax Report - February 2015
- b. 1% Local Option Tax Report – March 2015

Mayor Fritz Haemmerle moved to approve the financials for February 2015 and March 2015, seconded by Mayor Nina Jonas. A voice vote was taken. All in favor. The motion carried unanimously.

PRESENTATIONS

3. Fly Sun Valley Alliance, Semi-Annual Report, Carol Waller

Fly Sun Valley Executive Director Carol Waller the organization's fiscal year 2015 Mid-Year Update, which outlined FY15 goals and performance metrics as well as year-to-date results and successes. Waller discussed positive economic impacts and the areas of competition. Ms. Waller included an update of what is planned for the summer of 2015.

Mayor Fritz Haemmerle questioned current nonstop flights and asked Ms. Waller whether jet fueling was a concern for further destinations. Waller explained her belief that flights could go as far as Chicago or Dallas, however more calculations are needed, as there are physical limitations. Mayor Haemmerle expressed his concern regarding safety and would like more information brought to a future meeting.

Mayor Haemmerle requested more information about Chapter C in future meetings to ensure limitations on the nonstop flights.

4. Sun Valley Marketing Alliance, Semi-Annual Report, Arlene Schieven

Sun Valley Marketing Alliance President Arlene Schieven presented a recap of Winter 2014/15 results and upcoming marketing program for summer of 2015, including of examples of advertising ads.

Mayor Fritz Haemmerle asked about how marketing dollars were spent. Schieven responded there is a 60/40 split in spending between winter and summer, noting that if anything changes it will be more in the winter. Mayor Haemmerle asked if she sees more opportunity in September and October. She said potentially there is an opportunity for the future and outlined the events that are covered during that time frame. Mayor Haemmerle questioned if air travel could be pushed into those months. Carol Waller, Fly Sun Valley Executive Director, responded they had tried that in previous years without the yield they expected. She noted they will try a few weekends in those months this year.

ACTION/DISCUSSION

5. Received and File Allocation of Voting Rights Report for 2015

Sun Valley City Administrator Susan Robertson presented. Robertson said there has been a change in voting rights and that this action needs to be taken each year. Originally the allocation of voting rights was decided by LOT contribution, going forward it will be what has been collected. In 2016 she anticipate those percentages to be up.

Mayor Nina Jonas asked how the City of Sun Valley was hit by the closure of the Lodge in regards to LOT receipts. Robertson said Sun Valley estimated the LOT to be down by 30%-40%.

Mayor Fritz Haemmerle moved to Receive and File Allocation of Voting Rights Report for 2015. Mayor Nina Jonas seconded. All in favor. Motion carried unanimously.

6. Authorization of Payment of Bills on-hand through May 15, 2015

Mayor Fritz Haemmerle moved to authorize payment of bills on-hand through May 15, 2015. Mayor Nina Jonas seconded. All in favor. Motion carried unanimously.

7. Discussion regarding Handling of Administrative Costs

Mayor Fritz Haemmerle stated this issue came up last month in regards to a bill for Ned Williamson. Mayor Haemmerle does not think there is anything to discuss.

Mayor Nina Jonas asked how Hailey is calculating City Administrator Heather Dawson's time. Mayor Haemmerle said he did not have that answer. City of Sun Valley Administrator Susan Robertson explained that Hailey and Sun Valley charge incremental costs. Ketchum's charges are more administrative costs. This year the rate is less than it was before.

Ketchum City Administrator Suzanne Frick said Ketchum has a full-time employee dedicated to LOT. 75% of Kathleen Schwartzenberger's time is charged to LOT-related work at this time. They then factor out the 1%.

Mayor Jonas said accounting philosophy is a little different in each city. Each entity has to decide what works for them.

Mayor Haemmerle said that makes sense – the City of Ketchum should be charging appropriately for doing the books for the entire Board.

Susan Robertson said it is really more of a policy decision for each entity. Ketchum and Sun Valley do not think there are any issues at this time.

EXECUTIVE SESSION

Pursuant to Idaho Code 9-340D (1) and 9-340D(6) to discuss a matter that pertains to the expansion of business operations and trade secrets.

Susan Robertson said Carol Waller would like to meet regarding MRG's in a closed session. Susan Robertson said that this can be scheduled for a future meeting if they would prefer. Mayor Haemmerle suggested possibly the next meeting that would be on July 30th in Hailey. Mayor Haemmerle pointed out that he does not think these are executive session provisions and that the wording needs to change so it is correct for the future.

ADJOURNMENT

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

Meeting adjourned at 2:44 p.m.

Dewayne Briscoe, Chair

ATTEST:

Nina Jonas, Secretary/Treasurer

1% LOCAL OPTION TAX REPORT - MAY 2015

CASH FLOW of 1% LOT for FY 2014 -15 (October 14 - September 15 revenues and receipt of funds)

	BEDS 3%	BEDS 1%	LIQOR 3%	LIQOR1%	RETAIL 2.6%	RETAIL1%	BOLG 2%	BOLG1%	TOTAL 3%	TOTAL 1%	MINUS COST	SVASB NET
October	15,550.45	5,183.48	3,175.80	1,058.60	32,499.75	12,948.11			51,226.00	19,190.19	-512.69	18,677.50
November	12,187.45	4,062.48	2,173.98	724.66	23,400.37	9,573.77			37,761.80	14,360.91	-512.69	13,848.22
December	39,496.11	13,165.37	6,436.76	2,145.59	66,925.05	29,234.17			112,857.92	44,545.13	-512.69	44,032.44
January	31,281.02	10,427.01	4,747.42	1,582.47	46,823.04	20,029.62			82,851.48	32,039.10	-512.69	31,526.41
February	31,724.42	10,574.81	4,614.02	1,538.01	50,521.44	22,019.38			86,859.88	34,132.19	-512.69	33,619.50
March	32,555.02	10,851.67	4,062.53	1,354.18	40,151.21	16,432.99			76,768.76	28,638.84	-512.69	28,126.15
April	10,871.94	3,623.98	1,393.80	464.60	32,459.05	12,397.43			44,724.79	16,486.01	-512.69	15,973.32
May	8,655.92	2,885.31	1,705.42	568.47	35,389.95	13,580.39			45,751.29	17,034.17	-512.69	16,521.48
June												
July												
August												
September												
TOTAL	182,322.33	32,838.34	28,309.73	9,436.57	328,169.86	136,215.86			538,801.92	206,426.55	-4,101.52	202,325.03
*Note: Sun Valley Pct SVASB on Jan. 14, 2015 for Nov. the total 1% before the direct costs were subtracted in Jan '15. SV invoiced SVASB for the \$512.69 to be pd. on Jan. 29, 2015												
	BEDS 3%	BEDS 1%	LIQOR 3%	LIQOR1%	RETAIL 2%	RETAIL1%	BOLG 2%	BOLG1%	TOTAL	TOTAL 1%	MINUS COST	SVASB NET
October	16,035.35	5,345.11	20,720.76	6,906.92	153,959.95	76,979.98	47,319.36	23,659.68	238,035.42	112,891.69	-5,471.08	107,420.61
November	12,229.06	4,076.35	15,425.46	5,141.82	154,173.15	77,086.57	45,125.11	22,562.55	226,952.78	108,867.29	-5,471.08	103,396.21
December	40,324.02	13,441.34	38,765.12	12,921.71	373,810.68	186,905.34	39,413.81	19,706.91	492,313.63	232,975.29	-5,471.08	227,504.21
January	33,441.66	11,147.22	30,189.45	10,063.15	226,039.45	113,019.73	34,439.17	17,219.59	324,109.73	151,449.68	-5,471.08	145,978.60
February	30,662.41	10,220.81	39,475.54	13,158.51	251,305.78	125,652.89	27,073.59	13,536.79	348,517.32	162,569.00	-5,471.08	157,097.92
March	30,839.46	10,279.82	34,116.71	11,372.24	211,477.62	105,738.81	35,039.23	17,519.62	311,473.02	144,910.48	-5,471.08	139,439.40
April	8,762.97	2,920.99	15,145.36	5,048.45	120,853.38	60,426.69	44,872.11	22,436.05	189,633.82	90,832.18	-5,471.08	85,361.10
May	10,933.54	3,644.51	15,505.64	5,168.55	115,182.51	57,591.25	46,247.20	23,123.60	187,868.89	89,527.91	-5,471.08	84,056.83
June												
July												
August												
September												
TOTAL	183,228.47	61,076.16	209,344.04	69,781.35	1,606,802.52	803,401.26	319,529.58	159,764.78	2,318,904.61	454,734.27	-43,768.64	438,321.03
	BED/CAR3%	BED/CAR1%							TOTAL	TOTAL 1%	MINUS COST	SVASB NET
October	12,691.14	4,230.38							4,230.38	4,230.38	-118.45	4,111.93
November	7,101.45	2,367.15							2,367.15	2,367.15	-66.28	2,300.87
December	13,481.34	4,493.78							4,493.78	4,493.78	-125.83	4,367.95
January	25,612.11	8,537.37							8,537.37	8,537.37	-239.05	8,298.32
February	17,063.46	5,687.82							5,687.82	5,687.82	-159.26	5,528.56
March	17,258.19	5,752.73							5,752.73	5,752.73	-161.08	5,591.65
April	7,645.86	2,548.62							2,548.62	2,548.62	-71.36	2,477.26
May	9,329.28	3,109.76							3,109.76	3,109.76	-87.07	3,022.69
June												
July												
August												
September												
TOTAL	110,182.83	36,727.61								36,727.61	-1,028.38	35,699.23
									TOTAL FY	697,888.43	-48,898.54	676,345.29

SUN VALLEY AIR SERVICE BOARD 2016 PROPOSED BUDGET - 7/14/15

	2012/2013	2013/2014	2014/2015	2014/2015	2015/2016	+/-	% CHANGE
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>2015/2016</u>	<u>2015/2016</u>
REVENUES							
CITY OF HAILEY 1% LOCAL OPTION TAX	0	53,223	59,750	70,199	77,000	17,250	28.9%
CITY OF KETCHUM 1% LOCAL OPTION TAX	0	1,165,167	1,521,229	1,716,521	1,718,183	196,954	12.9%
CITY OF SUN VALLEY 1% LOCAL OPTION TAX	0	371,706	319,848	327,181	399,443	79,595	24.9%
INTEREST EARNINGS	0	34	50	50	50	0	0.0%
TRANSFER FROM UNASSIGNED FUND BALANCE	0	0	0	0	0	0	0.0%
FUND BALANCE APPLIED	0	0	54,175	54,175	270,000	215,825	398.4%
<u>TOTAL REVENUE</u>	0	1,590,130	1,955,052	2,168,126	2,464,676	1,577,849	26.1%
EXPENDITURES							
CONTRACTS FOR SERVICES	0	1,482,654	1,949,702	1,948,901	2,459,846	510,144	26.2%
OFFICE SUPPLIES/POSTAGE	0	126	750	500	500	(250)	-33.3%
ADVERTISING/PUBLIC NOTICES/WEBSITE	0	760	1,000	1,000	1,000	0	0.0%
AUDIT	0	0	1,000	975	980	(20)	-2.0%
ATTORNEY FEES	0	2,850	1,000	800	1,000	0	0.0%
INSURANCE	0	1,671	1,600	1,122	1,350	(250)	-15.6%
TRANSFER TO FUND BALANCE	0	0	0	0	0	0	0.0%
<u>TOTAL EXPENDITURES</u>	0	1,488,061	1,955,052	1,953,298	2,464,676	1,577,849	26.1%
BEGINNING FUND BALANCE				102,069	316,897		
ENDING FUND BALANCE		102,069		316,897	46,897		



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June 29, 2015

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, 2015. 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, 2015. 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 15, 2015 and to issue my reports no later than January 31, 2016. 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 \$975 for fiscal year 2015. 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.

Government Auditing Standards require that I provide you with a copy of my most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. My 2012 peer review report accompanies this letter.

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: _____

Evans & Poulsen P.A.

Certified Public Accountants

*Members of the American Institute of CPAs
and the Idaho Society of CPAs
Edward G. Evans, CPA
Jeffrey D. Poulsen, CPA*

System Review Report

December 17, 2012

To the Owner of
Dennis R. Brown
and the Peer Review Committee of the Idaho Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Dennis R. Brown (the firm) in effect for the year ended August 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Dennis R. Brown in effect for the year ended August 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Dennis R. Brown has received a peer review rating of *pass*.

Evans & Poulsen

Evans & Poulsen, P.A.

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
6/30/2015	160

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 2015 Collections (additional) - June 2015 FSVA Contract Services	461.42	461.42
		Total	\$461.42

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
8/31/2015	161

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 - June 2015 Collections - August 2015 FSVA Contract Services	171,577.40	171,577.40
		Total	\$171,577.40



TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED – August 2015

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored ongoing booking, revenue, load factor stats for 2014-15 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 FY16 and beyond
- Began planning for fall meetings with airlines to discuss FY16 summer and FY17 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 work with bus contractor and airline/airport partners on diversion bussing improvements for FY16

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Developed winter 2015/16 flight schedule; confirmed schedules/times with airlines.
- Created/executed ongoing local area marketing/ PR for air service; in partnership with FMA. *(print, digital, tv)*
 - *Winter publications, SVED Economic Almanac, etc.*
- Attended various community and stakeholder meetings to continue information outreach efforts

RESEARCH/OTHER

- Managed SUN Air Passenger Summer 2015 survey collections; worked with airport staff to get key surveyors trained and badged
- Continued work on compiling/tracking relevant news and comparative data and information of air service

**EXHIBIT B-1
FY 15 PAYMENT SCHEDULE**

1% LOT Generated	1% LOT Received	Sun Valley			Ketchum			Hailey			TOTAL			Communities' Direct Costs	LOT Funds from Communities	Air Service Board Administrative Expenses	Air Service Board Legal Reserve	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds				
		19,190.19	112,891.69	4,230.38	136,312.26	108,867.29	2,367.15	125,595.35	4,493.78	282,014.20	8,537.37	192,026.15	162,569.00											5,687.82	202,389.01	162,569.00	5,687.82
Oct-14	Dec-14	19,190.19	112,891.69	4,230.38	136,312.26	108,867.29	2,367.15	125,595.35	4,493.78	282,014.20	8,537.37	192,026.15	162,569.00	5,687.82	202,389.01	162,569.00	5,687.82	202,389.01	162,569.00	5,687.82	202,389.01	10,835.00	20%	43,340.00	80%		
Nov-14	Jan-15	14,360.91	108,867.29	2,367.15	125,595.35	232,975.29	4,493.78	282,014.20	8,537.37	192,026.15	151,449.68	32,039.10	183,488.78	6,222.82	196,245.98	196,245.98	145.83	145.83	176,490.14	176,490.14	145.83	176,490.14	25,392.84	20%	101,571.37	80%	
Dec-14	Feb-15	44,545.13	232,975.29	4,493.78	282,014.20	232,975.29	4,493.78	282,014.20	8,537.37	192,026.15	151,449.68	32,039.10	183,488.78	6,222.82	196,245.98	196,245.98	145.83	145.83	176,490.14	176,490.14	145.83	176,490.14	23,879.89	20%	95,519.58	80%	
Jan-15	Mar-15	32,039.10	151,449.68	8,537.37	192,026.15	151,449.68	8,537.37	192,026.15	8,537.37	192,026.15	151,449.68	32,039.10	183,488.78	6,222.82	196,245.98	196,245.98	145.83	145.83	176,490.14	176,490.14	145.83	176,490.14	55,151.75	20%	220,607.02	80%	
Feb-15	Apr-15	34,132.19	162,569.00	5,687.82	202,389.01	162,569.00	5,687.82	202,389.01	5,687.82	202,389.01	162,569.00	5,687.82	202,389.01	6,144.85	173,157.20	173,157.20	145.83	145.83	155,710.23	155,710.23	145.83	155,710.23	37,131.50	20%	148,526.00	80%	
Mar-15	May-15	28,638.84	144,910.48	5,752.73	179,302.05	144,910.48	5,752.73	179,302.05	5,752.73	179,302.05	144,910.48	5,752.73	179,302.05	6,055.13	103,811.68	103,811.68	645.83	645.83	92,849.26	92,849.26	645.83	92,849.26	17,301.14	90%	17,301.14	10%	
Apr-15	Jun-15	16,486.01	90,832.18	2,548.62	109,866.81	90,832.18	2,548.62	109,866.81	2,548.62	109,866.81	90,832.18	2,548.62	109,866.81	6,070.84	103,601.00	103,601.00	145.83	145.83	103,165.85	103,165.85	145.83	103,165.85	155,710.23	90%	10,316.58	10%	
May-15	Jul-15	17,034.17	89,527.91	3,109.76	109,671.84	89,527.91	3,109.76	109,671.84	3,109.76	109,671.84	89,527.91	3,109.76	109,671.84	6,129.58	6,129.58	6,129.58	145.83	145.83	103,455.17	103,455.17	145.83	103,455.17	93,109.65	90%	10,345.52	10%	
Jun-15	Aug-15													6,129.58	6,129.58	6,129.58	145.83	145.83			145.83	145.83					
Jul-15	Sep-15													6,129.58	6,129.58	6,129.58	145.83	145.83			145.83	145.83					
Aug-15	Oct-15													6,129.58	6,129.58	6,129.58	145.83	145.83			145.83	145.83					
Sep-15	Nov-15													6,129.58	6,129.58	6,129.58	145.83	145.83			145.83	145.83					
		206,426.54	1,094,023.52	36,727.61	1,337,177.67	1,094,023.52	36,727.61	1,337,177.67	36,727.61	1,337,177.67	1,094,023.52	36,727.61	1,337,177.67	-73,416.87	1,263,760.80	1,263,760.80	-5,350.00	0.00	54,175.00	1,337,687.46	670,550.27	670,550.27	670,550.27	667,137.21	27%		

corrected pag.

* Note: Sun Valley Pd SVASB on Jan. 14, 2015 for Nov. the total 1% before the direct costs were subtracted in Jan '15. SV invoiced SVASB for the \$512.69 to be pd. on Jan. 29, 2015

should be for 2015

CASH FLOW of 1% LOT for 2014 (January - September revenues and receipt of funds)

SUN VALLEY	BEDS 3%	BEDS 1%	LIQUOR 3%	LIQUOR 1%	RETAIL 2.6%	RETAIL 1%	TOTAL 3%	TOTAL 1%	MINUS COST	NET
OCT	15,550.45	5,183.48	3,175.80	1,058.60	32,499.75	12,948.11	51,226.00	19,190.19	512.69	18,677.50
NOV	12,187.45	4,062.48	2,173.98	724.66	23,400.37	9,573.77	37,761.80	14,360.91	512.69	13,848.22
DEC	39,496.11	13,165.37	6,436.76	2,145.59	66,925.05	29,234.17	112,857.92	44,545.13	512.69	44,032.44
JAN	31,281.02	10,427.01	4,747.42	1,582.47	46,823.04	20,029.62	82,851.48	32,039.10	512.69	31,526.41
FEB	31,724.42	10,574.81	4,614.02	1,538.01	50,521.44	22,019.38	86,859.88	34,132.19	512.69	33,619.50
MAR	32,555.02	10,851.67	4,062.53	1,354.18	40,141.21	16,432.99	76,758.76	28,638.84	512.69	28,126.15
APR	10,871.94	3,623.98	1,393.80	464.60	32,459.05	12,397.43	44,724.79	16,486.01	512.69	15,973.32
MAY	8,655.92	2,885.31	1,705.42	568.47	35,389.95	13,580.39	45,751.29	17,034.17	512.69	16,521.48
JUN									512.69	
JUL									512.69	
AUG									512.69	
SEP									512.69	
Total	182,322.33	60,774.11	28,309.73	9,436.58	328,159.86	136,215.86	538,791.92	206,426.54	6,152.28	202,325.02



SUN VALLEY AIR SERVICE BOARD

INVOICES TO BE PAID

Through July 27, 2015

Fly Sun Valley Alliance	April 2015 LOT Invoice	\$ 92,387.84
Sun Valley Marketing Alliance	April 2015 LOT Invoice	10,316.58
Sun Valley Marketing Alliance	May 2015 LOT Invoice	10,345.52
TOTAL		\$113,049.94

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
6/30/2015	157

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 2015 Collections - June 2015 FSVA Contract Services	92,387.84	92,387.84
		Total	\$92,387.84



TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED – June 2015

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored final season contract airline booking stats & MRG reports for winter 2014-15 flights; analyzed impact of key schedule and cost changes, ROI, marketing, etc.
- Reviewed/monitored summer season contract airline booking reports.
- Ongoing analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets.
- Finalized negotiations with United Airlines and local partners for additional September 2015 service.
- Finalized negotiations with United and local partners for winter FY16 air service schedule.
- Finalized negotiations with Alaska Airlines and local partners for FY16 air service contract, schedule and terms.
- Continued strategic planning and analysis regarding future air service needs and opportunities for FY16 and beyond.
- Attended annual Jumpstart airline conference – held meetings with airlines (current and future potential)
- 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 work with bus contractor and airline/airport partners on diversion bussing improvements for FY16

LOCAL AIR SERVICE MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Published revised summer 2015 flight schedule; worked on development of winter 2015/16 flight schedule
- Created/executed ongoing local area marketing/ PR for air service; in partnership with FMA. (*print, digital, tv*)
 - *Helped promote July 2 Grand Opening Terminal Celebration at FMA*
- Attended various community and stakeholder meetings to continue information outreach efforts

AIR SERVICE RESEARCH/OTHER

- Worked with RRC Associates survey firm to prepare SUN Air Passenger Summer 2015 survey form and schedule. Worked with airport staff to get key surveyors trained and badged. Began summer surveys.
- Continued work on compiling/tracking relevant news and comparative data and information of air service



T 208.725.2109
 F 208.726.4533
 E sedwards@visitsunvalley.com

Sun Valley Marketing Alliance, Inc. www.VisitSunValley.com
 PO Box 4934 • 460 E. Sun Valley Rd. • Suite 201 • Ketchum ID - 83340

Air Service Board
 PO Box 3801
 Ketchum, ID 83340

Invoice

Date	Invoice #
7/27/2015	5610

		P.O. No.	Terms
Quantity	Description	Rate	Amount
1	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing -- April 2014	10,316.58	10,316.58
1	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing -- May 2015	10,345.52	10,345.52
		Balance Due	\$20,662.10



Detail for invoices submitted to Air Service Board FY'15 @ July 27 2015

October-November:

- Placed 25% of winter media, including design and submission of ads
- Began winter PPC (pay per click) campaign in air service markets
- Utilized a variety of creative styles and messaging to test which ads perform the best
- Investigated additional add-ons to winter campaign including remnant ad buys and additional SF outreach

December-January:

- Continued execution of winter media plan in SF, LA, Seattle, Denver and New York
- Added an additional boost campaign (50K) to San Francisco
- Optimized media plan based on early results
- Continued PPC (pay per click) campaign in Air Service markets
- Began work on summer campaign, including development of creative brief, meetings and discussions regarding creative approach and media strategy

Additional Funds:

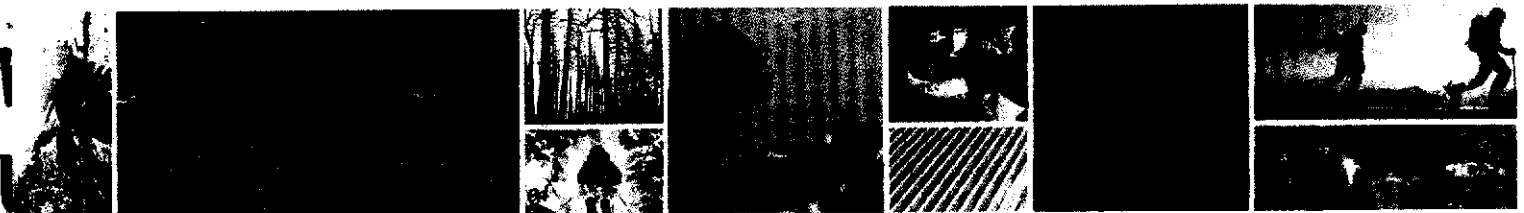
- The additional carry-over funds will be used to bolster the summer 2015 advertising campaign
 - 20,739.40 from the excess funds will be allocated to San Francisco
 - 22,660.60 from the applied fund balance will be allocated to Los Angeles

February-March

- Continued placing winter ads in air service markets – digital, print, video
- Continued campaign optimization based on monthly results
- Continued PPC (pay per click) campaign in air service markets
- Selected creative concept for summer campaign
- Began media planning for summer campaign – sent out requests for RFP's to all potential vendors
- Bolstered late season advertising with additional dollars
- Began planning for research in air service markets to measure awareness and barriers to additional travel to Sun Valley

April-May

- Analyzed winter results to inform final decisions for the summer media plan and next winter's plan.
- Selected all vendors and finalized summer media plan
- Commenced summer PPC (pay per click) campaign
- Re-launched new responsive website design to coincide with summer launch (April 15)
- Created a 30 second video ad to be used in advertising



Visit SunValley

- Finalized design for all summer ads – static digital, animated GIF, print, video, etc
- Created and resized ads for submission. Submission of ads will continue through September
- Prepared marketing summaries for Alaska Airlines and United Airlines
- Fielded research in California and Washington, with an additional focus on the Bay area. Results will be forthcoming in the next few weeks and will assist in future planning
- Began work on development of preliminary concepts for Winter 2015/15 and beyond

June-July

- On-going placement of summer ads in Air Service Markets – digital, print, audio and video
- On-going creation of copy for partner e-newsletters, audio (Pandora ads) and digital takeover campaigns
- Reviewed advertising campaign results at June 30th and made adjustments to remaining plan based on those indicators. This summer's advertising campaign results are the strongest of any campaign to date so far.
- Updated Winter visitor numbers – overall increased was 27%
- On-going monitoring and reporting of Room Nights Sold to reflect changes in visitor activity (room nights sold are up 20% YTD).
- Finalized campaign concept for next year and began developing assets for Winter 2015/16 campaign
- Sent out video and photo submission guidelines to support upcoming campaigns. Evaluated submissions and began work on video ads
- Sent out RFP's to potential partners for Winter 2015/16 advertising campaign. Draft plan will be complete by early August
- Updated draft 2015/16 Strategic Plan Summary
- Began planning for media outreach trip to New York to meet with key travel and lifestyle writers
- Received final research report for awareness research and additional San Francisco research and began work on a summary report for stakeholders



INVOICE



Safeguard Business Systems, Inc.
 PO Box 88043
 Chicago, IL 60680-1043

INVOICE NUMBER:	030834738
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REPRINT

INVOICE DATE	07/23/2015
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CONSULTANT NO.	04T5
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ORDER NUMBER	C5GJL9
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CUSTOMER NO.	R00LFP
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CUST. P.O.	
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TAX CODE	130130519
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For Inquiries Call: 208-429-8282

INVOICE TERMS: Payable Upon Receipt
LATE CHARGE: 1 1/2% per Month or Maximum Allowable Rate Minimum of \$.50 Per Month

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SUN VALLEY AIR SERVICE
 BOARD
 KATHLEEN
 PO BOX 3801
 KETCHUM ID 833403801

S
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SUN VALLEY AIR SERVICE BOARD
 KATHLEEN
 480 EAST AVE. N.
 KETCHUM ID 83340

QUANTITY	PRODUCT NAME	DESCRIPTION	AMOUNT	DISCOUNT %	AMOUNT DUE
500	CK7S08111LPB1P SFSL1B1	LASER L1 CHECK 1PT PBLUE LINEN	148.92	0.00	0 148.92
1	SFPROOFE SFPROOFE	ELECTRONIC PROOF LASER	0.00	0.00	0 0.00
SAFEGUARD MESSAGE:			TOTAL PRODUCT		148.92
			DISCOUNT		0.00
			PREPAYMENT		0.00
CONSULTANT MESSAGE:			SHIPPING/HANDLING		14.70
			SALES TAX		8.94
TO PAY BY CREDIT CARD, SIMPLY CALL YOUR CONSULTANT			PLEASE PAY THIS AMOUNT		172.56
208-429-8282 DAWN TEPLY					

01-4150-3100



