

**AGENDA**  
**SUN VALLEY AIR SERVICE BOARD MEETING**  
**SUN VALLEY CITY HALL**  
**81 Elkhorn Road, Sun Valley**  
**Wednesday, September 22, 2021 - 2:00 PM**  
**ZOOM Information:**

One tap mobile

+13462487799,,83693703569#,,,,\*278598# US (Houston)

+16699009128,,83693703569#,,,,\*278598# US (San Jose)

Meeting ID: 836 9370 3569

Passcode: 278598

<https://us02web.zoom.us/j/83693703569?pwd=N2JyMEZ5cmxhLzIMUmJjb3Ixv3J1QT09>

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENT**

**REMARKS FROM THE CHAIR**

**REMARKS FROM THE BOARD**

**CONSENT AGENDA** (Action Item) *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 from July 21, 2021 and August 25, 2021
2. Receive and File Financials:
  - a. 1% Local Option Tax Report: June - July, 2021

**ACTIONS/DISCUSSIONS/PRESENTATIONS**

3. Authorization for payment of bills on-hand through September 17, 2021 (Action Item)
4. Discussion and possible approval of a proposal for auditing services with Workman & Company for FY2021 (Action Item)
5. Fly Sun Valley Alliance air service update
6. Sun Valley Marketing Alliance update

**EXECUTIVE SESSION – IF CALLED**

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 Ketchum City Hall prior to the meeting. Air Service Board Packets are online at [www.haileycityhall.org](http://www.haileycityhall.org); [www.sunvalleyidaho.gov](http://www.sunvalleyidaho.gov); and [www.ketchumidaho.org](http://www.ketchumidaho.org).*

**SUN VALLEY AIR SERVICE BOARD  
MEETING MINUTES  
July 21, 2021 at 2:00 PM  
Ketchum City Hall**

**CALL TO ORDER**

Mayor Bradshaw called the meeting to order at 2:00 PM (*in video 00:14:48*).

**Present:** Neil Bradshaw - Mayor, City of Ketchum  
Peter M. Hendricks – Mayor, City of Sun Valley  
Martha Burke – Mayor, City of Hailey (*via Zoom*)

**Absent:** Jacob Greenberg, Blaine County Commissioner

**Staff:** Jade Riley – City Administrator, City of Ketchum  
Tara Fenwick – City Clerk, City of Ketchum  
Shellie Rubel – City Treasurer, City of Ketchum (*via Zoom*)  
Walt Femling – City Administrator, City of Sun Valley  
Nancy Flannigan – City Clerk, City of Sun Valley

**PUBLIC COMMENT**

None.

**REMARKS FROM THE CHAIR**

None.

**REMARKS FROM THE BOARD**

None.

**CONSENT AGENDA**

1. Approval of Air Service Board Minutes of May 26, 2021
2. Receive and File Financials:
  - a. 1% Local Option Tax Report – April 2021 and May 2021

**Motion to approve the consent agenda.**

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Peter Hendricks, Mayor of Sun Valley
<b>SECONDER:</b>	Martha Burke, Mayor of Hailey
<b>AYES:</b>	Bradshaw, Burke, Hendricks

**ACTION/DISCUSSION/PRESENTATION**

3. Authorization for payment of bills on-hand through July 16, 2021 (*Action Item*).

**Motion to approve the bills on-hand through July 16, 2021.**

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Peter Hendricks, Mayor of Sun Valley
<b>SECONDER:</b>	Martha Burke, Mayor of Hailey
<b>AYES:</b>	Bradshaw, Burke, Hendricks

4. Discussion and possible approval of a JPA with ICRMP (*Insurance carrier*) and renewal (*Action Item*).

**Motion to approve JPA with ICRMP.**

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Peter Hendricks, Mayor of Sun Valley
<b>SECONDER:</b>	Martha Burke, Mayor of Hailey
<b>AYES:</b>	Bradshaw, Burke, Hendricks

5. FY21 budget performance and FY22 budget development.

City Administrator Jade Riley provided an FY21 budget update noting that revenue is running higher than expected. It was recommended that a Special Meeting be called on August 25 at 2:00 p.m. to review presentations by Fly Sun Valley Alliance, Carol Waller and Sun Valley Marketing Alliance, Scott Fortner, to finalize FY22 budget.

6. Fly Sun Valley Alliance air service update.

Director Carol Waller provided a presentation highlighting a travel re-bounce post the Covid 19 pandemic and shared committee planning and focus for FY22.

7. Sun Valley Marketing Alliance update.

Director Scott Fortner shared that he is working on creating a holistic dashboard that will provide data on visitors by: length of stay, travel option choices, lodging selections, and activity while in the area.

All Mayors indicated an interest in seeing a demonstration of this technology.

Mayor Neil Bradshaw asked to clarify the expiration date in 2023 for the '1% for air' with a tentative plan to renew it in May 2022. Fly Sun Valley Alliance Director Carol Waller confirmed that tentative discussions will begin in Fall 2021.

**ADJOURNMENT** *(in video 00:40.03).*

**Motion to adjourn.**

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Peter Hendricks, Mayor of Sun Valley
<b>SECONDER:</b>	Martha Burke, Mayor of Hailey
<b>AYES:</b>	Bradshaw, Burke, Hendricks

Meeting adjourned at 2:24 PM.

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Neil Bradshaw, Chair

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Peter M. Hendricks, Secretary/Treasurer

**SUN VALLEY AIR SERVICE BOARD  
MEETING MINUTES  
August 25, 2021 at 2:00 PM  
Sun Valley City Hall**

**Present:** Neil Bradshaw – Mayor, City of Ketchum  
Peter M. Hendricks – Mayor, City of Sun Valley

**Absent:** Martha Burke – Mayor, City of Hailey  
Jacob Greenberg – Commissioner, Blaine County

**Staff:** Walt Femling – City Administrator, City of Sun Valley  
Jade Riley – City Administrator, City of Ketchum  
Shellie Rubel – City Treasurer, City of Ketchum

**CALL TO ORDER**

Mayor Bradshaw called the meeting to order at 2:03 PM.

**PUBLIC COMMENT**

None.

**REMARKS FROM THE CHAIR**

None.

**REMARKS FROM THE BOARD**

None.

**ACTION/DISCUSSION/PRESENTATION**

**1. Presentation by Fly Sun Valley Alliance, Carol Waller.**

Carol Waller, Fly Sun Valley Alliance, presented their budget for FY22. She went over national trends and pointed out that the big question is the Delta variant; business travel may not bounce back as fast this fall as initially predicated. She then discussed their FY22 strategic goals. Some of those goals included maintaining core non-stop flight routes, enhancing frequency of flights in the winter-fall-spring, continuing to increase marketing to locals, and gathering and analyzing data.

**2. Presentation by Sun Valley Marketing Alliance, Scott Fortner.**

Scott Fortner, Sun Valley Marketing Alliance, stated that they are cautiously optimistic for the future. They have ongoing concerns, such as the smoke in the valley, the staff shortages, newcomers' behaviors, etc. Next, he touched on their winter outlook and opportunities such as the Epic Pass and ski movie inclusions. Lastly, he touched on their tactics, messaging approach and where they are directing their advertising

**3. Consideration and possible approval of the proposed Sun Valley Air Service Board Budget for FY2022 for the expenditure of Local Option Tax (LOT) revenues received by the Sun Valley Air Service Board for taxes payable from the period of 10/1/21 through 9/30/22.**

Jade Riley, Ketchum City Administrator, explained the draft budget, which is based upon estimated revenues received from each of the contributing cities. He recommended completing the FY21 audit before distributing the anticipated fund balance.

**Motion to approve the FY22 budget as presented.**

**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Peter Hendricks, Mayor of Sun Valley  
**SECONDER:** Neil Bradshaw, Mayor of Ketchum  
**AYES:** Bradshaw, Hendricks

**EXECUTIVE SESSION** – Pursuant to Idaho Code Section 74-206(d) to consider records that are exempt from disclosure as provided in Chapter 1, Title 74.

**Motion to move into Executive Session pursuant to Idaho Code Section 74-206(d) at 2:42 PM.**

**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Peter Hendricks, Mayor of Sun Valley  
**SECONDER:** Neil Bradshaw, Mayor of Ketchum  
**AYES:** Bradshaw, Hendricks

**Motion to return to Open Session at 2:58 PM.**

**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Peter Hendricks, Mayor of Sun Valley  
**SECONDER:** Martha Burke, Mayor of Hailey  
**AYES:** Bradshaw, Hendricks

**ADJOURNMENT**

**Motion to adjourn at 2:59 PM.**

**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Peter Hendricks, Mayor of Sun Valley  
**SECONDER:** Neil Bradshaw, Mayor of Ketchum  
**AYES:** Bradshaw, Hendricks

Meeting adjourned at 2:59 PM.

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Neil Bradshaw, Chair

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Peter M. Hendricks, Secretary/Treasurer

1% LOT Generated	1% LOT Received	1% LOT Contribution				TOTAL	Communities' Direct Costs	Expenses SVASB Administrative Budget	Funds for Contracts
		Sun Valley	Ketchum	Hailey					
Fund Balance									
Oct-20	Dec-20	36,567.37	177,324.51	6,615.97	220,507.85	-6,546.86	-3,025.00	210,935.99	
Nov-20	Jan-21	28,030.56	169,956.42	3,111.82	201,098.80	-6,375.14	-75.00	194,648.66	
Dec-20	Feb-21	72,930.72	303,537.35	6,216.56	382,684.63	-6,527.27	-75.00	376,082.36	
Jan-21	Mar-21	49,539.90	223,630.77	7,784.62	280,955.29	-6,604.11	-75.00	274,276.18	
Feb-21	Apr-21	63,886.05	245,042.16	11,981.15	320,909.36	-6,809.73	-75.00	314,024.63	
Mar-21	May-21	74,448.14	260,706.77	11,786.05	346,940.96	-6,800.18	-75.00	340,065.78	
Apr-21	Jun-21	35,960.38	153,617.35	6,023.16	195,600.89	-6,517.79	-675.00	188,408.10	
May-21	Jul-21	42,900.76	182,153.65	6,880.82	231,935.23	-7,809.82	-75.00	224,050.41	
Jun-21	Aug-21	100,816.18	266,093.28	15,925.40	382,834.86	-7,003.00	-75.00	375,756.86	
Jul-21	Sep-21	138,835.72	349,573.46	29,240.44	517,649.62	-7,655.44	-75.00	509,919.18	
Aug-21	Oct-21	0.00	0.00	0.00	0.00	-6,222.66	-75.00	-6,297.66	
Sep-21	Nov-21	0.00	0.00	0.00	0.00	-6,222.66	-75.00	-6,297.66	
Total		643,915.78	2,331,635.72	105,565.99	3,081,117.49	(81,094.66)	(4,450.00)		
Budgeted		607000	2,156,452.00	102886.02					
		36,915.78	175,183.72	2,679.97					

Fly SV Alliance								SVMA				
Budget Remaining								Budget Remaining				
1,000,000								1,129,000				
0								0				
0%								0%				
1% LOT Generated	1% LOT Received	Funds for Contracts	% of Available Funds Owed	Funds for Contract	Invoiced Amount	Available Funds	Check	% of Available Funds Owed	Funds for Contract	Invoiced Amount	Available Funds	Check
Oct-20	Dec-20	210,935.99	40%	84,374.40				60%	126,561.59			
Nov-20	Jan-21	194,648.66	40%	77,859.46	162,233.86	(162,233.86)	1140	60%	116,789.20	243,350.79	-243,350.79	1141
Dec-20	Feb-21	376,082.36	40%	150,432.94				60%	225,649.42			
Jan-21	Mar-21	274,276.18	40%	109,710.47	260,143.42	(260,143.42)	1144	60%	164,565.71	390,215.12	-390,215.12	1145
Feb-21	Apr-21	314,024.63	40%	125,609.85				60%	188,414.78			
Mar-21	May-21	340,065.78	40%	136,026.31	261,636.16	(261,636.16)	1147	60%	204,039.47	392,454.25	-392,454.25	1149
Apr-21	Jun-21	188,408.10	50%	94,204.05				50%	94,204.05			
May-21	Jul-21	224,050.41	50%	112,025.21	206,229.26	(156,229.26)	1156	50%	112,025.21	102,980.00	-102,980.00	1152
Jun-21	Aug-21	375,756.86	50%	187,878.43	109,757.30	(159,757.30)		50%	187,878.43			
Jul-21	Sep-21	509,919.18	50%	254,959.59	-			50%	254,959.59			
Aug-21	Oct-21	-6,297.66	50%	0.00				50%				
Sep-21	Nov-21	-6,297.66	50%					50%				
Total				1,333,080.72	1,000,000.00	-1,000,000.00			1,675,087.44	1,129,000.16	-1,129,000.16	
				amount over budget	333,080.72	Budget reached final payment		amount over budget	546,087.28	Budget reached no payment		

**SUN VALLEY AIR SERVICE BOARD  
INVOICES TO BE PAID**

**Through: September 17, 2021**

Vendor	Date	Invoice #	Description	Amount
Fly Sun Valley Alliance	6/30/2021		1% LOT Collections June 2021 (August Contract 268 Services)	109,757.31
Total Invoices to be paid				<u>\$ 109,757.31</u>



Fly Sun Valley Alliance Inc.

PO Box 6316  
Ketchum, ID 83340

# Invoice

Date	Invoice #
6/30/2021	268

Bill To
Sun Valley Air Service Board Attn: Shellie Rubel & Jade Riley City of Ketchum

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT Collections June 2021 - FSVVA Contract Services August 2021	109,757.31	109,757.31
		<b>Total</b>	\$109,757.31



## FSVA CONTRACT SERVICES RENDERED TO SUN VALLEY AIR SERVICE BOARD

**AUGUST 2021**

### **AIR SERVICE**

#### **AIR SERVICE DEVELOPMENT**

- Reviewed/monitored/analyzed weekly flight booking reports, monthly performance reports
- Ongoing research/analysis of seat, enplanements, load factors, fares for SUN and competitive markets
- Finalized negotiations with airlines regarding 2021/22 air service schedules and contracts
- Ongoing communication & meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Worked with VSV and other partners on air service marketing efforts, promotional air voucher management

#### **LOCAL AIR MARKETING/COMMUNITY OUTREACH**

- Provided information via monthly FSVA Enews and social media channels; updated website as needed
- Continued work on 2021/22 SUN winter air service schedule
- Created/coordinated/executed FSVA/FMA joint local public outreach campaign via local publications
- Created/executed ongoing FSVA local marketing & PR for air service (*print, digital*).
- Attended ongoing/weekly/monthly meetings of FMAA board, VSV board, WRV Tourism Coalition, Blaine County Economic Business Recovery Committee, and other community/stakeholder meetings
- Provided information regarding air service to inquiries from local and other travelers

#### **RESEARCH/OTHER**

- Continued implementation of summer online air passenger survey at SUN, ongoing review of data
- Continued work on compiling/tracking relevant news and comparative data and information on air service

# WORKMAN & COMPANY

Office of  
Accounting

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

July 22, 2021

Sun Valley Air Service Board  
PO Box 3801  
Ketchum, Idaho 83340

We are pleased to confirm our understanding of the services we are to provide the Sun Valley Air Service Board (Board) for the year ended September 30, 2021. We will audit the financial statements of the governmental activities 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, 2021. 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 Board'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 our engagement, we 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 our 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. Our 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 Board and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Board's financial statements. Our report will be addressed to the Board of Commissioners of the Sun Valley Air Service Board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We 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 Board'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 Board's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Board is subject to an audit requirement that is not encompassed in the terms of this engagement, we 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, our 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. We 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 we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, 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, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditor is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditor.

Our 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. We 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 our audit, we 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**

Our 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 we 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. Our 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 our 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, we 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, we will perform tests of the Board's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

## **Other Services**

We 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 us 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 us 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 we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our 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 our 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 our report thereon. Your responsibilities include acknowledging to us 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 us 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 us 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 our 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 we provide. You will be required to acknowledge in the management representation letter our 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**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we 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 we are 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, we will remain responsible for the work provided by any such third-party service providers.

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

We will provide copies of our 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 our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Workman & Company, CPAs 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. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Workman & Company CPA personnel. Furthermore, upon request, we 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 we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately December 20, 2021, and to issue our reports no later than January 31, 2022. This estimate annually is based on availability of records and cooperation of Board personnel. Brady Workman is the engagement manager and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$1,300 for fiscal year 2021. Our 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, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We 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 us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Workman & Company*

Workman & Company  
Certified Public Accountants

RESPONSE:

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_