

AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING
Sun Valley City Hall
81 Elkhorn Road
Sun Valley, Idaho

Wednesday, March 18, 2026 - 2:00 PM

JOIN VIRTUALLY

Join Zoom Meeting

<https://us02web.zoom.us/j/84925931069?pwd=k9honMBbz6gvXipaD8agCV0DaEnaMq.1>

Meeting ID: 849 2593 1069

Passcode: 096196

One tap mobile

+12532158782,,84925931069#,,,,*096196# US (Tacoma)

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

1. Election of Officers for 2026 (action item)

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.*

2. Approve meeting minutes from December 17, 2025
3. Receive and File Financials:
 - a. 0.5% Local Option Tax Report: November 2025, December 2025 and January, 2026 Months of Sale Reporting
 - b. Compliance notification for the 2025 registry year by the Local Government Central Registry

ACTIONS/DISCUSSIONS/PRESENTATIONS

4. Approval of bills paid, and/or to be paid, through March 13, 2026 (action item)
5. Presentation and acceptance of the audited financial statements as of September 30, 2025 by Workman & Company and acknowledgement of Representation Letter (action item)
6. Update from Sun Valley Tourism Alliance dba Visit Sun Valley
7. Update from Fly Sun Valley Alliance

ADJOURNMENT

Please Note: The agenda is subject to revisions. Any person in need of assistance to attend or participate should contact Sun Valley City Hall prior to the meeting. Air Service Board Packets are online at www.haileycityhall.org; www.sunvalleyidaho.gov; and www.ketchumidaho.org.

Memo

To: Sun Valley Air Service Board
From: Nancy Flannigan
City Clerk, City of Sun Valley
Date: March 13, 2026
Re: Election of Officers for 2026

The Sun Valley Air Service Board Bylaws (Section 3.1) specifies that all officers shall be voting members of the Board and, as the first item of business at the first regular meeting of the Board in which a quorum is present, the Board shall elect a Chair, Vice-Chair and Secretary/Treasurer. Officer terms are for one (1) year in duration and the duties and position of the officers are not required to rotate among the members each year. The duties of the officers are as follows:

1. The Chair presides at all meetings and hearings of the Board, maintains order, and conducts the meetings in accordance with the voting and motion procedures set forth in the Bylaws. Other duties include setting the agenda for each meeting and executing all contracts and checks approved by the Board. The Chair, with the consent of the Board, is also able to appoint standing or ad hoc committees when necessary to carry out the functions of the Board.
2. The Vice-Chair performs the duties of the Chair if the Chair is absent or unable to preside at a meeting.
3. The Secretary/Treasurer keeps the minutes of Board meetings and signs the minutes when approved by the Board. The preparation and retention of the minutes has been delegated to appropriate staff from the member cities. The Secretary/Treasurer also has charge and custody of and is responsible for all funds received by the Board and deposit the funds at the bank. The Secretary/Treasurer, along with the Chair, also signs all checks approved by the Board.

Staff recommends a motion to elect a Chair, Vice-Chair and Secretary/Treasurer for 2026.

**Sun Valley Air Service Board
Meeting Minutes
December 17, 2025
Hailey City Hall Meeting Room 2:00 pm**

Present: Neil Bradshaw – Mayor, City of Ketchum
Muffy Davis – Blaine County Commissioner
Peter Hendricks – Mayor, City of Sun Valley
Martha Burke – Mayor, City of Hailey

[2:04:15 PM](#) Neil Bradshaw call to order.
Roll call, Peter, Neil and Muffy Davis
Martha Burke in attendance just after meeting started.

Consent agenda:

[2:04:56 PM](#) **Peter moves to approve consent, Neil seconds. All in favor Peter and Neil voting.**

Bills, board contribution, ½ of contract amount

[2:05:58 PM](#) **Peter moves to approve bills, Neil seconds, motion passed.**

Visit sun valley, Ray Gadd presents, lodging reservations, lodging down for March and April, hope will start to fill in as we get snow. Hope the world cup will be back in 2027. Average daily rate is going up, closely monitoring this. Gadd reviews the winter outlook.

[2:14:40 PM](#) discussion about winter events. Gadd shows their partnerships, including Freeskier, atlas obscura and the ski journal. Digital ad, google and mntn are being used.

[2:21:38 PM](#) 2026 budget overview by Gadd. Reviews funds and expenses for 2025 and 2026.

Carol Waller Fly Sun Valley Alliance, non-stops have started for the winter. All direct flights will be started by next week, 1st Chicago direct flight brand new service on American Airlines.

[2:29:56 PM](#) **Resolution 2025-01, with 2026 meeting dates coordinated with Mountain Rides, Burke moves, Peter seconds, motion passed.**

Peter, Martha seconds, motion passed unanimously.

Neil Bradshaw, Chair

Peter M. Hendricks, Secretary/Treasurer

MONTH OF SALE REPORTING

CASH FLOW OF LOT FOR FY 2026 (OCTOBER - SEPTEMBER)

SUN VALLEY	BEDS 3%	BEDS .5%	LIQUOR 3%	LIQUOR .5%	RETAIL	RETAIL .5%	BUILDING 1%	BUILDING .5%	TOTAL	TOTAL .5%	MINUS COST	SVASB NET
October .5%	46,629.85	7,771.64	10,357.99	1,726.33	72,845.05	14,306.27	5,389.71	2,694.86	135,222.60	26,499.10	(529.98)	25,969.12
November .5%	25,969.03	4,328.17	6,615.07	1,102.51	55,444.40	11,310.75	2,772.65	1,386.33	90,801.15	18,127.76	(362.56)	17,765.20
December .5%	162,720.54	27,120.09	19,613.92	3,268.99	158,601.03	34,747.00	7,885.68	3,942.84	348,821.17	69,078.92	(1,381.58)	67,697.34
January .5%	109,290.51	18,215.09	15,455.21	2,575.87	99,073.19	20,861.15	3,095.75	1,547.88	226,914.66	43,199.99	(864.00)	42,335.98
February .5%									-	-		-
March .5%									-	-		-
April .5%									-	-		-
May .5%									-	-		-
June .5%									-	-		-
July .5%									-	-		-
August .5%									-	-		-
September .5%									-	-		-
ADJUSTMENT												
TOTAL	344,609.93	57,434.99	52,042.19	8,673.70	385,963.67	81,225.17	19,143.79	9,571.91	801,759.58	156,905.77	(3,138.12)	153,767.64
											Sun Valley Budget	530,000.00
											Over/(Under) Budget	(376,232.36)

KETCHUM	BEDS 3%	BEDS .5%	LIQUOR 3%	LIQUOR .5%	RETAIL	RETAIL .5%	BDLG 2%	BDLG .5%	TOTAL	TOTAL .5%	MINUS COST	SVASB NET
October .5%	69,794.44	11,632.41	27,030.22	4,505.04	253,431.25	63,357.80	105,820.31	26,455.08	456,076.22	105,950.33	(2,119.01)	103,831.32
November .5%	44,486.45	7,414.41	23,025.50	3,837.59	262,240.51	65,560.15	86,251.02	21,562.76	416,003.48	98,374.91	(1,967.50)	96,407.40
December .5%	110,882.83	18,480.48	55,247.20	9,207.87	596,847.93	149,212.00	64,740.24	16,185.06	827,718.20	193,085.41	(3,861.71)	189,223.69
January .5%	117,833.38	19,638.90	46,495.19	7,749.20	274,759.84	68,689.95	67,148.33	16,787.09	506,236.74	112,865.14	(2,257.30)	110,607.83
February .5%									-	-		-
March .5%									-	-		-
April .5%									-	-		-
May .5%									-	-		-
June .5%									-	-		-
July .5%									-	-		-
August .5%									-	-		-
September .5%									-	-		-
ADJUSTMENT												
TOTAL	342,997.10	57,166.20	151,798.11	25,299.70	1,387,279.53	346,819.90	323,959.90	80,989.99	2,206,034.64	510,275.79	(10,205.52)	500,070.25
											Ketchum Budget	1,421,000.00
											Over/(Under) Budget	(920,929.75)

HAILEY	BED/CAR3%	BED/CAR .5%							TOTAL	TOTAL .5%	MINUS COST	SVASB NET
October .5%	31,838.34	5,306.39	-	-	-	-	-	-	31,838.34	5,306.39	(260.01)	5,046.38
November .5%	25,062.20	4,177.03	-	-	-	-	-	-	25,062.20	4,177.03	(204.67)	3,972.36
December .5%	40,181.07	6,696.85	-	-	-	-	-	-	40,181.07	6,696.85	(328.15)	6,368.70
January .5%	69,087.36	11,514.56	-	-	-	-	-	-	93,621.50	15,603.58	(764.58)	14,839.01
February .5%			-	-	-	-	-	-	-	-		-
March .5%			-	-	-	-	-	-	-	-		-
April .5%			-	-	-	-	-	-	-	-		-
May .5%			-	-	-	-	-	-	-	-		-
June .5%			-	-	-	-	-	-	-	-		-
July .5%			-	-	-	-	-	-	-	-		-
August .5%			-	-	-	-	-	-	-	-		-
September .5%			-	-	-	-	-	-	-	-		-
ADJUSTMENT												
TOTAL	166,168.97	27,694.83	-	-	-	-	-	-	190,703.11	31,783.85	(1,557.41)	30,226.45
											Hailey Budget	90,000.00
											Over/(Under) Budget	(59,773.55)

"Quick Glance"

Total Collections	Year-over -Year Comparison (Monthly)		
City	Jan. 2025 MOS	Jan. 2026 MOS	% Change
Sun Valley	236,807.19	226,914.66	-4.2%
Ketchum	507,982.29	506,236.74	-0.3%
Hailey	57,531.68	93,621.50	62.7%

TOTAL ALL - FYTD	698,965.41	(14,901.05)	684,064.34
		Cities Total Budgets	2,041,000.00
		Over/(Under) Budget	(1,356,935.66)

MOS		Revenue: .5% LOT Contribution				Expenses	Net Funds For Contracts
LOT Generated	LOT Received	Sun Valley	Ketchum	Hailey	TOTAL	Communities Direct Costs	
				-			
Oct-25	Dec-25	26,499.10	105,950.33	5,306.39	137,755.82	(2,909.00)	134,846.82
Nov-25	Jan-26	18,127.76	98,374.91	4,177.03	120,679.70	(2,534.73)	118,144.97
Dec-25	Feb-26	69,078.92	193,085.41	6,696.85	268,861.18	(5,571.44)	263,289.74
Jan-26	Mar-26	43,199.99	112,865.14	15,603.58	171,668.71	(3,885.88)	167,782.83
Feb-26	Apr-26	-	-	-	-	-	-
Mar-26	May-26	-	-	-	-	-	-
Apr-26	Jun-26	-	-	-	-	-	-
May-26	Jul-26	-	-	-	-	-	-
Jun-26	Aug-26	-	-	-	-	-	-
Jul-26	Sep-26	-	-	-	-	-	-
Aug-26	Oct-26	-	-	-	-	-	-
Sep-26	Nov-26	-	-	-	-	-	-
Total		156,905.77	510,275.79	31,783.85	698,965.41	(14,901.05)	684,064.36

Fly SV Alliance			Visit Sun Valley		
Budget		119,650	Budget		1,800,000
Remaining		119,650	Remaining		-
Invoiced Amount	Paid	Check	Invoiced Amount	Paid	Check
			1,800,000.00	10/9/2025	1214
-			1,800,000.00		

Cash Flow Statement			
US BANK #0186	755,796.01	cash	as of 02/28/2026
	42,335.98	Sun Valley Revenue	Pending Deposit
	110,607.83	Ketchum Revenue	Pending Deposit
	14,839.01	Hailey Revenue	Pending Deposit
	<u>923,578.83</u>	ending cash balance	
LGIP #3358	2,775,103.20	LGIP Investment Balance	as of 02/28/2026

**SUN VALLEY AIR SERVICE BOARD
FY 2026 PROPOSED BUDGET**

	FY 2023 ACTUAL	FY 2024 ACTUAL	FY 2025 ACTUAL	PROPOSED FY 2026 BUDGET
REVENUES				
CITY OF HAILEY % LOCAL OPTION TAX	132,248	79,323	92,141	90,000
CITY OF KETCHUM % LOCAL OPTION TAX	2,791,851	1,482,225	1,634,765	1,421,000
CITY OF SUN VALLEY % LOCAL OPTION TAX	944,819	553,350	563,452	530,000
FUND BALANCE RELEASE (CITY ADDITIONAL LOT)			299,125	
INTEREST EARNINGS	87,246	134,053	145,379	40,000
FUND BALANCE APPLIED	-			
TOTAL REVENUE	3,956,164	2,248,951	2,734,862	2,081,000
EXPENDITURES				
CONTRACTS FOR SERVICES	3,099,776	1,836,768	2,140,000	2,064,650
VISIT SUN VALLEY			1,600,000	1,800,000
FLY SUN VALLEY ALLIANCE			-	119,650
MOUNTAIN RIDES			505,000	110,000
CHAMBER			35,000	35,000
ADMIN TOTAL		3,826	8,115	16,350
OFFICE SUPPLIES/POSTAGE		97	166	350
PROFESSIONAL SERVICES				10,000
ADVERTISING/PUBLIC NOTICES/WEBSITE	-	-	4,005	1,000
AUDIT	1,300	1,430	1,430	1,500
ATTORNEY FEES	420	360	140	1,000
INSURANCE	1,686	1,939	2,374	2,500
TOTAL EXPENDITURES	3,103,182	1,840,594	2,148,115	2,081,000
<i>ADDED ITEMS</i>				
ANNUAL NET POSITION (Projected)	852,982	408,358	586,747	-
BEGINNING FUND BALANCE				4,836,232
ANNUAL NET POSITION CHANGE				-
PROJECTED FY 2026 EOY FUND BALANCE				<u>4,836,232</u>

2025



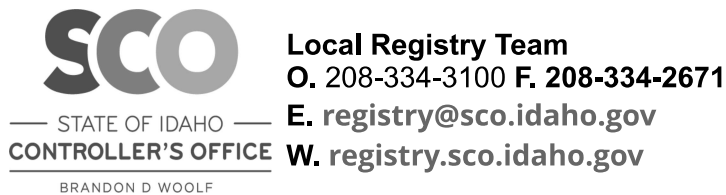
Entity: Sun Valley Air Service Board

Hello Brent Davis,

Thank you for your submission to the Local Government Central Registry. Our SCO registry team has reviewed your submission for Sun Valley Air Service Board and marked it as **Compliant for the 2025 registry year**. If you are a taxing entity, you will be reported as compliant to the Idaho State Tax Commission in January 2026. If you are not a taxing entity, you will not be subject to penalties or fines imposed by the State Controller's Office.

We appreciate your contributions to facilitating transparency and sharing of public information.

Thank you.



**SUN VALLEY AIR SERVICE BOARD
BILLS PAID AND/OR TO BE PAID**

Through: March 13, 2026

Vendor	Date	Invoice #	Description	Invoice Amounts	Paid Invoices	Outstanding Invoices
Workman and Company	2/13/2026	N/A	Audited Financial Statements - September 30, 2025	\$1,575	1,575.00	\$0
White Peterson	1/31/2026	172364	General Legal Advice - Joint Powers Agreement	\$180	-	\$180
			Invoice Totals:		\$ 1,575.00	\$ 180.00

WORKMAN AND COMPANY

Certified Public Accountants
 P.O. Box 2367
 2190 Village Park Ave., Suite 300
 Twin Falls, Idaho 83303-2367

Invoice

Date	Invoice #
2/13/2026	

Bill To
SUN VALLEY AIR SERVICE BOARD PO BOX 3801 KETCHUM, IDAHO 83340

		Terms	Due Date	Account #
		Net 30	2/13/2026	
Date	Item	Description	Rate	Amount
2/13/2026	Balance Forward			0.00
		Audited Financial Statements at September 30, 2025		1,575.00
			Total	\$1,575.00
			Payments/Credits	
Phone #	(208)733-1161			
Fax #	(208)733-6100			
			BALANCE DUE	\$1,575.00

WHITE PETERSON

ATTORNEYS AT LAW
CANYON PARK AT THE IDAHO CENTER
5700 EAST FRANKLIN ROAD, SUITE 200
NAMPA, IDAHO 83687
TEL (208) 466-9272
FAX (208) 466-4405
FED ID # 82-0309660

Sun Valley Air Service Board
EMAIL TO:
NFlannigan@sunvalleyidaho.gov

Page: 1
01/31/2026
Account No: 25911-000M
Statement No: 172364

Joint Powers Agreement - General

Previous Balance	\$180.00
Balance Due	<u>\$180.00</u>

Please include account number 25911.000 on your remittance.

A finance charge of 1.5% per month, compounded monthly, (19.6% Annual Percentage Rate) is charged on any balance remaining after the last day of the month in which the statement is sent, unless other arrangements have been made.

SUN VALLEY AIR SERVICE BOARD

BLAINE COUNTY, IDAHO

**Financial Statements
at September 30, 2025**

**SUN VALLEY AIR SERVICE BOARD
BLAINE COUNTY, IDAHO
For the year ended September 30, 2025**

Table of Contents

Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Statement of Cash Flows	5
Fund Financial Statements:	
Balance Sheet	6
Statement of Revenues, Expenditures and Changes in Fund Balances	7
Notes to the Financial Statements	8-10
Required Supplementary Information:	
General Fund Budgetary Comparison Schedules	11
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	12-13

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

INDEPENDENT AUDITOR'S REPORT

February 16, 2026

Members of the Board
Sun Valley Air Service Board

Opinions

We have audited the accompanying financial statements of the governmental activities of the Sun Valley Air Service Board, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Sun Valley Air Service Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Sun Valley Air Service Board, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sun Valley Air Service Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sun Valley Air Service Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

Report Continued—

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sun Valley Air Service Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sun Valley Air Service Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planning scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 11 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2026, on our consideration of the Sun Valley Air Service Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Workman & Company

Certified Public Accountants
Twin Falls, Idaho

SUN VALLEY AIR SERVICE BOARD
Statement of Net Position
at September 30, 2025

ASSETS

Cash in Checking	\$ 896,912	
Cash in LGIP	3,939,320	
Total Cash and Deposits	<u>3,939,320</u>	\$ 4,836,232
Local Option Tax Receivables:		
City of Sun Valley	0	
City of Ketchum	0	
City of Hailey	0	
Total Tax Receivables	<u>0</u>	<u>0</u>
Total Assets		<u>4,836,232</u>

LIABILITIES

Accrued Contracts Payable:		
Contracts Payable	0	
Total Contracts Payable	<u>0</u>	0
Other Accounts Payable		<u>0</u>
Total Liabilities		<u>0</u>

NET POSITION

Invested in Capital Assets - net of related debt	0	
Restricted for Local Aviation Services	4,836,232	
Unrestricted	0	
Total Net Position	<u>0</u>	<u>\$ 4,836,232</u>

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Revenue, Expenses,
and Changes in Net Position
for the year ended September 30, 2025

Operating Revenues:

Local Option Tax Revenues:

City of Sun Valley \$ 563,452

City of Ketchum 1,933,890

City of Hailey 92,141

Total Tax Revenues \$ 2,589,483

Interest Income 145,379

Total Operating Revenue: 2,734,862

Operating Expenses:

Marketing Contracted Services:

Visit Sun Valley 1,600,000

Mountain Rides 505,000

Chamber 35,000

Administrative Expense 166

Advertising/Website 4,097

Professional Fees 1,570

Insurance 2,374

Total Operating Expenses 2,148,207

Operating Income 586,655

Total Net Position - Beginning 4,249,577

Total Net Position - Ending \$ 4,836,232

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Cash Flows
for the year ended September 30, 2025

Cash Flows From Operating Activities:

Receipts from other governments	\$ 2,589,483	
Payments to suppliers and vendors	(2,148,207)	
Other receipts	<u>0</u>	
Net cash provided (used) by operations		\$ 441,276

Cash Flows From Capital Related Financing Activities:

Payment of Debts and Interest	<u>0</u>	
Net cash provided by capital and related financing activities		0

Cash Flows From Investing Activities:

Purchase of Capital Assets		
Interest Income	<u>145,379</u>	
Net cash used by investing activities		<u>145,379</u>

Net Increase (Decrease) in Cash and Equivalents 586,655

Balances - Beginning of the year 4,249,577

Balances - Ending of the year \$ 4,836,232

Displayed as:

Cash and Deposits		896,912
Cash in LGIP		<u>3,939,320</u>

Balances - Ending of the year \$ 4,836,232

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:

Operating Income	586,655	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	(145,379)	
Change in assets and liabilities:		
Local Option Taxes Receivable		
Accounts and Contracts Payable	<u> </u>	

Net Cash Provided (Used) by Operating Activities: \$ 441,276

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Balance Sheet
Governmental Funds
at September 30, 2025

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS:		
Cash and Deposits	\$ <u>4,836,232</u>	\$ <u>4,836,232</u>
Total Assets	\$ <u><u>4,836,232</u></u>	\$ <u><u>4,836,232</u></u>
LIABILITIES:		
Accounts Payable	\$ <u>0</u>	\$ <u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
FUND BALANCE:		
Non-spendable	0	0
Restricted	4,836,232	4,836,232
Committed	0	0
Assigned	0	0
Unassigned	<u>0</u>	<u>0</u>
Total Fund Balance	<u>4,836,232</u>	<u>4,836,232</u>
Total Liabilities and Fund Balance	\$ <u><u>4,836,232</u></u>	\$ <u><u>4,836,232</u></u>

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2025

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUE:		
Sun Valley .5% Local Option Tax Revenues	\$ 563,452	\$ 563,452
Ketchum .5% Local Option Tax Revenues	1,933,890	1,933,890
Hailey .5% Local Option Tax Revenues	92,141	92,141
Interest Earned	<u>145,379</u>	<u>145,379</u>
 Total Revenue	 <u>2,734,862</u>	 <u>2,734,862</u>
EXPENDITURES:		
Marketing Contracted Services:		
Visit Sun Valley	1,600,000	1,600,000
Mountain Rides	505,000	505,000
Chamber	35,000	35,000
Administrative Services	166	166
Advertising/Website	4,097	4,097
Professional Fees	1,570	1,570
Insurance	<u>2,374</u>	<u>2,374</u>
 Total Expenditures	 <u>2,148,207</u>	 <u>2,148,207</u>
EXCESS REVENUE (EXPENDITURES)	586,655	586,655
OTHER FINANCING SOURCES (USES):		
Due (to) from other funds	<u>0</u>	<u>0</u>
 NET CHANGE IN FUND BALANCES	 586,655	 586,655
 FUND BALANCE - BEGINNING	 <u>4,249,577</u>	 <u>4,249,577</u>
 FUND BALANCE - ENDING	 <u>\$ 4,836,232</u>	 <u>\$ 4,836,232</u>

The accompanying notes are a part of these financial statements.

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Sun Valley Air Service Board (the Board) was established on November 16, 2013, under a Joint Powers Agreement among the municipal corporations of the CITY OF KETCHUM, IDAHO, the CITY OF SUN VALLEY, IDAHO, and the CITY OF HAILEY, IDAHO. The Board was created for the purpose of collecting the .5% local option tax levied in each City by voter approval and appropriating said option tax to provide for local air service and related travel costs, including minimum revenue guarantees for air service providers.

The financial statements of the Sun Valley Air Service Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the Board.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Board's activities and general administrative services are classified as governmental activities. The Board has no business-type activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All other revenue items are considered to be measurable and available only when the Board receives cash.

The Board reports the following major governmental fund:

- The *General Fund* is the Board's operating fund. It accounts for all financial resources of the Board.

Capital Assets

The Board currently owns no property held for future uses nor does it anticipate any such ownership.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Continued—

2. LOCAL OPTION TAXES

Each City has legally adopted a .5% Local Option Sales Tax that is collected monthly. Each City collects said tax by the end of the calendar month following the collection period. Those collected taxes are conveyed to the Board by the end of the month following collection.

3. CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board has no deposit policy for custodial credit risk. At year end, \$ 202,361 of the Board's bank balance was exposed to custodial credit risk because it was not insured by the FDIC.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Board held the following investments:

Investment Type

Idaho State Local Government Investment Pool \$ 3,939,320.

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the Board voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the Board's position in the external investment pool is the same as the value of the pool shares.

Credit Risk: The Board's policy is to comply with Idaho State statutes which authorize the Board to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Interest rate risk and concentration of credit risk: The Board has no policy regarding these two investment risk categories.

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	\$	0
Deposits with financial institutions:		
Demand deposits		896,912
State of Idaho Investment Pooled Cash		<u>3,939,320</u>
Total		<u>\$ 4,836,232</u>

**SUN VALLEY AIR SERVICE BOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Continued—

4. RESTRICTED NET POSITON

Under the Joint Powers Agreement, the Board is only to provide for the local air service activities. This restricts the available net position for that expressed purpose.

5. GENERAL FIXED ASSETS

The Board has no fixed assets.

6. CONTRACTS PAYABLE

The Board has entered into a contract with a local vendor to provide for its express purpose in the air service industry. This contract is with the Board and Visit Sun Valley (an Idaho nonprofit corporation). Additionally, this corporation has the express purpose of, a) maintaining and increasing commercial air service to Friedman Memorial Airport through the use of Minimum Revenue Guarantees (MRG's) or other inducements to providers; b) promoting and marketing the existing service and any future service to increase passengers; and c) for all ancillary costs which are associated with the ongoing effort to maintain and increase commercial air service.

7. RETIREMENT PLAN

The Board has no employees and therefore no retirement plan.

8. LITIGATION

The Board, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

9. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the fiscal year, the Board contracted with Idaho County Risk Management Program (ICRMP) for property, crime, and fleet insurance. Under the terms of the ICRMP policy, the Board's liability is limited to the amount of annual financial membership contributions, including a per occurrence deductible. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

SUN VALLEY AIR SERVICE BOARD
Budgetary Comparison Schedule
Government-Wide Statement of Activities
for the year ended September 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
REVENUES:			
City of Hailey .5% Local Option Tax	\$ 150,077	\$ 92,141	\$ (57,936)
City of Ketchum .5% Local Option Tax	1,175,171	1,933,890	758,719
City of Sun Valley .5% Local Option Tax	517,539	563,452	45,913
Earnings on investments	40,000	145,379	105,379
Total revenues	<u>1,882,787</u>	<u>2,734,862</u>	<u>852,075</u>
EXPENDITURES:			
Marketing Contracts for Services:			
Visit Sun Valley	1,600,000	1,600,000	0
Fly Sun Valley Alliance	137,337		137,337
Mountain Rides	105,000	505,000	(400,000)
Chamber	35,000	35,000	0
Administrative Costs	350	166	184
Advertising/Website	600	4,097	(3,497)
Professional	2,500	1,570	930
Insurance	2,000	2,374	(374)
Total expenditures	<u>1,882,787</u>	<u>2,148,207</u>	<u>(265,420)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>586,655</u>	<u>586,655</u>
FUND BALANCE - BEGINNING	<u>4,249,577</u>	<u>4,249,577</u>	
FUND BALANCE - ENDING	<u>\$ 4,249,577</u>	<u>\$ 4,836,232</u>	

The accompanying notes are a part of these financial statements.

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

February 16, 2026

Member of the Board
Sun Valley Air Service Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Sun Valley Air Service Board, as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Sun Valley Air Service Board's basic financial statements, and have issued our report thereon dated February 16, 2026.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sun Valley Air Service Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report Continued—

Purpose of this Report

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

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

WORKMAN & COMPANY

Office of
Accounting

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

February 13, 2026

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

We are pleased to confirm our understanding of the services we are to provide the Sun Valley Air Service Board for the year ended September 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Sun Valley Air Service Board (Board) as of and for the year ended September 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Board's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 (GAAS). 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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

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

We have also been engaged to report on supplementary information other than RSI that accompanies the Board's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) None

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and 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. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS 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 your accounting records of the Board and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable 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 waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or 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 an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS 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, fraudulent financial reporting, or misappropriation of assets that comes 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. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Government Auditing Standards require that we communicate, during the planning stage of an audit, certain information to officials of the audited entity, and certain other parties. That information follows.

We have identified the following significant risk(s) of material misstatement as part of our auditing planning:

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, we have considered these as significant risks.

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.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. 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 accounting principles generally accepted in the United States of America 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*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

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.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for 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 accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). 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, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (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. 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 GAAS and *Government Auditing Standards*.

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 of each opinion unit 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, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we 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. 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 Scope and 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.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, 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 and 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 any federal Board providing direct or indirect funding, or the U.S. Government Accountability Office for the 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 and Company, CPA's 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. If we are aware that a federal awarding Board 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.

Brady Workman is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately February 13, 2026, and to issue our reports no later than March 31, 2026.

Our fee for 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 \$1,575 for a yellow book 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.

Reporting

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. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions 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 we 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 state (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 report 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.

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 attached copy, and return it to us.

Very truly yours,

Workman & Company

RESPONSE:

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

Governance signature:  _____

Title: *Treasurer*

Date: *02/16/2026*

SUN VALLEY AIR SERVICE BOARD



February 16, 2026

Workman and Company
Certified Public Accountants
2190 Village Park Ave., Suite 300
Twin Falls, Idaho 83301

This representation letter is provided in connection with your audit of the financial statements of the Sun Valley Air Service Board, which comprise the respective financial position of the governmental activities as of September 30, 2025, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 16, 2026, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 26, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures, if any, have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list, if any, of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Board is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Board and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Board's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which we are aware.

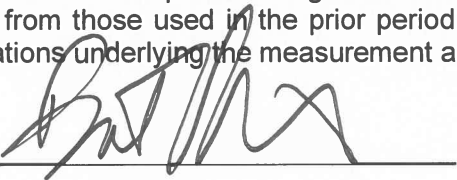
Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have reviewed, approved and accepted responsibility for your proposed adjustments to our general ledger account balances.
- 28) The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations if any.
- 31) The financial statements properly classify all funds and activities in accordance with [GASB Statement No. 34](#).
- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 42) We have appropriately disclosed the Board's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____

A handwritten signature in black ink, appearing to be "B. J. [unclear]", written over a horizontal line.

Title: _____

A handwritten title in black ink, appearing to be "Treasurer", written over a horizontal line.