SECOND REVISION

AGENDA
SUN VALLEY AIR SERVICE BOARD MEETING

HAILEY CITY HALL
115 MAIN STREET SOUTH
HAILEY, ID
January 29, 2015 - 2:00 P.M.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

REMARKS FROM THE CHAIR

REMARKS FROM THE BOARD

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

1. Approval of Air Service Board Minutes of December 3, 2014; 1
2. Receive and File Financials:
   a. 1% Local Option Tax Report – October and November 2014; 5

PRESENTATIONS

3. Presentation of FY14 audited financial statement by Dennis Brown, CPA; 6

ACTION/DISCUSSION

4. Discussion and action regarding rotation of Sun Valley Air Service Board officers for 2015; 19
5. Election of Sun Valley Air Service Board officers; (no documents)
6. Discussion regarding allocation of 2014 excess funds and 2015 applied fund balance;..... 20
7. Discussion regarding Caselle database for the Sun Valley Air Service Board; (no documents)
8. Authorization of Payment of Bills on-hand through January 26, 2015; 21
9. Discussion and possible action on scheduling a Special Meeting of the Air Service Board; (no documents)

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

ADJOURNMENT

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

DRAFT

SPECIAL SUN VALLEY AIR SERVICE BOARD MEETING
SUN VALLEY CITY HALL
81 ELKHORN ROAD
SUN VALLEY, ID
December 3, 2014 - 2:00 P.M.

Members Present:	Dewayne Briscoe – Mayor of Sun Valley Nina Jonas – Mayor of Ketchum Fritz Haemmerle – Mayor of Hailey
Members absent:	Lawrence Schoen – Chair, Blaine County Commission
Staff present:	Sun Valley City Administrator – Susan Robertson Hailey City Administrator – Heather Dawson Ketchum City Administrator – Suzanne Frick

CALL TO ORDER

The Sun Valley Air Service Board meeting was called to order at 2:03 p.m. in Sun Valley City Hall.

PLEDGE OF ALLEGIANCE

Led by Hailey Mayor Fritz Haemmerle.

PUBLIC COMMENT

None.

REMARKS FROM THE CHAIR

Mayor Dewayne Briscoe mentioned that on a recent trip he was bussed from the Twin Falls airport to the Sun Valley airport and it went very smoothly.

REMARKS FROM THE BOARD

Mayor Nina Jonas remarked that she recently did some price shopping on a trip she was planning and found it was cheaper to fly from Sun Valley than from Boise.

CONSENT AGENDA

Mayor Nina Jonas moved to approve the September 25, 2014 Air Service Board Meeting minutes, seconded by Mayor Dewayne Briscoe. A roll call vote was taken. Mayor Fritz Haemmerle abstained because he did not attend the meeting. All in favor. Motion carried.

Mayor Fritz Haemmerle moved to receive and file the 1% Local Option Tax Reports for August 2014 and September 2014, seconded by Mayor Nina Jonas. A roll call vote was taken. Motion carried unanimously.

PRESENTATIONS

Fly Sun Valley Alliance, Semi-Annual Report and request for allocation of excess year-end LOT funds

Fly Sun Valley Alliance Executive Director Carol Waller presented the Fiscal Year 14 Results and a Fiscal Year 15 Winter Update. She noted that there were excess LOT funds and encouraged the Board to consider

contributing those to the marketing fund.

Mayor Nina Jonas asked whether there were more seats flying into Sun Valley this year. Carol Waller replied that the seat capacity was up; although frequency dropped, the planes coming in had larger capacity than last year. She noted that there was an overall 26% increase in seat capacity for 2014.

Carol Waller stated that they have seen downward trend on fares, which resulted in a 20% average overall drop in fares for Sun Valley. She also reported that the overall economic impact on the County showed a $44 million increase from 2013 to 2014.

Mayor Nina Jonas asked how the Fly Sun Valley Alliance arrived at its figure that over 12,000 new people visited the Valley in FY 2014. Carol Waller explained that these figures came from the new visitor survey that they conducted on the ground in the airport. She reported they collected over 1,000 surveys and the direct spending impact of these new visitors was estimated to be $16 million.

Mayor Fritz Haemmerle asked about the work being done to encourage local residents to take outbound flights from Sun Valley. Carol Waller replied that the focus of the Fly Sun Valley Alliance is on these passengers, while the Sun Valley Marketing Alliance focuses on bringing people to Sun Valley.

Mayor Fritz Haemmerle asked whether people from the Magic Valley were coming to fly out of Sun Valley more frequently. Carol Waller mentioned that the airport conducted a leakage study that showed that there were more local people moving through the airport.

Mayor Dewayne Briscoe asked about how far in advance the airlines make their decision to divert flights to Twin Falls. Carol Waller explained that they generally try to make those decisions at least four hours in advance. She noted that the airport was working with FAA to decrease the number of diversions.

Mayor Dewayne Briscoe mentioned that he thought the desk agents in the Salt Lake City airport could be more positive about rerouting decisions and suggested that be a training emphasis for the airlines.

Sun Valley Marketing Alliance, Semi-Annual Report and request for allocation of excess year-end LOT funds

Sun Valley Marketing Alliance President Arlene Shieven gave a presentation on the Alliance's Summer 2014 results. She stated the Alliance spent just under $450,000 for its summer campaign, targeting the flight markets (Denver, San Francisco, Salt Lake City, Seattle and Los Angeles) and New York. She noted that there were increases in room nights sold in every month of the summer, except September, compared to 2013.

Arlene Shieven presented an overview of the Alliance's Winter marketing campaign trends and strategies.

Mayor Nina Jonas asked about the Alliance's "Seek ____" campaign and whether they were considering changing it. Arlene Shieven stated that the Alliance first started using the campaign during the 2014 summer, so it was the first time it was used in the winter. She commented that it was a flexible campaign that was customizable to different markets.

Mayor Fritz Haemmerle asked about whether filling airline seats to full capacity will lead to more flights to Sun Valley. Carol Waller responded that when seats are filled, the airlines are more motivated to provide additional flights. She noted that because they added two new flights in FY 2014, the focus of FY 2015 would be to increase seat utilization. Mayor Fritz Haemmerle asked whether there would be a focus on getting

people from the Magic Valley to fly out of Sun Valley to help reach that goal. Carol Waller responded that the focus of Fly Sun Valley's work is to increase local use of the Sun Valley airport.

Eric Seder from Fly Sun Valley noted that the enplanement issue is a complex subject, but the basic goal is to get more people to visit Sun Valley. He explained that increasing enplanements from local residents does not bring the same financial benefit to the area as an increase in visitors does.

Mayor Dewayne Briscoe asked a question about the Ski Magazine polls, in which Sun Valley was ranked third. Arlene Shieven responded that she has not yet analyzed the results.

ACTION/DISCUSSION

Discussion and review of 1% Local Option Tax Actual Expenditures Report – January – September 2014
City Administrator Susan Robertson discussed the expenditures report. She stated that there was approximately $27,000 beyond the projected LOT and explained that amount can either stay in the fund balance or be allocated for services. She noted that Fly Sun Valley Alliance and Sun Valley Marketing Alliance recommend it be allocated for marketing. She stated if that was the action taken, the Board should consider authorizing an addendum to the existing contracts to account for additional services.

Mayor Fritz Haemmerle asked whether the $27,000 was an amount beyond the budgeted $54,175 reserve. Susan Robertson stated that it was and that this year there was a lower reserve budgeted.

City Administrator Heather Dawson asked why there was a reduced reserve budget this year. Susan Robertson responded that the Board didn't think it was necessary to keep a legal reserve going forward but still wanted to keep some fund balance.

Discussion and possible action regarding requests for allocation of excess year-end LOT funds
Mayor Fritz Haemmerle asked which organization would receive the funding if it were distributed for marketing purposes. Carol Waller, of the Fly Sun Valley Alliance, stated that all funds would go to the Sun Valley Marketing Alliance. Mayor Haemmerle stated that he would support that; Mayors Nina Jonas and Dewayne Briscoe agreed.

Mayor Fritz Haemmerle moved to direct staff to prepare the necessary information and contracts to allocate the excess year-end LOT funds for marketing purposes, seconded by Mayor Nina Jonas. Motion carried unanimously.

Authorization of Payment of Bills on-hand through November 24, 2014
Mayor Fritz Haemmerle moved to pay invoices as indicated on page 9 of the meeting packet, seconded by Mayor Nina Jonas. Motion carried unanimously.

Discussion and action regarding Resolution 2014-05 setting the Air Service Board Meeting Dates For 2015
Mayor Fritz Haemmerle moved to authorize the Chairman to sign Resolution 2014-05 setting the Air Service Board Meeting Dates for 2015, seconded by Mayor Nina Jonas. Motion carried unanimously.

Review and direction regarding rotation of Sun Valley Air Service Board officers

Mayor Fritz Haemmerle stated that the City of Hailey does not have the capacity to take on certain tasks, such as maintaining the financials for the Air Service Board. He suggested that the Treasurer and Chair duties rotate between Ketchum and Sun Valley.

Mayor Dewayne Briscoe commented that when the Board was created they had agreed that they wanted all members to take part in all roles.

Mayor Nina Jonas asked why Hailey did not want to take on these duties. Mayor Fritz Haemmerle responded that both Hailey's staff and tax base is smaller and other cities had more capacity to take on these roles.

Mayor Nina Jonas stated she wanted to hear from staff about their opinions and noted that there may be some benefit from consistency in the different roles. City Administrator Susan Robertson noted that while it does add a certain amount of work, staff also gets used to the routine of doing it. City Administrator Heather Dawes noted that this was a resource issue for Hailey, especially as it pertains to the accounting duties.

City Administrator Suzanne Frick noted that another option was to alter or rotate who is the Chair and Treasurer without changing staffing duties. Mayor Fritz Haemmerle stated he would be happy with that arrangement. Mayor Nina Jonas noted that while that made the most sense in terms of efficiency, all cities were obliged to create the resources to conduct the duties when they joined the Board.

City Administrator Susan Robertson noted there is nothing in bylaws that requires the staff duties to move with the Board titles.

Mayor Fritz Haemmerle moved to defer action on the rotation of officers until the January 29, 2015 meeting, seconded by Mayor Nina Jonas. Motion carried unanimously.

EXECUTIVE SESSION
None called.

Mayor Nina Jonas moved to adjourn; seconded by Mayor Fritz Haemmerle. Motion carried unanimously.

Meeting adjourned at 3:11 pm.

_____
Dewayne Briscoe, Chair

ATTEST:

_____
Nina Jonas, Secretary/Treasurer

1% Local Option Tax Report - October and November 2014

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

SUN VALLEY	BEDS 3%	BEDS 1%	LIQUOR 3%	LIQUOR1%	RETAIL 2.6%	RETAIL1%			TOTAL 3%	TOTAL 1%	MINUS COST	SVASB NET
October	15550.45	5183.48	3175.8	1058.60	32499.75	12948.11			51226.00	19190.19	-512.69	18677.50
November	12187.45	4062.48	2173.98	724.66	23400.37	9573.77			37761.80	14360.91	-512.69	13848.22 *
December												
January												
February												
March												
April												
May												
June												
July												
August												
September												
TOTAL	**27737.9**	**9245.97**	**5,349.78**	**1,783.26**	**55,900.12**	**22,521.88**			**88,987.80**	**33,551.11**	**-1,025.38**	**32,525.73**
*Note: Sun Valley Pd SVASB on Jan.14, 2015 for Nov. the total 1% before the direct costs were subtracted in Jan '15. SV invoiced SBASB for the $512.69 to be pd. on Jan. 29, 2015												
KETCHUM	**BEDS 3%**	**BEDS 1%**	**LIQUOR 3%**	**LIQUOR1%**	**RETAIL 2%**	**RETAIL1%**	**BDLG 2%**	**BDLG1%**	**TOTAL**	**TOTAL 1%**	**MINUS COST**	**SVASB NET**
October	16,035.35	5,345.11	20,720.76	6,906.92	153,959.95	76,979.98	47,319.36	23,659.68	238,035.42	112,891.69	-5,471.08	107,420.61
November	12229.06	4,076.35	15,425.46	5,141.82	154,173.15	77,086.57	45,125.11	22,562.55	226,952.78	108,867.29	-5,471.08	103,396.21
December												
January												
February												
March												
April												
May												
June												
July												
August												
September												
TOTAL	**28,264.41**	**9,421.46**	**36,146.22**	**12,048.74**	**308,133.10**	**154,066.55**	**92,444.47**	**46,222.23**	**464,988.20**	**221,758.98**	**-10,942.16**	**210,816.82**
HAILEY	**BED/CAR3%**	**BED/CAR1%**							**TOTAL**	**TOTAL 1%**	**MINUS COST**	**SVASB NET**
October	12691.14	4230.38								4230.38	-118.45	4111.93
November	7101.45	2367.15								2367.15	-66.28	2300.87
December												
January												
February												
March												
April												
May												
June												
July												
August												
September												
TOTAL	**19792.59**	**6597.53**								**6597.53**	**-184.73**	**6412.8**
									TOTAL FY	**261,907.62**	**-12,152.27**	**249,755.35**

DRB
Dennis Brown
CERTIFIED PUBLIC ACCOUNTANT

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

December 22, 2014

Member of the Board
Sun Valley Air Service Board
Ketchum, Idaho

I have audited the financial statements of the Sun Valley Air Service Board (Board) for the year ended September 30, 2014, and have issued my report thereon dated December 22, 2014. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated July 25, 2014, my responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Sun Valley Air Service Board are described in Note 1 to the financial statements. I noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The only estimate affecting the financial statements was estimated useful lives of property and equipment.

I evaluated the key factors and assumptions used to develop the useful lives of property and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Continued—

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatement

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Some misstatements were discovered during the audit. I proposed adjusting journal entries to management in order to correct the misstatements. Management has reviewed and approved all of those adjusting entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated December 22, 2014.

Other Audit Findings or Issues

I noted no findings that are required to be disclosed during my audit.

I generally discuss a variety of other matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Board's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Member of the Board and management of the Sun Valley Air Service Board and is not intended to be and should not be used by anyone other than these specified parties.

DENNIS R BROWN
Certified Public Accountant

SUN VALLEY AIR SERVICE BOARD

KETCHUM, IDAHO

Financial Statements
at September 30, 2014

SUN VALLEY AIR SERVICE BOARD
KETCHUM, IDAHO

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DRB
Dennis Brown
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

December 22, 2014

Members of the Board
Sun Valley Air Services Board
Ketchum, Idaho

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Sun Valley Air Service Board (Board) as of and for the year ended, September 30, 2014, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis and budgetary comparison information be included in the financial statements. Management has omitted a management's discussion and analysis and budgetary comparison information 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. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2014, on my consideration of the Sun Valley Air Service Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

DENNIS R BROWN
Certified Public Accountant
Twin Falls, Idaho

SUN VALLEY AIR SERVICE BOARD
Statement of Net Position
at September 30, 2014

ASSETS		
Cash in Checking	$ 349	
Cash in LGIP	88,034	
Total Cash and Deposits		$ 88,383
Local Option Tax Receivables:		
City of Sun Valley	115,749	
City of Ketchum	344,396	
City of Hailey	17,182	
Total Tax Receivables		477,327
Total Assets		565,710
LIABILITIES		
Accrued Contracts Payable:		
Air Sun Valley	329,394	
Sun Valley Marketing	133,907	
Total Contracts Payable		463,301
Other Accounts Payable		340
Total Liabilities		463,641
NET POSITION		
Invested in Capital Assets - net of related debt	0	
Restricted for Local Aviation Services	102,069	
Unrestricted	0	
Total Net Position		$ 102,069

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, 2014

Operating Revenues:		
Local Option Tax Revenues:		
City of Sun Valley	$ 371,706	
City of Ketchum	1,165,167	
City of Hailey	53,223	
Total Tax Revenues		$ 1,590,096
Interest Income		34
Total Operating Revenue:		1,590,130
Operating Expenses:		
Fly Sun Valley Contract	900,000	
Sun Valley Marketing Contract	582,654	
Professional Fees	2,820	
Insurance	1,671	
Website Costs	760	
Administrative Expenses	156	
Total Operating Expenses		1,488,061
Operating Income		102,069
Total Net Position - Beginning		0
Total Net Position - Ending		$ 102,069

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, 2014

Cash Flows From Operating Activities:		
Receipts from other governments	$ 1,112,778	
Payments to suppliers and vendors	(1,024,429)	
Other receipts	0	
Net cash provided (used) by operations		$ 88,349
Cash Flows From Capital Related Financing Activities:		
Payment of Debts and Interest	0	
Net cash provided by capital and related financing activities		0
Cash Flows From Investing Activities:		
Purchase of Capital Assets		
Interest Income	34	
Net cash used by investing activities		34
Net Increase (Decrease) in Cash and Equivalents		88,383
Balances - Beginning of the year		0
Balances - Ending of the year		$ 88,383
Displayed as:		
Cash and Deposits		88,383
Balances - Ending of the year		$ 88,383

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	102,069	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	(34)	
Change in assets and liabilities:		
Local Option Taxes Receivable	(477,327)	
Accounts and Contracts Payable	463,641	
Net Cash Provided (Used) by Operating Activities:		$ 88,349

The accompanying notes are a part of these financial statements.

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 1% local option tax levied in each City by voter approval and appropriating said option tax to provide for local air service, 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.

Continued—

2. LOCAL OPTION TAXES

Each City has legally adopted a 1% 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, none of the Board's bank balance was exposed to custodial credit risk because it was 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	$ 88,034.

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	349
State of Idaho Investment Pool	88,034
Total	$ 88,383

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 two contracts with local vendors to provide for its express purpose in the air service industry. These two contracts are between the Board and Fly Sun Valley Alliance, Inc. (an Idaho nonprofit corporation) and Sun Valley Marketing Alliance, Inc. (an Idaho nonprofit corporation.) Additionally, these two corporations have 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.

DRB
Dennis Brown
CERTIFIED PUBLIC ACCOUNTANT

828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (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*

December 22, 2014

To the Member of the Board
Sun Valley Air Service Board

I 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 Sun Valley Air Service Board (Board) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered 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 Board's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 Board'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DENNIS R. BROWN
Certified Public Accountant
Twin Falls, Idaho

Memo

To: Sun Valley Air Service Board

From: Susan E. Robertson, ICMA-CM
City Administrator, City of Sun Valley

Date: January 25, 2015

Re: Officers for 2015

Section 3.1 of the Sun Valley Air Service Board Bylaws specifies the following with respect to the Officers of the Board:

3.1 Selection of Officers

All officers shall be voting members. As the first item of business at the first regular meeting of the Board at which a quorum is present, the Board shall elect a Chair, Vice-Chair and Secretary/Treasurer. Unless the Board otherwise decides, officers shall rotate every year thereafter, as follows: The representative of the voting member who was the Chair in the prior year shall be the Secretary/Treasurer in the following year, the representative of the voting member who was the Vice-Chair in the prior year shall be the Chair in the following year; and the representative of the voting member who was the Secretary/Treasurer in the prior year shall be the Vice-Chair in the following year.

If the Air Service Board wants to follow the rotation specified in the Bylaws, then 2015 Officers will change as follows: Chair Dewayne Briscoe will become Secretary/Treasurer, Vice-Chair Fritz Haemmerle will become Chair, and Secretary/Treasurer Nina Jonas will become Vice-Chair. If the Board wants to have a different set of officers for 2015, then an affirmative action will need to be taken.

The Air Service Board discussed the matter at its December 3, 2014 Board meeting but decided to defer action on the matter until its January 29, 2015 meeting.

Memo

To: Sun Valley Air Service Board

From: Susan E. Robertson, ICMA-CM
City Administrator, City of Sun Valley

Date: January 26, 2015

Re: Allocation of Excess 2014 1% LOT Funds

At the December 3, 2014 Sun Valley Air Service Board meeting, the 1% Local Option Tax Actual Expenditures Report for the January 2014 – September 2014 period was reviewed. It indicated that $20,739.40 of 1% LOT funds were available over and above what was initially allocated to the contracts for Fly Sun Valley Alliance and the Sun Valley Marketing Alliance and other Sun Valley Air Service Board expenses. This amount was available to be allocated by the Board for additional services and the Board indicated that it would like to allocate the funds to marketing.

After further review, it has been determined that the excess funds are actually part of the applied fund balance that was allocated in the Air Service Board's 2015 Budget and has already been addressed in the Board's contract with the Sun Valley Marketing Alliance. Thus, there is no need to consider an additional amendment to the contract to allocate the funds. The only action that needs to be taken is to approve payment of the appropriate invoices.

SUN VALLEY AIR SERVICES BOARD

INVOICES TO BE PAID

Through January 26, 2015

Fly Sun Valley Alliance	October 2014 LOT Invoice	$ 25,392.84
Fly Sun Valley Alliance	November 2014 LOT Invoice	23,879.89
Fly Sun Valley Alliance	2015 Fund Balance Applied Invoice	10,835.00
Sun Valley Marketing Alliance	October 2014 LOT Invoice	101,571.37
Sun Valley Marketing Alliance	November 2014 LOT Invoice	95,519.58
Sun Valley Marketing Alliance	2014 Excess Funds Invoice	20,739.40
Sun Valley Marketing Alliance	2015 Fund Balance Applied Invoice	22,660.60
Dennis R. Brown	Invoice for 2014 Audit	975.00
City of Sun Valley	2014 LOT Overpayment Invoice	512.69
TOTAL		$302,086.37

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
12/31/2014	150

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

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - October 2014 Collections, December 2014 FSVA Contract Services	25,392.84	25,392.84
		Total	$25,392.84

TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED – DECEMBER 2014

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored weekly booking stats & MRG reports for summer 2014 and winter 2014-15 flights; fares, etc.
- Historical analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets.
- Continued negotiations with airlines regarding summer/fall 2015 service contracts and schedules.
- Continued strategic planning and analysis regarding future air service needs and opportunities.
- Continued work on enhancements to diversion bussing operation with bus operator and SUN airline station managers. Managed partnership with SVE for enhanced service for winter service.
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders.
- Prepared materials for Air Service Board reports, invoices, etc.
- Prepared documentation for FSVA in-kind contributions for FMA USDOT SCASDP Grant for DEN service

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Created/executed ongoing local area marketing/ PR for air service; in partnership with FMA. *(print, digital, tv)*
  - *TV interview with KMVT on 12/8 re: start of winter flights*
- Created/executed local area marketing campaign for Alaska Airlines Dec fare deal *(print, digital)*

RESEARCH/OTHER

- 2014 Winter/Summer Air Passenger survey results – work on final summary report.
  Began work on winter 2014/15 survey – created survey & survey schedule, hired surveyor, began survey collection.
- Continued work on compiling/tracking relevant comparative data and information of air service.

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
1/31/2015	151

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

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - November 2014 Collections, January 2015 FSVA Contract Services	23,879.89	23,879.89
		Total	$23,879.89

TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED – JANUARY 2015

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored weekly booking stats & MRG reports for winter 2014/15 flights; fares, etc.
- Continued analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets.
- Finalized air service contracts with airlines for summer/fall 2015.
- Continued strategic planning and analysis regarding future air service needs and opportunities.
- Continued work on enhancements to diversion bussing operation with bus operator and SUN airline station managers. Managed partnership with SVE for enhanced service for winter service.
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders.
- Prepared materials for Sun Valley Air Service Board reports, invoices, etc. Attended January meeting.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Updated winter flight schedule with Delta service changes – posted online, shared with all key partners/public
- Created new summer/fall flight schedule –posted online, shared with all key partners/public
- Created/executed ongoing local area marketing/ PR for air service; in partnership with FMA. *(print, digital, tv)*
- Community outreach meetings and presentations: FMAA Board, SV Economic Development members, Sun Valley/Ketchum Rotary, Hailey Chamber of Commerce Board, and others.

RESEARCH/OTHER

- 2014 Winter/Summer Air Passenger survey report – wrote/distributed press release, posted report on website.
- Continued Winter 2014/15 Air Passenger survey implementation – survey collection.
- Continued work on compiling/tracking relevant comparative data and information of air service.

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
1/1/2015	152

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

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	1% LOT - FY14 Fund Balance Funds - Additional Services	10,835.00	10,835.00
		Total	$10,835.00

TO: SUN VALLEY AIR SERVICE BOARD

ADDITIONAL SERVICES RENDERED – FY 15

AIR SERVICE

FSVA will have additional costs for air service contracts in FY15, and these funds will be allocated to those help cover those additional costs.

Specifically one of the areas of increased costs is diversion busing. We have partnered with Sun Valley Express this winter to provide an enhanced level of diversion busing for all SUN flights which include:

- Newer motorcoaches
- On-call drivers/equipment in SUN, TWF and BOI
- Airport Hosts in SUN and TWF to assist passengers

This enhanced level of service has received positive feedback from SUN air travelers so far this season, and we are committed to improving the diversion busing experience for our local and visitor travelers.

Note: FSVA will continue to independently raise over $200K this year in private sector funds to help offset our total air service development costs.

Visit SunValley
Sun Valley Marketing Alliance, Inc.
PO Box 4934 • 460 E. Sun Valley Rd. • Suite 201 • Ketchum ID • 83340
T 208.725.2109
F 208.726.4533
E sedwards@visitsunvalley.com
www.VisitSunValley.com

Invoice

Date	Invoice #
1/15/2015	5053

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

P.O. No.	Terms

Quantity	Description	Rate	Amount
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing December 2014	101,571.37	101,571.37
Thank you for your participation and support of Visit Sun Valley!		**Balance Due**	$101,571.37

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www.VisitSunValley.com

Invoice

Date	Invoice #
1/15/2015	5054

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

P.O. No.	Terms

Quantity	Description	Rate	Amount
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing January 2015	95,519.58	95,519.58
Thank you for your participation and support of Visit Sun Valley!		**Balance Due**	$95,519.58

Visit SunValley
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F 208.726.4533
E sedwards@visitsunvalley.com
www.VisitSunValley.com

Invoice

Date	Invoice #
1/15/2015	5055

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

P.O. No.	Terms

Quantity	Description	Rate	Amount
	Excess funds from FY14	20,739.40	20,739.40
Thank you for your participation and support of Visit Sun Valley!		**Balance Due**	$20,739.40

Visit SunValley
Sun Valley Marketing Alliance, Inc.
PO Box 4934 • 460 E. Sun Valley Rd. • Suite 201 • Ketchum ID • 83340
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F 208.726.4533
E sedwards@visitsunvalley.com
www.VisitSunValley.com

Invoice

Date	Invoice #
1/15/2015	5049

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

P.O. No.	Terms

Quantity	Description	Rate	Amount
	Fund Balance applied	22,660.60	22,660.60
Thank you for your participation and support of Visit Sun Valley!		**Balance Due**	$22,660.60

Detail for invoices submitted to Air Service Board
January 21, 2015

July – September:

- On-going in-house design work to accommodate various sizes and types of ads
- Continued PPC (pay per click) campaign in air service markets
- Continued placing summer and fall ads in air service markets as per attachment
- Finalized winter creative and began early submission of winter ads
- Developing 15, 30 and 60 second video ads for winter
- Finalizing contracts with vendors for winter 2014/15

October-November:

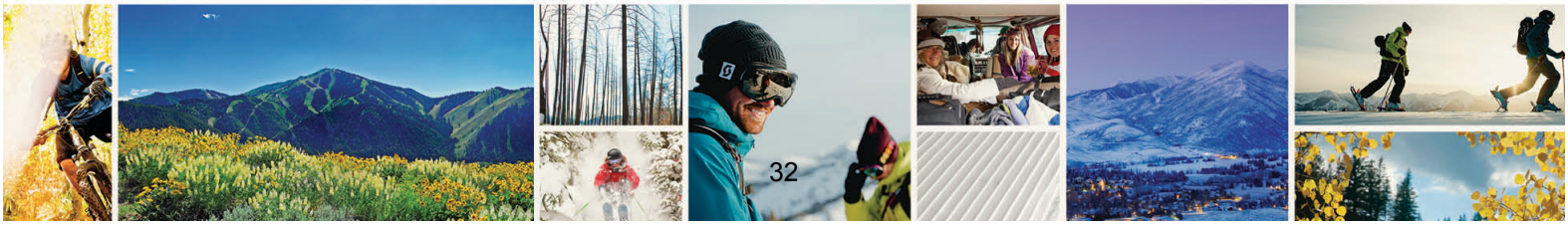
- Placed 25% of winter media, including design and submission of ads
- Began winter PPC (pay per click) campaign in air service markets
- Utilized a variety of creative styles and messaging to test which ads perform the best
- Investigated additional add-ons to winter campaign including remnant ad buys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

December-January:

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

Additional Funds:

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



DENNIS R. BROWN

Certified Public Accountant
P.O. Box 2367
828 Blue Lakes Blvd. N.
Twin Falls, Idaho 83303-2367

Invoice

Date	Invoice #
12/22/2014	

Bill To

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

Terms	Due Date	Account #
Net 30	12/22/2014	

Date	Item	Description	Rate	Amount
12/22/2014	Balance Forward			0.00
		Audited Financial Statements at September 30, 2014		975.00
			Total	$975.00
			Payments/Credits	
			BALANCE DUE	**$975.00**

Phone #	(208)733-1161
Fax #	(208)733-6100

City of SUN VALLEY

Mayor
Dewayne Briscoe

Council
Keith Saks, *President*
Peter Hendricks
Michelle Griffith

Invoice

Date: January 26, 2015
INVOICE # 01202015

To Sun Valley Air Service Board

Salesperson	Job	Payment Terms	Due Date
		Due on receipt	

Qty	Description	Unit Price	Line Total
	Reimbursement for direct costs not deducted from November's 1% Air Service payment	$512.69	$512.69
		Subtotal	$512.69
		Sales Tax	0
		Total	**$512.69**

Make all checks payable to City of Sun Valley

Thank you for your business!

P.O. Box 416 • SUN VALLEY, ID 83353 • 208-622-4438 • FAX 208-622-3401
www.sunvalley.govoffice.com