REVISED

AGENDA

SUN VALLEY AIR SERVICE BOARD MEETING

HAILEY CITY HALL
115 MAIN STREET SOUTH
HAILEY, ID
January 27, 2016 - 2:00 P.M.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ELECTION OF OFFICERS FOR 2016

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 7 and 30, 2015;
2. Receive and File Financials:
   a. 1% Local Option Tax Report – October 2015 and November 2015;

PRESENTATIONS

3. Presentation of FY15 audited financial statement by Dennis Brown, CPA;
4. Fly Sun Valley Alliance, Semi-Annual Report, Carol Waller;
5. Sun Valley Marketing Alliance, Semi-Annual Report, Arlene Schieven;

NEW BUSINESS/REPORTS

6. Receive and file Allocation of Voting Rights Report for 2016;
7. Authorization of payment of bills on-hand through January 22, 2016;
8. Discussion and possible scheduling of a Special Air Service Board Meeting in February 2016 for payment of bills.

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.*

SUN VALLEY AIR SERVICE BOARD

Memo

To: Sun Valley Air Service Board

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

Date: January 22, 2016

Re: Election of Officers for 2016

The Sun Valley Air Service Board officers are the positions of Chair, Vice-Chair, and Secretary/Treasurer. Section 3.1 of the Sun Valley Air Service Board Bylaws 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 at 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 of the officers are not required to rotate among the members each year. The duties of the officers follow:

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.

DRAFT

REGULAR SUN VALLEY AIR SERVICE BOARD MEETING
SUN VALLEY CITY HALL
81 ELKHORN ROAD
SUN VALLEY, ID
December 7, 2015 - 2:00 P.M.

CALL TO ORDER
The Sun Valley Air Service Board meeting was called to order at 2:05 p.m. in Sun Valley City Hall.

ROLL CALL

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

PLEDGE OF ALLEGIANCE
Annie Corrock, Ketchum City Council member, led the pledge of allegiance.

PUBLIC COMMENT
None.

REMARKS FROM THE BOARD
Mayor Nina Jonas said it was a pleasure collaborating with Mayor Briscoe over the last two years.

REMARKS FROM THE CHAIR
Mayor Dewayne Briscoe remarked he was proud that the members of the Air Service Board started a new government agency and worked to use the Local Option Tax funds for enhanced air service. He recognized the benefit of the Board bringing together the three mayors and a County Commissioner. He also commended the City Administrators from each City, the Fly Sun Valley Alliance and Sun Valley Marketing Alliance for the work they have done. He noted this may be his last meeting as Chair.

CONSENT AGENDA
1. **Approval of Sun Valley Air Service Board Minutes of September 17, 2015;**
2. **Receive and File Financials:**
   a) **1% Local Option Tax Report – July 2015;**
   b) **1% Local Option Tax Report – August 2015;**
   c) **1% Local Option Tax Report – September 2015;**

Mayor Nina Jonas moved to approve the consent agenda, including the minutes from September 17, 2015 and the Local Option Tax Reports from July, August and September, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

PRESENTATIONS
3. **Fly Sun Valley Alliance, Revised Budget Request, Carol Waller;**

Carol Waller, Fly Sun Valley Alliance Director, stated the proposed contract is based on a slightly-

adjusted budget. She noted the more in-depth mid-year report will be presented at the January, 2016 meeting.

Mayor Nina Jonas asked how the Alliance chooses airlines and flight patterns to serve the airport. Carol Waller responded that the Alliance looks at a number of feasibility factors, including the distance of a market and types of aircrafts. She stated they also examine market potential and what is happening in competing markets. Mayor Nina Jonas asked if there was room for public input into those decisions. Carol Waller responded they do take input, but the Alliance has to think strategically. She noted they have a priority list of potential airports.

Mayor Dewayne Briscoe asked whether the flights from Denver have been successful. Carol Waller stated they were successful and the number of flights is expanding this year.

Mayor Dewayne Briscoe asked about the diminishing number of flights since the airport switched to jets, noting it can make connecting to other flights difficult. Carol Waller stated the Alliance is in continuing conversations with Delta. She noted there are more flights in the winter and summer.

The Board members agreed to address other agenda items to allow time for Arlene Schieven to arrive.

DISCUSSION/ACTION

5. **Discussion and possible adoption of a contract for services between the Sun Valley Air Service Board and Fly Sun Valley Alliance for air service development including maintaining and expanding commercial air service to the local area through the use of Minimum Revenue Guarantees or other inducements to providers and all ancillary costs which are associated with the ongoing effort to maintain and expand commercial air service;**

Carol Waller noted there were only minor changes made to the contract.

Mayor Nina Jonas asked about the addition of the automatic-extension provision. Susan Robertson responded the addition came from attorney Ned Williamson, who reviewed the contracts on behalf of the Board. He thought that would provide more clarity about the ability to renew the contract.

Mayor Nina Jonas moved to approve the contract between the Air Service Board and Fly Sun Valley Alliance beginning October 1, 2015, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

7. **Authorization of Payment of Bills on-hand through November 30, 2015**

Susan Robertson explained the payment to Fly Sun Valley Alliance would conclude the financial remuneration to that organization and all of the September revenues would go into the fund balance.

Mayor Nina Jonas asked about the fund balance. Susan Robertson explained there is not a final figure because it has not been audited. She said the Board originally budgeted an estimated $250,000, but it would likely be closer to $300,000. She stated the Board can elect to allocate the funding for additional services or keep it in the fund balance.

Mayor Nina Jonas moved to authorize the payment of bills on hand through November 30, 2015, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

8. **Discussion and action regarding Resolution 2015-01 setting the Air Service Board Meeting Dates For 2016;**

Mayor Dewayne Briscoe noted two of the members were not there, so asked if anyone had received requests to change the proposed dates. No one received such a request.

Mayor Nina Jonas moved to approve Resolution 2015-01 Setting the Air Service Board Meeting Dates for 2016, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

Mayor Dewayne Briscoe reopened public comment for Ketchum City Council member Annie Corrock.

Annie Corrock stated she receives comments and questions from residents and wanted the opportunity to observe the Board. She said the most common feedback is about the decreased number of flights and a desire to increase "slack" service to make Sun Valley more of a year-round destination. Carol Waller responded there was a decrease of two to three flights per day with the regional jets. She noted the Alliance receives good feedback about the regional jets and there is a higher passenger utilization of the airport despite fewer flights.

4. Sun Valley Marketing Alliance, Revised Budget Request, Arlene Schieven

Arlene Schieven, of Sun Valley Marketing Alliance, stated the budget is amended because additional figures came in. She noted this is an amendment to what the Board anticipated the revenues would be. She said the Alliance is still spending 60% of funds on winter marketing and 40% on summer marketing.

6. Discussion and possible adoption of a contract for services between the Sun Valley Air Service Board and Sun Valley Marketing Alliance for the promotion of existing air service and future air service to increase commercial air passengers to the local area

Arlene Schieven stated the contract is essentially the same as last year, with dates and figures updated. Mayor Nina Jonas noted the roll-over extension provision was added to this contract as well. She also asked for clarification of the Alliance's DBA. Arlene Schieven stated that the DBA was Visit Sun Valley and was the outward facing name of the organization.

Mayor Nina Jonas moved to approve the contract between the Air Service Board and Sun Valley Marketing Alliance beginning October 1, 2015 for a one year period, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

Mayor Briscoe made a general comment he believes that with the money the Board spends and the results it gets, the Mountain Express should cover the meetings. He stated he requested they attend and cover the meetings several times.

EXECUTIVE SESSION

Mayor Dewayne Briscoe noted there was a question about the Board's ability to enter executive session for the purpose requested. He pointed out an opinion from attorney Ned Williamson in the packet stating it was appropriate.

Mayor Nina Jonas moved to enter Executive Session pursuant to Idaho Code § 74-206(1)(d) to consider records exempt from disclosure and Idaho Code § 74-206(1)(e) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

The Air Service Board entered executive session at 2:42 p.m.
The Air Service Board exited executive session at 3:05 p.m.

ADJOURNMENT
Mayor Nina Jonas moved to adjourn, seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

The meeting adjourned at 3:06 p.m.

_____
Dewayne Briscoe, Chair

ATTEST:

_____
Nina Jonas, Secretary/Treasurer

DRAFT

SUN VALLEY AIR SERVICE BOARD MEETING
SUN VALLEY CITY HALL
81 ELKHORN ROAD
SUN VALLEY, ID
December 30, 2015 – 11:00 A.M.

CALL TO ORDER
Mayor Dewayne Briscoe called the Sun Valley Air Service Board to order at 11:00 a.m.

ROLL CALL

Present:	Dwayne Briscoe – Mayor, City of Sun Valley Nina Jonas – Mayor, City of Ketchum
Absent:	Larry Schoen – Blaine County Commissioner Fritz Haemmerle – Mayor, City of Hailey
Staff:	Susan Robertson – Administrator City of Sun Valley

PUBLIC COMMENT
Sun Valley Mayor-elect Peter Hendricks greeted Mayor Nina Jonas.

REMARKS FROM THE CHAIR
None.

REMARKS FROM THE BOARD
Mayor Nina Jonas asked the Board to continue focusing on making the Valley a multi-sector economy to help more individuals travel in and out of the community.

ACTION/DISCUSSION

1. **Authorizing Payment of Bills on-hand through December 29, 2015.**

Susan Robertson explained that the Sun Valley Marketing Alliance asked for a special meeting, as they need the funds earlier rather than later and waiting until January would be difficult. She noted the Board was considering two invoices totaling $270,000.

Mayor Dewayne Briscoe moved to authorize the payment of bills on hand through December 29, 2015; seconded by Mayor Ninca Jonas. All in favor. The motion carried unanimously.

<u>Adjournment</u>
Mayor Nina Jonas moved to adjourn at 11:06 AM; seconded by Mayor Dewayne Briscoe. All in favor. The motion carried unanimously.

_____
Dewayne Briscoe, Chair

_____
Nina Jonas, Secretary/Chair

1% LOCAL OPTION TAX REPORT - OCTOBER 2015 AND NOVEMBER 2015

1% LOT Generated	1% LOT Received	Sun Valley	Ketchum	Hailey	TOTAL	Communities' Direct Costs	LOT Funds from Communities	Air Service Board Administrative Expenses	Fund Balance Applied	Funds Available for Contracts	Fly SV Alliance Contract Expenses	% of Available Funds	SVMA Contract Expenses	% of Available Funds
									270,000.00	270,000.00	54,000.00	20%	216,000.00	80%
Oct-15	Dec-15	23,617.42	108,535.59	3,966.60	136,119.61	-6,181.28	129,938.33	-2,955.00		126,983.33	25,396.67	20%	101,586.66	80%
Nov-15	Jan-16	17,203.31	107,445.27	2,775.83	127,424.41	-6,147.94	121,276.47	-125.00		121,151.47	24,230.29	20%	96,921.18	80%
Dec-15	Feb-16					-6,141.00		-125.00				20%		80%
Jan-16	Mar-16					-6,204.00		-125.00				20%		80%
Feb-16	Apr-16					-6,325.00		-125.00				20%		80%
Mar-16	May-16					-6,240.00		-125.00				80%		20%
Apr-16	Jun-16					-6,242.00		-625.00				90%		10%
May-16	Jul-16					-6,146.00		-125.00				90%		10%
Jun-16	Aug-16					-6,163.00		-125.00				90%		10%
Jul-16	Sep-16					-6,229.00		-125.00				90%		10%
Aug-16	Oct-16					-6,427.00		-125.00				90%		10%
Sep-16	Nov-16					-6,431.00		-125.00				49%		51%
		40,820.73	215,980.86	6,742.43	263,544.02	-74,877.22	251,214.80	-4,830.00	270,000.00	518,134.80	103,626.96		414,507.84	

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 21, 2015

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, 2015, and have issued my report thereon dated December 21, 2015. 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 June 29, 2015, 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 21, 2015.

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, 2015

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 21, 2015

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, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 2015, 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 21, 2015, 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, 2015

ASSETS		
Cash in Checking	$ 21,316	
Cash in LGIP	142,675	
Total Cash and Deposits		$ 163,991
Local Option Tax Receivables:		
City of Sun Valley	93,231	
City of Ketchum	558,812	
City of Hailey	18,128	
Total Tax Receivables		670,171
Total Assets		834,162
LIABILITIES		
Accrued Contracts Payable:		
Air Sun Valley	427,872	
Sun Valley Marketing	0	
Total Contracts Payable		427,872
Other Accounts Payable		0
Total Liabilities		427,872
NET POSITION		
Invested in Capital Assets - net of related debt	0	
Restricted for Local Aviation Services	406,290	
Unrestricted	0	
Total Net Position		$ 406,290

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, 2015

Operating Revenues:		
Local Option Tax Revenues:		
City of Sun Valley	$ 434,877	
City of Ketchum	1,751,812	
City of Hailey	70,664	
Total Tax Revenues		$ 2,257,353
Interest Income		140
Total Operating Revenue:		2,257,493
Operating Expenses:		
Fly Sun Valley Contract	1,270,000	
Sun Valley Marketing Contract	678,901	
Professional Fees	1,065	
Insurance	1,122	
Website Costs		
Administrative Expenses	2,184	
Total Operating Expenses		1,953,272
Operating Income		304,221
Total Net Position - Beginning		102,069
Total Net Position - Ending		$ 406,290

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, 2015

Cash Flows From Operating Activities:		
Receipts from other governments	$ 2,064,498	
Payments to suppliers and vendors	(1,989,030)	
Other receipts	0	
Net cash provided (used) by operations		$ 75,468
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	140	
Net cash used by investing activities		140
Net Increase (Decrease) in Cash and Equivalents		75,608
Balances - Beginning of the year		88,383
Balances - Ending of the year		$ 163,991
Displayed as:		
Cash and Deposits		163,991
Balances - Ending of the year		$ 163,991
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	304,221	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	(140)	
Change in assets and liabilities:		
Local Option Taxes Receivable	(192,845)	
Accounts and Contracts Payable	(35,768)	
Net Cash Provided (Used) by Operating Activities:		$ 75,468

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	$ 142,675.

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	21,316
State of Idaho Investment Pool	142,675
Total	$ 163,991

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.

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.

SUN VALLEY AIR SERVICE BOARD
Budgetary Comparison Schedule
Government-Wide Statement of Activities
for the year ended September 30, 2015

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES:			
City of Hailey 1% Local Option Tax	$ 59,750	$ 70,664	$ 10,914
City of Ketchum 1% Local Option Tax	1,521,229	1,751,812	230,583
City of Sun Valley 1% Local Option Tax	319,848	434,877	115,029
Earnings on investments	50	140	90
Total revenues	1,900,877	2,257,493	356,616
EXPENDITURES:			
Contracts for Services	1,949,702	1,948,901	801
Administrative Costs	1,750	2,184	(434)
Professional	2,000	1,065	935
Insurance	1,600	1,122	478
Total expenditures	1,955,052	1,953,272	1,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(54,175)	304,221	358,396
FUND BALANCE - BEGINNING	102,069	102,069	
FUND BALANCE - ENDING	$ 47,894	$ 406,290	

The accompanying notes are a part of these financial statements.

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 21, 2015

To the Members 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, 2015, 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 21, 2015.

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

ALLOCATION OF SUN VALLEY AIR SERVICE BOARD VOTING RIGHTS - 2016

2016 Voting Rights

	Total 1% LOT Collected in FY15	Percent of Total LOT Collected	Each City's Percentage of Total LOT Multiplied by 90%		Each City's Voting Rights (add 10% to Hailey's rights)
Ketchum	$1,751,812	77.6%	(.733 x .9) =	69.84%	69.84%
Sun Valley	$434,877	19.3%	(.234 x .9) =	17.34%	17.34%
Hailey	$70,664	3.1%	(.033 x .9) =	2.82%	12.82%
Total	$2,257,353	100.0%		90.00%	100.00%

2015 Voting Rights

	Total 1% LOT Collected in FY14	Percent of Total LOT Collected	Each City's Percentage of Total LOT Multiplied by 90%		Each City's Voting Rights (add 10% to Hailey's rights)
Ketchum	$1,165,167	73.3%	(.733 x .9) =	65.95%	65.95%
Sun Valley	$371,706	23.4%	(.234 x .9) =	21.04%	21.04%
Hailey	$53,223	3.3%	(.033 x .9) =	3.01%	13.01%
Total	$1,590,096	100.0%		90.00%	100.00%

SUN VALLEY AIR SERVICES BOARD

INVOICES TO BE PAID

Through January 22, 2016

Fly Sun Valley Alliance	October 2015 LOT Invoice	$ 25,396.67
Fly Sun Valley Alliance	November 2015 LOT Invoice	24,230.29
Sun Valley Marketing Alliance	October 2015 LOT Invoice	101,586.66
Sun Valley Marketing Alliance	November 2015 LOT Invoice	96,921.18
Dennis R. Brown	Invoice for 2015 Audit	975.00
TOTAL		$249,109.80

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
10/31/2015	166

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 2015 Collections - Dec 2015 FSVA Contract Services	25,396.67	25,396.67
		Total	$25,396.67

Fly Sun Valley Alliance Inc.

PO Box 6316
Ketchum, ID 83340

Invoice

Date	Invoice #
11/30/2015	167

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 2015 Collections - Jan 2016 FSVA Contract Services	24,230.29	24,230.29
		Total	$24,230.29

TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED –December 2015

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored booking, revenue, load factor stats for 2015 summer/fall flights, booking reports for winter flights; analyzed impact of key schedule and cost changes, ROI, marketing, etc.
- Ongoing analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets
- Continued strategic planning and analysis regarding future air service needs and opportunities for FY16 and beyond
- Met with airlines to discuss FY16 summer and potential FY17 service; future planning, etc.
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Continued work with bus contractor and airline/airport partners on diversion bussing improvements for FY16.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Met with FMAA's new communications agency to begin outlines plans for new joint local campaign in 2016.
- Created/executed ongoing local area marketing/ PR for air service; some in partnership with FMA. *(print, digital, tv)*
  - *Alaska Airlines winter fare sale, promotions, more*
  - *Secured KMVT story on December flights starting, other stories on winter air service in Idaho Mountain Express, Eye on Sun Valley, Weekly SUN.*
- Attended various community and stakeholder meetings to continue information outreach efforts

RESEARCH/OTHER

- Worked with research firm on final 2015 air passenger survey stats; final report expected in January
- Worked with research firm on winter 2015/16 air passenger survey; designed survey forms, outlined schedule, hired surveyor, began survey collections.
- Continued work on compiling/tracking relevant news and comparative data and information of air service

FLY SUN VALLEY ALLIANCE PO BOX 6316 KETCHUM, ID 83340 info@flysunvalleyalliance.com

TO: SUN VALLEY AIR SERVICE BOARD

SERVICES RENDERED –January 2016

AIR SERVICE

AIR SERVICE RETENTION, IMPROVEMENT, DEVELOPMENT

- Reviewed/monitored booking, revenue, load factor stats for 2016 winter flights; analyzed impact of key schedule and cost changes, ROI, marketing, etc.
- Ongoing analysis of seat, enplanements, load factors by season by market; for SUN and competitive markets
- Continued strategic planning and analysis regarding future air service needs and opportunities for FY16 and beyond
- Met with airlines to discuss FY16 summer and potential FY17 service; future planning, etc.
- Ongoing communication/meetings with airlines, M&H consultant, FMAA, customers, stakeholders
- Prepared materials for Air Service Board reports, invoices, etc. Attended meetings as needed.
- Continued work with bus contractor, airlines, airport partners on diversion bussing improvements for winter season.

LOCAL AIR MARKETING/COMMUNITY OUTREACH

- Provided information via monthly FSVA Enews and ongoing social media postings; updated website as needed
- Met with FMAA's new communications firm to continue to develop plans for new joint local campaign in 2016.
- Created/executed ongoing local area marketing/ PR for air service; some in partnership with FMA. *(print, digital, tv)*
  - *Alaska Airlines winter fare sale, promotions, more*
  - *Secured KMVT coverage, other stories on air service in ID Mountain Express, Eye on Sun Valley, Weekly SUN.*
- Attended various community and stakeholder meetings to continue information outreach efforts

RESEARCH/OTHER

- Worked with research firm on final 2015 winter/summer/fall final report presentation, prepared/distributed press release, posted to website, etc.
- Continued collection of winter 2015/16 air passenger survey; designed survey forms, outlined schedule, hired surveyor, began survey collections.
- Continued work on compiling/tracking relevant news and comparative data and information of air service

FLY SUN VALLEY ALLIANCE PO BOX 6316 KETCHUM, ID 83340 info@flysunvalleyalliance.com

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 #
1/17/2016	90140

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

P.O. No.	Terms

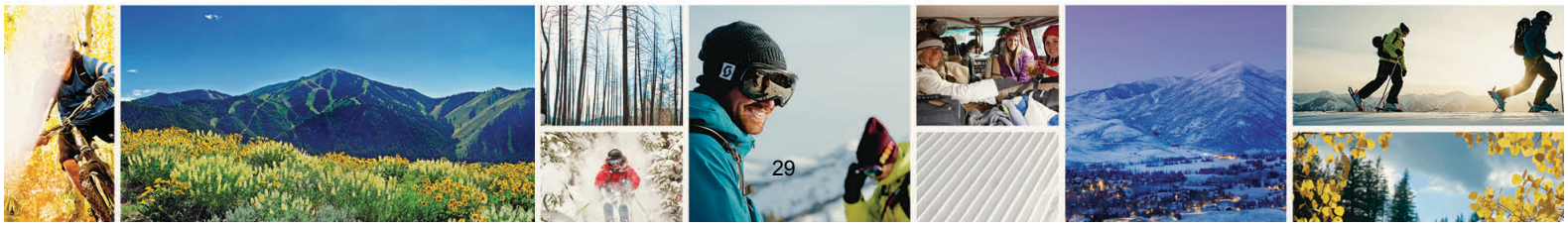
Quantity	Description	Rate	Amount
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing, October 2015	101,586.66	101,586.66
	Air Service Board Contract - Add'l 1% LOT for Direct Air Service Marketing, November 2015	96,921.18	96,921.18
		Balance Due	$198,507.84

Detail for invoices submitted to Air Service Board
Oct through January 2015

- Placed majority of winter ads -- design and submission of print, digital, video and audio ads
- Ongoing winter PPC (pay per click) campaign in air service markets
- Monitored advertising campaign results through bi-weekly reports and made adjustments based on performance
- Bolstered LA campaign based on advance airline booking report
- On-going capture of winter photography and videography to use in this and next winters campaigns
- Began planning for Winter 2016-17 campaign. Drafted campaign creative brief and campaign objectives.

Upcoming:

- Ongoing monitoring, placement and adjustment of winter advertising campaign
- Finalizing summer 2016 video ads
- First draft of summer media plan, including proposed vendors
- Continued development of Winter 2016/17 campaign
- Video and photography as related to next winter's campaign



DENNIS R. BROWN

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

Invoice

Date	Invoice #
12/22/2015	

Bill To

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

Terms	Due Date	Account #
Net 30	12/22/2015	

Date	Item	Description	Rate	Amount
12/22/2015	Balance Forward			0.00
		Audited Financial Statements at September 30, 2015		975.00
			Total	$975.00
			Payments/Credits	
			BALANCE DUE	**$975.00**

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