SUN VALLEY AIR SERVICE BOARD

BLAINE COUNTY, IDAHO

Financial Statements
at September 30, 2024

SUN VALLEY AIR SERVICE BOARD
BLAINE COUNTY, IDAHO
For the year ended September 30, 2024

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WORKMAN & COMPANY | Office of Accounting

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INDEPENDENT AUDITOR'S REPORT

February 5, 2025

Members of the Board
Sun Valley Air Service Board

Opinions

We have audited the accompanying financial statements of the governmental activities of the Sun Valley Air Service Board, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Sun Valley Air Service Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Sun Valley Air Service Board, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility

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

Report Continued—

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, on our consideration of the Sun Valley Air Service Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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Workman & Company

Certified Public Accountants
Twin Falls, Idaho

SUN VALLEY AIR SERVICE BOARD
Statement of Net Position
at September 30, 2024

ASSETS

Cash in Checking	$ 1,905,637	
Cash in LGIP	2,343,940	
Total Cash and Deposits		$ 4,249,577
Local Option Tax Receivables:		
City of Sun Valley	0	
City of Ketchum	0	
City of Hailey	0	
Total Tax Receivables		0
Total Assets		4,249,577

LIABILITIES

Accrued Contracts Payable:		
Contracts Payable	0	
Total Contracts Payable		0
Other Accounts Payable		0
Total Liabilities		0

NET POSITION

Invested in Capital Assets - net of related debt	0	
Restricted for Local Aviation Services	4,249,577	
Unrestricted	0	
Total Net Position		$ 4,249,577

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, 2024

Operating Revenues:		
Local Option Tax Revenues:		
City of Sun Valley	$ 553,350	
City of Ketchum	1,482,225	
City of Hailey	79,323	
Total Tax Revenues		$ 2,114,898
Interest Income		134,053
Total Operating Revenue:		2,248,951
Operating Expenses:		
Marketing Contracted Services	1,836,768	
Professional Fees	2,140	
Insurance	1,939	
Administrative Expenses	97	
Total Operating Expenses		1,840,944
Operating Income		408,007
Total Net Position - Beginning		3,841,570
Total Net Position - Ending		$ 4,249,577

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, 2024

Cash Flows From Operating Activities:		
Receipts from other governments	$ 2,114,898	
Payments to suppliers and vendors	(1,840,944)	
Other receipts	0	
Net cash provided (used) by operations		$ 273,954
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	134,053	
Net cash used by investing activities		134,053
Net Increase (Decrease) in Cash and Equivalents		408,007
Balances - Beginning of the year		3,841,570
Balances - Ending of the year		$ 4,249,577
Displayed as:		
Cash and Deposits		1,905,637
Cash in LGIP		2,343,940
Balances - Ending of the year		$ 4,249,577
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income	408,007	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	(134,053)	
Change in assets and liabilities:		
Local Option Taxes Receivable		
Accounts and Contracts Payable		
Net Cash Provided (Used) by Operating Activities:		$ 273,954

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Balance Sheet
Governmental Funds
at September 30, 2024

	General Fund	Total Governmental Funds
ASSETS:		
Cash and Deposits	$ 4,249,577	$ 4,249,577
Total Assets	$ 4,249,577	$ 4,249,577
LIABILITIES:		
Accounts Payable	$ 0	$ 0
Total Liabilities	0	0
FUND BALANCE:		
Non-spendable	0	0
Restricted	4,249,577	4,249,577
Committed	0	0
Assigned	0	0
Unassigned	0	0
Total Fund Balance	4,249,577	4,249,577
Total Liabilities and Fund Balance	$ 4,249,577	$ 4,249,577

The accompanying notes are a part of these financial statements.

SUN VALLEY AIR SERVICE BOARD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2024

	General Fund	Total Governmental Funds
REVENUE:		
Sun Valley .5% Local Option Tax Revenues	$ 553,350	$ 553,350
Ketchum .5% Local Option Tax Revenues	1,482,225	1,482,225
Hailey .5% Local Option Tax Revenes	79,323	79,323
Interest Earned	134,053	134,053
Total Revenue	2,248,951	2,248,951
EXPENDITURES:		
Marketing Contracted Services	1,836,768	1,836,768
Administrative Services	97	97
Professional Fees	2,140	2,140
Insurance	1,939	1,939
Total Expenditures	1,840,944	1,840,944
EXCESS REVENUE (EXPENDITURES)	408,007	408,007
OTHER FINANCING SOURCES (USES):		
Due (to) from other funds	0	0
NET CHANGE IN FUND BALANCES	408,007	408,007
FUND BALANCE - BEGINNING	3,841,570	3,841,570
FUND BALANCE - ENDING	$ 4,249,577	$ 4,249,577

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 .5% local option tax levied in each City by voter approval and appropriating said option tax to provide for local air service and related travel costs, including minimum revenue guarantees for air service providers.

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The Board reports the following major governmental fund:

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

Capital Assets

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

Use of Estimates

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

Continued—

2. LOCAL OPTION TAXES

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

3. CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board has no deposit policy for custodial credit risk. At year end, $ 1,247,942 of the Board's bank balance was exposed to custodial credit risk because it was not insured by the FDIC.

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

Investment Type	
Idaho State Local Government Investment Pool	$ 2,343,940.

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	1,905,637
State of Idaho Investment Pooled Cash	2,343,940
Total	$ 4,249,577

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.

REQUIRED
SUPPLEMENTARY INFORMATION

SUN VALLEY AIR SERVICE BOARD
Budgetary Comparison Schedule
Government-Wide Statement of Activities
for the year ended September 30, 2024

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES:			
City of Hailey .5% Local Option Tax	$ 146,392	$ 79,323	$ (67,069)
City of Ketchum .5% Local Option Tax	1,316,595	1,482,225	165,630
City of Sun Valley .5% Local Option Tax	534,459	553,350	18,891
Earnings on investments	10,000	134,053	124,053
Total revenues	2,007,446	2,248,951	241,505
EXPENDITURES:			
Marketing Contracts for Services	2,001,506	1,836,768	164,738
Administrative Costs	954	97	857
Professional	3,300	2,140	1,160
Insurance	1,686	1,939	(253)
Total expenditures	2,007,446	1,840,944	166,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	408,007	408,007
FUND BALANCE - BEGINNING	3,841,570	3,841,570	
FUND BALANCE - ENDING	$ 3,841,570	$ 4,249,577	

The accompanying notes are a part of these financial statements.

WORKMAN & COMPANY | Office of Accounting

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

February 5, 2025

Member of the Board
Sun Valley Air Service Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Sun Valley Air Service Board, as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Sun Valley Air Service Board's basic financial statements, and have issued our report thereon dated February 5, 2025.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho