

Welcome to tonight's City Council meeting!

The elected officials of the City of Bonners Ferry are appreciative of an involved constituency. Testimony from the public is encouraged concerning issues when addressed under the Public Hearing portion of the agenda. Any individual who wishes may address the council on any issue, whether on the agenda or not, during the Public Comments period. Normal business will preclude public participation during the business portion of the meeting with the discretion left to the Mayor and Council.

Vision Statement

Bonners Ferry, "The Friendliest City", strives to achieve balanced growth, builds on community strengths, respects natural resources, promotes excellence in Government, and values quality of life.

AGENDA
CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
March 19, 2013
7:00 p.m.

PLEDGE OF ALLEGIANCE

PUBLIC HEARING

PUBLIC COMMENTS

Each speaker will be allowed a maximum of five minutes, unless repeat testimony is requested by the Mayor/Council

GUESTS

Thomas Keating – Bill Posting Permit

REPORTS

Water Department Presentation

Police/Fire/City Administrator/Economic Development Coordinator/Urban Renewal District

CONSENT AGENDA

1. Call to Order/Roll Call
2. Approval of Bills and Payroll
3. Treasurer's Report
4. Approve March 5, 2013 Council Meeting Minutes and March 14, 2013 Special Council Meeting Minutes

OLD BUSINESS

NEW BUSINESS

5. City – Authorize Mayor to Sign Audit Engagement Letter with Magnuson, McHugh and Company (attachment)
6. City – Authorize Mayor to Sign Contract with P&O Inc. for Excavation and Heavy Equipment Services (attachment)
7. Golf – Authorize Mayor to Sign Contract with Kootenai View Golf Resources, Inc. for Golf Course Management (attachment)
8. Police – Approve Heiko Arshat Wage Increase from Patrolman to Corporal (attachment)

9. Police – Consider Comp Time Limit Exception (attachment)
10. Street – Approve Purchase of Used snow Blower and Sweeper (attachment)
11. Water – Consider Approval of Task Order with Welch Comer for a Water Rate Study/COSA (attachment)
12. Sewer – Consider approval of Task Order with JUB Engineering for a Sewer Rate Study/COSA (attachment)

EXECUTIVE SESSION PURSUANT TO IDAHO CODE 67-2345, SUBSECTION 1

- (a) Consider hiring a public officer, employee, staff member or individual agent.
- (b) Consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student.
- (c) Conduct deliberations concerning labor negotiations or to acquire an interest in real property which is not owned by a public agency.
- (d) Consider records that are exempt from disclosure as provided in chapter 3, title 9, Idaho Code.
- (e) Consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations.
- (f) Communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated.
- (g) Engage in communications with a representative of the public agency's risk manager or insurance provider to discuss the adjustment of a pending claim or prevention of a claim imminently likely to be filed.

ADJOURNMENT

NEXT MEETING DATE

INFORMATION

13. Water/Sewer – Claim for Damage (attachment)
14. Water/Sewer - Letter Dated March 5, 2013 from Dorothy Smith RE: Utility Rate Increases (attachment)

CHAPTER 3

ADVERTISING AND BILLPOSTING

SECTION:

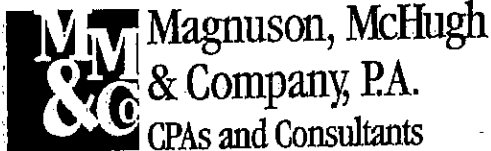
- 3-3-1: Billposting, License Required
- 3-3-2: License; Term
- 3-3-3: Littering Streets And Alleys
- 3-3-4: Posting On Fences, Telegraph Poles

3-3-1: **BILLPOSTING, LICENSE REQUIRED:** It shall be unlawful for any person to engage in the distribution, posting, painting, pasting or tacking of signs, bills, pictures or advertising matter announcing the business or place or meeting of any entertainment, opera, theater, menagerie or other exhibition of whatsoever nature or kind, or any other advertising matter in any manner in the city except as hereinafter specified, unless the said person shall first have been licensed as hereinafter provided. (1959 Code § 5-2-1)

3-3-2: **LICENSE; TERM:** Any person desiring a license shall be licensed by the clerk to engage in the business of billposting, handbill and sign advertising for the term of one year from the date of said license upon the payment of the sum, established by resolution of the mayor and city council, to the treasurer; provided, that such person shall perform such duties in a good, lawful and proper manner in compliance with the provisions of this chapter. (1959 Code § 5-2-2; amd. Ord. 477, 5-6-2003)

3-3-3: **LITTERING STREETS AND ALLEYS:** It shall be unlawful for any person to scatter or throw upon the streets, sidewalks or alleys, handbills, posters, advertisement or papers. Nothing herein shall be construed to authorize any person to obstruct the public thoroughfares or create any nuisance therein. (1959 Code § 5-2-3)

3-3-4: **POSTING ON FENCES, TELEGRAPH POLES:** It shall be unlawful for any person to post, paint, tack or otherwise attach any notice or other advertising matter to any fences, walls, buildings or other property, without first obtaining the consent of the owner of such property or his authorized agent or tenant. It shall be unlawful for any person to post, paint, tack or otherwise attach any notice or advertising matter to any of the telegraph, telephone, electric or other poles in the public thoroughfares. (1959 Code § 5-2-4)



February 21, 2013

City of Bonners Ferry, Idaho
P.O. Box 149
Bonners Ferry, ID 83805

We are pleased to confirm our understanding of the services we are to provide the City of Bonners Ferry, Idaho for the year ended September 30, 2012. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the City of Bonners Ferry, Idaho as of and for the year ended September 30, 2012. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Bonners Ferry, Idaho's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Bonners Ferry, Idaho's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.
2. Schedule of revenues, expenditures and changes in fund balances – budget & actual – general funds.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Bonners Ferry, Idaho's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards.
2. Combining statement of net assets – non-major proprietary funds.
3. Combining statement of revenues, expenses, and changes in net assets – non-major proprietary fund.
4. Combining statement of cash flows – non-major proprietary fund.

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208-765-9500 • 800-735-1135 • Fax: 208-667-9174 or 208-770-2300 • cpas@mmccpa.com

Count On Us To Care

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions.

You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them. We will provide the following nonaudit services:

1. Draft the City of Bonners Ferry, Idaho's financial statements and related footnote disclosures.
2. We will prepare and propose a journal entry for your review and approval to adjust the property tax receivable, deferred revenue and revenue accounts at year end.

Magnuson, McHugh & Company, P.A

3. With regard to our provision of health benefits administration, the City of Bonners Ferry, Idaho is the legal administrator and has assigned a competent individual who is familiar with the operation of the plan, oversees our work and internal controls and makes policy decisions regarding it. The service we provide is not complex and is reviewed by this individual on an ongoing basis.
4. We will prepare and assist with submitting the City of Bonners Ferry, Idaho's Data Collection Form SF-SAC.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bonners Ferry, Idaho and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with: (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving: (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Magnuson, McHugh & Company, P.A.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from: (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Bonners Ferry, Idaho's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City of Bonners Ferry, Idaho's major programs. The purpose of these procedures will be to express an opinion on the City of Bonners Ferry, Idaho's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Magnuson, McHugh & Company and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Magnuson, McHugh & Company's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

It is our policy to keep records related to this engagement for five years. However, Magnuson, McHugh & Company, P.A. does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the five year period, Magnuson, McHugh & Company, P.A. shall be free to destroy our records related to this engagement.

We expect to begin our audit April 29, 2013 and to issue our reports shortly after fieldwork has been complete.

Magnuson, McHugh & Company, P.A.

CPAs and Consultants

Toni Hackwith is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$18,150. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review report.

We appreciate the opportunity to be of service to the City of Bonners Ferry, Idaho and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Magnuson, McHugh & Company, P.A.

RESPONSE:

This letter correctly sets forth the understanding of the City of Bonners Ferry, Idaho.

Signature and Title

Date

Magnuson, McHugh & Company, P.A.

CPAs and Consultants

Evans & Poulsen P.A.

Certified Public Accountants

Members of the American Institute of CPAs
and the Idaho Society of CPAs
Edward G. Evans, CPA
Jeffrey D. Poulsen, CPA

System Review Report

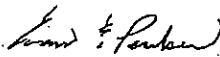
November 5, 2010

To the Owners of
Magnuson, McHugh & Company, P.A.
and the Peer Review Committee of the Idaho Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Magnuson, McHugh & Company, P.A. (the firm) in effect for the year ended July 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Magnuson, McHugh & Company, P.A. in effect for the year ended July 31, 2010, has been suitably designed and complied with to provided the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Magnuson, McHugh & Company, P.A. has received a peer review rating of *pass*.


Evans & Poulsen, P.A.

1360 Albion Avenue • Burley, Idaho 83318 • (208) 678-1300 • Fax (208) 678-1301 • evanscpa@pmt.org

Magnuson, McHugh & Company, P.A.

CPAs and Consultants

INDEPENDENT CONTRACTOR AGREEMENT

AGREEMENT made between City of Bonners Ferry, a political subdivision of the state of Idaho, herein "ENTITY" and P & O Incorporated herein "CONTRACTOR",

THE PARTIES AGREE AS FOLLOWS:

1. **CONTRACT:** ENTITY hereby employs CONTRACTOR as an independent contractor to complete and perform the following project and work:

Excavation and heavy equipment services

CONTRACTOR agrees to provide all materials and services for the project in accordance with the attached written specifications.

Specifications and scope of work will be provided to CONTRACTOR at beginning of work.

2. **TIME OF PERFORMANCE AND TERMINATION:** Parties agree that:

CONTRACTOR shall commence work on the project by _____, 20____ and complete the project by _____, 20____.

CONTRACTOR will commence work on the project on _____, 20____ and continue until this Agreement is terminated by _____ days written notice by either party.

CONTRACTOR will work at various times as directed by the City from 1 January 2013 and continue until 31 December 2013 unless this Agreement is terminated with thirty (30) days written notice by either party.

3. **COMPENSATION:** ENTITY agrees to pay CONTRACTOR as compensation:

The sum of \$ 110, per hour for 30,000lb Excavator work.

The sum of \$ 95, per hour for Backhoe work.

The sum of \$ 35, per hour for an additional Labor if required.

The sum of \$ 95, per hour for 10 Yard Dump Truck work.

The sum of \$ 90, per hour for TD8 Dozer work.

Total not to exceed _____. See attached bid proposal.

4. **INDEPENDENT CONTRACTOR:** The parties agree that CONTRACTOR is the independent contractor of ENTITY and in no way an employee or agent of ENTITY and is not entitled to workers compensation or any benefit of employment with the ENTITY. ENTITY shall have no control over the performance of this Agreement by CONTRACTOR or its employees, except to specify the time and place of performance, and the results to be achieved. ENTITY shall have no responsibility for security or protection of CONTRACTOR'S supplies or equipment. CONTRACTOR agrees to pay and be responsible for all taxes due from the compensation received under this contract.

5. **WARRANTY:** CONTRACTOR warrants that all materials and goods supplied under this Agreement shall be of good merchantable quality and that all services will be performed in a good workmanlike manner. CONTRACTOR acknowledges that it will be liable for any breach of this warranty.

6. **INDEMNIFICATION:** CONTRACTOR agrees to indemnify, defend, and hold harmless ENTITY, and its officers, agents and employees, from and against any and all claims, losses, actions, or judgments for damages or injury to persons or property arising out of or in connection with the acts and/or any performances or activities of CONTRACTOR, CONTRACTOR'S agents, employees, or representative under this agreement.

7. **INSURANCE:** CONTRACTOR agrees to obtain and keep in force during its acts under this agreement a comprehensive general liability insurance policy in the minimum amount of \$\$1,000,000 which shall name and protect CONTRACTOR, all CONTRACTOR'S employees, ENTITY and its officers, agents and employees, from and against any and all claims, losses, actions, and judgments for damages or injury to persons or property arising out of or in connection with the CONTRACTOR'S acts. CONTRACTOR shall provide proof of liability coverage as set forth above to ENTITY prior to commencing its performance as herein provided, and require insurer to notify ENTITY ten (10) days prior to cancellation of said policy.

8. **WORKER'S COMPENSATION:** CONTRACTOR shall maintain in full force and effect worker's compensation for CONTRACTOR and any agents, employees, and staff that the CONTRACTOR may employ, and provide proof to ENTITY of such coverage or that such worker's compensation insurance is not required under the circumstances.

9. **COMPLIANCE WITH LAWS:** CONTRACTOR agrees to comply with all federal, state, city, and local laws, rules and regulations.

10. **ENTIRE AGREEMENT:** This is the entire agreement of the parties and can only be modified or amended in writing by the parties.

11. **ATTORNEY FEES:** Reasonable attorney fees shall be awarded to the prevailing party in any action to enforce this Agreement or to declare forfeiture or termination of this Agreement.

DATED this _____ day of _____, 20 _____.

ENTITY:

CITY OF BONNERS FERRY
(Governmental Entity)

CONTRACTOR:

By _____
(Name)

By _____
Dave Anderson MAYOR

Its _____
(Title or Office)

ATTEST:

Kris Larson, Clerk

WITNESS:

(Signature of Witness or Notary Public)

Form and content approved by _____ as attorney for _____
(Governmental Entity).

AGREEMENT WITH INDEPENDENT CONTRACTOR

THIS AGREEMENT, by and between the CITY OF BONNERS FERRY, a municipal corporation, "OWNER," and Kootenai View Golf Resources, Inc., an Idaho corporation, "OPERATOR," and its principal shareholder, Ralph Lotspeich.

THE PARTIES SPECIFICALLY ACKNOWLEDGE AND AGREE THAT THIS IS A PUBLIC COURSE, AND NOT SUBJECT TO PRIVATE RESTRICTIVE USES.

WITNESSETH

1. **SERVICES NEEDED:** Owner owns a golf course located on U. S. Highway #2 and #95, approximately two miles South of the municipal limits of Owner, and Owner desires to have the following services performed there at:

- a. Operation of golf pro shop in the clubhouse;
- b. Operation of eating and drinking concession in the clubhouse;
- c. Operation of golf play, including but not limited to setting up and scheduling tournaments, organizing playing groups (e.g., mixers and leagues);
- d. Labor maintenance of the clubhouse, including painting and minor repairs to interior and exterior;
- e. Labor maintenance of equipment, grounds, and appurtenances; and
- f. Operation of driving range.

2. **SERVICES OF OPERATOR:** Operator agrees to perform these services for Owner under the terms and conditions set forth hereunder which supports outdoor recreation.

3. **WORK TO BE PERFORMED:**

- a. PRO SHOP: Operator shall stock the pro shop at its sole expense with adequate inventory to supply the needs of the users of the course.
- b. CONCESSIONS:
 1. Operator will maintain, at its sole expense, an inventory to provide adequate refreshments to the course users; and Operator has the exclusive right to fully use the clubhouse.
 2. Operator may obtain a liquor by the drink license, beer license, and wine license, from the State of Idaho and the County of Boundary, and will operate a cocktail lounge at its sole expense on such occasions as Operator deems economically and environmentally feasible. All proceeds of the cocktail lounge shall belong to Operator. Operator will not neglect its other duties for service in the cocktail lounge.
 3. Any other concessions will be allowed only as approved by City Council and under such terms and conditions as specified.

4. No amusement devices (electronic, pinball, or otherwise) shall be allowed on the premises unless specifically authorized by the Owner.
 5. SPECIFIC LEASE OF SPACE FOR THE PURPOSE OF DISPENSING AND SELLING ALCOHOLIC BEVERAGES: City of Bonners Ferry, Lessor, does hereby lease to Kootenai View Golf Resources, Inc., Lessee, the clubhouse on the property described in Paragraph 9, for the purpose of dispensing and selling alcoholic beverages, including liquor and liquor by the drink for the term of March 1, 2013, through December 30, 2014.
- c. GOLF COURSE BUSINESS:
1. Operator will maintain order in the clubhouse, provide methods (at no expense to Owner) to encourage public use of the premises, and sell season tickets and collect green fees.
 2. In the event that Operator proposes to make a use of the clubhouse and/or golf course for a public or private purpose that is not covered by this agreement, then, and in that event, Operator shall not proceed with such use without first receiving approval from Owner.
- d. COURSE RULES: Operator shall enforce the course rules as promulgated from time to time by the City Council.
- e. PROMOTE COURSE USE: Operator will promote the use of the course.
- f. CLEAN PREMISES: All ongoing routine labor, maintenance and repair of any item whatsoever, except as herein expressly excluded, shall be at the expense of the Operator. Areas of required routine maintenance and repair of the Operator shall specifically include, but is not limited to the following:
1. Repair and upkeep of benches located at tees including painting and structural repairs
 2. Tee markers
 3. Rakes for use at all bunkers on the course
 4. Materials for repairing divots on tees
 5. Ball washers and towels
 6. Green flags, poles, and cups
 7. Repair, re-painting, and maintenance of all yardage markers
 8. Trash receptacles at all appropriate locations, including those located in and around golf cart sheds
 9. Painting any structures including buildings, sheds, and clubhouse on the premises

10. Changing green cups at least three (3) times per week
11. Repairing ball marks on the greens on mowing cycle
12. Moving tee box markers at least four (4) times per week
13. Performing regular trash pickup around the premises including bushes adjoining the course
14. Cleaning and maintaining culverts on the premises to prevent clogging
15. Out of bounds markers throughout the course including replacement, repair, and moving
16. Repair and maintenance of all steps located throughout the course
17. Maintenance of all signage located throughout the course including repair, replacement, relocation, and straightening

f. City, at its sole expense, shall provide the following:

- ~~1~~-18. Water, electric and sewer utility service. Operator will pay all other utilities, including telephone and garbage.
 - ~~2~~-19. Major repairs to the pumps and equipment as become necessary and other non-routine repair where outside shops or special services are required. Operator will consult with City in advance before incurring such an expense.
 - ~~3~~-20. Repair of acts of God or vandalism.
 - ~~4~~-21. The City shall be responsible for the cost of all parts and equipment and maintenance repair where outside shops or special services are required, except the Operator shall be responsible for the cost of maintenance and repair where the need for maintenance or repair is caused by its malfeasance or nonfeasance.
- g. MANAGEMENT: Operator shall operate the premises in a reasonable and prudent manner as would be done by a good golf course, pro shop, and bar manager and in a manner consistent with the rules and policies of the Owner.
 - h. DRIVING RANGE: Operator will operate and maintain the driving range. The parties agree and acknowledge that title to fixtures is exclusively in the owner.
 - i. SIGNS: Operator shall ensure that signs are displayed at the Clubhouse and on the course ~~that indicate~~ indicating that the course is funded by the "Land and Water Conversation Service".
 - j. ADVERTISING: All advertising by the Operator with regards to the Golf Course shall contain the Land and Water Conversation Service Logo or designation. Advertising will include identifying the areas as being publicly owned and operated as a public outdoor recreational facility.

4. **PAYMENT:** Full payments by Owner to operator shall consist of the following:

- a. GREEN FEES, SEASONPASSES, PUNCH CARD and CART PATH FEES: Operator shall collect all green fees, season passes fees, punch cards fees, and cart path fees and shall deliver them each Friday before the 1st and 3rd Tuesday to the Owner with a proper accounting on Owner's form with a copy of the weekly golf registration book. Owner will then remit to Operator twenty (20%) percent of all green fees collected.
- b. DRIVING RANGE FEES: Operator shall collect all driving range fees and shall deliver them each Friday before the 1st and 3rd Tuesday to the Owner with a proper accounting on Owner's form. Owner will then remit to Operator Eighty-five (85%) percent of all driving range fees collected.
- c. CONCESSIONS: All costs and expenses of operating the concession shall be paid by Operator, and Operator shall retain all profits and absorb all losses from such operation.
- d. OTHER CONSIDERATION: Owner will pay Operator FIFTY-ONE THOUSAND FOUR HUNDRED AND FIFTY DOLLARS (\$51,450.00) in ten (10) equal monthly payments to be made the 20th day of each month beginning in March. Any additional adjustments shall be made upon mutual agreement. First payment is due March 20, 2013 and final payment is due December 20, 2014.
- e. PROFIT AND LOSS STATEMENT: On or before November 15th, 2013, Operator will deliver to Owner a complete Profit and Loss Statement on forms provided by Owner. This Profit and Loss Statement will be for the 12-month period ending on October 31st. This paragraph shall apply to the operating years 2013 through 2014.
- f. CHARGE FOR BUILDING USE: The Operator will pay to Owner the sum of FOUR HUNDRED NINETY-TWO DOLLARS and 19/100 (\$492.19) per month for each of the months March through October, a total of THREE THOUSAND NINE HUNDRED THIRTY SEVEN DOLLARS and 50/100 (\$3,937.50). Any additional adjustments shall be made upon mutual agreement. This charge is for the use of Owner's building by Operator.

5. **RELATIONSHIP OF PARTIES:**

- a. Owner and Operator agree that Operator shall be an independent contractor and not an employer-employee, agency, or any other relationship with Owner. Operator shall have full and complete control of their operations under this Agreement. As Operator employs additional personnel (Operator's employees), Operator will do so solely at its expense and Operator shall determine how many employees or agents it shall need, how it shall work, and its wage rates and employment conditions. As to such Operator's employees, Operator shall maintain its own payroll and payroll records, schedule its own wage payments and provide all insurance (including, but not limited to, workmen's compensation insurance) required by law.

b. In the event the Operator needs information, authorization, or direction between Council meetings, the City's chain of authority to provide such shall be as follows:

1. City Administrator;

2. Mayor.

c. Owner shall have no control over the manner, methods, and means utilized by Operator in performing hereunder.

d. Operator shall request purchases only through the City's purchasing department and such purchases shall be subject to City confirming that the purchase is within the budget limitations.

6. **LIABILITY:** Operator agrees to hold Owner harmless from any acts of malfeasance or nonfeasance done by Operator, its agents or Operator's employees.

The work performed under this contract will be performed entirely at Operator's risk and Operator assumes all responsibility for the condition of tools and equipment used in the performance hereunder, even if such tools and-equipment are the property of Owner.

7. **DURATION:** This agreement shall be in force from January 1, 2013, through December 31, 2014. The minimum hours of operation are:

Opening day (determined by Operator with opening to be as soon as is reasonable without causing damage to the course)

through May 31	8:30 a.m. - 6:30 p.m.
June 1 through August 31	7:00 a.m. - 9:00 p.m.
August 31 through closing	8:30 a.m. - 6:00 p.m.

Openings on Saturday, Sunday and holidays are 7:30 a.m. and closing on all Sundays and Mondays is 8:00 p.m. during the May 15 - August 14 period.

NOTE: Nothing herein shall be construed as prohibiting Operator from closing the clubhouse on days of such steady and heavy inclement weather that a reasonable person would not be golfing or use of the course could damage it.

Also, nothing herein shall prevent the parties from agreeing upon an earlier season closing if such is warranted by the weather.

8. **NON-APPROPRIATION:** Owner is an Idaho Municipal Corporation which by law has a fiscal year commencing October 1st each year and ends September 30th the following calendar year. In the event the Owner shall not appropriate funds to pay the obligation falling under this agreement after September 30th during the term of this contract then this agreement shall terminate and the provision of Section 21 shall be applied and the Operator shall be released from further duties under the agreement. If this agreement be terminated by reason of non-appropriation the Owner shall not let a contract to another operator(s) to perform the duties provided for herein. This will not however prohibit the continued operation of the facilities by the Owner through the use of its employees.

9. OPTION TO RENEW:

- a. Operator shall have a conditional option to renew this contract for a one-year term, but the renewal contract shall not include this option without subsequent specific agreement by Owner.
- b. If Operator intends to exercise this conditional option, it must do so by delivering notice of such intention to Owner so that Owner has physical possession of the notice at City Hall no less than sixty (60) days prior to the expiration of the term of this agreement. Within 30 days of receipt of Operator's option to renew, Owner will deposit in the mail addressed to the last known address of Operator a notification that Owner accepts the option exercised by Operator or rejects the same under Paragraph 8.3.
- c. The condition of this option is that Owner can reject same if Owner determines, with reasonable cause, that contractor did not perform this agreement in a good and workmanlike and contractorlike manner.

10. LOCATION:

That part of Lot Three (3) sometimes known as and described as the Southwest Quarter of the Northwest Quarter (SW1/4 NW1/4) lying South of the Great Northern Railroad right of way; the Southeast Quarter of the Northwest Quarter (SE 1/4 NW 1/4); the Southwest Quarter of the Northeast Quarter (SW1/4 NE 1/4); Lot One (1) and that part of Lot Two (2) lying South and East of the Great Northern Railroad right of way; all in Section Nine (9), Township Sixty-one (61) North, Range One (1) East, B.M.

LESS the following described tracts:

TRACT A: Beginning at the Southwest corner of the tract herein described, an auto axle, from which point the intersection of the West line of Section Nine (9), Township sixty-one (61) North, Range One (1) East, B.M., with the center of the present Great Northern Railway bears North 84 Page degrees 47' West 2617.86 feet, said point of intersection being North 66 chains, more or less, from the Southwest corner of the said Section Nine (9), and running thence from the auto axle above described, North 87 degrees 54' East 136.60 feet to a one inch steel pin; thence North 16 degrees 191-East 198 feet to a two inch channel iron set on the South boundary of the State Highway; thence along the said South boundary South 80 degrees 251 West 201.11 feet to a one inch steel pin which is distance North 80-degrees 251 East 60.52 feet from a 6" x 6" concrete State Highway boundary monument; thence South 2 degrees 06' East 162.46 feet to the point of beginning and containing 2/3rds acres the including an easement upon the property adjacent on South for the purpose of repairing, improving and maintaining the septic tank overflow line and drain field which is on April 8, 1961, located thereon, so long as said drainfield is used by the owner of the hereinabove particularly described property.

TRACT B: All that part of Lot One (1) and all that part of the Southwest Quarter of the Northeast Quarter (SW 1/4 NE1/4) of Section Nine (9), Township Sixty-

one (61) North, Range One (1) East, B.M., lying and being East of right of way of State Highway as described in deed from Bonners Golf Course, Inc. to State of Idaho, recorded at Book 35 of Deeds at page 301, records of Boundary County, Idaho.

AND ALSO INCLUDING: All that part of Lot Five (5), Section Four (4), Township-Sixty-one (61) North, Range One (1) East, B.M., lying West of the State Highway.

LESS the following described tracts:

TRACT 1: A parcel of land described as follows: Beginning at the Northeast corner of Lot Five (5), Section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M., thence South along the East line of said Lot Five (5) 20 rods; thence West 40 rods; thence North 20 rods; thence East 40 rods to the place of beginning.

TRACT 2: The North 20 feet of Lot Five (5), Section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M.

TRACT 3: A parcel described as follows: Commencing at a point 20 rods South of the Northeast corner of Lot Five (5), section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M., thence South 84 feet to the West right of way line of State Highway #95, thence Southwesterly along said highway right of way line 408 feet, thence West 180 feet, thence North 254 feet, thence East 435 1/2 feet.

TRACT 4: That part of Lot Five (5), Section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M., lying and being West of the Great Northern Railroad right of way; subject to an easement in favor of the State of Idaho for a highway right of way and an easement in favor of the City of Bonners Ferry, Idaho, for a water pipe line and appurtenances.

TRACT 5: A portion of Lot Five (5) in Section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M., described as: Commencing 1297 feet West of the Southeast corner of Lot Four (4), Section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M., to the place of beginning; thence South 209 feet; thence East 209 feet; thence North 209 feet; thence West 209 feet to the place point of beginning; containing one acre, more or less.

TRACT 6: Commencing at a point 20 feet South and 660 feet West of the Northeast corner of Lot Five (5), Section Four (4), Township Sixty-one (61) North, Range One (1) East, B.M., thence South 100 feet to a point, thence West 100 feet to a point, thence North 100 feet to a point, thence East 100 feet to the point of beginning.

11. "GOLF COURSE" DEFINED:

- a. All improvements on said real property, including, but not limited by such inclusion:

1. turf and landscaping
 2. practice green
 3. driving range
 4. all buildings of any type
 5. automatic irrigation system
 6. signing
 7. fencing
- b. Operating functions are all golf and appurtenant functions, including, but not limited by such inclusion:
1. Daily green fees plan
 2. Pro Shop services for retail sales
 3. Golf Club rental
 4. Riding golf car rentals
 5. Pull cart rentals
 6. Food, drink and cocktail lounge service.
- c. Nothing herein shall be construed as requiring Owner to provide any capital improvements of any kind or nature other than those existing the date hereof.

12. **BREACH:** Operator agrees to reimburse Owner's expenses and/or damages that arise from its failure to comply with the term thereof, or that may arise from any determination by court or board that Operator's actual or factual relationship to Owner is anything other than that of an independent contractor.

13. **COMPLIANCE WITH LAW:** Operator agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now or may in the future become applicable to Operator and its manner and method of operation or accruing under the performance of such operations. Operator agrees to comply with all civil rights laws and those laws that pertain to the Americans with Disabilities Act. Compliance will be demonstrated by signs (including civil and ADA) posted in visible public areas and statements in public brochures.

14. **STATE PARKS:** To the extent that the Idaho Director of Parks and Recreation has control of the golf course, Operator agrees to abide by its rules and regulations; and specifically, without limitation, to the extent it has control in such matters, the Idaho Director of Parks and Recreation shall be the final arbiter in the dismissal of any employee on the grounds for lack of courtesy and necessary consideration to the general public.

15. **RATES:** Season ticket charges and greens fee charges will be set periodically and shall be set by Owner only. Owner will strive to set fees that are competitive with similar area facilities. All fees charged by Operator must be competitive with similar private facilities.

16. **ACCOUNTING:** Operator shall submit monthly, a financial statement covering all operations hereunder. Owner, at and all reasonable times, shall have access to any records maintained by Operator hereunder; including, but not limited by such inclusion, the right to make its own audits.

17. **LIABILITY INSURANCE:** Operator shall purchase and maintain insurance during the term of this agreement as follows:

- a. Comprehensive general liability having limits of \$1,000,000 for bodily injury and property damages combined per occurrence and a \$2,000,000.00 annual aggregate limit, such limits shall include liquor liability.
- b. The City of Bonners Ferry and its elected and appointed officials and employees shall be named as an additional insured, and provided with a certificate of insurance showing compliance with this section.

18. **ASSIGNMENT:** Operator shall not have the right to assign or otherwise transfer this agreement, or any part thereof, without the written consent of Owner.

19. **MANNER OF PERFORMANCE:** In every performance hereunder, Operator shall do it workmanlike and professionally; and Operator, at the termination of this Agreement, shall return the property to Owner in the condition as now is and becomes with additional capital improvements, reasonable wear and tear excepted.

20. **TAXES:** Any taxes or licenses attributable to this Agreement or operation hereunder shall be at the sole expense of Operator.

21. TERMINATION OF OPERATOR'S SERVICES:

- a. This agreement may be terminated by either party for any reason with thirty (30) days notice to the other party.
- b. In the event the Operator's services are terminated for any reason, including non-renewal of this agreement as provided for in Section 8, the Operator or its representative may elect to have the Owner purchase all merchandise and equipment in accordance with the following formula:

Floor merchandise, bar, and snack bar inventory by age of merchandise:

- 00-06 months at invoice
- 07-12 months at 95% of invoice
- 13-24 months at 90% of invoice
- 25 months and older owner may refuse to purchase

Equipment:

power golf carts, store equipment, fixtures, rental equipment, bar/snack bar equipment fixtures and any other categories which the parties may agree at the

time of sale shall be included at the time of purchase. In the event the parties cannot otherwise establish a value they shall obtain two (2) estimates (one for each party) from dealers or other qualified persons and the average between the two (2) estimates will establish the sale price of each item.

The Owner may, as it deems necessary, require the Operator to compile an inventory of all merchandise and equipment subject of this provision, together with the value Operator believes should be assigned to each item.

In the event the Operator elects to have the Owner purchase the merchandise and equipment under this provision, they shall give the owner thirty (30) days written notice. Such notice shall include the inventory and valuation the Operator believes should be assigned to the property and any merchandise and equipment that the Operator desires to exclude from this provision. The Operator shall also provide the Owner with proof that all debts incurred by the Operator in the operation of the contract are fully paid and satisfied and if any amount be unpaid the Owner may apply the proceeds of the purchase of the merchandise and equipment to the payment of such debts of the Operator as they deem fit.

If the Operator purchases any outside maintenance equipment, the City of Bonners Ferry shall not be obligated to purchase that equipment from the Operator.

The Owner shall, within thirty (30) days of receipt of such notice, inform the Operator of any disagreements concerning the items listed and assigned values. Within sixty (60) days of contract termination by either party or upon signing of a new contract with a new contractor, whichever shall occur first, the owner shall pay the Operator as herein agreed.

22. PERSONAL OBLIGATIONS OF RALPH LOTSPEICH AS PRINCIPAL SHAREHOLDER AND OFFICER OF OPERATOR: The Operator and its principal shareholder and officer acknowledge that the Owner selected the Operator based up on the qualifications of its principal shareholder and officer, Ralph Lotspeich. One of the considerations in selecting Ralph Lotspeich was his knowledge, understanding and past relationship with the course, the prior operator and the patrons. Owner considered these criteria important to the successful operation of the course. It is further acknowledged that the personal services required of the Operator by this agreement are inseparable from the remaining provisions herein. It is therefore agreed that the Operator will at all times during the term of this agreement designate Ralph Lotspeich to perform its duties and will not without prior approval of Owner assign such duties to a third party. Ralph Lotspeich shall at all times be responsible for the supervision of any other agents and employees the Operator deems necessary to perform its duties as herein agreed and Ralph Lotspeich personally guarantee performance by the Operator of all of the Operator's duties and obligations hereunder. A breach of this provision by, either Ralph Lotspeich or the Operator, shall be cause for termination by the Owner.

The personal guarantees and agreements of Ralph Lotspeich herein are made only to the benefit of the Owner and shall not inure to the benefit of any third party.

DATED this ___ day of _____, 2013.

CITY OF BONNERS FERRY

By _____

Dave Anderson, Mayor

Attest:

Kris Larson, Clerk, City of Bonners Ferry

Kootenai View Golf Resources, Inc., an Idaho Corporation

By: _____

Ralph Lotspeich, Shareholder/Operator

Operator's principal officer and shareholder guarantees performance of all of the duties and obligations of the corporation to the Owner as herein stated.

DATED this ____ day of _____, 2013.

By: _____

Ralph Lotspeich

CITY OF BONNERS FERRY

Police Department

P.O. Box 149 7232 Main St.
Bonners Ferry, Idaho 83805
Phone: 208-267-2412 FAX: 208-267-4398



To: Bonners Ferry City Council

From: Chief Steve Benkula

Date: March 15, 2013

Re: Officer Arshat

Officer Heiko Arshat applied in February to receive his Intermediate Certification through Idaho POST Academy. This will make him eligible for Corporal wages. This increase was included in the budget at the wage of 17.85. Due to the recent raises approved by the city council, his new wage will be 18.12. He has not been approved by POST as of yet but it is expected soon.

may be laid off as necessary to meet budgetary constraints or as work load changes.

5. Overtime Compensation - Compliance with Fair Labor Standards Act

In addition to the employee classifications set forth elsewhere in this policy, all employees are classified as Exempt (salaried) or Nonexempt (hourly) for purposes of complying with the Federal Fair Labor Standards Act (FLSA). The FLSA is the federal wage and hour law which governs the obligation of employers to pay overtime compensation. Certain employees are exempt from operation of this law because they perform work that qualifies for the professional, executive or administrative exemption. As such, exempt employees are not required to receive overtime pay for hours worked beyond the limits provided by the statute. Employees who serve as sworn law enforcement officers or as firefighters may be subject to special exceptions found in the FLSA (see 29 U.S.C. § 207(k)). Please contact your department supervisor or the office of the City Clerk (HR) for further clarification of your FLSA status.

6. Call-outs

a) Will be compensated at a minimum of two (2) hours worked. A "Call-out" is defined as the event when an employee is called in for unanticipated work outside of their scheduled work hours.

b) The two hour minimum does not apply to time worked adjacent to the scheduled shift, issues that can be addressed remotely, or work scheduled outside of the normal work hours. Such work shall be compensated as actual time worked.

7. On-Call/Standby duty:

a) Weekend duty is from 7:00 a.m. on Saturday morning through 7:00 a.m. Monday morning and includes holidays. Weekend standby duty is compensated at a rate equivalent to two hours at overtime rate for each full day of standby duty. This is compensation for standby and not for hours worked.

b) Night duty is the time after normal working hours of one day and before the normal working hours of the next day. Night standby duty is compensated at a rate equivalent to one hour at overtime rate for each night of standby duty. This is compensation for standby and not for hours worked.

8. Compensatory Time Policy

It is the policy of Bonners Ferry that hourly employees who work over the regular hours paid in each seven-day work period may accrue compensatory time upon department head approval. Compensatory time in excess of 40 hours per week, or in excess of the work period interval established pursuant to 29 U.S.C. § 207(k) shall be computed at 1 ½ hours for each additional hour worked. The City Council has set a maximum accumulation of 40 hours

that must be used within 90 days. Any compensatory time over that amount shall be paid in the next pay period.

9. Reporting and Verifying Time Records

It is the responsibility of each hourly employee to properly record time that he or she has worked. Each time sheet shall bear the signature of the employee with a statement verifying its accuracy and a counter signature by a supervisor indicating that the hours claimed were actually worked. These records shall be retained as required by the records retention policy of the City, consistent with state law. Exempt employees may be required to document time worked for accountability and benefit purposes.

10. Work Periods

Employment with Bonners Ferry is subject to the Federal Fair Labor Standards Act as previously described. Each employee is responsible for monitoring the status of hours worked in each work period. Overtime will be allowed only when authorized by an appropriate supervisor or when absolutely necessary in an emergency. The work week for all regular employees who are subject to the FLSA will begin at 12:00 a.m. (midnight) on Sunday of each week and conclude at 11:59 p.m. the succeeding Saturday. For regular employees, time actually worked in excess of forty hours in a work week will be computed at one and one-half (1 ½) times the hours worked. **Sick leave, vacation leave, personal leave, and holidays falling on a regularly scheduled work day will count toward hours worked for computation of overtime pay and compensatory time.**

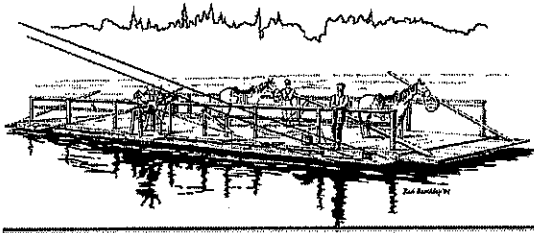
Sworn law enforcement officers and firefighters may be subject to the special exception for their respective professions under 29 U.S.C. § 207(k) which allows establishment of their work period up to twenty-eight (28) days. Overtime compensation at one and one-half (1 ½) times the hours worked is to be paid for qualifying law enforcement officers' or for qualifying firefighters' hours beyond those established by the § 207(k) schedule. For these special exception employees, compensatory time will accrue on the paycheck which follows the conclusion of each work period.

11. Promotions and Compensation

The compensation policy for all employees is established by action of the City Council. The annual budget of Bonners Ferry sets the funding available for compensation for positions in various departments. Promotions and changes in status may be recommended by officials in each of the operating departments, but final authority regarding compensation rests with the appropriate administrative official.

12. Payroll Procedures and Paydays

Employees are paid every two weeks throughout the year. Paychecks are issued by the office of the treasurer on every Friday following the pay period. Paychecks compensate employees for work performed in the pay period preceding the week in which the check is issued.



CITY OF BONNERS FERRY

7232 Main Street
P.O. Box 149
Bonners Ferry, Idaho 83805
Phone: 208-267-3105 Fax: 208-267-4375

Memo

To: Mayor and City Council
From: Kris Larson, Clerk/Treasurer
Date: 3/15/2013
Re: Used Snow Blower and Sweeper

John Youngwirth has found a used snow blower and sweeper for \$1,950. They are both John Deere and would be used on the sidewalks. He has included pictures of the used equipment as well as a picture of the current sweeper he has. John said this is a good price for the equipment and it would fit his existing tractor with no retrofitting.

If you have questions please call John at 267-4383 or Stephen at 267-0357.

Thanks,

Kris

John Youngwirth

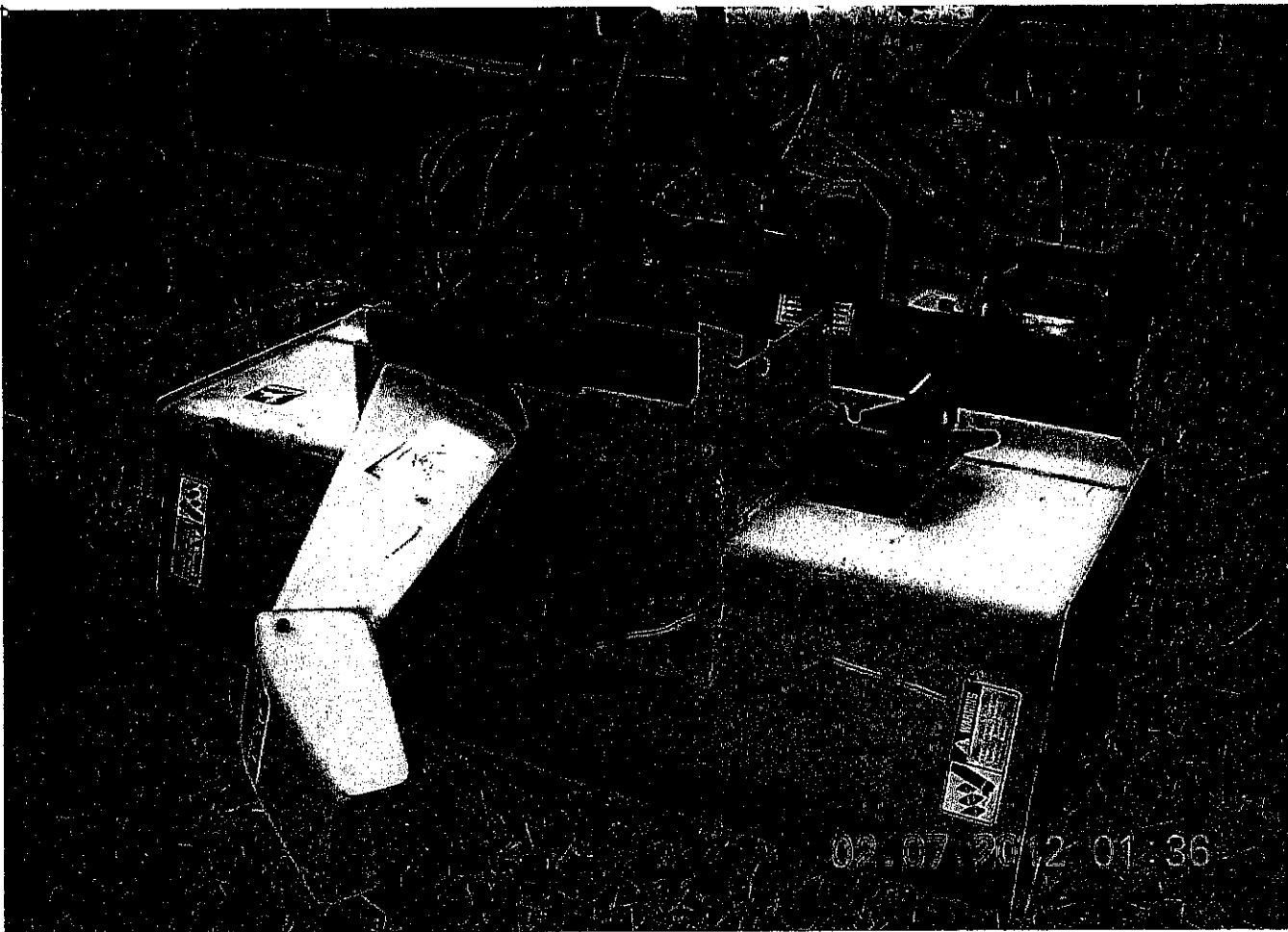
From: scott jahn [scottjahn@hotmail.com]
Sent: Tuesday, March 12, 2013 9:10 PM
To: jyoungwirth@bonnersferry.id.gov
Subject: Snow blower and sweeper
Attachments: DSCN5313.JPG; DSCN5314.JPG; DSCN5315.JPG; DSCN5316.JPG; DSCN5317.JPG

John,
I'm sorry for the delay ;
I can deliver the two items to Spokane Valley Mall if you can wait for next time we are in Spokane which we will be there the weekend of the Bloomsday race.
The items will cost \$1,950 and I will deliver @ no charge to Mail.
Anything else needed just give me a call.
Thanks,
Scott
1-541-815-2953

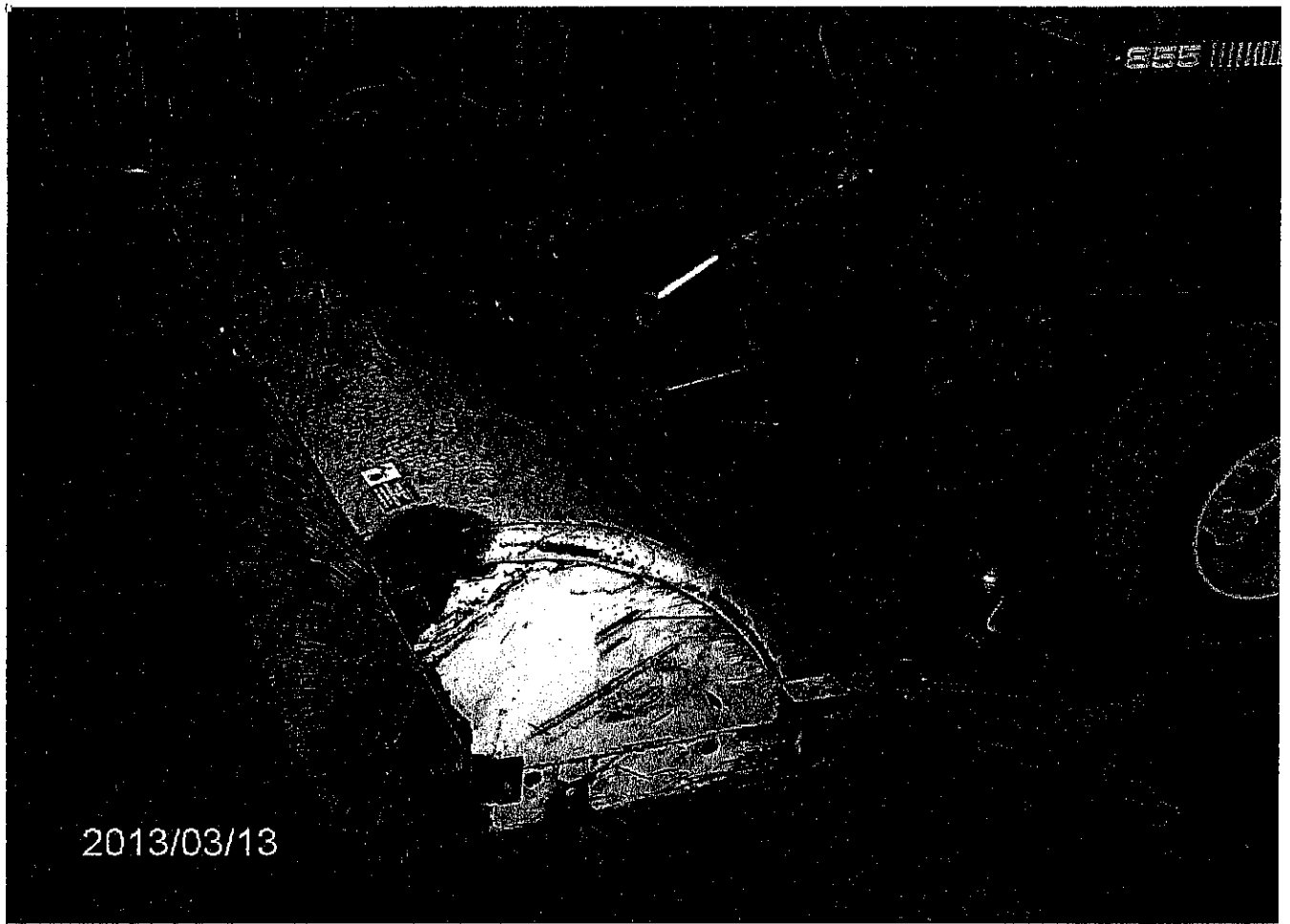
From: jyoungwirth@bonnersferry.id.gov
To: scottjahn@hotmail.com
Subject:
Date: Tue, 12 Mar 2013 14:43:18 -0700

Hey Scott,
I was wondering if you could somehow get me that quote by 1:30 tomorrow ? I need to present it at the council agenda meeting at 1:30 tomorrow. If not it will take another 2 weeks for a meeting to approve the purchase. I don't want to be a pain in your rear so if you can't that's ok also.
Thanks
John Youngwirth
City of Bonners Ferry
Street Superintendant

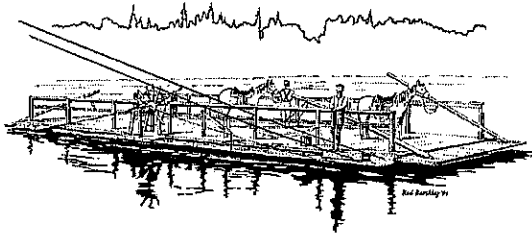
3/13/2013







This one is what we have now



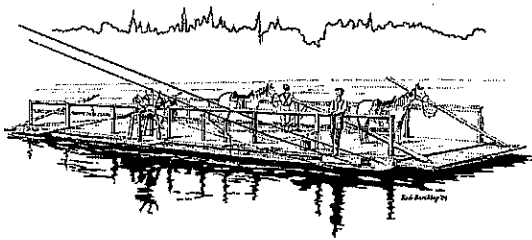
MEMO

CITY OF BONNERS FERRY
CITY ADMINISTRATOR

Date: 15 March 2013
To: City Council
From: Stephen Boorman, City Administrator
Subject: Welch Comer Task Order – Water Rate Study/COSA.

This memo is to recommend that the City consider approval of the Subject Task Order.
Task Order to be provided prior to the Council Meeting.

STB



MEMO

CITY OF BONNERS FERRY
CITY ADMINISTRATOR

Date: 15 March 2013
To: City Council
From: Stephen Boorman, City Administrator
Subject: JUB Task Order – Sewer Rate Study/COSA.

This memo is to recommend that the City consider approval of the Subject Task Order.
Task Order to be provided prior to the Council Meeting.

STB

COPY

March 7, 2013

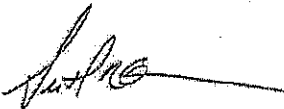
Kris Larson
City of Bonners Ferry
PO Box 149
Bonners Ferry, ID 83805

RE: Claim Number: 2013040926
Date of Loss: 2/25/2013
Claimant: Bradley Barton
Description: Broken Sewer Line

Dear Kris Larson:

This acknowledges receipt of the above captioned claim. Please make a note of this claim number and refer to it when speaking with us. An adjuster from our claims department will contact you shortly.

Sincerely,



Scott Oldham
Claims Manager

CITY OF BONNERS FERRY

7232 Main Street

P.O. Box 149

Bonnors Ferry, Idaho 83805

Phone: (208) 267-3105 Fax: (208) 267-4375



FAX COVER SHEET

TO:

ICRMP

DATE:

3-7-13

PHONE:

(800) 336-1985

FAX:

(208) 336-2100

FROM:

Kris Larson

PHONE:

(208) 267-3105 ext. 351

SUBJECT:

Claim for Damage

3

PAGES, INCLUDING COVER SHEET

REMARKS

Please contact Jim Fritzsche at (208) 267-4380 for information regarding this claim. He has the details.

Thank you,

Kris Larson

CLAIM FOR DAMAGE OR INJURY

(NOTE: It is a requirement that this form, if used, be presented to and filed with the clerk or secretary of the public entity involved. This form is being provided as a courtesy to assist you in filing your claim. Providing this form to you is not an admission nor shall it be construed to be an admission of liability or an acknowledgement of the validity of a claim by the political subdivision. Legal requirements for filing claims can be found in Title 9, Chapter 9, Idaho Code. All claims must be filed promptly, in writing!)

RECEIVED

MAR 07 2013

Name: <u>Bradley Barton</u>	Phone Number: <u>(208) 627-2275</u> (Home) <u>610-2451</u> (Work)
Current Address: <u>6624 Pierce Bonners Ferry</u>	
Address for the Six Months Immediately Prior to the Date the Damage or Injury Occurred:	
Date Damage or Injury Occurred: <u>2/25/13</u>	Time: <u> </u> A.M. or P.M.
Location of Occurrence: <u>6624 Pierce Bonners Ferry</u>	
Any Injuries? <u>NO</u>	If so, what type?
Describe How Damage or Injury Occurred:	
<u>The Sewer line in the street broke where someone had patched it when they installed the new water line in the street.</u>	

I hereby certify that I have read the above information and it is true and correct to the best of my knowledge.

I hereby make a claim against Bonners Ferry a public entity, for Damages (damage, injury, etc.) in the amount of unknown

DATE: 3/7/13 SIGNATURE: Bill Barton

KG&T SEPTIC INC.

172 SUNRISE ROAD
 BONNERS FERRY, ID 83805
 (208) 267-5110 Office 267-6016 fax

Invoice

Number: 7323

Date: March 05, 2013

Bill To:

BRADLY BARTON
 6624 PIERCE STREET
 BONNERS FERRY, ID 83805

Ship To:

BRADLY BARTON
 6624 PIERCE STREET
 BONNERS FERRY, ID 83805

Terms

UPON RECEIPT

Date	Description	Quantity	Price	Tax 1	Amount
02-26-13	Snake sewer line	1.00	200.00		200.00
03-04-13	Mini Excavator	8.50	80.00		680.00
	Labor	8.50	45.00		382.50
	4" ABS Pipe	80.00	2.99	✓	239.20
	4" ABS Combo Cleanout	1.00	26.99	✓	26.99
	4" Female Adapter	1.00	6.75	✓	6.75
	4" ABS Cap	1.00	5.68	✓	5.68
	4" ABS Coupler	3.00	5.02	✓	15.06
	4" Fernco	1.00	10.54	✓	10.54
	4" ABS 45	3.00	9.57	✓	28.71
	Concrete	23.00	4.69	✓	107.87
Sub-Total					\$1,703.30
State Tax 6.00% on 440.80					26.45
Total					\$1,729.75

Any account over 30 days is subject to a re-billing fee of 1.5% or \$5.00, whichever is greater!

RECEIVED

MAR 07 2013

March 5, 2013

CITY OF BONNERS FERRY

To: The City Council of Bonners Ferry
Administrator and Mayor

RE: Proposed Utility Increase

My name is Dorothy Smith, a resident and real property owner in Bonners Ferry and Boundary County, and am very much concerned about the proposed utility increases being considered for the city.

I am a senior citizen on a fixed income and, in plain language, simply cannot be faced paying a higher utility bill. I am sure I speak for a majority of other residents.

Also, we are now being faced with a possible increase in school taxes if the proposed MamO levy passes. It is the real property owners of the city and county that bear the brunt of these issues.

So, therefore, I respectfully ask that you all give careful thought and consideration when planning these increases. Perhaps there are departments that can be trimmed.

Thank you very much.

Dorothy Smith

6697 Chippewa Drive

P.O. Box 446, Bonners Ferry 83905

208-267-2786