



# Selkirks-Pend Oreille Transit Authority

Public Notice of Regular Board Meeting Agenda

11:00 am, Thursday, September 16, 2021, SPOT Office

31656 Hwy 200, Suite 102. Ponderay, ID

Zoom Meeting ID: 892 6042 7165

Passcode: 553686

1. Call to Order and Roll Call
2. Public Hearing for proposed SPOT 2021-2022 budget
3. Public comment period for items not on the Agenda (including questions from the press)
4. Approval of Minutes
  - a. Action Item: Approve Minutes of the August 19, 2021 regular meeting.
5. Financial Reports
  - a. Action Item: Accept Financial Reports for August 2021
  - b. Action Item: Approve Payment of Prepaid Bills and Outstanding Bills
6. Staff Reports
  - a. Ridership – David Sims
  - b. Operations – David Sims
7. Committee Reports
  - a. Boundary County Service Development Committee
  - b. Finance Committee Update
8. Action and Discussion Items:
  - a. Action Item: Adopt 2021-2022 budget
  - b. Action Item: Approve audit engagement for 2020-2021 with Anderson Brothers
  - c. Action Item: Approve Washington State Transit Bus Cooperative Purchasing Agreement
  - d. Action Item: Consider employee holiday, vacation and PTO policies
  - e. Action Item: Consider Mountain Route driver wages
9. Comments from the Chair and Board Members
10. Adjournment

Note: Public information on agenda items is available from the SPOT office at 31656 Highway 200 Suite 102, Ponderay, ID or call (208) 263-3774. Any person needing special accommodations at the above noticed meeting should contact SPOT three days prior to the meeting at (208) 263-3774.

**NOTICE OF PUBLIC HEARING  
PROPOSED BUDGET FOR FISCAL YEAR 2021-2022  
SELKIRKS PEND OREILLE TRANSIT AUTHORITY**

The public hearing for the Selkirks Pend Oreille Transit Authority proposed budget for Fiscal Year 2021-2022 will be held at the SPOT office, 31656 Hwy 200, Suite 102, Ponderay, ID at 11:00 a.m. on Thursday, September 16, 2021. All interested persons are invited to appear and show cause, if any, why such budget should not be adopted. Copies of the proposed budget in detail are available at the SPOT office during regular office hours.

FUND NAME	2019/2020 Actual	2020/2021 Approved Budget	2021/2022 Proposed Budget
<b><u>EXPENDITURES</u></b>			
General Fund	\$717,179	\$935,799	\$1,027,945
Capital Expenses	120,348	96,672	615,000
<b>TOTAL EXPENDITURES</b>	<b>\$837,527</b>	<b>\$1,032,471</b>	<b>\$1,642,945</b>
<b><u>REVENUES</u></b>			
General Revenue	\$752,158	\$914,164	\$1,041,654
Capital Revenue	96,278	77,338	492,000
Capital Match Carry Over	24,070	19,334	123,000
Cash Carry Over	-34,979	21,635	-13,709
<b>TOTAL REVENUES</b>	<b>\$837,527</b>	<b>\$1,032,471</b>	<b>\$1,642,945</b>

Citizens are invited to inspect the detailed supporting records of the proposed budget.

Zale Palmer  
Treasurer

**MEETING MINUTES  
SPOT**



**SELKIRK PEND OREILLE TRANSIT  
August 19, 2021**

**NANCY LEWIS CALLED THE MEETING TO ORDER AT 11:00 A.M.**

**PRESENT:** Clif Warren, Colleen Culwell, David Sims, Gary Kunzeman, Nancy Lewis, Ron Smith, Zale Palmer

**Absent:** Wally Cossairt

**MINUTES:** Approve minutes of the July 15, 2021 regular meeting as presented.

**Motion to Approve:** Gary Kunzeman / Clif Warren. All in favor. Approved

**FINANCIAL REPORTS:**

- A. Accept Financial Reports for July. The Finance Committee reviewed the financial reports.

**Motion to approve financial reports:** Zale Palmer/ Ron Smith. All in favor. Approved

- B. Approve payment of prepaid bills and outstanding bills.

**Motion to approve payment of prepaid bills and outstanding bills:** Clif Warren/ Zale Palmer. All in favor. Approved

**STAFF REPORTS:**

**Ridership:** David Sims reported that July fixed route ridership dropped significantly after backing out the ridership for The Festival. August numbers are also looking soft. The Demand ridership is building both in Sandpoint and Bonners Ferry. Total ridership for the Festival totaled between 1300 – 1400, about half of last Festival. Attendance for The Festival was down as a whole from prior years.

**Operations:** The mountain buses will be used to provide service for Fall Fest, which covers 4 days. The new route buses have not been ordered. WA is coming up with a new form, which we have to wait for. The new Mountain buses have been ordered. Did not purchase them through the WA bid list. The new bus schedule is almost ready. The postcard for Boundary County is also being redesigned. The technology grant has been delayed. Have not received the grant documents yet, so cannot proceed with purchases. DoubleMap was bought out by another company. The new company is phasing out the tablets that we currently own. They have sent us some loaner tablets to use for free while they decide on what product they will support. Eureka plans to construct the bus shelters at the new Kaniksu location and the new apartments in Ponderay before 9/30/21. David is working with Google to make map corrections. Still considering the analysis to convert the fixed route to a demand service. Might only do that for service to/from Dover and smaller service areas.

**COMMITTEE REPORTS:**

- A. **Boundary County Service Development Committee:** Ron Smith would like David to interview again with 9B News and the Herald and possibly have them ride the bus. Still feel that we need to educate the medical offices about our service and have them book appointments on our in-town service days.

- B. Finance Committee Update:** Zale Palmer reported the financial committee reviewed the financial reports. July's fuel was over budget, but we are still under budget year-to-date. The fuel cost budget for next year has been increased. Total year-to-date expenses are under budget by \$108,000. July total expenses were over budget by \$5,000.

**ACTION & DISCUSSION ITEMS:**

- A. Action Item: Consider employee holiday, vacation and PTO policies.** The Finance Committee determined it would be too expensive to switch to a company-wide PTO accrual system. We will work on a better definition of the full-time status qualifications and how that will be calculated and how often.  
**Motion to table this item. Clif Warren/ Ron Smith. Approved.**
- B. Adopt Preliminary 2021-2022 budget.** Fuel costs are a great concern. Added 20% from last year for a cushion. Will most likely need to use CARES Act Funds for the last 2 months of the grant due to less match funds from the entities.  
**Motion to adopt the preliminary budget for 2021-2022. Ron Smith/ Gary Kunzeman. Approved.**
- C. Set 2021-2022 budget hearing date and authorize publication of budget.** The public hearing will be held at the start of our next regular board meeting, September 16, 2021.  
**Motion to hold the budget public hearing at 11:00 am September 16, 2021 and to authorize the publication. Clif Warren/ Ron Smith. Approved.**

**COMMENTS FROM THE CHAIR AND BOARD MEMBERS:** None

**Meeting adjourned 11:37 a.m.**

Selkirks-Pend Oreille Transit Authority  
Summarized Balance Sheet  
As of August 31, 2021

ASSETS	Bonner County	Boundary County	Van Pool	Total
Current Assets				
Checking/Savings	225,384.75	11,171.25	4,413.69	240,969.69
Accounts Receivable	2,014.96	550.20	0.00	2,565.16
Grant Funds Receivable	146,235.00	8,620.00	0.00	154,855.00
Total Other Current Assets	29,840.99	2,271.00	0.00	32,111.99
Total Current Assets	403,475.70	22,612.45	4,413.69	430,501.84
Total Fixed Assets	1,055,868.01	72,360.37	0.00	1,128,228.38
<b>TOTAL ASSETS</b>	<b>1,459,343.71</b>	<b>94,972.82</b>	<b>4,413.69</b>	<b>1,558,730.22</b>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities	36,785.54	1,924.07	0.00	38,709.61
Equity	1,422,558.17	93,048.75	4,413.69	1,520,020.61
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,459,343.71</b>	<b>94,972.82</b>	<b>4,413.69</b>	<b>1,558,730.22</b>

10:41 AM  
 09/10/21  
 Accrual Basis

**Selkirks-Pend Oreille Transit Authority  
 Summary Profit & Loss Budget vs. Actual  
 August 2021**

	Bonner County		Boundary County		Mountain Route		Van Pool		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>Total Income</b>	70,984.63	53,116.06	4,576.35	4,639.35	8,025.18	963.34	0.00	0.00	83,586.16	58,718.75
<b>Expenses:</b>										
<b>Administration</b>	10,473.09	9,145.88	208.12	609.78	1,490.58	1,189.70	0.00	0.00	12,171.79	10,945.36
<b>Operations</b>	33,839.00	35,741.47	3,882.96	4,080.42	355.50	20.00	0.00	0.00	38,077.46	39,841.89
<b>Preventative Maintenance</b>	7,101.80	6,422.44	0.00	579.31	6,179.10	0.00	0.00	0.00	13,280.90	7,001.75
<b>Total Expenses</b>	51,413.89	51,309.79	4,091.08	5,269.51	8,025.18	1,209.70	0.00	0.00	63,530.15	57,789.00
<b>Net Ordinary Income</b>	19,570.74	1,806.27	485.27	-630.16	0.00	-246.36	0.00	0.00	20,056.01	929.75
<b>Other Income/Expense</b>	-21,485.67	-19,611.58	0.00	0.00	0.00	0.00	0.00	0.00	-21,485.67	-19,611.58
<b>Net Income</b>	<b>-1,914.93</b>	<b>-17,805.31</b>	<b>485.27</b>	<b>-630.16</b>	<b>0.00</b>	<b>-246.36</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,429.66</b>	<b>-18,681.83</b>

0.00      -

**Selkirks-Pend Oreille Transit Authority**  
**Summary Profit & Loss Budget vs. Actual**  
**October - August 2021**

	Bonner County		Boundary County		Mountain Route		Van Pool		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>Total Income</b>	540,620.01	665,922.72	49,322.05	72,494.12	172,609.06	195,427.77	0.00	0.00	762,551.12	933,844.61
<b>Expenses:</b>										
<b>Administration</b>	97,475.76	111,404.46	6,649.78	7,767.62	17,729.58	22,898.30	0.00	0.00	121,855.12	142,070.38
<b>Operations</b>	340,869.75	369,531.24	36,635.13	51,151.36	96,749.16	133,713.62	0.00	0.00	474,254.04	554,396.22
<b>Preventative Maintenance</b>	66,547.20	73,186.70	1,624.72	7,522.40	35,665.87	24,777.83	0.00	0.00	103,837.79	105,486.93
<b>Total Expenses</b>	504,892.71	554,122.40	44,909.63	66,441.38	150,144.61	181,389.75	0.00	0.00	699,946.95	801,953.53
<b>Net Ordinary Income</b>	35,727.30	111,800.32	4,412.42	6,052.74	22,464.45	14,038.02	0.00	0.00	62,604.17	131,891.08
<b>Other Income/Expense</b>	-21,295.97	-119,055.42	0.00	0.00	0.00	0.00	0.00	0.00	-21,295.97	-119,055.42
<b>Net Income</b>	<b>14,431.33</b>	<b>-7,255.10</b>	<b>4,412.42</b>	<b>6,052.74</b>	<b>22,464.45</b>	<b>14,038.02</b>	<b>0.00</b>	<b>0.00</b>	<b>41,308.20</b>	<b>12,835.66</b>

- (0.00)

**Selkirks-Pend Oreille Transit Authority**  
**Unpaid Bills Detail**  
As of September 10, 2021

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<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Open Balance</u>
<b>Grizzly Glass Centers</b>			
Bill	08/23/2021	WO H0135810	115.00
Bill	08/30/2021	WO H0136011	225.00
Total Grizzly Glass Centers			340.00
<b>ICRMP</b>			
Bill	09/04/2021	19141-2022-1	28,718.00
Total ICRMP			28,718.00
<b>KG&amp;T Septic, Inc.</b>			
Bill	08/23/2021	23279	120.00
Total KG&T Septic, Inc.			120.00
<b>Northwest Auto Body Ponderay</b>			
Bill	08/11/2021	6280	987.00
Total Northwest Auto Body Ponderay			987.00
<b>Selkirk Press, Inc.</b>			
Bill	09/09/2021	16328	795.00
Total Selkirk Press, Inc.			795.00
<b>TOTAL</b>			<b>30,960.00</b>



**Selkirks-Pend Oreille Transit Authority**  
**Paid Bills Detail**  
**As of September 9, 2021**

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Open Balance</u>
<b>Bonner County Daily Bee</b>				
	Bill	08/31/2021		90.29
Total Bonner County Daily Bee				<u>90.29</u>
<b>Coleman Oil</b>				
	Bill	08/29/2021	CL90292	1,608.97
	Bill	08/31/2021	CL90712	503.04
	Bill	09/05/2021	CL95018	2,270.89
Total Coleman Oil				<u>4,382.90</u>
<b>First Bankcard</b>				
	Bill	08/26/2021		4,144.36
Total First Bankcard				<u>4,144.36</u>
<b>Mike White Ford of Sandpoint</b>				
	Bill	09/01/2021	19615	67.78
	Bill	09/08/2021	19742	37.83
Total Mike White Ford of Sandpoint				<u>105.61</u>
<b>Mountain Ledgers</b>				
	Bill	08/31/2021	5704	753.75
Total Mountain Ledgers				<u>753.75</u>
<b>Pressure Clean Services, Inc.</b>				
	Bill	08/28/2021	15224	240.00
	Bill	09/03/2021	15248	160.00
Total Pressure Clean Services, Inc.				<u>400.00</u>
<b>ZiPLY Fiber</b>				
	Bill	08/22/2021		164.49
Total ZiPLY Fiber				<u>164.49</u>
<b>TOTAL</b>				<u><u><b>10,041.40</b></u></u>

**Selkirks-Pend Oreille Transit Authority**  
**Unpaid Bills Detail**  
**As of August 30, 2021**

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Open Balance</u>
<b>Brown's Northside Machine &amp; Gear, Inc.</b>				
	Bill	08/24/2021	W45557	557.67
	Bill	08/25/2021	W45558	639.63
	Bill	08/25/2021	W45556	1,049.68
Total Brown's Northside Machine & Gear, Inc.				<u>2,246.98</u>
<b>Coleman Oil</b>				
	Bill	08/15/2021	CL87833	1,579.97
	Bill	08/22/2021	CL89378	1,895.44
Total Coleman Oil				<u>3,475.41</u>
<b>Goldenwest Mobility</b>				
	Bill	08/10/2021	22187	215.82
	Bill	08/12/2021	22204	163.50
	Bill	08/12/2021	22205	163.50
Total Goldenwest Mobility				<u>542.82</u>
<b>Mike White Ford of Sandpoint</b>				
	Bill	08/18/2021	19304	37.83
	Bill	08/25/2021	19482	37.83
	Bill	08/25/2021	19463	990.10
Total Mike White Ford of Sandpoint				<u>1,065.76</u>
<b>Napa Auto Parts</b>				
	Bill	08/18/2021	047221	7.10
	Bill	08/23/2021	047880	55.50
Total Napa Auto Parts				<u>62.60</u>
<b>Pressure Clean Services, Inc.</b>				
	Bill	08/13/2021	15185	120.00
	Bill	08/21/2021	15207	310.00
Total Pressure Clean Services, Inc.				<u>430.00</u>
<b>Verizon Wireless</b>				
	Bill	08/13/2021		247.16
Total Verizon Wireless				<u>247.16</u>
<b>Zipty Fiber - BF</b>				
	Bill	08/13/2021		38.79
Total Zipty Fiber - BF				<u>38.79</u>
<b>TOTAL</b>				<u><u><u>8,109.52</u></u></u>

### SPOT Ridership

<b>2021</b>	Fixed	Demand	Van Pool	Bonnors Ferry	Mountain Route	Total	
January	3,334	270		111	9,300	13,015	
February	3,278	311		96	7,894	11,579	
March	4,345	414		111	6,715	11,585	
April	3,513	331		97	1,531	5,472	
May	3,949	299		69		4,317	
June	3,782	375		119		4,276	
July	4,420	388		169	524	5,501	*759 Festival
August	3,965	460		139		4,564	*618 Festival
September						0	
October						0	
November						0	
December						0	
<b>TOTAL YTD</b>	<b>30,586</b>	<b>2,848</b>	<b>0</b>	<b>911</b>	<b>25,964</b>	<b>60,309</b>	

<b>2020</b>	Fixed	Demand	Van Pool	Bonnors Ferry	Mountain Route	Total	
January	4,869	397	258	320	18,478	24,322	
February	4,820	404	226	267	13,992	19,709	
March	3,463	319	182	140	6,139	10,243	
April	1,702	101	0	90	0	1,893	
May	2,575	164	8	86	0	2,833	
June	3,103	287	94	97	0	3,581	
July	3,009	387	160	123	0	3,679	
August	2,933	313	140	83	0	3,469	
September	3,132	314	0	118	0	3,564	
October	3,152	391	0	120	0	3,663	
November	2,735	293	0	119	746	3,893	
December	3,213	289		85	7,241	10,828	
<b>TOTAL YTD</b>	<b>38,706</b>	<b>3,659</b>	<b>1,068</b>	<b>1,648</b>	<b>46,596</b>	<b>91,677</b>	

<b>2019</b>	Fixed	Demand	Van Pool	Bonnors Ferry	Mountain Route	Total	
January	4,579	439	236	271		5,525	
February	3,847	373	262	215	5,963	10,660	
March	4,776	443	276	253	11,583	17,331	
April	4,846	452	332	257	1,699	7,586	
May	4,618	446	254	245		5,563	
June	4,129	381	244	256		5,010	
July	4,189	460	284	249		5,182	
August	7,984	389	272	225	1,594	10,464	*2,934 Festival
September	4,042	401	268	230	1,269	6,210	
October	4,310	457	294	239		5,300	
November	4,473	395	232	226	393	5,719	
December	4,806	383	212	258	13,013	18,672	
<b>TOTAL</b>	<b>56,599</b>	<b>5,019</b>	<b>3,166</b>	<b>2,924</b>	<b>35,514</b>	<b>103,222</b>	

<b>2018</b>	Fixed	Demand	Van Pool	Bonnors Ferry	Total	
January	5,201	391	204	207	6,003	
February	4,885	341	322	233	5,781	
March	5,931	345	320	247	6,843	
April	5,962	367	324	188	6,841	
May	4,742	351	270	212	5,575	
June	4,578	335	146	253	5,312	
July	4,704	363	224	216	5,507	
August	8,173	302	256	237	8,968	*2,907 Festival
September	4,390	358	192	214	5,154	
October	4,324	401	232	193	5,150	
November	4,084	457	242	241	5,024	
December	4,295	392	244	167	5,098	
<b>TOTAL</b>	<b>61,269</b>	<b>4,403</b>	<b>2,976</b>	<b>2,608</b>	<b>71,256</b>	

## SPOT Agenda Item Summaries

Meeting Date: September 16, 2021  
Agenda Item: 7A  
From: David Sims  
Topic: Adopt 2021-2022 budget  
Background: The board needs to adopt a budget for FY 2021-2022.

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Meeting Date: September 16, 2021  
Agenda Item: 7B  
From: David Sims  
Topic: Approve audit engagement for 2020-2021 with Anderson Brothers  
Background: Attached is the audit engagement letter for the audit for the current year with Anderson Brothers.

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Meeting Date: September 16, 2021  
Agenda Item: 7C  
From: David Sims  
Topic: Approve Washington State Transit Bus Cooperative Purchasing Agreement  
Background: The board approved a purchasing agreement with the State of Washington at the June board meeting. Washington has made some changes to the agreement, requiring us to sign a new agreement.

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Meeting Date: September 16, 2021  
Agenda Item: 7D  
From: David Sims

Topic: Consider employee holiday, vacation and PTO policies

Background: The board considered changes to the personnel policy at the July and August meetings. One of the board members has requested that we discuss these items again.

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Meeting Date: September 16, 2021

Agenda Item: 7E

From: David Sims

Topic: Consider Mountain Route driver wages

Background: The board needs to set a wage for the Mountain Route drivers. We have lost a number of our Mountain Route drivers, and we will need to find new drivers to fill most of the shifts. The drivers that have left include reasons such as lack of housing, higher wages and found full time employment. It may be a challenge to fill the shifts this winter.

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1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099

## AUDIT ENGAGEMENT LETTER

August 30, 2021

Board of Commissioners  
Selkirks-Pend Oreille Transit Authority  
31656 Hwy 200 Box 8  
Ponderay, ID 83852

Dear Board of Commissioners

We are pleased to confirm our understanding of the services we are to provide the Selkirks-Pend Oreille Transit Authority (SPOT) for the year ended September 30, 2021. We will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of SPOT, as of and for the year ended September 30, 2021. 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 SPOT'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 SPOT'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 U.S. 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 SPOT's Share of Net Pension Liability
3. Schedule of SPOT's Contributions
4. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – All Governmental Fund Types

We have also been engaged to report on supplementary information other than RSI that accompanies SPOT'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 we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Statement of Revenues, Expenditures, and Changes in Fund Balances – by Department

**Audit Objectives**

The objective of our audit is the expression of opinions as to whether your 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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of SPOT and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of SPOT's financial statements. Our report will be addressed to the Board of Commissioners of SPOT. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that SPOT is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

**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 assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and 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 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. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate

level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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 your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government 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*.

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 and *Government Auditing Standards*.

### **Audit Procedures-Compliance**

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

### **Other Services**

We will also provide the following services:

1. We will prepare a draft of your financial statements and related notes in conformity with U.S. generally accepted accounting principles based on information provided by you.
2. We will prepare a depreciation schedule based on the estimated useful lives that you have provided to us for your fund assets.
3. We will assist with GASB 68 adjustments based on information provided by PERSI and by you.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**



Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with 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 the accuracy and completeness of that information. 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, including identification of all related parties and all related-party relationships and transactions, (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 include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with 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) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for

providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **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.

We will provide copies of our reports to SPOT; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Anderson Bros. CPAs and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Federal or State officials or their 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 Anderson Bros. CPAs personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by Federal or State officials. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately October 1, 2021 and to issue our reports by approximately March 15, 2022. Christina Laurie 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 \$5,000. 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 90 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. 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.

We appreciate the opportunity to be of service to SPOT 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 on the lines indicated and return it to us.

Sincerely



Anderson Bros. CPAs

RESPONSE:

This letter correctly sets forth the understanding of SPOT:

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## TRANSIT BUS COOPERATIVE PURCHASING AGREEMENT

Pursuant to Washington law, Enterprise Services is authorized to

... participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any goods or services with one or more states, state agencies, local governments, local government agencies, federal agencies, or tribes located in the state, in accordance with an agreement entered into between the participants. The cooperative purchasing may include, but is not limited to, joint or multiparty contracts between the entities, and master contracts or convenience contracts that are made available to other public agencies.

RCW 39.26.060(1). This broad delegation of authority by the State Legislature enables Enterprise Services, among other things, to leverage the state resources that we commit to providing innovative, cost-effective, and efficient solutions for Washingtonians to other governmental purchasing authorities.

Use of Enterprise Services' Master Contract, through this Cooperative Purchasing Agreement, is contingent upon the consent of the Enterprise Services. Upon execution of this Cooperative Purchasing Agreement, the under-signed entity is designated as an Authorized Purchaser ("Purchaser"), authorized to make purchases under Master Contract 06719. The Master Contract was competitively bid, evaluated, and awarded under the procurement laws of the State of Washington and meets Federal Transit Administration requirements for a State Cooperative Purchasing Contract under the FAST Act Sec. 3019. See RCW chapter 39.26 and Pub.L. 114-94. There are no pending protests or lawsuits pertaining to procurement or award of the Master Contract.

In accessing and utilizing the Master Contracts, pursuant to this Cooperative Purchasing Agreement, the parties agree as follows:

1. **Master Contract.** Purchaser may make purchases from, access, and use the Transit Bus Master Contract #06719, consistent with the procurement law applicable to Purchaser and the terms of the Master Contract. The State of Washington makes no representation or warranty regarding Purchaser's governing law or whether this Master Contract is appropriate for Purchaser. That decision is up to Purchaser. In addition, the State of Washington makes no representation or warranty regarding whether the products and services available under this Master Contract is appropriate for Purchaser.
2. **Contract Consent.** Consistent with Purchaser's procurement authority, Purchaser may propose and negotiate jurisdiction-specific terms with the applicable Contractor to meet Purchaser's needs, subject to agreement with the applicable Contractor. **Under no circumstances will Purchaser's jurisdiction-specific agreements change or modify the contract obligations between the State of Washington and the applicable Master Contract Contractor.** Upon execution of Purchaser's agreement with the Master Contract Contractor, Purchaser shall provide a copy of the same to Enterprise Services prior to making any purchases under the Master Contract.
3. **Accurate Purchases.** Purchaser shall make orders within the scope of the Master Contract. Any purchases outside of the scope of the Master Contract by Purchaser is a breach of this Cooperative Agreement for which Enterprise Services may void this agreement and any purchases by Purchaser under the Master Contract. Purchaser represent and warrant to use reasonable, good faith efforts to assist the Contractor in obtaining and reporting to Enterprise

Services, for purposes of the applicable Vendor Management Fee, accurate purchases under the Master Contract.

4. Vendor Management Fee. The Vendor Management Fee set forth in the Master Contract shall be paid by the applicable Contractor to Enterprise Services on all applicable purchases. In no event shall Purchaser modify, waive, or terminate the Vendor Management Fee. Any such modification, waiver, or termination of the Vendor Management Fee shall be deemed a material breach of this Cooperative Purchasing Agreement and shall terminate the Agreement; and, in the event Purchaser modify, waive, or terminate the Vendor Management Fee Purchaser shall, by such act, agree to notify Enterprise Services of the same and to pay to Enterprise Services, within thirty (30) days, the equivalent of the otherwise applicable Vendor Management Fee.
5. Agreement Management; Notices. The parties hereby designate the following individuals as the respective single points of contact for purposes of this Agreement. The parties may change such individuals by written notice as set forth below. Any notices required or desired shall be in writing and sent by U.S. mail, postage prepaid, or sent via email, and shall be sent to the respective addressee at the respective address or email address set forth below or to such other address or email address as the parties may specify in writing:

Enterprise Services	Selkirks Pend Oreille Transit
Attn: Bus Purchases	Attn: David Sims, Director
Department of Enterprise Services	31656 Hwy 200 Suite 102 Box 8
PO Box 41411	Ponderay, ID 83852
Olympia, WA 98504-1411	
Email: <a href="mailto:buspurchases@des.wa.gov">buspurchases@des.wa.gov</a>	Tel: (208) 263.3774
	Email: <a href="mailto:dsims@spotbus.org">dsims@spotbus.org</a>

Notices shall be deemed effective upon the earlier of receipt, if mailed, or, if emailed, upon transmission to the designated email address of said addressee.

6. Communication. In the event Purchaser becomes aware of a significant contract performance issue pertaining to the Master Contract that, in Purchaser's reasonable judgment, could adversely impact the State of Washington, Purchaser shall communicate the same to Enterprise Services.
7. Contractor Disputes. Purchaser are responsible for resolving any disputes between Purchaser and the applicable Master Contract Contractor on their purchases. Purchaser shall notify Enterprise Services of any material dispute between Purchaser and the applicable Master Contract Contractor. Enterprise Services may assist Purchaser in resolving disputes with Master Contract Contractor(s).
8. Hold Harmless. Other than those obligations expressly set forth in this Cooperative Purchasing Agreement, including the right of the State of Washington to the Vendor Management Fee, the parties shall have no liability whatsoever to each other with regard to transactions arising out of this Cooperative Purchasing Agreement or the Master Contract.
9. Term. Upon execution, this Cooperative Purchasing Agreement shall continue for the term of the applicable Master Contract, as amended or extended; Provided, however, that, upon notice to Enterprise Services, Purchaser may terminate Purchaser's participation in this Cooperative Purchasing Agreement at Purchaser's convenience upon Purchaser's termination of Purchaser's participation in the Master Contract.

10. Taxes/Fees. Unless otherwise agreed with Contractor, Purchaser shall pay applicable sales and use taxes imposed by the tax jurisdictions in which delivery occurs on purchased goods and/or services. Contractor agrees not make any charge for federal excise taxes and Purchaser shall furnish Contractor with an exemption certificate where appropriate.
11. Approval Process. Purchaser shall submit to Enterprise Services purchase information for approval of purchases under the Master Contract. Enterprise Services shall include the respective state Department of Transportation for purchasing using FTA funds which require state DOT approval. Purchaser shall provide necessary purchase information for each purchase including but not limited to, the final purchase order, the use of FTA funding, FTA grant number, Department of Transportation contact for approval.
12. Purchaser Information. Purchaser hereby designates the following contract administrator as the single point of contact for business activities under this Master Contract.

Purchaser Information	
Organization Name	Selkirks Pend Oreille Transit
Tax Identification Number	81-2792373
State Business Identification Number (Required for Non-Profit entities)	
Contact Name	David Sims
Title	Director
Address	31656 Hwy 200 Suite 102 Box 8
City, State, Zip	Ponderay, ID 83852
Phone Number	208-263-3774
Email Address	dsims@spotbus.org

13. Scope of Participation. Purchaser shall provide Enterprise Services with Purchaser's estimates for purchases under the Master Contract. Purchaser shall provide updates on their estimated purchases if there is a material change in planned purchases under the Master Contract. The purchasing estimates are for Enterprise Services' planning purposes in managing and approving purchases on the Master Contract.

Category	Estimated Purchases
Heavy Duty	none
Light/Medium Duty	\$275,000 (total for 2021 and 2022)
Double Decker	none
Rebuilt	none
Refurbish	none
Repower	none

**General Provisions**

1. **Integrated Agreement; Modification.** This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter and supersedes all prior negotiations and representations. This Agreement may not be modified except in writing signed by the parties.
2. **Authority.** Each party to this Agreement, and each individual signing on behalf of each party, hereby represents and warrants to the other that it has full power and authority to enter into this Agreement and that its execution, delivery, and performance of this Agreement has been fully authorized and approved, and that no further approvals or consents are required to bind such party.
3. **Electronic Signatures.** A signed copy of this Agreement or any other ancillary agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement or such other ancillary agreement for all purposes.
4. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this Agreement at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this Agreement.

Effective \_\_\_\_\_.

**State of Washington**  
**Department of Enterprise Services**

**Selkirks Pend Oreille Transit**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name:  Nancy Lewis  \_\_\_\_\_

Title: \_\_\_\_\_

Title:  Board Chair  \_\_\_\_\_

Date: \_\_\_\_\_