

ENNIS PUBLIC SCHOOLS
*******TUESDAY, JULY 10, 2012*******

SPECIAL BOARD MEETING
FINAL AGENDA
5:30 P.M. - Cafeteria/Lunchroom
Ennis Schools

PLEDGE

- I. VISITORS AND PATRONS**
- II. PUBLIC COMMENT**
- III. OLD BUSINESS**
 - A. Discussion on County Commissioners' Audit Proposals

**SCHOOL DISTRICT 52
ENNIS, MADISON COUNTY, MONTANA
MONDAY, JULY 10, 2012**

SPECIAL BOARD MEETING - 5:00 P.M.

Lisa Frye	Chairperson
Craig George	Vice-Chair
Jim McNally	Trustee
Mike McKittrick	Trustee
Bill Clark	Trustee
John Overstreet	Superintendent
Ginger Martello	District Clerk
Elizabeth Kaleva	District Counsel
Dave Schulz	County Commissioner
Jim Hart	County Commissioner
Dan Happel	County Commissioner
Laurie Buyan	Administrative Assistant-County Commissioners

Chairperson Frye called the meeting to order. The pledge to the flag was recited. Dave Schulz, Chairman for County Commissioners, welcomed Superintendent Overstreet to the district.

VISITORS

Per Attached

Public Comment

None

OLD BUSINESS

Discussion on County Commissioners' Audit Proposals

Commissioner Schulz reported at the last joint meeting it was decided to do some sort of audit. The commissioners requested proposals from four firms requesting both bids be included in the proposals. They received three responsive offers which he forwarded to

Ennis School District 52
July 10, 2012 Meeting

Chairperson Frye. Elizabeth Kaleva provided an overview of the proposals. Mr. Schulz asked the public for patience while the boards discussed the proposals. He explained the public will be allowed to comment when appropriate.

Chairperson Frye began by stating all the auditors are reputable. She supported the county version of an audit and felt it would help rebuild community trust. She said at the recent election the people spoke.

Trustee McNally said at the first meeting it was agreed that an independent auditor would be sought for bids. He felt Denning and Downing should be thrown out as they are the auditors for the county.

Mr. Schulz said he was not under that impression. He felt they should be considered because they have an element of interest and time with the earlier work they completed.

Dan Happel asked if the district felt there was a conflict because they were an advisory? He explained the reasons these companies were contacted for bids included the size of the firm, level of competency and experience.

Trustee McNally was concerned with communication between Mr. Schulz and Denning and Downing when the bids were being developed.

Trustee McNally made a motion to throw out Denning and Downing's bid proposal to eliminate conflict of interest. Trustee McKittrick seconded the motion. Trustee George, Trustee Clark and Chairperson Frye did not feel there was a conflict of interest. They felt they did good work, were qualified and all the firms were acceptable to handle the audit. Trustee McNally and Trustee McKittrick were in favor. Trustee George, Trustee Clark and Chairperson Frye were opposed. Motion failed.

Trustee George made a motion to accept the county's extensive forensic audit going back to 2005.

Trustee McNally said before this motion could be made we need to determine who is going to pay for the audit. He said the money in the flex fund was earmarked for teacher benefits and potential TRS liabilities.

Trustee George asked Ms. Martello if there was money in the general fund or flex fund to pay for the audit.

Ms. Martello said the general fund has not been set yet and the flex fund will be tight but she did not have the exact figures.

Both boards discussed the cost of the bids and whether they needed to advertise the bids for anyone to put in a proposal. Elizabeth Kaleva determined certified public accountants

were exceptions to bid requirements.

Trustee George clarified his motion to consider all three bids for a full forensic county audit. Trustee Clark seconded the motion.

Trustee McNally said there needs to be clarification about the cost being higher than \$66,000. He said we need to protect the district. The county said they would pay if the district did not pay.

Chairperson Frye explained she does not want to give an auditor an open check book to the district. She felt we need to pay for the audit and she agrees there needs to be a cap.

Trustee George explained he did not want to eliminate anyone from the process.

Trustee McKitrick said the district should pay if we stay with what the AG opinion addressed. He thought if the county wants more, they should pay.

Trustee George amended his motion to consider all three bids for a full forensic county audit with a cap of \$60,000. Trustee Clark seconded the motion.

Cindy McKitrick asked what happens if the audit is not done and they have met the \$60,000 cap? She also informed the board Denning and Downey was just fired by Sheridan for being incompetent.

Dave Kelley said the district needed to complete the county comprehensive audit. He began reading an affidavit from Sandra Lane. Mr. Schulz stopped Mr. Kelley and explained this was separate from what was on the table.

Marge Kent said she is not opposed to the audit, but what happens from here, what are the goals?

Chairperson Frye said truth and taxpayer trust. She said the district may need to run general fund levies in the future and we need support.

Superintendent Overstreet said he was hired to balance the budget and be fiscally responsible. He felt there were two reasonable bids at \$25,000 and the cap should be lowered to \$35,000.

David Hunt asked if there was a new job description? He said the district best have the audit. If not, there are some people prepared to vote "no" from here forward on any levies.

Chad Coffman said he has been greatly compensated for his tax money.

Kelly Robinson stated the district thought it would cost \$200,000 for an audit so a cap of \$60,000 was reasonable.

Ross Lingle said \$60,000 may seem reasonable, but it affects the school a lot. If there is a cap of \$60,000 maybe the county could foot half of the bill. He agrees the sooner it is put behind the better. If the audit is cheaper, it could reduce liability on both sides. It protects the district and the county shows taxpayers are being represented.

Suzanne George asked how much is public trust worth? The community is torn apart. She agrees they shouldn't be given a blank check. She disagreed and the county shouldn't pay. We shouldn't inflict this on other towns in the county. Get it done and get healed.

Eli Thompson said he was born, raised and went to school here. This needs to get done no matter the cost. The school was built illegally. Transfer, move the money, vote. This may go back to the nineties.

Dave Kelley stated the voters spoke loud and clear. The candidates needed to regain the voter trust.

Trustee McNally said there is no question the audit will happen. Galusha determined a split between the two audits as 30/70. The district 30% and county 70%. This seemed like a good split. The county attorney has carried on a suit by another individual that was thrown out. This is a disservice the county has allowed.

Marlene Martin reminded the school is to educate our kids. She asked the trustees to remember kids first when making decisions.

Chairperson Frye called for a vote. Trustee George, Trustee Clark and Chairperson Frye were in favor. Trustee McKitrick and Trustee McNally were opposed. Motion carried.

Trustee McNally said the scope of the bids needed to be discussed.

Mr. Schulz explained all three firms were qualified and reputable. He did not want to see Denning and Downing eliminated as they can step in ahead of the game and will be able to move forward.

Mr. Hart said there is no question to their professionalism.

Trustee George said all firms should be considered but he was concerned that Galusha should be eliminated because any mediation would be done in Yellowstone County. Trustee George made a motion to eliminate Galusha Higgins.

Elizabeth Kaleva said it was not necessary to eliminate companies and then default someone to the position. This would require two elimination votes and an accepting vote.

Mr. Hart agreed and said the district should make a decision on the qualification of the company.

Trustee George rescinded the motion.

The board took time to review the proposals and outline their pro's and con's on a spreadsheet.

Trustee McNally said he liked Denning and Downing's fee, experience with school districts and principles of the firm. He was concerned with the potential conflict of interest and how they approach the audit. There was a red flag in the last paragraph where they propose changes to journal entries.

Trustee George agreed and understood, but liked their knowledge of school law.

Trustee McKitrick agreed and felt it was best to go with Denning and Downing recognizing those concerns.

Chairperson Frye agreed and said JCCS's lack of experience was a concern for her.

Trustee George made a motion to hire Denning and Downing for a full forensic audit requested by the county. Trustee Clark seconded the motion.

Cindy McKitrick asked if the cap should be lowered since they were taking the company with the lower bid?

Eli Thompson said the cap should remain because they may go back further.

Chairperson Frye called for a vote. All members present were in favor. The motion passed.

Mr. Happel said this was a good move on the part of the school.

Mr. Schulz asked if the commissioners needed to support the district's motion with their own. He said they wanted to sit in on the meeting with the auditor.

Mr. Hart made a motion to support the school's motion to conduct a full forensic audit. Mr. Happel seconded the motion. All members were in favor. The motion passed.

Trustee McNally said the fiduciary duty of the firm once the contract was in place was to

the district. The openness with the county is out the door.

Elizabeth Kaleva said the contract is with the district.

As there was no other business for the attention of the board, the meeting was adjourned at 7:29 p.m.

Attest


Ginger R. Martello, District Clerk


Lisa Frye, Chairperson

8-13-12
Date Approved

Ennis School Board Meeting

Visitor Sign In

Date: July 10, 2012

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|------------------------------------|---------------------------|
| 1. <u>Susanne George</u> | 21. <u>Laurie Bryan</u> |
| 2. <u>Don & Martha Scudder</u> | 22. <u>Dave Schulz</u> |
| 3. <u>Bob Martello</u> | 23. <u>Jim Hart</u> |
| 4. <u>Margaret Kent</u> | 24. <u>Ellen Thompson</u> |
| 5. <u>Bob Martello</u> | 25. <u>Kathy Stone</u> |
| 6. <u>Shirley Ozzott</u> | 26. <u>Don Happer</u> |
| 7. <u>Cindy McPetrick</u> | 27. <u>Voss Lind</u> |
| 8. <u>Melissa Newman</u> | 28. <u>Brenda Blinn</u> |
| 9. <u>Chad Coffin</u> | 29. _____ |
| 10. <u>Shelly Burke</u> | 30. _____ |
| 11. <u>Ben Coulter</u> | 31. _____ |
| 12. <u>Jaylene Mark</u> | 32. _____ |
| 13. <u>Ray Saeens</u> | 33. _____ |
| 14. <u>Marilyn Jenkins</u> | 34. _____ |
| 15. <u>Kelly Rhee</u> | 35. _____ |
| 16. <u>David Kelly</u> | 36. _____ |
| 17. <u>Jan Jenkins</u> | 37. _____ |
| 18. <u>MARC GROSS</u> | 38. _____ |
| 19. <u>Kellean White</u> | 39. _____ |
| | 40. _____ |