

ENNIS PUBLIC SCHOOLS
*******WEDNESDAY, APRIL 11, 2012*******

SPECIAL BOARD MEETING
FINAL AGENDA
5:00 P.M. - Commissioners' Conference Room - Broadway Annex
Virginia City, MT

PLEDGE

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

**SCHOOL DISTRICT 52
ENNIS, MADISON COUNTY, MONTANA
WEDNESDAY, APRIL 11, 2012
COMMISSIONER'S CONFERENCE ROOM - VIRGINIA CITY, MT**

SPECIAL BOARD MEETING - 5:00 P.M.

Marc Glines	Chairperson
Jim McNally	Vice-Chair
Gary Croy	Trustee
Mike McKittrick	Trustee
Lisa Frye	Trustee
Ginger Martello	District Clerk
Elizabeth Kaleva	District Counsel
Dave Schulz	County Commissioner
Jim Hart	County Commissioner
Dan Happel	County Commissioner
Chris McConnell	Deputy County Attorney
Laurie Buyan	Administrative Assistant-County Commissioners

VISITORS

Per Attached

Dave Schulz opened the meeting and explained the process for public comment. He reminded the public to address the chair and a comment period will be allowed later in the meeting. He asked Chairman Glines if the meeting had been noticed so action could be taken by the board. He was told yes.

Jim McNally asked the commissioners why action was not taken at their meeting to proceed with the joint letter to the Attorney General as was discussed at the school board meeting they had attended? He also asked if any meeting or discussion between the commissioners has taken place outside a properly notice meeting in regards to this issue? He asked what happened to make them change their minds? Progress was made and now we are starting from scratch.

Dave Schulz explained they consulted with the Deputy County Attorney and they felt the first letter to the AG was adequate to move forward with an auditor. None of the commissioners remembered discussing this item outside a properly noticed meeting.

Elizabeth Kaleva explained if a quorum of the commissioners discussed this outside a properly noticed meeting it was in violation of open meeting laws.

Doug Walsh stated at the last commissioners' meeting the Chris McConnell stated his office would not write a letter to the Attorney General. Was that correct?

Gary Croy said the school board agreed to provide an accounting to the commissioners and now the commissioners have decided to proceed with an audit before receiving any other information. He didn't understand why.

Jim McNally said the commissioners needed to recognize they were asking for more information than the AG addressed. He said the commissioners requested Denning and Downing conduct an audit that didn't find anything but it did free up \$500,000. The commissioners set the scope and provided the information for that audit.

Dan Happel explained it would be best for the school district to be forthcoming. He said an audit from the AG opinion had a narrow focus.

Dave Schulz felt they needed to start somewhere. He and Shelly Burke met with the auditor. Then they agreed to proceed with the AG instead of moving forward with an audit.

Shelly Burke reported the audit review from Denning and Downing was performed with information obtained from the OPI website. This was not an actual audit and there wasn't a way to know if the information was coded correctly.

The commissioners felt a forensic audit of all funds would answer many questions and the district should pay for the audit. Jim Hart said it shouldn't matter what funds get audited the district needed to be as open as it could. He said an audit could help determine where to proceed. He understood cost was a factor, but it was taxpayer money either direction.

Jim McNally explained what the commissioners were requesting was beyond the scope of the AG opinion. When the audit comes back fine, then what? Where does it end?

The board members told the commissioners to do an audit, but they would have to pay for it. They didn't want to take money away from educating the students.

Elizabeth Kaleva explained the AG opinion did not address the scope of an audit. This was one reason to write a letter to the AG to clarify the opinion. The commissioners want more than a school audit covers. The commissioners' request and the AG opinion are completely different and will have different costs.

Discussion continued about why the commissioners did not involve the school prior to this point. They also discussed the commissioners approving the district's budgets for the past

several years. Dan Happel didn't recall doing that. Dave Schulz said they approve budgets based on millage and this information is provided by Judi Osborn's office.

Jim McNally said he understood the commissioners' auditor, Denning and Downey recommended to them to keep their mills level over the years as the mill value increased. This is the same thing the school district did. The district and the county have reduced mills over the last couple of years.

Discussion continued about the scope of the audit and who would pay. The commissioners wanted a forensic audit with the district paying. Most of the school board was in favor of an audit within the scope of the AG opinion and the county paying.

Ginger Martello explained she talked to four auditors. A couple of them could not take on a forensic audit. All the auditors said they could not give a cost for a forensic audit, because there are different levels of forensic audits. They would need a few more details.

Dave Schulz opened the floor for public comment.

Public Comment

Bob Nevin said the first step was to deal with the transportation fund. He did not believe more money needed to be spent. He also resented the commissioners laying this on Big Sky. There wasn't anyone even here from Big Sky. Everyone beared the burden.

Dave Kelley felt the goal was to get to the truth. There have been false claims and contracts. The reason for a comprehensive audit was you can't look at one pocket and leave the others.

John Sullivan said he has kept quiet for two years. The students and staff are over it. It is hard to move forward. This is about local control and is an Ennis problem, not a county one. A vote of yes is a vote against Ennis and the school.

Kelly Robinson said she has looked at the warrants and they are way beyond questionable. She also asked people not to throw out figures for the cost of an audit. That is how rumors get started.

Chad Coffman explained he has met with an accountant and a forensic audit involving three people would cost approximately \$30,000 per year.

Eli Thompson said the school should bear the cost of the audit. Maybe go back further.

Bill Clark felt the biggest share want to see an audit performed. Clean it up, learn from our

mistakes and move forward.

Melinda Merrill said we have lost sight of the kids. There wasn't one person on the board that would do something illegal. She told the county to go back even further, but they should pay, they are the ones requesting the audit. Let the school educate the students.

Mike Richmann said at the last board meeting there was talk about moving \$500,000 from the adult education fund to the flex fund. There was no plan to spend the money and it didn't have any earmarks. Move it now when there is a plan for it.

Craig George explained the money can't be moved without a vote of the people. The school board should go to the community and offer a plan for the remedy working with all agencies.

Allen Daems said they figured out how to build without a vote of approval. Now it falls on the commissioners to give back the right to vote.

Marge Kent asked what is the audit going to prove? Where is it going to go? You want to penalize people raising money for the last seven years. There were 10-12 different board members since 2004 and another clerk. Are you going to penalize everyone?

Bundy Bailey said the County Treasurer was an elected official. It is her responsibility to bring attention to issues she thinks are questionable. She is elected to do a job and she stands behind her.

Chris McConnell said we need to get back to the issue. Do we proceed with a letter to the AG? Audit? If so, what funds?

Elizabeth Kaleva explained the scope for an audit would need to be set so a cost can be obtained. This has to be done before anyone can commit to anything.

The commissioners decided the first thing to address was whether or not to write a letter to the AG for clarification.

Dan Happel made a motion to request additional clarification from the AG on how to proceed with their audit. Motion failed as there wasn't any second. Dan Happel made a motion to refuse to approach the AG office for clarification. Jim Hart seconded the motion. All were in favor. The motion passed.

The school board discussed proceeding with the letter to the AG. Elizabeth Kaleva explained the Attorney General wouldn't tell you who should pay for an audit. They already addressed this as an issue of local control.

Trustee McNally made a motion to write a letter to the AG for clarification. Trustee McKittrick seconded the motion. Trustee McNally was in favor. Trustee McKittrick, Trustee Frye, Trustee Croy and Chairman Glines were opposed. The motion failed.

Chris McConnell said the commissioners needed to define the parameters of the audit, including how many years, what funds and who should pay. He felt the commissioner's first letter to the school district was detailed and included everything needed.

Elizabeth Kaleva explained the commissioners could vote, but that did not bind the school district to their decision.

Dave Schulz explained they were asking for more than the AG opinion because they felt more clarity would put an end to this once and for all.

Discussion continued about the scope of an audit. The commissioners felt their letter defined the scope. The district had gotten off track and a limited scope would not answer enough questions. They also felt the school district should be responsible for the cost.

Most of the school district trustees felt an audit needed to stay within the guidelines of the AG opinion. They felt if the county wanted the audit they should pay the cost. The district did not want to affect educating the students. They informed the commissioners that Ginger Martello had completed the accounting of construction costs for their review. This was the original agreement between both parties.

The commissioners asked if the school would agree to participate with the cost of the audit and what part would the school board live with? Chairman Glines said the cost would need to be determined before a decision could be made. Everyone agreed to pursue the cost of audits before proceeding any further. The school board felt the commissioners needed to acquire the bids and keep the school district out of the process except to provide language for one of the audit proposals.

Elizabeth Kaleva told the commissioners the school district would be interested in the audit of construction as stated in the AG opinion. She reminded the school board the commissioners admitted they wanted a broader audit and Ginger had already completed the accounting of the construction.

Dan Happel made a motion to conduct an audit based on the language in the County Commissioners' letter with a full audit and the cost to be determined. Elizabeth Kaleva explained if they proceed with this motion they would be paying for the audit. No one seconded the motion. After further discussion, Jim Hart moved to request the commissioners to acquire four auditors to bid audits based on the AG opinion and another audit based on the commissioners' letter dated February 27, 2012 with the Deputy County Attorney, Chris McConnell, and the School District's Attorney, Elizabeth Kaleva, agreeing

on the language for a total of eight bids. Dan Happel seconded the motion. All were in favor and the motion passed.

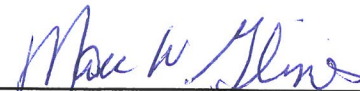
Trustee Croy made a motion to authorize School District Attorney, Elizabeth Kaleva, to work with the Deputy County Attorney, Chris McConnell, to define the scope of an audit based on the Attorney General's opinion. Trustee Frye seconded motion. All present were in approval.

Discussion was held about the importance of a time line.

As there was no other business for the attention of the board, the meeting was adjourned at 7:52 p.m.

Attest


Ginger R. Martello, District Clerk


Marc W. Glines, Chairperson

5-14-12
Date Approved

Ennis School Board Meeting

Visitor Sign In

Date: 4-11-12

1. Brandy Hultin
2. Bill Clark
3. Cheine
4. allen Doens
5. Mike Ballin
6. Dawn Kell
7. Mark GUNES
8. Craig COOPER
9. MIKE WHITE
10. Kelly Robinson
11. J. P. J.
12. John L. Merrill
13. Pat HAMILTON
14. Maclene R. J. J.
15. Maclene R. J. J.

Ennis School Board Meeting

Visitor Sign In

Date: 4-11-12

1. Elizabeth
2. MIKE RICHMAN
3. Melvin McKittrick
4. Karen McKittrick
5. Margaret Kent
6. John J. Sullivan
7. Cindy McKittrick
8. Chad Goff
9. Larry Rogers
10. Bob McKittrick
11. Lois Welch
12. Kileen White
13. Lyn Cress
14. Shirley Jones
15. Mahe Kone

Ennis School Board Meeting

Visitor Sign In

Date: 4-15-12

1. Daily Lee
2. John Lee
3. Stephanie Krueger
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. _____