

**ENNIS PUBLIC SCHOOLS**  
**\*\*\*\*\*WEDNESDAY, MARCH 21, 2012\*\*\*\*\***

**SPECIAL BOARD MEETING**  
**FINAL AGENDA**  
**5:00 P.M. - ROOM #3**

**PLEDGE**

- I. VISITORS AND PATRONS**
- II. PUBLIC COMMENT**
- III. NEW BUSINESS**
  - A. Approve Adult Education Classes/Instructors for Spring Session
  - B Discuss Commissioner's Letter Regarding Audit

**SCHOOL DISTRICT 52  
ENNIS, MADISON COUNTY, MONTANA  
WEDNESDAY, MARCH 21, 2012**

***SPECIAL BOARD MEETING - 5:00 P.M.***

Marc Glines	Chairperson
Jim McNally	Vice-Chair
Gary Croy	Trustee
Mike McKittrick	Trustee
Lisa Frye	Trustee
Douglas Walsh	Superintendent
Ginger Martello	District Clerk
Elizabeth Kaleva	Ennis District Legal Counsel
Jim Hart	Madison County Commissioner
Dave Schultz	Madison County Commissioner

Chairman Glines called the meeting to order. The pledge to the flag was recited.

**VISITORS**

Per Attached

**Public Comment**

None

***NEW BUSINESS***

**Approve Adult Education Classes/Instructors for Spring Session**

Doranne Pittz, Adult Education Director, presented a list of classes and instructors for approval for the spring session. Registration will be held April 4<sup>th</sup> with classes beginning April 16<sup>th</sup> through May 25<sup>th</sup>. The classes are as follows: Open Gym/Weight Lifting-Jack Mueller; Basic Training-Robin Blazer; Boot Camp-Robin Blazer; Trip Around the World Quilt-Kathy Olkowski; Intermediate Pilates-Teasha Hutcheson; Zumba-Shauna Laszlo; Line Dancing-Lynn Aniksdale; HAM/Amateur Radio-Ward Thompson; Basketry-Margie Reck; Open Sew-Martha Northway; Beginning Pilates-Teasha Hutcheson; Microsoft Office/Computer Basics-Brad Mehr; Outdoor Photography/Photoshop-Shanna Mae

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Swanson; Astronomy-George Beimel; Beginning Guitar-Ethan Klein; Free Motion Quilting-Diane Phillips; Ennis Gardening Secrets-Kaye Suzuki, Natasha Hegmann, Janet Dochnahl, Cindy Owings, Brian Rosenberg, Sunni Knapton, and Jennifer Morrisson; Intermediate Yoga-Renee Lemon; Buggy Barn Quilts-Kathy Olkowski, and Woodworking-Chris McCown and Charles Zitting. Trustee Croy made a motion to approve the adult education classes and instructors as presented. Trustee McNally seconded the motion. Chairman Glines, Trustee Croy, Trustee McNally, Trustee McKitrick were in favor. Trustee Frye was opposed.

### **Discuss Commissioner's Letter Regarding Audit**

Elizabeth Kaleva, School District Legal Counsel, explained according to the AG opinion the school board and/or the county may demand an accounting of funding sources in accordance with 20-9-9-203. This law states the district needs to perform an audit every two years. The district has an audit every year. The county is asking for a forensic audit going back seven years. The board has a few options. First, give an accounting of costs, agree to a seven-year forensic audit and pay for it or have the county pay or write to the Attorney General and clarify intent and the remedy.

Trustee Croy said according to the letter the commissioners sent, our audit is woefully insufficient to the AG opinion. He asked if our audit not done the same as other schools?

Ms. Kaleva explained our audits meet state requirements. Audits require a sampling of expenditures. A forensic audit reviews every single expenditure and is extremely expensive. This would probably be double the cost of a regular audit.

Dave Schultz said a letter to communicate with the AG and clarify what he wants could be beneficial he wouldn't want to go against that. The issues were raised by some community members and staff. In order to get answers to some of the funding questions, a fairly in depth audit, possibly forensic may need to be conducted.

Jim Hart explained they were here to get on the same path. Some people feel things are sufficient, but others don't feel that way. What direction do we want to go? Can we get a relatively quick response to a letter?

The trustees discussed proceeding with the audit or waiting for a clarification from the AG. They felt we should find out what a forensic audit would cost and parameters need to be set for the number of years and what funds to include.

Ms. Kaleva said she could draft a letter by the end of the week. She said we are not disputing that based on the AG opinion funding to construct the school was inappropriate. The question remains, what is the remedy? An accounting of each fund showing what went out and what came in can be produced fairly easily.

Trustee Croy said he is pro-audit, but he does not want to spend money on another audit or more attorney fees and not on the kids.

Trustee McNally asked what are the commissioners trying to achieve? They performed an audit done on our audits which freed up \$550,000. Then they went to OPI and OPI said it was fine. You didn't like that and went to the Department of Administration and didn't get anything. Then finally to the AG. Where does it end? If the audit comes back and you don't like those results, will this go on forever? Do we tax them again and put the money back? Why do you want to look at so many funds when the AG is only addressing a few?

Jim Hart said he didn't know. He hoped an audit would help people understand the decisions made were done to the best of their ability. He doesn't have an answer.

Dave Schultz said from the interest today, folks want this to go away as quickly as it can. There are a number of schools interested in the outcome. The district didn't have good information. How were things done? Not whether they were done right. Others want greater explanations. He believed the AG opinion addressed all these funds on some level. An auditor may determine if it is necessary to review all these funds.

Superintendent Walsh said the others don't care. You have dinner with them. The accounting shows transparency. Where did the seven years come from? Shelley, right or wrong?

Ms. Kaleva explained an audit won't tell you that, you need to go back to the board. The AG says you may have to reimburse the funds, but Quinlin says that can't be done for years that have already been closed. This needs to be put in writing, including from OPI. A lot of this has already been litigated and thrown out which means it can't be litigated again. At the time the board felt they were doing things right. This also involves several boards.

Trustee McNally asked where the information came from that went to the AG? It didn't come from the district.

Chris McConnell, Deputy County Attorney, said he had visited the district and looked at the facility plans. The rest of the documents were public and some came from the Treasurer.

Trustee McNally said there must be transparency then.

Trustee Croy said things are problematic when the district hears about issues on the news. The first step should be contacting the district.

Ms. Kaleva informed the board a lot of the information at the AG's office was not from the

Ms. Kaleva informed the board a lot of the information at the AG's office was not from the school. Some information came from the county, through public records and a lot of stuff came from others in the community. The AG opinion was originally in our favor and even they didn't know what to do.

Jim Hart said he gets the point. Maybe we should do an accounting first and disseminate from that.

Trustee Frye asked if a state agency can make the district pay the money back? Can we be sued again?

Ms. Kaleva said no state agency can do that. The district may have to reimburse back the funds with available cash. She didn't believe the district could be sued again because the first complaint was very thorough and had been thrown out.

Trustee Croy clarified if we put the money back, we would have even more than we have now and we already have enough.

Cindy McKittrick asked if this decision was from this point forward.

Ms. Kaleva explained the AG didn't address whether or not it was retroactive.

Mel McKittrick asked the commissioners if they have the authority to put this issue to rest.

Dave Schultz said they could choose to have it done. He feels staff and members of the public would not be happy.

Shera Konen asked them what is the remedy? What will put this to an end for them, a hanging?

Dave Schultz agreed it may never end, but with the AG opinion they had an obligation to ask further questions.

Superintendent Walsh said an accounting was different from an audit. A solution is what we are looking for. We thought it was done right and now it's not. Paying folks back is not what happens.

Trustee Frye said Senate Bill 329 allows for a vote, could this be retroactive? She was looking for a solution.

Ms. Kaleva was not sure a vote could be retroactive. We don't want to be attacked by someone else.

The board and commissioners agreed the best step would be to start with an accounting of the district and write a letter to the AG asking for clarification. The letter should be submitted jointly by the county commissioners and the district.

Chris McConnell didn't feel the letter would help. He said he, as well as, the district and MTSBA addressed these issues and the AG did not respond.

Discussion took place about what funds to address if the district provided an accounting of the project and how many years to provide.

Marge Kent stated a seven-year audit could cost \$200,000. This would come out of the general fund. Will you cut programs or staff to pay for this?

Libby Doggett asked why commissioners didn't believe what OPI sent to them.

Jim Hart said he did believe the OPI opinion and he stated that at a meeting.

Ms. Kaleva stated that Superintendent Walsh had verbal communications with Denise Ulberg from OPI.

Superintendent Walsh said he had some communications in writing.

Chris McConnell clarified they asked OPI to request an audit of the district.

Shelly Burke, County Treasurer, said she has documentation prior to 2010. She also said in order for an auditor to do his job, they should come to the courthouse and look at the checks. This district started raising their mills in 2004 that is why an audit should be done for seven years. When the district started transferring an abundance of money she had her auditor review the requests. She was told this was fraud and she should report it to the hotline. She was an elected official and it was her duty.

Superintendent Walsh clarified the district never raised their mills. They stayed consistent, but the mill value increased. He also asked if Denning and Downing reviewed our audits from 2004–2010 at the request of the county? He believed the county paid for this and didn't find anything.

The Trustees asked Ms. Burke if she reported the district to the fraud hotline and why if she had concerns, didn't she come to the district?

Ms. Burke informed the board she had not reported the district. She also said why would she come to the district. They didn't want the taxpayers to know.

The board and commissioners felt it was best to jointly request clarification from the

a properly noticed meeting. In the meantime, the district will start putting together an accounting of the funds used in construction beginning in 2007-2008. This will take around two weeks to put together. A committee of the board will attend the commissioner's meeting for formal approval. Trustee Frye and Trustee Croy volunteered. Trustee Croy made a motion to draft a letter to the Attorney General's office for clarification and start to put together an accounting of the construction funds. Trustee McKittrick seconded the motion. All present were in favor.

As there was no other business for the attention of the board, the meeting was adjourned at 6:15 p.m.

Attest

  
Ginger R. Martello, District Clerk

  
Marc W. Glines, Chairperson

4-18-12  
Date Approved

# Ennis School Board Meeting

## Visitor Sign In

Date: March 21, 2012

1. Greg Lemen
2. Mike Kone
3. Jessie Dixie
4. Tommy Smith
5. Kim Gray
6. Mike Boller
7. Debbie Jacobs
8. Bob Martello
9. Carol Corcoran
10. Chad Coffin
11. Dave Schub
12. Maria Lyke
13. Susanne George
14. Karen McKittrick
15. Shelly Burke



# Ennis School Board Meeting

## Visitor Sign In

Date: 3/21/2012

1. Sally Doggett
2. Cindy McKittrick
3. Josh Kussowich
4. M. R. McKittrick
5. Colleen R. McKittrick
6. Sally Doggett
7. Shirley Jones
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