

**CASCADE COUNTY COMMISSION MEETING
FEBRUARY 9, 2010
COMMISSION CHAMBERS
COURTHOUSE ANNEX, ROOM 111
9:30 a.m.**

Notice: These minutes are paraphrased and reflect the proceedings of the Board of Commissioners. MCA 7-4-2611 (2) (b)

PRESENT:

Commission- Chairman Joe Briggs, Commissioners Peggy Beltrone, and Bill Salina. **Staff seated with Commission** – Brian Hopkins, Brian Clifton, Bonnie Fogerty and Marie Sickels.

Public:

Many members of the public, media and other departments did not sign in. The list below reflects the entries on the sign in sheet (see attached sheet of sign ins). C.B. Corneliusen, Roy Stock, Jim Hoxter, Chris Croff, Kyle Roberts, Milo Halvorson, Susan Conell, Karen Stock, Loran Stensland, Kelby Donnelly, Mark K Hilyard, Kevin Eckheds, Steve Erwin, Karl Puckett, and media.

CALL TO ORDER: Chairman Briggs called the meeting to order.

PLEDGE OF ALLEGIANCE: The pledge of allegiance was recited.

READING OF THE WEEKLY CALENDAR: Bonnie Fogerty read the calendar, with some additions and corrections.

APPROVAL OF PURCHASE ORDERS AND ACCOUNTS PAYABLE

WARRANTS: Commissioner Salina made a **MOTION** to approve purchase orders and accounts payable warrants # 187838 through #188211 totaling \$978,042.48 dated 01/22/2010 through 1/29/2010.

Motion carries 2-0

PROCLAMATION: Boy Scouts of America 100th Anniversary was read by Kyle Roberts (see exhibit "A").

CONSENT AGENDA:

Commissioner Salina made a **MOTION** to approve the consent agenda and minute and minute entries, and routine contracts as follows;

- Contract 10-14 Travis Cushman, contractor agrees to represent the State of Montana through the Cascade County Attorney's Office.
- Contract 10-18 Cascade County to cancel all non-redeemed warrants that that are one year or older.
- Contract 10-19 Agreement between Cascade County and NAVEQ to purchase Cascade County GIS information.

City/County Health Department

- Contract 10-13 Dental Health expansion contract with CTA Architects Engineers amount payable not to exceed \$20,797.81

Motion carries 2-0

AGENDA ITEM #1

PRESENTATION OF AUDITOR REPORT FISCAL YEAR ENDING JUNE 2009 BY JUNKERMIER, CLARK, CAMPANELLA, AND STEVENS PC

The Commission was presented with the Audit report by Kelby Donnelly and Loran Stensland. Audit findings were compiled in written form and reviewed with the Commission (see exhibit "B").

There was no comment on the audit from the Commission, Staff or Public.

AGENDA ITEM #2

MOTION TO APPROVE/DISAPPROVE CONTRACT 10-15 FOR NEW BURN PERMIT SYSTEM WITH MONTANA INTERACTIVE LLC A SELF FUNDED ELECTRONIC GOVERNMENT SERVICES TERM CONTRACT

Undersheriff Blue Corneliusen presented this contract which would allow the public to purchase burn permits electronically.

Commissioner Salina made a **MOTION** to approve Contract 10-15 for new burn permit system with Montana Interactive LLC a self funded electronic government services contract.

Motion carries 2-0

AGENDA ITEM #3

MOTION TO APPROVE/DISAPPROVE CONTRACT 10-16 CORRECTIONAL RISK SERVICES INC (CRS) WILL PROVIDE THE MONTANA ASSOCIATION OF COUNTIES (MACO) AND CASCADE COUNTY CLAIMS ADMINISTRATION MANAGEMENT. CRS RETAINS A PERCENTAGE OF WHAT THEY SAVE ON BILLING. IF NO SAVINGS THERE WOULD BE NO COSTS TO THE COUNTY.

Undersheriff Blue Corneliusen presented this contract 10-16 stating that if they find no savings - then it would not be a cost to the County. This program will evaluate health care for inmates. Commissioner Salina question if this was on site audit, and was informed by the Undersheriff that this is a electronic audit. Chairman Briggs asked if this program was for State and County inmates, in which he was informed that it was for County inmates only.

Commissioner Salina made a **MOTION** to approve Contract 10-16 Correctional Risk Services Inc. to provide the MACO and Cascade County claims administration management.

Motion carries 2-0

AGENDA ITEM #4

MOTION TO APPROVE/DISAPPROVE CONTRACT 10-17 FIRE PLAN FOR TITLE III MONIES 2010. PROPOSAL FOR EXPENDITURES OF TITLE III FUNDS FOR THE MONARCH AND DEARBORN VOLUNTEER FIRE DEPARTMENTS

Roy Stock approached the Commission to state this would allow them to develop a wildland database for them to utilize in their fire departments service area. He said this would include one on one contact with the public and specific addressing. Commissioner Salina asked if their goal was to collect data and educate the public, he agreed and also mentioned that they will also make recommendations and link the public to other agencies available.

Commissioner Salina made a **MOTION** to approve Contract 10-17 Fire Plan for Title III Monies 2010. Proposal for expenditures of Title III funds for the Monarch and Dearborn Volunteer Fire Departments.

Motion carries 2-0

AGENDA ITEM #5

PUBLIC PARTICIPATION IN DECISIONS OF BOARD AND ALLOWANCE OF PUBLIC COMMENT ON MATTERS THE COMMISSION HAS JURISDICTION, ON ITEMS NOT COVERED BY TODAY'S AGENDA.

Milo Halvorson approached the Commission to complain about the Option Tax, and CI-25. He also asked the Commission what they thought about the State Budget being 11 million dollars in the hole. He then requested that Karl Puckett put some articles in the paper about these issues to inform the public of the taxes they are paying. Karl Puckett responded by stating, we will see.

ADJOURNMENT:

The meeting was adjourned at 10:00 a.m.

NEXT MEETING DATE:

All meetings are held in the Commission Chambers at the Courthouse Annex. The next meeting will be a work session meeting that will be held on Wednesday January 17, 2009 at 2:00 p.m.

PROCLAMATION

100th Anniversary

In Honor of Scouting's Contributions to Society

WHEREAS, the Boy Scouts of America was established in 1910 to teach patriotism, courage, self-reliance and kindred values; and

WHEREAS, the Boy Scouts of America today is the largest youth service organization in America, with nearly 3 million members learning responsible citizenship, character development, and self-reliance through participation in a wide range of outdoor activities, educational programs and career-oriented programs in partnership with community organizations; and

WHEREAS, the Boy Scouts of America will celebrate its 100th Anniversary in 2010; and

WHEREAS, a core value of the Boy Scouts of America is service to others; and

THEREFORE, we the members of the Cascade County Commission, and on behalf of the citizens of Cascade County Montana, do hereby recognize the impact of this great organization and the importance of its 100 years of service to the citizens of this community and communities across America, by proclaiming February 12th as

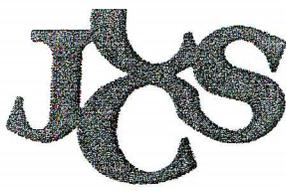
"Boy Scouts of America 100 Years of Scouting Day"

BOARD OF COUNTY COMMISSIONERS
OF CASCADE COUNTY

Joe Briggs, Chairman

Peggy S. Beltrone, Commissioner

Bill Salina, Commissioner



January 28, 2010

To the Board of County Commissioners
Cascade County, Montana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cascade County, Montana for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2007, and orally throughout our current year fieldwork. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cascade County, Montana are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Cascade County, Montana during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimates of the lives of depreciable assets. We evaluated the key factors and assumptions used to develop the estimated lives of depreciable assets in determining that they are reasonable in relation to the financial statements as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Recommendation

We recommend the County not enter into contracts for large purchases or construction contracts without first properly identifying the need to call for bids.

Cascade County, Montana's response

The County will require estimates for all projects. Competitive, advertised bidding will be conducted for all contracts contemplated by Montana Code Annotated 7-5-2301. Any jobs that require the services of an architect or engineer will be publicly announced if the engineering services are expected to cost over \$20,000, and the County will then select the best qualified entity to provide these services.

Expenditures limited to appropriations

We noted in the current year audit that expenditures were in excess of total appropriations in the amount of \$32 for the State Fair fund. Montana Code Annotated 7-6-4005 states expenditures are limited to appropriations and "Local government officials may not make disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund."

Recommendation

We recommend the County not make disbursements, expenditures, or obligations in excess of approved appropriations.

Cascade County, Montana's response

The County is in the process of upgrading its accounting software which offers stronger controls on expenditures. In addition, the County is in the process of creating new procedures which will reduce the need for any Department or Office to have budget override authority.

Prior Year Comments and Current Status

Cash

We noted in the prior year that the ExpoPark's operating account bank reconciliation did not match the amount in QuickBooks. There appeared to be a deletion made after the reconciliation making the two no longer match. We recommended that no item be deleted from QuickBooks that would affect a bank reconciliation, but rather a journal entry be posted in order to correct any errors discovered after the completion of a bank reconciliation.

Current status

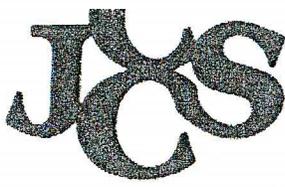
The bank reconciliation tied to the County's books without exception.

Grant awards

We noted that the Financial Status report for the Consolidated Health Centers program award received by the Cascade City-County Health Department was not completed within the 90 days required by the award. In addition, only 3 of 4 quarterly Federal Cash Transaction Reports were submitted during the year, which also does not meet the award requirement. We recommended these reports be completed and submitted as required under the award in order to prevent the Government Agency from denying any requests for reimbursement or require the County to return funds to the agency.

Current status

We did not note any reports not submitted timely. In addition, the County has implemented a policy to assist them in tracking the timing of when reports are to be submitted.



**Junkermier • Clark
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**To the Honorable Board of County Commissioners
Cascade County, Montana**

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cascade County, Montana as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Cascade County, Montana's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cascade County, Montana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cascade County, Montana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe the following deficiencies constitute material weaknesses:

Questioned costs:

We noted in the current year audit expenditures for building improvements were paid for with federal funds. A majority of the expenditures for these improvements were prohibited under the federal award. The expenditures considered questioned costs totaled \$129,480. We recommend the County, who is ultimately responsible for administering Federal funds, more closely monitor the expenditures of federal awards, specifically the cost principle and award-specific compliance requirements.

We noted in the current year audit transactions made with a related party appearing to not meet the requirements of being at arm's length. The expenditures for these transactions paid for with federal funds, and giving rise to questioned costs, were in the amount of \$90,658. We recommend the County review the transactions and supporting documents and determine whether or not they meet the arm's length requirements. We further recommend the County review and update their personnel policies with regard to related party and arm's length transactions, communicating the policy to all County staff to prevent transactions not at arm's length from being made without the proper approval.

Expenditures limited to appropriations:

We noted in the current year audit expenditures were in excess of total appropriations in the amount of \$278,212 for the Public Safety fund. Montana Code Annotated 7-6-4005 states expenditures are limited to appropriations and "Local government officials may not make a disbursement or an expenditure or incur an obligation in excess of the total appropriations for a fund." We recommend the County not make disbursements, expenditures, or obligations in excess of approved appropriations.

This communication is intended solely for the use of the Commissioners of Cascade County, Montana and management of Cascade County, Montana and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

Junkermier, Clark, Campanella, Stevens, P.C.
Great Falls, Montana
January 28, 2010