

JOURNAL OF COMMISSION WORK SESSION
December 21, 2010

City Commission Work Session

Mayor Winters presiding

CALL TO ORDER: 5:45 p.m.

ROLL CALL: City Commissioners present: Michael J. Winters, Robert Jones, Bill Bronson, Mary Jolley, and Fred Burow. Also present were the City Manager, Directors of Fiscal, Library, Planning and Community Development, Park and Recreation, and Public Works, the Executive Director of the Housing Authority, Police Chief, Fire Chief, and the Administrative Secretary.

1. COMPREHENSIVE ANNUAL FINANCIAL REPORT OVERVIEW

City Manager Greg Doyon reported that, instead of the auditors only providing an overview at the general meeting, they are also outlining some of the key areas of the audit and providing opportunity for questions during this work session.

Loran Stensland, CPA, shareholder in charge, representing Junkermier, Clark, Campanella, Stevens P.C. (JCCS), explained JCCS met with the audit committee in August in advance of commencing audit work, and again last week. He noted there is a three-way contract with the City, JCCS, and the State; therefore, the State issues compliance requirements. The current year is the first year of a three year contract. He explained that JCCS must be established each year as independent of the City and that no relationships had transpired from prior years that would impair that independence.

Mr. Stensland provided an overview of the Comprehensive Annual Financial Report (CAFR), and noted the pages wherein JCCS was responsible. The Introductory Section, however, includes a transmittal letter from the City Fiscal Services Director; a Certificate of Achievement for the Fiscal Year Ended June 30, 2008 for Excellence in Financial Reporting; an organizational chart; and a list of elected and appointed officials.

The Financial Section begins with the Independent Auditors' Report. The first paragraph is a reminder that the financial statements are those of the City; JCCS provides an opinion of the financial statements whether they are fairly presented and materially correct. The second paragraph provides the auditing and accounting standards and principles applied during the audit. In the third paragraph, JCCS provides an unqualified or clean audit opinion that the financial statements are fairly presented and materially accurate. The remaining three paragraphs refer to the other sections of the CAFR wherein the City is responsible.

Mr. Stensland reported that the Financial Section also includes Management's Discussion and Analysis, compiled by City staff, that includes two-year comparative information and insight from staff. Also included are close to 150 pages that comprise financial statements and related footnotes.

The Statistical Section, also compiled by City staff, provides trend information and demographics. The Single Audit Section provides audit results, including two auditor's reports relating to the Federal Single Audit. The Federal Single Audit is required once an entity spends in excess of \$500,000 of federal money. Mr. Stensland noted that details of federal expenditures are included, and the City expended approximately \$8.1 million federal dollars during the past year. Also included is a Summary of Auditor's Results with a synopsis of the auditor's unqualified opinion, and no findings related to the Federal Single Audit report. He noted that because of the American Recovery and Reinvestment Act, the City expended \$8.1 million federal dollars; a more average year would be approximately \$3-\$4 million. He added that the City qualified as a low-risk auditee because of clean federal audits for two prior years. An auditor must cover 25% of federal expenditures for a low-risk auditee, and 50% for a high-risk auditee.

Mr. Stensland reviewed the letter to the Audit Committee, which is a required communication. The letter includes qualitative aspects of accounting practices. No new accounting policies were enacted. He noted estimates are used in preparing financial statements. The most significant estimates include depreciation recorded on fixed assets (infrastructure, buildings, etc.). The estimate for deferred energy imbalance expenses in the Electric enterprise fund was made in the prior year. At the end of the current fiscal year, management determined that estimate should be lowered and the prepaid asset written off in the amount of \$657,234.

Mr. Stensland noted the Electric enterprise fund disclosure because of the significance to financial statement users. He noted there were no difficulties in performing audit procedures, and no disagreements with management. A management representation letter was obtained verifying management has given JCCS everything needed to complete the audit of the City of Great Falls financial statements. Also, JCCS stated that, to their knowledge, management did not consult with other accountants about auditing and accounting matters.

Mr. Stensland discussed current year comments. As of June 30, 2010, the City was not in compliance with the covenant provisions of the West Bank Urban Renewal Tax Increment bonds. However, at that time, a full cycle hadn't been completed to meet those requirements. He also noted the City is not in compliance with Ordinance 2925 regarding Electric City Power (ECP) in the current year. Mr. Stensland also reported that, though the City did not meet the rate covenant provision for the Golf Course revenue bonds from FY 2001 through FY 2009, the rate covenant was met June 30, 2010.

Commissioner Bronson expressed appreciation to Mr. Stensland for the good job. Commissioner Burow asked for clarification on an unqualified opinion. Mr. Stensland explained that an unqualified opinion is a clean audit opinion. A qualified opinion would note something in the financial statements that was not in accordance with accounting principles. An adverse opinion would note that materials in the financial statements were not stated correctly. A scope disclaimer would be given if a portion of the financial transactions were not audited.

Mr. Doyon noted that a special emphasis audit is again being done on ECP, though not required, and should be completed later in January.

Assistant Director of Fiscal Services Melissa Kinzler reported that the general fund balance increased \$1,212,054 in FY 2010 and is at approximately 19.8% of total fund expenditures. Commissioner Jolley questioned if the approximate \$1.5 million transferred from the general fund to ECP is included in the general fund. Ms. Kinzler noted that amount is considered an asset in the general fund.

2. NO-COST WAYS OUR COMMUNITY CAN IMPROVE THE GREAT FALLS ANIMAL SHELTER BY USING A WELL-COORDINATED VOLUNTEER PROGRAM

Linda Metzger, 32 Windy Ridge Lane, displayed an enlarged City organizational chart wherein the Animal Shelter had been added under the Police Department. She discussed ways to save more lives at the Animal Shelter at no additional cost to the City. She read from pages 25 and 26 of a 2007 report from consultant Kim Stanton that stated the Great Falls Animal Shelter had a very limited volunteer program consisting primarily of a couple of people who occasionally walked dogs, and that having a viable active volunteer program could make a huge difference in terms of the level and types of service that could be provided both to the animals and community. The report also stated that volunteer programs, if done well, can make a huge positive difference. Recommendations in the report included writing a job description for a volunteer coordinator, and recruiting and hiring a volunteer coordinator; in rare cases, the coordinator could be a volunteer position. The report also noted that finding the right person for this position would be critical to the success or failure of the volunteer program. Finally, it was suggested to plan to use volunteers for many different positions and not limit them to just walking and grooming dogs.

Ms. Metzger noted the volunteer situation at the Animal Shelter hasn't changed much in three and a half years. She noted that Billings, Bozeman, Helena, Kalispell, and Missoula shelters all recruit volunteers for cat and dog socializing, exercising, off-site adoptions, fundraising, and fostering. Each facility has a volunteer coordinator.

Animal welfare volunteer and Mercy Flight therapist, Lisa Hudecek, 300 50th Street South, reported attending a No Kill conference in Washington, D.C. in August. Speakers and attendees from around the world came together to work toward a solution to stop the killing of adoptable animals in shelters. She noted the No Kill equation is a list of mandatory programs and services that can save lives; some will take time and money to implement, but others can be put into place at no cost and can even be a money saving venture.

Ms. Hudecek explained that utilizing local rescue groups frees up cage space and reduces expenses for animal care. Most of the animals the local Pet Paw-see takes in are placed in foster homes, so they become used to a home environment and transition much easier to a forever home. They also help people solve behavioral issues with animals. Currently the Shelter is reluctant to allow the Pet Paw-see to take animals to Petco where they hold adopt-a-thons. They are also reluctant to adopt out to the Pet Paw-see; if they do, the current fees are in place. Other regional shelters waive adoption fees when the animals are taken by a rescue group. What the Shelter will lose in adoption fees is made up in saved expenses and the cost of euthanasia.

Ms. Hudecek reported that foster care is a low-cost, often no-cost way to increase the Shelter's

capacity. Most foster homes willingly take on the expense of the animal. People who live outside the City limits, as well as personnel stationed at Malmstrom, are great resources for foster homes. Though people in the military are often reluctant to get an animal because of their transient lifestyle, fostering allows both the animal and the human to benefit. Fostering is also imperative for neonatal kittens and puppies that are at serious risk for diseases in the shelter environment; it can also help rehabilitate animals with behavioral problems and increase their chances for saving their lives.

Ms. Hudeck noted that volunteers are the backbone of a successful no-kill movement. There will never be enough staff or money to hire the staff, and there will always be more needs than the paid staff can attend handle. Volunteers can socialize the animal and expose them to different personalities; better socialization means a better chance of finding a home and less killing at the Shelter. Volunteers can also help with fundraising.

Ms. Hudeck believes Great Falls has an abundance of willing volunteers that love animals and have skills that will help the Shelter. Spay of the Falls, which puts on no-cost spay/neuter clinics twice a year, is run almost entirely by volunteers. In the free-clinic community, Great Falls is known as one of the best places to hold a clinic because volunteers are consistently willing to give up their own time to help the animals. Ms. Hudeck made available copies of the No Kill Equation with related information.

Commissioner Jolley questioned if animals taken by the Pet Paw-see must sometimes be returned because it wasn't able to be socialized or was ill. Ms. Hudeck responded that the Pet Paw-see is a No-Kill rescue group; any animal that is taken is kept forever. Several volunteers within the Pet Paw-see keep animals that are not adoptable. They set up a separate area in their home when an animal isn't able to socialize. Other communities use the rescue groups when their shelters get full or they have an animal that they don't have the time to work with their behavioral issue.

Commissioner Jolley also inquired what happens when a foster home takes a pregnant cat; are homes sought for the kittens, or are they returned to the Shelter since kittens are more adoptable than older cats. Ms. Hudeck responded that people who foster for the Shelter would bring the kittens back to the Shelter when they are older. People who foster for the Pet Paw-see would take the mom and kittens to the adopt-a-thons at Petco after they have been fixed. Ms. Hudeck believes people would be more willing to foster for the Shelter because it isn't as great a commitment as with the Pet Paw-see.

Commissioner Burow asked if the City regulation limiting the number of cats and dogs is an issue when fostering. Ms. Hudeck responded that most who foster for the Pet Paw-see have multi-animal permits. She added that Malmstrom is a great resource for foster homes because many in the military don't want to make the commitment to keep an animal forever because they don't know if they will get orders overseas, but they can take in an animal and return it to the Shelter when there is room.

Tina Gauthier, 214 4th Ave. N.W., Cut Bank, introduced "Sonny", a purebred Karelian Bear Dog, a four-time reject of the Humane Society of Great Falls (currently the Animal Shelter). By

the age of 11 months, Sonny had been in and out of four different homes. He was deemed untrainable. The day before he was to be put down, Ms. Gauthier reported Sonny came to live with her and her husband. She added that her husband is the retired Chief of Police of Cut Bank and one of the first canine officers in Montana since 1973. Sonny visits hospitals and is a therapy dog and service dog.

Ms. Gauthier reported she is a transport coordinator; she is called by rescue groups or shelters across the country to move animals from one area to another. She contacts volunteers who transport animals at their own cost. Thousands of transport coordinators are located all over the country. She provided successful examples of transporting animals to adoptive families. She provided examples of a transport packet, forms relinquishing animal ownership, cat/dog personality forms, and lists of rescue organizations. Minimal costs include rabies shots and house certificates.

Mr. Doyon inquired if shelters in the state that have volunteer programs require waivers. Ms. Gauthier responded that a form must be signed stating there will be no financial fallback on the shelter or the city. Foster homes must have insurance, and they must assure the dog maintains good health.

Commissioner Burow questioned where Sonny was trained as a service animal. Ms. Gauthier responded she and her husband trained him; he also trained himself as he sensed her needs.

Ms. Metzger concluded that progressive animal shelters around Montana and the country have shed ideas from the last century. Instead, they have embraced the 21st Century model that welcomes the community to assist them in saving animals lives. If volunteers are welcomed, they will come; when they come, they will need a good volunteer coordinator. She believes that if the average salary (\$24,000) for a volunteer coordinator came out of one of the generous bequests the Animal Shelter has received, that would do more to fulfill the donors wishes to care for animals than any repair of brick and mortar.

Ms. Metzger reported that the leading cause of deaths in the U.S. of healthy dogs and cats is shelter killing. She noted that, according to the *Great Falls Tribune*, in 2009 the Great Falls Animal Shelter killed 355 out of the 409 kittens that had been impounded. She knows people who get up every two hours, night after night, to feed newborn kittens until they are weened and then find them homes. She questioned if that kind of volunteering isn't more cost effective than impounding, boarding, and ultimately euthanasia. She also questioned if that kind of volunteering isn't better for public relations, better for community support, and better for the nature of people.

Ms. Gauthier also mentioned the Pilots and Paws and Operation Roger volunteer organizations.

ADJOURN

There being no further discussion, Mayor Winters adjourned the work session of December 21, 2010, at 6:45 p.m.