FINANCE COMMITTEE TELECONFERENCE MEETING

Date: November 5, 2019

Time: 1:03 pm – 2:07 pm

Members Present: Aaron Andres, Yvonne Fleener, Glen Ashlock, Theresa Metzmaker

SILC Council Members: Patricia Sterling

Staff: Steve Locke, Tracy Brown

Members of the Public: Joe Harcz

Absent:

Recommended Full Council Discussion Topics:

AGENDA ITEMS

1. Meeting Called to Order.
2. Roll call was taken. Quorum was present.
3. Approval of Agenda

* Additional items added: Public Comment at the beginning of the meeting and Embezzlement Update.

***Motion by Theresa Metzmaker, 2nd by Glen Ashlock to approve the agenda as amended. Motion carried. (Roll call vote: Yes ~ Aaron Andres, Theresa Metzmaker, Glen Ashlock, Yvonne Fleener)***

1. Public Comment

* Public comment was received by 1 individual.

1. Review Year-end Financials

* The committee reviewed the budget vs. actual document ending 9/30/19. We are $64,380 under budget from what we had projected. That was due to the departure of two staff, and the associated expenditures that did not occur with their departures. Most the line items tracked right on according to the expenditures that we had. A few line items were overspent: Audit, Communications, Rent and Council Meetings. SPIL Support was under‑spent by almost $20,447.
* The committee reviewed the statement of financial position. Balance sheet is under other current assets, 1270-line item that says refund or credit due from vendor for $39,700.20. SILC's phone system was hacked over about a month and a half period as we were setting up our Bill.com autopay. Many international calls were made. AT&T’s Fraud Dept. was contacted, an investigation was done and a credit of $39,700.20 was applied to our AT&T account. Staff contacted AT&T and are awaiting a reimbursement check. The other is under Equity, unrestricted net assets of $66,232.00, that is income that SILC has that is unrestricted. Steve will be working with Brad, our accountant to fully understand what that amount represents.

1. MRS/BSBP Contract Update

* The SILC Budget has been accepted by MRS and BSBP. Both contracts have been signed by Steve and sent back for Department signatures.

1. Financial Audit Update

* SILC bid out financial auditing services and the Council approved a three-year contract.
* The audit is underway. We have provided all of the requested documentation to the auditor.
* On November 12th, staff, Brad, our accountant and Yvonne, our Treasurer will meet with that auditor to have a face to face conversation and go over any additional information they may need from us.
* The audit should be completed by the end of December and will be presented to the Council at a future meeting.

1. Embezzlement Update

* Referencing the email received from the County Assistant Prosecutor, John Dewayne, regarding the Prosecuting Attorney's Office's position on the embezzlement from SILC. Mr. Locke, and this is from the assistant prosecuting attorney, John Dewayne dated September 30th, 2019.

“Mr. Locke, this email is a follow‑up from the discussion today regarding the warrant request made to my office regarding embezzlement charges from Mr. Hartwick for embezzling approximately $10,000 from SILC. And has embezzlement charges and currently serving 10‑30 years in Chippewa Peninsula in the upper ‑‑ he is 71 years old and will not be eligible for parole until age 81 and may not be eligible due to his extensive criminal history. In my opinion, he is most likely going to die in prison. He has been ordered to pay approximately $1.5 million to the blue water center for independent living, the company he embezzled from in St. Claire. It would be my recommendation that my office not seek prosecution for the following reasons. Number one, we will not get any more prison time out of our case as any prison imposed would not exceed the 10‑30 years he is currently doing and would run concurrent to his time and not consecutive. Two, he will never pay back the money he owes SILC since he is unemployable at age 81 and will have to pay restitution back to the other company first. Three, the cost of transporting him back and forth to the upper peninsula for court dates would not be beneficial to the state. And four, it is possible that your loss would be covered by insurance. My goal in these types of cases is to try to get the victim's money back along with the appropriate punishment. Unfortunately, in most, if not all embezzlement cases, the defendant steals because they have no money or assets. This is the case with Mr. Hartwick, and I can guarantee that SILC will never see a penny embezzled even if you proceeded with charges. Again, he would not get any more prison time. Therefore, it is my recommendation that we do not pursue criminal charges. Please let me know your thoughts on the matter.”

* We hope to have a final report once the council discusses this at the November 22nd meeting.

1. Public Comment

* Public comment was received by 2 individuals.

Meeting adjourned.