

Tidewater EMS Council, Inc.
Audit and Finance Committee
Minutes - June 10, 2015

Present

Kent Weber, Chair

Wayne Shank

Marie Markham

Rusty Blow

Jim Chandler

1. Mr. Weber called the meeting to order at 10:05 am at the council office in Chesapeake. Everyone introduced themselves and Mr. Weber welcomed new committee members Marie Markham and Rusty Blow, and thanked continuing member Wayne Shank. He quickly reviewed the background for establishment of the committee in 2011 and the committee's main responsibilities. A motion passed to approve the committee minutes of October 8, 2014.
2. Review investment report – Members reviewed the 3/31/15 investment summary. Mr. Chandler called attention to the board-approved Reserve and Investment Policy and the corresponding policy and actual allocations shown on the investment summary. He noted that one CD had matured just prior to the end of the quarter, which was since reinvested in another CD, but at the time of the report the percent for the “Fixed Income Securities” was slightly below the policy allocation for that reason. Members reviewed the various investments and past performances. Members discussed the relative need for “safety” of the council's invested funds. There was consensus to maintain the allocations as-is at this time.
3. Review financial statements – Mr. Chandler reviewed the Statement of Financial Position (balance sheet) as of May 31, 2015. He called attention to the “board-designated” funds which are reserved for purposes related to the individual programs as noted. Members noted the value of unrestricted assets, less the board-designated assets, less the depreciated value of property and equipment as the “true” cash and investments available to the board for discretionary purposes (approximately \$232,707). There was brief discussion about future EMS system funding needs and the ability for the council to use its fund balances to assist where appropriate.
4. Consider accelerated mortgage principal payment – Members discussed the original (\$580k) and current mortgage (\$152k) for the council's office, the interest rate (5.25%), and the 7-year market rate adjustment anticipated in September 2018. It was noted the board previously authorized additional principal payments which have quickly reduced the principal and monthly interest. Compared with comparatively low returns on the council's cash investments, members discussed the advantages and disadvantages of further principal reductions, or even a total payoff, within the next year and agreed an early payoff would be advantageous. It was noted there is no prepayment penalty. Mr. Chandler indicated he would prefer a strategy of splitting the final balance into two approximately \$75k payments, one near the beginning of FY16 and then for the committee to reassess and possibly recommend the final payoff later in the fiscal year. A motion passed to recommend this prepayment strategy to the Board of Directors.
5. Review FY16 budget – Mr. Chandler reviewed the FY16 budget proposal. He noted the detailed monthly financial reports followed a similar format as the budget with each program having its own

accounting category, and then detailed income and expenses for each of them. Over and under income and expenses, comparing FY15 and FY16, were discussed. It was noted, particularly with the Healthcare Preparedness Program (HPP category) and previously with MMRS federal funds, that there is a budgeted core contract to support salaries and overhead. But that program also purchases equipment, supplies and training to support hospitals and other healthcare partners in the region, and those costs are not budgeted but are reimbursed so that causes overages in both expenses and income compared to budget. It was also noted that the MMRS program, compared to previous years, is now annually funded solely through “sustainment” funds from the localities but that the program had previous carry-over funds – the “board designated” funds shown on the Statement of Financial Position. Those carry-over funds are now being spent in a planned drawdown during the next 5 or 6 years so the MMRS program will have deficit budgets during these years.

6. Other – Mr. Weber brought up the concept of establishing a foundation with a goal to raise funds to support the council’s initiatives. He noted the Board of Directors is mainly focused on operations and strategy, not fund raising. Members felt the board and committees should first identify the funding needs, then the council could work towards raising funds for specific goals which could include establishing a foundation.
7. With no additional business, Mr. Weber adjourned the meeting at 11:40 am.

Minutes prepared by Jim Chandler