

Tidewater EMS Council, Inc.
Audit and Finance Committee
Minutes - August 10, 2016

All members present:

Kent Weber, Chair

Rusty Blow

Marie Markham

Wayne Shank

Jim Chandler, staff

Billy King, guest

1. Mr. Weber called the meeting to order in the council office at 10 am. A motion passed to approve the minutes of February 10, 2016 as distributed.
2. Mr. King, representing Towne Insurance, reviewed general principals of risk management and insurance coverage and asked "What keeps you up at night?" as a concept when considering what needs to be covered and to what extent. He reviewed the various coverages now in place including a general business owner's policy, business auto, workers compensation, an accident policy for volunteers and the VA Risk 2 umbrella plan through the state. Members discussed potential areas of risk and liability and felt that board decisions may be an area of risk. He noted that the VA Risk 2 plan provides directors' and officers' liability coverage and essentially insures and defends bad decisions and resulting suits. There was a question of whether VA Risk 2 provides any auto coverage and Mr. Chandler will investigate. A question of whether we need an additional umbrella rider on top of our general business owner's coverage was asked, and it was noted that VA Risk 2 is also umbrella coverage (\$1M per occurrence). The amount of building and contents coverage was discussed, and the need to properly document contents in case of loss. It was noted that the contents of trailers parked offsite would not be covered by existing insurance but that an inland marine rider for contents coverage could be added if desired. The value of our building contents was originally partially based on expensive simulation center equipment owned and located at our previous location. That equipment has since been distributed to various training programs around the region and would not be replaced by the council if lost. Members discussed lowering the contents coverage but adding the inland marine coverage for the two trailers. Jim will follow up with the Eastern Shore representatives because the contents of their two MCI trailers, owned by the council, are not covered. Mr. Chandler will look at the building inventory and calculate a new contents amount. He will work with the MMRS and HPP programs to arrive at a figure representing times when those programs may purchase equipment and supplies and temporarily stage this in the office prior to field distribution. Mr. King pointed out the premium cost difference of reducing contents coverage would not be substantial and recommended aiming for the high side of coverage. After Mr. King left the meeting, members asked Mr. Chandler to follow up with him

to determine specifically what we would need as documentation in the event of loss of the building and contents. He noted that all purchases over \$2000 and any durable items such as computers, televisions, etc even if under \$2000 are placed on an electronic inventory record along with purchase date and value, and this is backed up off site. Since 2014 all invoices and receipts, and our payment, are scanned and stored electronically and backed up off site. All of this could serve as documentation in the event of loss. He will also attempt to determine an updated building replacement cost to ensure that coverage is sufficient.

3. Review 6/30/16 investment report – the June 30 investment summary report was discussed. Jim explained the need to transfer funds from the money market fund to the checking account during the last quarter due to a need to drawdown and spend the \$85k fund balance in the HPP program, payoff of the building mortgage and the continuing drawdown of the MMRS fund balance. This has resulted in an imbalance in the investment fund allocations compared to the policy allocations. It was agreed when the next \$50k CD matures later this month to move those funds to the money market. That will partially rebalance the allocations. The income and growth mutual funds are also greater than policy allocation and approximately \$50k needs to be transferred from those mutual funds to the money market. The committee discussed and decided to hold on that transfer of mutual funds to the money market and instead decided to request a review of the council's investment and reserve policy, and of the actual investments. Members discussed several methods of obtaining these review. Mr. Chandler agreed to contact TowneBank, the investment advisor for the Western Virginia EMS Council and the Virginia Beach Rescue Squad Foundation for advice on seeking an unbiased review of our current policy and investments.
4. Review 6/30/16 financial reports – the unaudited June 30 balance sheet was reviewed. Mr. Chandler noted that the “net assets” for individual programs are determined at audit and are set for the year. After audit the net assets for the Healthcare Preparedness Program will decrease to near zero (because that program learned they could not carry over funds more than one year), the Technical Rescue fund will increase by around \$30k, the Eastern Shore fund will decrease by about \$4k and the MMRS fund will decrease by around \$170k (as budgeted). Mr. Chandler noted the in-house portion of the annual audit will be next week. Mr. Weber added that our relationship with Jones CPA Group has been strong, and that contracting with them for bookkeeping services has helped maintain a high level of accountability for us, timely financial reporting and has facilitated auditing.
5. With no additional business, Mr. Weber adjourned the meeting at 11:30 am