

Tidewater EMS Council, Inc.
Audit and Finance Committee
Minutes - April 9, 2014

Present

Kent Weber, Chair
Wayne Shank
Jim Chandler

Absent

Cliff Stewart

1. Mr. Weber called the meeting to order at 10 am in the council office in Chesapeake. Following brief review, a motion passed to approve the meeting minutes of August 14, 2013.
2. The committee reviewed the 3/31/14 Investment Report and 2/28/14 Statement of Financial Position.
3. The committee discussed the category allocations listed in the Reserve and Investment Policy, current investments, performance, comparisons of current allocations to the policy allocations, cash balances, and the status of the building mortgage. It was agreed to:
 - a. Reduce the cash in the primary TowneBank checking account to ensure sufficient operating funds but to achieve an average balance closer to the FDIC insured limit. Based on balances since the beginning of this fiscal year, the target amount to transfer out of the primary checking is \$300,000.
 - b. Using the \$300,000 transferred from checking, purchase four additional \$50,000 laddered CDs and invest the remainder in the Reserve and Investment Policy "Income and Growth Mutual Funds" allocation category with T Rowe Price. Use either existing mutual funds or one or more new funds in the "lower" to "moderate" risk range as noted in a chart of T Rowe Price Risk and Potential Return chart.
 - c. Recommend to the Board of Directors a change in the Reserve and Investment Policy investment allocations to increase the allocation of no load Income and Growth Mutual Funds from 15-20% to 15-30%.
 - d. Consider an additional mortgage principal payment after receipt of the FY14 audit showing revised fund balances.
4. Contractor vs. employee considerations. Mr. Chandler described the practice in recent years of determining if an individual providing temporary and intermittent course instruction, test site evaluation or similar services is an individual contractor or TEMS employee. The IRS lists a number of behavioral, financial and relationship factors that define the degree of control and independence that help form the determination. He has generally evaluated an individual's hours, duties and payments for a recent six months to a year period and if it appears they provide services regularly, if their services are generally directed by us, and if

they are likely to exceed \$600 in a year, then they have been hired as a part time employee. If they provide services so infrequently and for so little payment that it seems unreasonable to consider them an employee, then they are paid as an individual contractor. Not hiring them as an employee, however, may eventually result in owed back taxes and penalties if the IRS and/or VEC were to conduct an audit and determine they should have been employees. He wanted to update the committee on this practice and seek comments. Following discussion it was the consensus of the committee to continue as is, seek input from relevant professionals, and to periodically reevaluate.

5. With no additional business, the meeting adjourned at 11:00 am.

Minutes prepared by Jim Chandler