

NOTES FOR BIESA BOARD FOR AUGUST 25, 2022, MEETING. NOTES SPECIFIC TO CASHFLOW SHORTFALL (Prepared by K McNamara)

This paragraph is from Director Kathleena Mason's August 8th meeting summary:

"Assumptions Beaver Island EMS's budget is based and built on both millage from the townships and cash flow from EMS runs, and more importantly, medical flights using Island Airways. Our 2022-23 budget was created after reviewing the 2021-22 budget. In 2021, BIEMS had billed 10 medical flights by the beginning of June and had a total of 17 medical flights that year. Based on that knowledge we expected a similar number of medical flights this year and thus only minor changes were made to the budget. As of the beginning of June this year, we had only billed 6 flights. Medical insurance companies can take a minimum of 30-60 days before releasing any payment for EMS runs and a select few can take upwards of 150-300 days. Also, companies like Medicaid will only pay a small percentage of the overall bill and if the patient does not have secondary insurance the rest will either be billed to them or written off if they don't pay. We have since made up for the shortage of medical flight runs with 3 in June and 10 in July. Due to the extended timeframe needed to process payment from insurance companies, we might not start seeing revenue until the end of August/beginning of September and our savings is not enough to sustain us until December"

Please read the full Meeting Summary which is attached as part of the board packet.

Bookkeeper Speck, Director Mason and board member McNamara met again on August 18th and confirmed that, although billing is now being aggressively pursued, there is still a cash flow shortfall that requires township board action. At the August 25th BIESA meeting, we will present our findings and provide more information to the board. Based upon the current situation, I will offer the following recommended resolutions for discussion and vote.

Recommendations:

MOTION # 1: **Recognizing** that BIEMS will likely be unable to fully meet its monthly payroll and operating costs due primarily to fewer than expected runs and medical flights using Island Airways; **recognizing** that the current fiscal year's tax dollars are collected in December through February making cash flow tight during the fall of the year; **Further recognizing** that Island Airways is willing to work with BIEMS on

receipt for payment upcoming billings if they are assured that every effort is made to pursue proper billing; **THEREFORE, the following motion is made:** **Motion** to request that Peaine and St James Township boards authorize their township clerks to loan necessary funds to make payroll between now and the end of December, 2022, if needed, and as requested by the bookkeeper one week prior to payroll date, such payments to rotate between townships beginning with Peaine Twp for the September 8, 2022 payroll. This motion commits BIEMS to repaying each township by March 1, 2023.

MOTION #2: Recognizing that BIEMS needs to build up an end of year fund balance which should be the equivalent of at least 6 months of operational expenses. **Motion** to request that Peaine and St James Township boards levy the maximum allowable voter approved millage (both townships have approved up to 3 mills) to be levied through the December 1, 2022 tax levy.