

Chief Executive Officer  
Louis Ward, MHA



**Board of Directors**  
Beatriz Vasquez, PhD, President  
Abe Hathaway, Vice President  
Laura Beyer, Secretary  
Allen Albaugh, Treasurer  
Jeanne Utterback, Director

## Finance Committee Meeting Agenda

June 17, 2020 – 10:00 am

**Due to COVID-19 shelter in place orders and under the authority of the Governor's Executive Order N-29-20, this meeting will be conducted entirely by teleconference. No physical location will be available. Members of the public can attend and provide public comment via teleconference at the following link and number:**

Zoom Meeting: [LINK](#)

Zoom Call In Number: 1 669 900 9128, Meeting ID: 937 4610 3394

In observance of the Americans with Disabilities Act, please notify us at 530-336-5511, ext 1264 at least 48 hours in advance of the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations. The District will make every attempt to accommodate your request.

### Attendees

Abe Hathaway, Chair, Board Member  
Allen Albaugh, Board Member  
Louis Ward, CEO  
Travis Lakey, CFO

#### 1 CALL MEETING TO ORDER

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#### 2 CALL FOR REQUEST FROM THE AUDIENCE - PUBLIC COMMENTS OR TO SPEAK TO AGENDA ITEMS

**Approx.  
Time  
Allotted**

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#### 3 APPROVAL OF MINUTES

3.1 Regular Meeting – May 27, 2020

*Attachment A*

**Action Item**

2 min.

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#### 4 DEPARTMENT REPORTS/OTHER: NONE

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#### 5 FINANCIAL REVIEWS/BUSINESS

5.1 2021 Budget Review: Need recommendation for approval to regular Board Meeting on June 24<sup>th</sup>.

*Attachment B*

**Action Item**

5 min.

\*\* To get back on quarterly reporting schedules, Board Quarterly Finance Review will be presented at July 29<sup>th</sup> Finance Meeting.

\*\* May and June 2020 Financials will be prepared, presented, reviewed and recommended for approval at July 29<sup>th</sup> Finance Meeting.

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#### 6 ADMINISTRATIVE REPORT

Report

10 min.

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#### 7 OTHER INFORMATION/ANNOUNCEMENTS

Information

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#### 8 ADJOURNMENT: Next Regular Meeting – July 29, 2020

Posted 6/12/2020

Public records which relate to any of the matters on this agenda (except Closed Session items), and which have been distributed to the members of the Board, are available for public inspection at the office of the Clerk to the Board of Directors, 43563 Highway 299 East, Fall River Mills CA 96028. This document and other Board of Directors documents are available online at [www.mayersmemorial.com](http://www.mayersmemorial.com).

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Mayers Memorial Hospital District

Board of Directors  
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Allen Albaugh, Treasurer  
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Board of Directors  
Finance Committee  
Minutes

May 27, 2020 – 10:30 am  
Teleconference Call – FULLY Remote

*These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business of the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberations and action taken.*

1	<b>CALL MEETING TO ORDER:</b> Abe Hathaway called the meeting to order at 10:31 am on the above date.		
	<b>BOARD MEMBERS PRESENT:</b>		<b>STAFF PRESENT:</b>
	Abe Hathaway, Committee Chair Allen Albaugh, Board Member		Travis Lakey, CFO Ryan Harris, COO Louis Ward, CEO Jessica DeCoito, Board Clerk
	<b>ABSENT:</b>		
2	<b>CALL FOR REQUEST FROM THE AUDIENCE – PUBLIC COMMENTS OR TO SPEAK TO AGENDA ITEMS</b>		
	None		
3	<b>APPROVAL OF MINUTES</b>		
	3.1	A motion/second carried; committee members accepted the minutes of April 22, 2020	<i>Albaugh, Hathaway</i> All Approved Albaugh – Y Hathaway - Y
4	<b>DEPARTMENT REPORTS: No reports for the month of May</b>		
5	<b>FINANCIAL REVIEWS</b>		
	5.1	<b>April 2020 Financials</b> – 256 cash on hand, 48 AR Days. Total Patient Revenue is down compared to the average from July to February. Non Op Revenue is up because of Cares Act Payments. Travelers & Registry staff has been lessened. Retail Pharmacy needs to be addressed – accounting, supplies, etc.	<i>Albaugh, Hathaway</i> All Approved Albaugh – Y Hathaway - Y
	5.2	<b>Accounts Payable (A/P)/Accounts Receivable (A/R)</b> – AR days are at 48 which is lower than the CA CAH Flex Average.	
	5.3	<b>CHFFA Financing Update:</b> Travis will be calling in to get our CHFFA Application approved on May 29 <sup>th</sup> . No foreseen obstacles or issues with getting approval.	
	5.4	<b>Paycheck Protection Program Update:</b> will have to prove that we spend the funding for payroll. Coming up on third cycle.	
	5.5	<b>CARES Act Payments:</b> has to be used for drop in operating revenue. We should be getting about \$4,000,000.00	
	5.6	<b>Cornerstone Bank Account:</b> move the USDA account to Cornerstone and use the current account for CHFFA Funds for Burney Clinic. So that each loan would have their own account – requirement through the financing both loans. <b>Recommended to full board for approval.</b>	<i>Albaugh, Hathaway</i> All Approved Albaugh – Y Hathaway - Y
6	<b>ADMINISTRATIVE REPORT</b> – Testing for COVID-19: we have not received any tests as of today – waiting on our orders to be shipped. 60 antigen tests have been ordered– will tell you if you have the virus on real time. 250 antibody tests – will order more when available – this will show us if you ever had COVID-19. Testing will be available to public via ER visits or through Primary Care doctor's scheduling appointments.		
7	<b>OTHER INFORMATION/ANNOUNCEMENTS: no announcement</b>		
8	<b>ADJOURNMENT – 11:39pm</b>		
	Next Finance Committee Meeting: June Meeting TBD		

**MAYERS MEMORIAL HOSPITAL  
OPERATING BUDGET**

	<b>ACTUAL YTD APRIL 20</b>	<b>PROJ ACTUAL FYE 2020</b>	<b>BUDGET FYE 2021</b>	<b>INCREASE</b>	<b>INCREASE %</b>
<b>REVENUE:</b>					
IP Nursing Service					
Medical/Surgical	\$ 3,591,324	4,309,589	4,568,164	258,575	6.00%
Skilled Nursing	9,812,517	11,775,021	11,787,603	12,583	0.11%
Ancillary Services					
Inpatient	2,055,729	2,466,875	2,569,554	102,679	4.16%
OP Services	17,774,439	21,329,327	22,409,702	1,080,375	5.07%
Total Patient Revenue	33,239,813	39,887,142	41,335,023	1,447,881	3.63%
<b>DEDUCTIONS FROM REVENUE:</b>					
Contractual - Medicare/Medi-Cal	2,901,674	3,482,009	5,976,349	2,494,341	71.64%
Contractual - PPO	1,147,563	1,377,075	1,429,312	52,237	3.79%
Charity and Other Allowances	619,717	743,660	805,124	61,464	8.27%
Provision For Bad Debts	522,766	627,319	721,416	94,098	15.00%
Total Deductions	5,191,719	6,230,063	8,932,202	2,702,139	43.37%
Net Patient Revenues	28,048,094	33,657,079	32,402,822	(1,254,258)	-3.73%
<b>OTHER OPERATING REVENUE:</b>					
Net Revenue	435,936	475,566	452,336	(23,230)	-4.88%
Net Revenue	28,484,029	34,132,646	32,855,157	(1,277,488)	-3.74%
<b>OPERATING EXPENSES:</b>					
Productive Salaries	8,914,510	10,697,412	11,366,037	668,625	6.25%
Non-Productive Salaries	1,080,080	1,296,096	1,356,408	60,312	4.65%
Employee Benefits	2,505,793	3,006,952	3,286,597	279,645	9.30%
Supplies	2,518,308	3,021,969	3,160,939	138,970	4.60%
Professional Fees	1,466,339	1,759,607	1,829,991	70,384	4.00%
Acute/Swing Purch Serv	477,303	572,764	572,764	0	0.00%
SNF Purch Serv	1,825,040	2,190,048	2,277,650	87,602	4.00%
Ancillary Purch Serv	997,725	1,197,270	1,223,201	25,931	2.17%
Other Purch Serv	1,465,685	1,758,822	1,602,574	(156,248)	-8.88%
Repairs	239,571	287,486	302,521	15,035	5.23%
Utilities	545,308	654,370	684,700	30,330	4.63%
Insurance	235,252	282,302	289,395	7,093	2.51%
Other	541,072	649,286	707,525	58,238	8.97%
Depreciation	760,218	912,262	2,027,746	1,115,484	122.28%
Bond Repayment Insurance	0	0	0	0	#DIV/0!
Bond Repayment Interest	179,108	214,930	683,410	468,480	217.97%
Interest	23,283	27,940	28,875	935	3.35%
Rental & Leases	34,384	41,261	42,692	1,432	3.47%
Total Operating Expenses	23,808,980	28,570,776	31,443,025	2,872,249	10.05%
Net Operating Revenue (Loss)	4,675,049	5,561,870	1,412,132	(4,149,737)	-74.61%

NONOPERATING REVENUES AND EXPENSE:

District and County taxes	897,850	979,472	1,150,750	171,278	17.49%
Interest Income	134,118	146,311	160,942	14,631	10.00%
Other Non-operating expense/rev	2,087,168	2,276,911	410,624	(1,866,287)	-81.97%
Total Nonoperating Revenue	<u>3,119,136</u>	<u>3,402,693</u>	<u>1,722,316</u>	<u>(1,680,378)</u>	-49.38%
NET EXCESS OF REVENUE	<u><u>7,794,185</u></u>	<u><u>8,964,563</u></u>	<u><u>3,134,448</u></u>	<u><u>(5,830,115)</u></u>	<u><u>-65.04%</u></u>

**MAYERS MEMORIAL HOSPITAL  
OPERATING BUDGET**

	ACTUAL	PROJ ACTUAL	BUDGET		INCREASE	Notes
	YTD APRIL 20	FYE 2020	FYE 2021	INCREASE	%	
<b>REVENUE:</b>						
IP Nursing Service						
Medical/Surgical	\$ 3,591,324	4,309,589	4,568,164	258,575	6.00%	An increase over this year as the last few months have been low due to COVID
Skilled Nursing	9,812,517	11,775,021	11,787,603	12,583	0.11%	A slight increase as it should be easier to admit in the future and we've had a good year in the SNF
Ancillary Services						
Inpatient	2,055,729	2,466,875	2,569,554	102,679	4.16%	An increase over this year as the last few months have been low due to COVID
OP Services	17,774,439	21,329,327	22,409,702	1,080,375	5.07%	Expect to get more outpatient referrals when our own clinic opens. The increase is much lower than it would be in typical years as I dialed it back to account for a slow ramp up back towards normal from Covid
Total Patient Revenue	33,239,813	39,887,142	41,335,023	1,447,881	3.63%	
<b>DEDUCTIONS FROM REVENUE:</b>						
Contractual - Medicare/Medi-Cal	2,901,674	3,482,009	5,976,349	2,494,341	71.64%	I expect an increase as the supplemental payments that offset this number will be lower in 2021. We won't receive the OP and DPNF Supplementals from Partnership next year and QAF is slightly down.
Contractual - PPO	1,147,563	1,377,075	1,429,312	52,237	3.79%	
Charity and Other Allowances	619,717	743,660	805,124	61,464	8.27%	With more people unemployed I expect Charity to increase
Provision For Bad Debts	522,766	627,319	721,416	94,098	15.00%	AR may increase with more patients being self insured
Total Deductions	5,191,719	6,230,063	8,932,202	2,702,139	43.37%	
Net Patient Revenues	28,048,094	33,657,079	32,402,822	(1,254,258)	-3.73%	Net Patient Revenue decreases due to the drop in Supplemental Payments
<b>OTHER OPERATING REVENUE:</b>						
Net Revenue	435,936	475,566	452,336	(23,230)	-4.88%	Forecasting a drop in Cafeteria Revenue
Net Revenue	28,484,029	34,132,646	32,855,157	(1,277,488)	-3.74%	Net Patient Revenue decreases due to the drop in Supplemental Payments
<b>OPERATING EXPENSES:</b>						
Productive Salaries	8,914,510	10,697,412	11,366,037	668,625	6.25%	Increase due to minimum wage changes and adding clinic employees
Non-Productive Salaries	1,080,080	1,296,096	1,356,408	60,312	4.65%	Increase due to minimum wage changes and adding clinic employees
Employee Benefits	2,505,793	3,006,952	3,286,597	279,645	9.30%	Expected premium increase plus more employees
Supplies	2,518,308	3,021,969	3,160,939	138,970	4.60%	Based off of historical averages
Professional Fees	1,466,339	1,759,607	1,829,991	70,384	4.00%	
Acute/Swing Purch Serv	477,303	572,764	572,764	0	0.00%	Historically all over the board and decreased last year from the prior year. I'm forecasting it to be static next year with current staffing levels
SNF Purch Serv	1,825,040	2,190,048	2,277,650	87,602	4.00%	Hasn't decreased since 2015 and is projected to be up 6% this year. With the new C.N.A class I'm projecting a smaller increase
Ancillary Purch Serv	997,725	1,197,270	1,223,201	25,931	2.17%	With Respiratory fully staffed I'm only expecting a small increase next year.
Other Purch Serv	1,465,685	1,758,822	1,602,574	(156,248)	-8.88%	The current year was higher than normal with software consulting costs so I expect this to be lower next year
Repairs	239,571	287,486	302,521	15,035	5.23%	Based off of historical averages
Utilities	545,308	654,370	684,700	30,330	4.63%	I expect higher utilities with bringing the new site online and still using the original building next year
Insurance	235,252	282,302	289,395	7,093	2.51%	Based off what I've seen of renewal rates so far
Other	541,072	649,286	707,525	58,238	8.97%	Ever increasing bed fees from CDPH and some increases for employee training
Depreciation	760,218	912,262	2,027,746	1,115,484	122.28%	This is based off finishing the ER Expansion, Clinic Building and other projects this year
Bond Repayment Insurance	0	0	0	0	#DIV/0!	
Bond Repayment Interest	179,108	214,930	683,410	468,480	217.97%	Based off of USDA and CHFFA debt schedules
Interest	23,283	27,940	28,875	935	3.35%	Based off this year's numbers with a slight growth factor
Rental & Leases	34,384	41,261	42,692	1,432	3.47%	Based off this year's numbers with a slight growth factor
Total Operating Expenses	23,808,980	28,570,776	31,443,025	2,872,249	10.05%	Most of the increase is based off salaries and depreciation
Net Operating Revenue (Loss)	4,675,049	5,561,870	1,412,132	(4,149,737)	-74.61%	Still expecting a gain in Operations which prior to the last 5 years was a rarity
<b>NONOPERATING REVENUES AND EXPENSE:</b>						
District and County taxes	897,850	979,472	1,150,750	171,278	17.49%	Based off of historical averages and GO Bond debt schedule
Interest Income	134,118	146,311	160,942	14,631	10.00%	Assuming a higher balance in our Local Agency Investment Fund
Other Non-operating expense/rev	2,087,168	2,276,911	410,624	(1,866,287)	-81.97%	Grants will be down significantly due to the hospital project being completed and I'm excluding CARES Act Funds as there hasn't been solid guidance on how to account for it. Also there's only half a year of Prime Funding this year. This number also includes a small gain on the Retail Pharmacy.
Total Nonoperating Revenue	3,119,136	3,402,693	1,722,316	(1,680,378)	-49.38%	
<b>NET EXCESS OF REVENUE</b>	<b>7,794,185</b>	<b>8,964,563</b>	<b>3,134,448</b>	<b>(5,830,115)</b>	<b>-65.04%</b>	This is a very conservative estimate in uncertain market conditions. Historically we always present the budget compared to the current year extrapolated. There are some outliers that make this year unique with the CARES Act and donations to the hospital expansion. Overall if we net 3 million we had a great year.