McDonough District Hospital
Board of Directors
Finance Committee

The McDonough District Hospital (MDH) Finance Committee met on Thursday, October 16, 2025, at 7:00 a.m. in the third-floor Board Room. Finance Committee members present included Ryan Riggins (Chair), Jere Greuel, Kathleen Neumann, Dan O'Neill, Dr. Tim Biagini, and Todd Lester. Hospital Administration attendees were Bill Murdock, Sherri Hitchcock, Alexis Vonholt, Gloria Bamforth, and Administrative Assistant, Kim Thorman. Guests included Dr. Curt Farr, Seth Minter, and representatives from Wipfli.
Dave Garner was excused.

Ryan Riggins, MDH Finance Committee Chair, called the meeting to order at 7:00 a.m.

Public comment
There was no public comment at this time

Presentation of the FY25 Audit Report
Sherri Hitchcock introduced the Wipfli audit representatives, Paul Traczek, and Ashley Berens, to the group. Paul began the presentation with a high-level overview of the FY25 audit, which included the financials for both the hospital and the MDH Insurance Company. Paul noted strong compliance and no material errors and commended the MDH Fiscal team for their diligence and adherence to policy. Key financial indicators such as operating margins, days cash on hand, and average age of plant were all reviewed in comparison to previous years and regional benchmarks.
Ashley presented the Foundation's financials, showing year-to-year comparisons and pointed out MDH's strong community support.

Dan O'Neill left the meeting at 7:45 a.m.

The audit also included a detailed financial and ratio analysis. Key performance indicators were benchmarked against national and state averages for rural hospitals, including operating margins, which remain negative and below industry averages. Days Cash on Hand which maintain a strong position, exceeding the minimum requirement. Days net revenue in accounts receivable which shows MDH performing within a reasonable range. Average age of plant showing MDH trending older comparatively, which suggests future capital investment needs. And lastly, the debt service coverage ratio falling below the required threshold, which requires a bond waiver.

Wipfli representatives concluded by encouraging the committee to monitor developments such as the Rural Health Transformation Fund and potential legislative changes that could affect future funding.

Dr. Biagini, the Wipfli representatives, and Alexis Vonholt left the meeting at 7:55 a.m.

Tax Levy Discussion
Sherri presented a proposal to revisit implementing a tax levy to support MDH's financial sustainability. She outlined the challenges a levy could help to address, including the ongoing subsidy MDH provides for emergency transportation. Historical context was provided, noting the financial impact of not having a levy since the 1980s. The importance of a clear, education outreach strategy was emphasized. With earnings increasing but expenses rising even more sharply, the committee agreed that the discussion should continue, and additional data should be gathered.

Q1 FY26 Financial Performance
Alexis Vonholt returned to the meeting at 8:20 a.m.
Sherri commended Alexis Vonholt for the excellent work she and her team did on the audit.

The committee reviewed the first quarter income statement, discussing the operating revenues and expenses. The transition of contracted staff to MDH employment was a key cost-saving measure, however it was pointed out that on the income statement this transition notes an increase of employee expense but will balance out. Margin improvement initiatives were highlighted, with some early impacts visible on the balance sheet. The group reviewed assets, liabilities, and the statement of cash flows, noting the absence of external funding so far in FY26.
Sherri pointed out the included report of net income by Vice President within the packet, offering greater transparency into departmental performance. Sherri also noted for the committee the cost savings thus far from MDH's Group Purchasing Organization.
Key financial indicators were reviewed, including days cash on hand and the debt service coverage ratio. The committee also examined cash collections, bad debt recovery, and write-offs. Sherri emphasized ongoing efforts within the revenue cycle team to digitize patient statements, address insurance denials and improve overall collections.

Q1 FY26 Capital Spend Update
Sherri reported that all capital projects are on hold due to cash flow constraints. While some initial investments were made earlier in the fiscal year, future spending is paused until financial conditions improve. MDH is actively working with vendors to negotiate better rates and reduce costs.

Additionally, Sherri provided an update on the status of the appeal process for the denial of the 2nd payment of the Employee Retention Credit (ERC), noting the meeting with the IRS for the final determination is to take place in November 2025, with the actual date still to be determined.

Committee Chair, Ryan Riggins expressed appreciation to Sherri Hitchcock, Bill Murdock, and Alexis Vonholt for their work on the FY25 audit and their continued efforts in preparing and presenting the financials to the committee.

Miscellaneous / Items for discussion

At 8:56 a.m., a motion was made by Jere Greuel and seconded by Ryan Riggins to move into Executive session for the purpose of open meetings act exception 5ILCS 120/2(c)(1), 120/2(c)(2), 120/2(c)(3), 120/2 (c)(5), 120/2 (c)(6), and 120/2(c)(11). A roll call vote was taken

	Yea	Nay
Riggins	x	
Greuel	x	
Neumann	x	

Motion carried.

At 9:07 a.m., the meeting returned to open session with Ryan Riggins (Chair), Jere Greuel, Kathy Neumann, Todd Lester, Seth Minter, Dr. Curt Farr, Bill Murdock, Sherri Hitchcock, Alexis Vonholt, and Kim Thorman present.

At 9:07 a.m., with no further items to discuss, a motion was made by Kathy Neumann and seconded by Jere Greuel to adjourn, motion carried.

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Ryan Riggins
Secretary/Treasurer of MDH Board of Directors