Washington Township Health Care District

2000 Mowry Avenue, Fremont, California 94538-1716 • (510) 797-1111

Nancy Farber, Chief Executive Officer

BOARD OF DIRECTORS' MEETING

Wednesday, October 8, 2014 – 6:00 P.M.
Conrad E. Anderson, MD Auditorium

AGENDA

	PRESENTED BY:
I. CALL TO ORDER & PLEDGE OF ALLEGIANCE	Bernard Stewart, DDS Board Member
II. ROLL CALL	Christine Flores Executive Assistant
III. EDUCATION SESSION: Results of Annual Audit	Chris Henry Chief Financial Officer and Associate Administrator Michael MacBryde PricewaterhouseCoopers
IV. CONSIDERATION OF MINUTES September 10, 15, and 22, 2014	*Motion Required*
V. COMMUNICATIONS	
A. Oral	
B. Written	
From Peter Lunny, MD, Chief of Staff, dated September 22, 2014 requesting approval of Medical Staff Credentialing Action Items	*Motion Required*
VI. INFORMATION	**PRESENTED BY:**
A. Service League Report	Gail Tomita Service League President

B.	Medical Staff Report	Peter Lunny, MD Chief of Staff
C.	Hospital Calendar	Nancy Farber Chief Executive Officer
D.	Construction Report	Ed Fayen, Senior Associate Administrator
E.	Quality Report Centers for Medicare and Medicaid Services: Meaningful Use Reporting	Mary Bowron, DNP, RN, CIC Senior Director of Quality & Resource Management
F.	Finance Report	Chris Henry Chief Financial Officer and Associate Administrator
G.	Hospital Operations Report	Nancy Farber Chief Executive Officer

VII. ACTION

A.	Consideration of Audit Report Fiscal Year Ending June 30, 2014	Jacob Eapen, MD Board Member
B.	Consideration of Traffic Signal and Civic Center Drive Improvements	

VIII. ADJOURN TO CLOSED SESSION

In accordance with Section 1461, 1462, 32106 and 32155 of the California health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, portions of this meeting may be held in closed session.

A. HUMAN RESOURCES
Discussion of Human Resources Matter, pursuant to California Government Code Section 54956.

B. RISK MANAGEMENT
Conference regarding Risk Management Matters, pursuant to Health & Safety Code Section 32155. Discussion of Claims Liabilities pending and anticipated litigation, pursuant to Government Code Section 54956.

C. STRATEGIC PLANNING
Discussion of Hospital Trade Secrets applicable to institution of new hospital services and facilities. No action will be taken, pursuant to Health & Safety Code Sections 1461, 1462 and 32106 and Government Code Section 54954.5(h). Likely date of release of information to be public: April 2015

D. EMERGENCY ITEMS
Emergency situations may be discussed in Closed Session if agreed to by a 2/3 vote of the members of the Board present, or by a unanimous vote of the Board members present, pursuant to California Government Code Sections 54956.6 and 54957(a).

IX.	**RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION**	Bernard Stewart, DDS Board Member
X.	**ADJOURNMENT**	Bernard Stewart, DDS Board Member

Washington Township Health Care District

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June 30, 2014 and 2013

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Independent Auditor's Report

Overview of the Financial Statements

The annual report consists of Management's Discussion and Analysis, financial statements and notes to those statements. These statements are organized to present the Washington Township Health Care District (the District) and Washington Hospital Healthcare Foundation (the Foundation) as a financial whole, an entire operating entity. Readers should also review the accompanying notes to the financial statements as they provide additional information that is essential to a full understanding of the District's and Foundation's financial statements.

The statements of net position, the statements of revenues, expenses, and changes in net position, and statements of cash flows provide an indication of the District's and Foundation's financial health. The statements of net position include all of the District's and Foundation's assets and liabilities, using the accrual basis of accounting, as well as an indication about which assets can be utilized for general purposes and which are restricted as a result of bond covenants, donor restrictions or other purposes. The statements of revenues, expenses, and changes in net position report all of the revenues and expenses and increases and decreases in net position during the time period indicated that resulted from the District's and Foundation's operating and non-operating transactions during the year. The statements of cash flows report the cash provided and used by operating activities, as well as other cash sources and uses such as investment income, repayment of bonds, and capital additions and improvements.

District Financial Highlights for Fiscal Year 2014

- In November 2013, the District issued two additional series of general obligation bonds (the 2013 Series A and B bonds). The combined amount of the two issuances was $145.5 million. The 2013 bonds were issued to provide funds for the construction of a new garage and a critical care building, to include emergency care, intensive care and cardiac care services. As general obligation bonds, the District will be reimbursed by Alameda County for debt service on these bonds from property tax assessments on real property within the District.

- During the year ended June 30, 2014, the District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), and elected early adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27* (GASB 68). Both of these adoptions required retroactive restatements of certain amounts reported as of July 1, 2012, with related impacts on the ending balances as of June 30, 2013.

    - Prior to the adoption of GASB 65, the District capitalized and amortized bond issuance costs over the life of the related bonds. Adoption of GASB 65 required the elimination of unamortized bond issuance costs of $2.5 million as of July 1, 2012, and a corresponding reduction in the net position category *Invested in capital assets, net of related debt.* Interest expense for 2013, as calculated under previous guidance, included $0.2 million of amortization related to bond issuance costs which has been eliminated from the restated interest expense for 2013.

    - Prior to the adoption of GASB 68, the District reported a pension liability only for the cumulative amount of unfunded actuarially required contributions, consistent with prior accounting standards. Under GASB 68, the entire unfunded pension liability is required to be recognized and reported as an obligation in the financial statements of the District. Previously, this information was disclosed as supplemental information only. Adoption of GASB 68 resulted in the recognition of an additional $133.0 million pension-related liability and a corresponding reduction in unrestricted net position of $133.0 million as of July 1, 2012. The restated pension expense for 2013 under GASB 68 was $2.5 million less than the amount calculated under the previous guidance.

- Also related to the GASB 68 adoption, two new financial statement line items were added to the District's Statements of Net Position – deferred outflows and deferred inflows of resources.
  - Deferred outflows of resources, for the District, represent pension contributions made by the District after the January 1 measurement date for the pension liability. These contributions will be included in the calculation of the net pension liability for the subsequent measurement date.
  - Deferred inflows of resources, for the District, represent unamortized differences between expected and actual investment earnings on pension assets, between expected and actual demographic changes related to pension participants, and the effect of changes in actuarial assumptions. These amounts will be amortized and included in pension cost for future years.
- Total assets increased $3.9 million, from $872.8 million at June 30, 2013 to $876.7 million at June 30, 2014. Total cash and investments increased by $2.8 million, from $370.2 million to $373.0 million, while net patient accounts receivable of $61.2 million at June 30, 2014 decreased by $6.4 million from $67.6 million at June 30, 2013. Days of gross revenue in accounts receivable were 69 at June 30, 2014 as compared to 58 at June 30, 2013. Open accounts from the Alameda County MediCal HMO, Alameda Alliance for Health (Alameda Alliance), accounted for the majority of the increase in accounts receivable days. Alameda Alliance accounts receivable had grown substantially as of June 30, 2014, due to a failed computer conversion and other financial issues affecting this payor. Net capital assets increased $7.8 million, from $407.2 million to $415.0 million.
- Total liabilities increased $28.0 million, from $588.0 million at June 30, 2013 to $616.0 million at June 30, 2014.
  - This overall increase included a $139.0 million increase in long-term debt, resulting primarily from the issuance of the 2013 general obligation bonds.
  - This increase was largely offset by a $104.4 million reduction in net pension liability. The reduction in net pension liability reflected the contribution of $115.5 million in Board-designated funds previously set aside for pension funding.
  - Current liabilities decreased $9.5 million, from $98.5 million to $89.6 million, and long-term liabilities increased $36.9 million, from $489.5 million to $526.4 million.
- Total net position of $268.1 million at June 30, 2014 was $9.9 million less than the net position at June 30, 2013 of $278.0 million.

District Financial Highlights for Fiscal Year 2013

- Total assets increased $23.1 million, from $849.7 million at June 30, 2012 to $872.8 million at June 30, 2013. Total cash and investments decreased by $10.7 million, from $380.9 million to $370.2 million, while net patient accounts receivable of $67.6 million at June 30, 2013 increased by $0.1 million from $67.5 million at June 30, 2012. Days of gross revenue in accounts receivable were 58 at June 30, 2013 as compared to 60 at June 30, 2012. Net capital assets increased $41.3 million, from $365.9 million to $407.2 million.

- Total liabilities increased $149.0 million, from $439.0 million at June 30, 2012 to $588.0 million at June 30, 2013. Current liabilities increased $12.6 million, from $85.9 million to $98.5 million, and long-term liabilities increased $136.5 million, from $353.0 million to $489.5 million. The primary component of this increase was the recognition of an additional $133.0 million in pension-related obligations as of July 1, 2012, under GASB 68, which contributed to the $175.8 million liability as of June 30, 2013.

- Deferred inflows of resources were $0.0 at June 30, 2012 and $6.9 million at June 30, 2013, again due to the adoption of GASB 68.

- Total net position decreased by $132.8 million from $410.8 million at June 30, 2012 to $278.0 million at June 30, 2013.

Foundation Financial Highlights for Fiscal Year 2014

- Total assets of $7.6 million at June 30, 2014 increased $0.3 million from $7.3 million at June 30, 2013. Total cash and investments increased $0.9 million, from $5.3 million to $6.2 million, while net contributions receivable decreased $0.7 million from $2.0 million to $1.3 million.

- Net assets decreased $0.1 million during 2014, from $7.3 million to $7.2 million.

Foundation Financial Highlights for Fiscal Year 2013

- Total assets of $7.3 million at June 30, 2013 increased $0.1 million from $7.2 million at June 30, 2012. Total cash and investments increased $0.3 million, from $5.0 million to $5.3 million, while net contributions receivable decreased $0.2 million from $2.2 million to $2.0 million.

- Net assets increased $0.1 million during 2013, from $7.2 million to $7.3 million.

Financial Analysis of the District (2014)

The District's net position of $268.1 million at June 30, 2014 was $9.9 million less than at June 30, 2014.

Table 1 provides a summary of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position:

(in thousands)	**2014**	**2013**	**2012**	
Assets				
Current assets	$ 110,107	$ 117,956	$ 108,973	
Long-term investment and restricted funds	335,674	330,469	348,662	
Capital assets, net	415,006	407,220	365,898	
Other assets	15,902	17,164	26,213	1
Total assets	876,689	872,809	849,746	1
Deferred outflows of resources	18,500	-	-	1
Total assets and deferred outflows of resources	$ 895,189	$ 872,809	$ 849,746	1
Liabilities				
Current liabilities	$ 89,562	$ 98,494	$ 85,921	
Net pension liability	71,400	175,770	-	1
Long-term debt	412,137	273,101	283,192	
Other long-term liabilities	42,883	40,592	69,840	
Total liabilities	615,982	587,957	438,953	
Deferred inflows of resources	11,075	6,867	-	1
Net Position				
Invested in capital assets, net of related debt	155,732	162,914	147,024	
Restricted - expendable	2,801	2,801	2,800	
Reserved for minority interest	5,107	5,048	6,136	
Unrestricted	104,492	107,222	254,833	1
Total net position	268,132	277,985	410,793	1
Total liabilities, net position and deferred inflows of resources	$ 895,189	$ 872,809	$ 849,746	1

[1] The 2012 amounts for these line items are not directly comparable to the 2013 and 2014 amounts due to the adoption of GASB Nos. 65 and 68 effective July 1, 2012.

In 2014, the District's cash and investment position increased $2.8 million.

Table 2 provides a summary of cash and investments as of June 30, 2014, 2013 and 2012.

(in thousands)	**2014**	**2013**	**2012**
Cash and cash equivalents and short-term investments	$ 37,357	$ 39,700	$ 32,261
Board designated fund – funded depreciation	158,288	163,023	170,923
Board designated fund – pension funding	-	114,366	92,023
Workers' compensation fund	11,501	11,310	11,402
Unexpended capital bond funds, excluding amounts required for current liabilities	163,084	38,969	71,513
Specific purpose fund	2,801	2,801	2,800
Total available cash and investments	$ 373,031	$ 370,169	$ 380,922

The District maintains sufficient cash, short-term investments and Board designated balances to cover all short-term liabilities. All excess cash is transferred to Board designated funds for future needs.

As of June 30, 2013, the District had reserved $114.4 million as Board designated funds for future pension plan funding. As of January 2014, all amounts reserved, including accumulated income, were transferred into pension assets. The total transfer of $115.5 million reduced Board-designated assets, and also reduced the net pension liability as of June 30, 2014.

Capital Assets, Net (2014)
Net capital assets increased $7.8 million, from $407.2 million at June 30, 2013 to $415.0 million at June 30, 2014. This increase resulted from $34.5 million in capital additions and $8.4 million in net capitalized interest expense, offset by $35.1 million in operating and non-operating depreciation of the District's assets. The capital additions included $80.1 million in equipment, building, and land improvements combined with a decrease of $40.2 million in construction in progress resulting from the implementation and capitalization of the Epic Electronic Health Record (Epic or EHR) in July 2013. Capital expenditures for 2014 included additional amounts for Epic (in July 2013) and initial expenditures for a new parking garage and critical care pavilion. At June 30, 2014, outstanding commitments related to capital projects totaled $21.6 million.

Capital Assets, Net (2013)
Net capital assets increased $41.3 million, from $365.9 million at June 30, 2012 to $407.2 million at June 30, 2013. This increase resulted from $63.6 million in capital additions and $6.3 million in net capitalized interest expense, offset by $28.6 million in operating and non-operating depreciation of the District's assets. The capital additions included $38.2 million in equipment, building, and land improvements combined with an increase of $31.8 million in construction in progress. The majority of the capital expenditures in the current year were related to implementation of the Epic Electronic Health Record (EHR) and billing system. At June 30, 2013, outstanding commitments related to capital projects totaled $35.7 million.

All of these investments help serve the needs of the District's residents.

Debt Administration (2014 and 2013)
As part of the obligations under the bond indentures for the 2010, 2009, 2007 and 1999 Series Revenue Bonds, the District has agreed that Washington Hospital will maintain a long-term debt service coverage ratio of no less than 1.1 to 1.0 on a yearly basis. As of June 30, 2014, Washington Hospital's long-term debt service coverage ratio was 2.3 to 1.0. For the year ended June 30, 2013, Washington Hospital's long-term debt coverage ratio was 2.7 to 1.0. During the year ended June 30, 2014, Washington Hospital's Moody's rating of Baa1 was unchanged.

All of these investments help serve the needs of the District's residents.

Table 3 shows the revenues, expenses, and changes in net position for the District for the years ended June 30, 2014, 2013 and 2012:

(in thousands)	2014	2013	2012	
Operating revenues				
Net patient service revenues	$ 445,902	$ 467,029	$ 449,755	
Other	11,114	9,459	9,479	
Total operating revenues	457,016	476,488	459,234	
Operating expenses				
Salaries and wages	192,191	195,107	203,027	
Employee benefits	78,322	83,349	82,743	1
Supplies	56,241	58,664	60,070	
Professional fees	53,605	48,748	54,395	
Purchased services	42,176	44,919	42,764	
Depreciation	34,665	28,142	22,958	
Insurance	1,873	2,352	2,294	
Goodwill impairment	-	2,038	-	
Other operating expenses	11,746	9,942	9,669	
Total operating expenses	470,819	473,261	477,920	
Operating income/(loss)	(13,803)	3,227	(18,686)	
Non-operating revenues and expenses, net	5,603	539	19,433	1
Increase/(decrease) in net position before special item	(8,200)	3,766	747	1
Grant to Alameda County Health Care Services	-	-	(2,000)	
Increase/(decrease) in net position before Minority Interest and restricted funds	(8,200)	3,766	(1,253)	
Additional Minority Interest Capital Received	-	313	-	
Minority Interest Distributions	(1,653)	(1,415)	(1,307)	
Increase/(decrease) in net position	(9,853)	2,664	(2,560)	1
Net position				
Beginning of year	277,985	410,793	413,353	1
Impact of adoption of GASB Nos. 65 and 68	-	(135,472)	-	
End of year	$ 268,132	$ 277,985	$ 410,793	1

[1] The 2012 amounts for these line items are not directly comparable to the 2013 and 2014 amounts due to the adoption of GASB Nos. 65 and 68 effective July 1, 2012.

Fiscal Year 2014 Revenue and Expense Analysis for the District

Net Patient Service Revenues

For the year ended June 30, 2014, net patient service revenues decreased by $21.1 million or 4.5%. The decrease represented the net effect of several volume changes, the largest of which included:

> Inpatient days, as indicated in the table below, decreased by a total of 6 percent. Major factors contributing to the decrease in patient days were lower inpatient surgical cases (down 9.2% from 4,606 in 2013 to 4,182 in 2014) and lower cath lab procedures (down 9.3% from 4,864 in 2013 to 4,411 in in 2014).
>
> Surgeries performed at the Washington Outpatient Surgery Center increased by 491 (7.3%) from 7,212 in 2013 to 6,721 in 2014.

The District receives Federal funds through the Medicare program and State funds through the Medi-Cal program. The District also receives funds through the Alameda County Medi-Cal HMO program.

Inpatient Business Activity

The District's gross inpatient revenue decreased by 6.3%, from $1.586 billion in fiscal year 2013 to $1.486 billion in fiscal year 2014. Total acute patient days (excluding newborns) decreased by 3,388, from 60,405 to 57,017.

Table 4 presents the patient days for each year and the percentage change:

	2014 Days	2013 Days	% Change
Specialty			
Medical/Surgical	43,458	45,658	-4.8%
Critical Care	8,359	8,526	-2.0%
Pediatrics	297	728	-59.2%
Obstetrics	4,903	5,493	-10.7%
	57,017	60,405	-5.6%
Newborn	3,722	4,229	-12.0%
Total Patient Days	60,739	64,634	-6.0%

The overall case mix index for the District, which is a measure of patient acuity, increased slightly from 1.526 in 2013 to 1.530 in 2014. The Medicare case mix index for the same period also increased slightly from 1.759 to 1.760.

Outpatient Business Activity

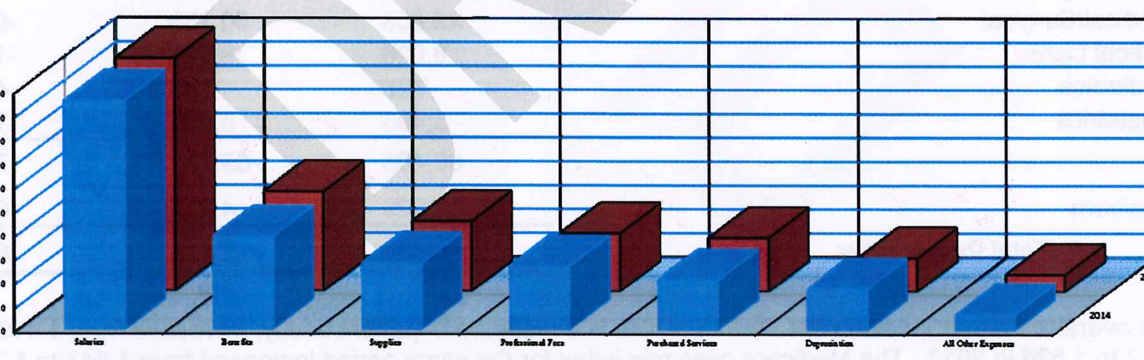
The District's gross outpatient revenue increased 1.7% in the current year, from $597.5 million in fiscal year 2013 to $607.5 million in fiscal year 2014. The increased gross revenues were due primarily to the increase in outpatient surgeries noted above, and a full year impact of rate increases implemented in fiscal year 2013.

Deductions from Revenue
Contractual allowance adjustments (expressed as a percentage of gross revenues) were 75.47% and 75.08% for fiscal years ended June 30, 2014 and 2013, respectively. The increase resulted primarily from an increase in the proportion of patients covered by government payors, in particular Medi-Cal, compounded by Medicare mandated payment reductions, and continued pressure from commercial payors to negotiate lower payment rates. The increase in Medi-Cal patients is attributed to the expansion of Medi-Cal coverage.

Charity Care
The District provides care without charge to patients who meet certain criteria under its Charity Care Policy. Charity allowances are based upon the customary charges for the services provided under this program. The District recorded $16.4 million and $20.6 million in charges foregone related to charity care for patient services during fiscal years 2014 and 2013, respectively. Private pay revenues, which are the primary driver of charity care allowances, dropped by $24.6 million (26.7%) from 2013 to 2014. The availability of coverage under the Affordable Care Act and the expansion of Medi-Cal coverage are believed to account for the reduction in private pay revenues, however the data is not yet conclusive.

Provisions for Bad Debt
The provisions for bad debt (expressed as a percentage of gross revenues) were 3.07% in 2014, compared to 3.32% in 2013. As discussed above, there was a significant reduction in private pay revenues in 2014. In addition to being the primary driver of charity care allowances, private pay revenues also account for the majority of bad debt writeoffs, therefore, the reduction in private pay revenues also results in lower bad debt expenses.

Operating Expenses
Total operating expenses were $470.8 million and $473.3 million for the years ended June 30, 2014 and 2013, respectively, as summarized in the graph below:



Salaries and Wages
Total District salaries and wages decreased 1.5%, from $195.1 million in 2013 to $192.2 million in 2014. The decrease in salaries and wages was attributable to the combined effect of normal flexing of staffing in response to reduced volumes, offset by contracted rate increases of between 1.0% and 2.0%.

Total FTEs decreased by 58 to 1,700 at June 30, 2014, from 1,758 at June 30, 2013, a decrease of 3.3%. The majority of the decrease in FTEs was due to staffing adjustments made in response to lower volumes experienced throughout the year, and the completion of the EPIC implementation.

As of June 30, 2014, approximately 67% of the employees of the District are members of collective bargaining groups. These employees receive periodic pay increases through the various Memoranda of Understanding that have been approved by the District's Board of Directors.

Employee Benefits
Overall, the District's benefits cost decreased by 6.0%, from $83.3 million at June 30, 2013 to $78.3 million at June 30, 2014. This reduction was primarily related to a decrease in pension expense for 2014, which was attributable to the reduction in force in 2013.

Fiscal Year 2013 Revenue and Expense Analysis for the District

Net Patient Service Revenues
For the year ended June 30, 2013, net patient service revenues increased by $17.3 million or 3.8%. The net increase resulted primarily from an increase in case mix, combined with a modest impact from pricing adjustments implemented during 2013.

The District receives Federal funds through the Medicare program and State funds through the Medi-Cal program. The District also receives funds through the Alameda County Medi-Cal HMO program.

Inpatient Business Activity
The District's gross inpatient revenue increased 7.3%, from $1.478 billion in fiscal year 2012 to $1.586 billion in fiscal year 2013. Total acute patient days (excluding newborns) decreased by 4,832, from 65,237 to 60,405. The overall increase in inpatient revenue can be attributed to higher acuity surgical procedures and pricing adjustments implemented during the year.

Table 5 presents the patient days for each year and the percentage changes:

	2013 Days	2012 Days	% Change
Specialty			
Medical/Surgical	45,658	50,256	-9.1%
Critical Care	8,526	8,629	-1.2%
Pediatrics	728	758	-4.0%
Obstetrics	5,493	5,594	-1.8%
	60,405	65,237	-7.4%
Newborn	4,229	4,218	0.3%
Total Patient Days	64,634	69,455	-6.9%

The overall case mix index for the District, which is a measure of patient acuity, increased from 1.419 in 2012 to 1.526 in 2013. The Medicare case mix index for the same period increased from 1.647 to 1.759.

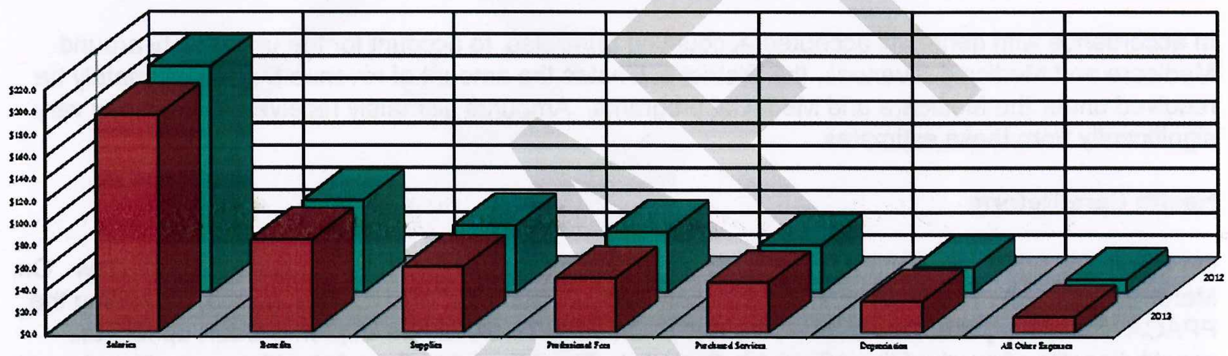
Outpatient Business Activity
The District's gross outpatient revenue increased by $79.1 million (15.3%) from $518.4 million in fiscal year 2012 to $597.5 million in fiscal year 2013. The increase was due primarily to an increase in outpatient visits at Washington Township Medical Foundation (WTMF) sites and pricing adjustments implemented during the year.

Deductions from Revenue
Contractual allowance adjustments (expressed as a percentage of gross revenues) were 75.08% and 73.95% for fiscal years ended June 30, 2013 and 2012, respectively.

Charity Care
The District provides care without charge to patients who meet certain criteria under its Charity Care Policy. Charity allowances are based upon the customary charges for the services provided under this program. The District recorded $20.6 million and $18.5 million in charges foregone related to charity care for patient services during fiscal years 2013 and 2012, respectively.

Provisions for Bad Debt
The provisions for bad debt (expressed as a percentage of gross revenues) were 3.32% in 2013, compared to 3.31% in 2012. Private pay charges, as a percentage of total gross charges, were 6.0% and 6.4% for the fiscal years ended June 30, 2013 and 2012, respectively.

Operating Expenses
Total operating expenses were $473.3 million and $477.9 million for the years ended June 30, 2013 and 2012, respectively, as summarized in the graph below:



Salaries and Wages
Total District salaries and wages decreased 3.9%, from $203.0 million in 2012 to $195.1 million in 2013. The decrease in salaries and wages was attributable to the combined effect of normal flexing of staffing in response to reduced volumes along with strategic reductions in force, offset by contracted rate increases of between 1.0% and 3.0%.

Total FTEs decreased by 109 to 1,758 at June 30, 2013, from 1,867 at June 30, 2012, a decrease of 5.8%. The majority of the decrease in FTEs was due to early retirements and a reduction in force during 2013, offset by additional staffing related to the new electronic health record system.

Approximately 70% of the employees of the District are members of collective bargaining groups. These employees receive periodic pay increases through the various Memoranda of Understanding that have been approved by the District's Board of Directors.

Employee Benefits
Overall, the District's benefits cost rose by 0.7%, from $82.7 million at June 30, 2012 to $83.3 million at June 30, 2013. Pension expense for 2013 and 2012 are not comparable due to the adoption in 2013 of GASB 68. Benefits cost, excluding pension expense, rose from $64.4 million in 2012 to $66.1 million in 2013, due to severance costs associated with a reduction in force and higher workers compensation claims.

Payments from Federal and State Health Care Programs

Entities doing business with governmental payors, including Medicare and Medicaid (Medi-Cal in California), are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by the federal, state, or local governments (collectively "Government Agents"). Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.
Moreover, interpretation of the myriad of government regulations and other requirements is subject to a large degree of subjectivity. For example, individual reviewers or auditors might disagree on a patient's principal medical diagnosis, the medical necessity of a clinical procedure or the appropriate code for that procedure. Such disagreements might have a significant effect on the ultimate amount of reimbursement due from the government. Governmental agencies may make changes in program interpretations, requirements, or "conditions of participation," some of which may have implications for amounts previously estimated. In addition to varying interpretation and evolving codification of the regulations, standards of supporting documentation and required data are subject to wide variation.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medicaid revenues, the District estimates the amount of revenue that will ultimately be received under the Medicare and Medi-Cal programs. Amounts ultimately received or paid may vary significantly from these estimates.

Health Care Reform

On March 23, 2012, the Patient Protection and Affordable Care Act (PPACA) was signed into law. On March 30, 2012 the Health Care and Education Reconciliation Act of 2012 was signed, amending the PPACA (collectively the "Affordable Care Act"). On June 29, 2012, the Supreme Court upheld the constitutionality of much of the Affordable Care Act. The Affordable Care Act addresses a broad range of topics affecting the health care industry, including a significant expansion of healthcare coverage. The coverage expansion is accomplished primarily through incentives for individuals to obtain and employers to provide health care coverage and an expansion in Medicaid eligibility. The Affordability Act also includes incentives for medical research and the use of electronic health records, changes designed to curb fraud, waste and abuse, and creates new agencies and demonstration projects to promote the innovation and efficiency in the healthcare delivery system. Some provisions of the health care reform legislation were effective immediately; with others originally scheduled to be phased in through 2014. The effective date for certain provisions were delayed, with further changes probable but difficult to predict. The District has already been affected by the coverage expansion provisions that went into effect on January 1, 2014, however, due to the delays in enrollment and other problems with the federal insurance exchange, it is still too early to quantify the overall effect of the changes that have already occurred, and to predict the effect of the changes yet to come.

On March 1, 2013, automatic spending reduction provisions of the Budget Control Act of 2011 originally scheduled for implementation on January 1, 2013, but postponed for two months under the American Taxpayer Relief Act of 2012, went into effect. These spending reductions, also known as sequestration reductions, resulted in a fixed two percent reduction in all Medicare spending. For fiscal year ended June 30, 2013, sequestration resulted in the loss of $0.6 million in reimbursement for the District; for fiscal year ended June 30, 2014, the reduction in reimbursement was $2.1 million.

In addition to sequestration reductions, Medicare Disproportionate Share (DSH) payments to eligible hospitals were significantly reduced in 2014. For fiscal year 2013, the District received $12.9 million in DSH payments. For fiscal year 2014, DSH payments received were $8.8 million.

Meaningful Use of Electronic Health Records

The American Recovery and Reinvestment Act of 2009 established one-time incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record ("EHR") technology. A hospital may receive an incentive payment for up to four years, by meeting a series of objectives that make use of EHR's potential related to the improvement of quality, efficiency and patient safety. Meaningful use is assessed on a year-by-year basis and requires attestation by the facility that the criteria have been satisfied. For the year ended June 30, 2014, the District's revenues include $2.0 million in Medicare EHR and $700,000 in Medi-Cal EHR funding. The District also received $1.2 million in EHR incentive funding from Medi-Cal in 2013 and is on track to qualify for additional meaningful use incentive payments in future years.

Economic Factors Expected to Affect the District's 2015 Operations

The Board of Directors of the District approved the fiscal year 2015 operating budget at their June 2014 meeting. The operating budget was developed after a review of key volume indicators and trends. The budget incorporates the District's current Institutional Agenda as well as economic factors, such as estimated population growth and unemployment rates.

The Fiscal Year 2015 budget anticipates a 3.2% decrease in expenditures from the 2014 level. This decrease includes an 8.7% decrease in salaries and wages, resulting from adjustments in staffing levels in response to changes in overall patient volumes experienced. In addition, reductions in staffing were experienced with the completion of the implementation of the Electronic Health Record (EHR).

At the same time, downward pressures on reimbursement are expected to continue. In estimating net revenues for 2015, District staff has attempted to incorporate the anticipated effects of the Affordable Care Act, based on the available information. Likewise, the future state of the Bay Area economy, which is also difficult to predict, could have a significant impact on the District's operations. Additional legislation at either the State or Federal level may affect the accuracy of many of the assumptions included in the budget estimate.

Financial Analysis of the Washington Hospital Healthcare Foundation

Total Foundation assets of $7.6 million at June 30, 2014 increased by $0.3 million from $7.3 million at June 30, 2013. The Foundation's net assets at June 30, 2014 of $7.2 million decreased by $0.1 million, from $7.3 million, at June 30, 2013.

Table 6 provides a summary of the Foundation's assets, liabilities, and net assets as of June 30, 2014, 2013 and 2012:

(in thousands)	**2014**	**2013**	**2012**
Assets			
Cash and cash equivalents	$ 350	$ 698	$ 444
Contributions receivable, net	1,307	1,971	2,246
Short term investments held by district on behalf of foundation	4,445	3,337	3,383
Prepaid expenses and other	70	-	29
Investments	1,445	1,259	1,125
Total assets	$ 7,617	$ 7,265	$ 7,227
Liabilities			
Accounts payable and accrued expenses	$ 373	$ -	$ -
Total liabilities	373	-	-
Net Assets			
Restricted - expendable	6,817	6,594	6,389
Unrestricted	427	671	838
Total net assets	7,244	7,265	7,227
Total liabilities and net assets	$ 7,617	$ 7,265	$ 7,227

In 2014 the Foundation's cash and investment position, including State of California Local Agency Investment Fund (LAIF) investments held by the District on behalf of the Foundation, increased $0.9 million, from $5.3 million at June 30, 2013 to $6.2 million at June 30, 2014. In 2013, the Foundation's cash and investment position, including State of California Local Agency Investment Fund (LAIF) investments held by the District on behalf of the Foundation, increased $0.3 million, from $5.0 million at June 30, 2012 to $5.3 million at June 30, 2013.

Table 7 provides a summary of cash and investments for the Foundation as of June 30, 2014, 2013 and 2012:

(in thousands)	**2014**	**2013**	**2012**
Cash and cash equivalents	$ 350	$ 698	$ 444
Money market and certificates of deposit	526	524	520
Equity mutual fund	920	735	605
	1,796	1,957	1,569
Local Agency Investment Funds held by District on behalf of Foundation	4,445	3,337	3,383
Total available cash and investments	$ 6,241	$ 5,294	$ 4,952

Table 8 shows the Foundation's activities and changes in net position for 2014, 2013 and 2012:

	2014			2013			2012		
(in thousands)	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and support									
Contributions	$ 9	$ 1,102	$ 1,111	$ 5	$ 911	$ 916	$ 210	$ 1,480	$ 1,690
Contributed services	208	22	230	204	49	253	333	39	372
Investment income	27	-	27	45	-	45	22	-	22
Unrealized gain (loss) on investments	169	-	169	108	-	108	45	-	45
	413	1,124	1,537	362	960	1,322	610	1,519	2,129
Net assets released from restrictions	901	(901)	-	755	(755)	-	1,779	(1,779)	-
Total revenues, gains, and support	1,314	223	1,537	1,117	205	1,322	2,389	(260)	2,129
Expenses									
General and administrative	706	-	706	612	-	612	598	-	598
Donation to Pathways Hospice	-	-	-	-	-	-	25	-	25
Donations for Haiti Relief	-	-	-	-	-	-	5	-	5
Donation to George Mark Children's House	-	-	-	-	-	-	25	-	25
Donation to Citizens for Measure Z	-	-	-	75	-	75	-	-	-
Donation to Washington Township Health Care District	852	-	852	597	-	597	1,475	-	1,475
Total expenses	1,558	-	1,558	1,284	-	1,284	2,128	-	2,128
Increase (decrease) in net position	(244)	223	(21)	(167)	205	38	261	(260)	1
Net position									
Beginning of year	671	6,594	7,265	838	6,389	7,227	577	6,649	7,226
End of year	$ 427	$ 6,817	$ 7,244	$ 671	$ 6,594	$ 7,265	$ 838	$ 6,389	$ 7,227

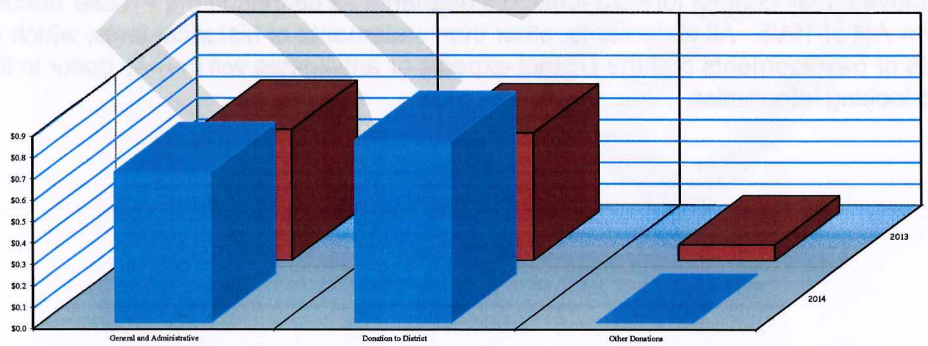
Fiscal Year 2014 Revenue and Expense Analysis for the Foundation

Revenues, Gains and Support

Total revenues, gains and support increased 16.3% from $1.3 million in 2013 to $1.5 million in 2014. Contributions increased by $0.2 million from $0.9 million in 2013 to $1.1 million in 2014.

Expenses

Total expenses for the Foundation were $1.6 million and $1.3 million for fiscal years ended June 30, 2014 and 2013, respectively, as summarized in the graph below:



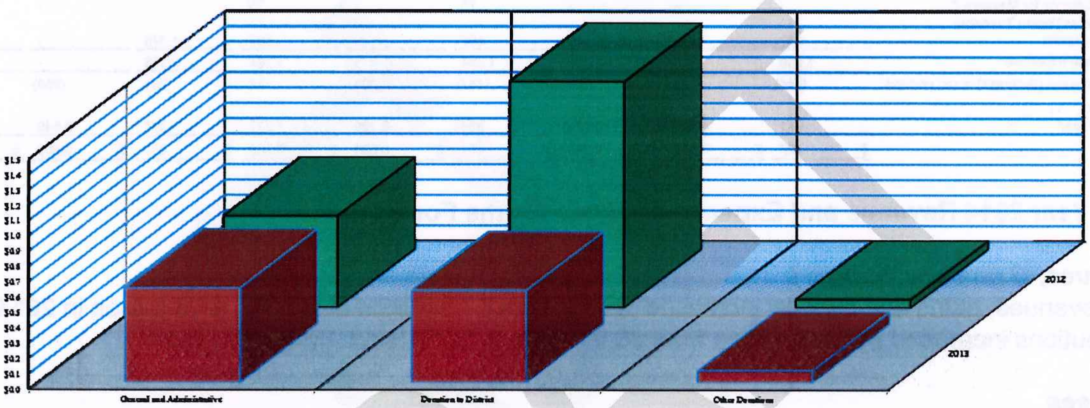
Fiscal Year 2013 Revenue and Expense Analysis for the Foundation

Revenues, Gains and Support

Total revenues, gains and support decreased 43.4% from $2.1 million in 2012 to $1.3 million in 2013. Contributions decreased by $0.8 million from $1.7 million in 2012 to $0.9 million in 2013. The completion of the capital campaign to raise funds for the Center for Joint Replacement accounted for the majority of the decline in contribution revenue.

Expenses

Total expenses for the Foundation were $1.3 million and $2.1 million for fiscal years ended June 30, 2013 and 2012, respectively, as summarized in the graph below:



Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the District, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the District expects or anticipates will or may occur in the future, contain forward-looking information.

Washington Township Health Care District
Statements of Net Position
June 30, 2014 and 2013

	District		Foundation	
	2014	2013	2014	2013
Assets				
Current assets				
Cash and cash equivalents	$ 19,499,000	$ 11,117,000	$ 350,000	$ 698,000
Short-term investments	17,858,000	28,583,000	1,445,000	1,259,000
Short-term investments held by District on behalf of Foundation	-	-	4,445,000	3,337,000
Patient accounts receivable, less allowance for estimated uncollectibles of $25,765,000 and $38,766,000 in 2014 and 2013, respectively	61,210,000	67,579,000	-	-
Contributions receivable, net, due in less than 1 year	-	-	125,000	53,000
Supplies	3,618,000	3,363,000	-	-
Prepaid expenses and other	7,922,000	7,314,000	70,000	-
Total current assets	110,107,000	117,956,000	6,435,000	5,347,000
Long-term investment and restricted funds				
Board-designated for capital, debt and workers' compensation	169,789,000	174,333,000	-	-
Board-designated for pension funding	-	114,366,000	-	-
Held by trustee	163,084,000	38,969,000	-	-
Restricted funds	2,801,000	2,801,000	-	-
Capital assets, net	415,006,000	407,220,000	-	-
Other assets				
Contributions receivable, net, due in more than 1 year	-	-	1,182,000	1,918,000
Goodwill	7,394,000	7,394,000	-	-
Other noncurrent asset	8,508,000	9,770,000	-	-
Total assets	876,689,000	872,809,000	7,617,000	7,265,000
Deferred outflows of resources	18,500,000	-	-	-
Total assets and deferred outflows of resources	$ 895,189,000	$ 872,809,000	$ 7,617,000	$ 7,265,000
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	$ 10,222,000	$ 10,175,000	$ -	$ -
Accounts payable and accrued expenses	24,551,000	37,273,000	373,000	-
Due to Foundation	4,445,000	3,337,000	-	-
Due to government agencies	5,640,000	4,610,000	-	-
Accrued liabilities				
Payroll related	7,692,000	10,307,000	-	-
Vacation	14,351,000	14,989,000	-	-
Health benefits	3,457,000	3,430,000	-	-
Interest	10,119,000	7,219,000	-	-
Other	9,085,000	7,154,000	-	-
Total current liabilities	89,562,000	98,494,000	373,000	-
Long-term liabilities				
Workers' compensation claims	8,418,000	8,300,000	-	-
Net pension liability	71,400,000	175,770,000	-	-
Post-retirement employee medical benefits	34,465,000	32,292,000	-	-
Long-term debt, net of current maturities	213,434,000	218,355,000	-	-
Long-term debt, general obligation bonds	198,703,000	54,746,000	-	-
Total long-term liabilities	526,420,000	489,463,000	-	-
Total liabilities	615,982,000	587,957,000	373,000	-
Deferred Inflows of resources	11,075,000	6,867,000	-	-
Net position				
Invested in capital assets, net of related debt	155,732,000	162,914,000	-	-
Restricted - expendable	2,801,000	2,801,000	6,817,000	6,594,000
Reserved for minority interest	5,107,000	5,048,000	-	-
Unrestricted	104,492,000	107,222,000	427,000	671,000
Total net position	268,132,000	277,985,000	7,244,000	7,265,000
Total liabilities, deferred inflows of resources and net position	$ 895,189,000	$ 872,809,000	$ 7,617,000	$ 7,265,000

The accompanying notes are an integral part of these financial statements.

Washington Township Health Care District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2014 and 2013

	District		Foundation	
	2014	2013	2014	2013
Operating revenues				
Net patient service revenues	$ 445,902,000	$ 467,029,000	$ -	$ -
Other	10,262,000	8,862,000	-	-
Contributions	852,000	597,000	1,111,000	916,000
Contributed services	-	-	230,000	253,000
Total operating revenues	457,016,000	476,488,000	1,341,000	1,169,000
Operating expenses				
Salaries and wages	192,191,000	195,107,000	-	-
Employee benefits	78,322,000	83,349,000	-	-
Supplies	56,241,000	58,664,000	-	-
Professional fees	53,605,000	48,748,000	-	-
Purchased services	42,176,000	44,919,000	-	-
Depreciation	34,665,000	28,142,000	-	-
Insurance	1,873,000	2,352,000	-	-
Donations	-	-	852,000	672,000
Goodwill impairment	-	2,038,000	-	-
Other operating expenses	11,746,000	9,942,000	706,000	612,000
Total operating expenses	470,819,000	473,261,000	1,558,000	1,284,000
Operating income (loss)	(13,803,000)	3,227,000	(217,000)	(115,000)
Non-operating revenues and expenses				
Investment income	3,586,000	5,293,000	27,000	45,000
Net increase (decrease) in the fair value of investments	541,000	(5,181,000)	169,000	108,000
Interest expense, including amortization of premiums and discounts on bonds payable	(10,542,000)	(8,575,000)	-	-
Property tax revenue	12,620,000	8,514,000	-	-
Bond issuance costs	(1,182,000)	-		
Other non-operating income	580,000	488,000	-	-
Total non-operating revenues and expenses	5,603,000	539,000	196,000	153,000
Increase in net position before other changes	(8,200,000)	3,766,000	(21,000)	38,000
Minority Interest - additional contributions from	-	313,000	-	-
Minority Interest - distributions to	(1,653,000)	(1,415,000)	-	-
Increase/(decrease) in net position after other changes	(9,853,000)	2,664,000	(21,000)	38,000
Total net position				
Beginning of year	277,985,000	410,793,000	7,265,000	7,227,000
Cumulative effect of new accounting standards	-	(135,472,000)	-	-
End of year	$ 268,132,000	$ 277,985,000	$ 7,244,000	$ 7,265,000

The accompanying notes are an integral part of these financial statements.

Washington Township Health Care District
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	District		Foundation	
	2014	2013	2014	2013
Cash flows from operating activities				
Cash received from patient service activities	$ 452,271,000	$ 466,979,000	$ -	$ -
Other cash receipts	11,114,000	9,459,000	1,775,000	1,191,000
Cash payments to suppliers	(164,959,000)	(160,227,000)	(173,000)	(330,000)
Cash payments to employees and employee benefit programs	(390,110,000)	(255,349,000)	-	-
Net cash provided by/(used in) operating activities	(91,684,000)	60,862,000	1,602,000	861,000
Cash flows from non-capital financing activities				
Donation from Foundation to District	852,000	597,000	(852,000)	(597,000)
Other donations	-	-	-	(75,000)
Net cash provided by/(used in) non-capital financing activities	852,000	597,000	(852,000)	(672,000)
Cash flows from capital and related financing activities				
Purchases of capital assets	(45,632,000)	(56,408,000)	-	-
Proceeds from sale of capital assets	153,000	-	-	-
Principal paid on debt	(10,569,000)	(9,713,000)	-	-
Interest paid on debt	(16,190,000)	(15,200,000)	-	-
Sale of net assets to minority shareholders in Washington Outpatient Surgery Center, LLC	-	313,000	-	-
Net assets distributed to minority shareholders in Washington Outpatient Surgery Center, LLC	(1,653,000)	(1,415,000)	-	-
Proceeds from debt issuance, net of issuance costs	148,639,000	267,000	-	-
Proceeds from property taxes levied by the County	14,381,000	8,999,000	-	-
Net cash (provided by)/used in capital and related financing activities	89,129,000	(73,157,000)	-	-
Cash flows from investing activities				
Purchases of investments	(204,862,000)	(294,201,000)	(1,216,000)	(15,000)
Sales of investments	210,923,000	298,774,000	91,000	35,000
Investment income	3,012,000	5,197,000	27,000	45,000
Other non-operating income received	1,012,000	928,000	-	-
Net cash provided by/(used in) investing activities	10,085,000	10,698,000	(1,098,000)	65,000
Net increase/(decrease) in cash and cash equivalents	8,382,000	(1,000,000)	(348,000)	254,000
Cash and cash equivalents				
Beginning of year	11,117,000	12,117,000	698,000	444,000
End of year	$ 19,499,000	$ 11,117,000	$ 350,000	$ 698,000
Reconciliation of operating income to net cash provided by operating activities				
Operating (loss)/income	$ (13,803,000)	$ 3,227,000	$ (217,000)	$ (115,000)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	34,665,000	28,142,000	-	-
Loss on disposal of fixed assets	152,000			
Provision for doubtful accounts	63,716,000	71,827,000	-	-
Goodwill impairment	-	2,038,000	-	-
Pension funding	(134,026,000)	-		
Change in deferred inflows	4,208,000	6,867,000		
Donations	-	-	852,000	672,000
Changes in assets and liabilities				
Accounts receivables	(57,347,000)	(71,877,000)	664,000	275,000
Supplies, prepaid expenses, and other current assets	(289,000)	(1,398,000)	(70,000)	29,000
Other assets	1,262,000	4,535,000	-	-
Due to Foundation	1,108,000	50,000	-	-
Due from/to government agencies	1,030,000	4,449,000	-	-
Accounts payable and accrued expenses	(1,899,000)	4,778,000	373,000	-
Payroll, vacation, and health accrued liabilities	(3,226,000)	2,715,000	-	-
Other liabilities	12,765,000	5,509,000	-	-
Net cash provided by/(used in) operating activities	$ (91,684,000)	$ 60,862,000	$ 1,602,000	$ 861,000
Non-cash transactions				
Capitalized interest	$ 8,379,000	$ 6,265,000	$ -	$ -
Accounts payable and accrued expenses for property and equipment purchases	$ 7,389,000	18,212,000	-	-
Contributed services	$ -	-	230,000	253,000

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

a. Organization

District
Washington Township Health Care District (the District) is a political subdivision of the State of California organized under the Local Health Care District Law, as set forth in the Health and Safety Code of the State of California. It is exempt from federal and state income taxes. The District's mission is to provide broad healthcare services to its residents. The District's boundaries encompass an area of approximately 124 square miles in southern Alameda County. The District operates the Washington Hospital Healthcare System, which consists of Washington Hospital (the Hospital), a 353-bed licensed acute care hospital located in Fremont, California. Included within the District boundaries are the cities of Fremont, Newark and Union City, the southern portions of the city of Hayward and the unincorporated area known as Sunol.

The District is the sole corporate member of Washington Township Hospital Development Corporation (DEVCO). DEVCO was formed in 1984 to train medical personnel, develop medical treatment programs, perform medical research and development, and render medical services to the general public. The DEVCO Board is appointed by the District's Board. DEVCO contractually operates a radiation oncology center and also operates an outpatient rehabilitation center and an urgent care clinic. On July 1, 2010, DEVCO purchased a controlling interest in the Washington Outpatient Surgery Center, LLC (WOSC) and has blended its financial statements since this date. DEVCO is considered a component unit of the District, and is blended in the District's financial statements based on the extent of District management's involvement in, and oversight of, DEVCO's operations and financial activity.

DEVCO is the sole corporate member of Washington Township Medical Foundation (WTMF). WTMF was formed on November 1, 2010 to operate a multi-specialty medical clinic under the applicable provisions of the California Health and Safety Code. WTMF is considered a component unit of the District, and is blended in the District's financial statements based on the extent of District and DEVCO management's involvement and oversight of WTMF's operations and financial activity.

The accompanying financial statements include the accounts and transactions of the Hospital, DEVCO and WTMF. All significant inter-company accounts and transactions have been eliminated in the financial statements.

Foundation
Washington Hospital Healthcare Foundation (the Foundation), founded in 1982, is a California nonprofit corporation exempt from federal and state income tax. The Foundation was established to raise funds for the operation, maintenance, and modernization of the facilities of the District, its related corporations, and sponsored programs which benefit the District. Accordingly, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. Complete financial statements for the Foundation can be obtained from the Foundation at 2000 Mowry Avenue, Fremont, CA 94538.

b. Accounting Standards

District

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB) using the "economic resources measurement focus" and the accrual basis of accounting. In addition, these statements follow generally accepted accounting principles applicable to the health care industry, which are included in the American Institute of Certified Public Accountants' Audit and Accounting Guide, Health Care Entities, to the extent that these principles do not contradict GASB standards.

Foundation

As a private nonprofit organization, the Foundation reports under FASB standards, including generally accepted accounting principles for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than minor nomenclature changes, no modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

c. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to patient accounts receivable allowances, amounts due to third-party payors, self-insurance liabilities and employee benefit costs. Actual results may differ from those estimates.

d. Proprietary Fund Accounting

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and financial statements are prepared using the economic resources measurement focus.

e. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

f. Contributed Services

Certain general and administrative support to the Foundation is provided by the District. The value of the services is recorded as a contribution in the Foundation and an equivalent amount recorded as other operating expense in the District.

g. Contributions Received

Contributions are recognized by the Foundation as revenues in the period received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as temporarily restricted and then reclassified from temporarily restricted to unrestricted net assets. Contributions are derived primarily from donors in Northern California.

h. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using rates representative of market participants' perspectives. Among other things, this takes into consideration when the promise to give is expected to be collected, past collection experience, the Foundation's policy on enforcing promises to give, and creditworthiness of the donor. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

i. Donations Granted

Donations granted by the Foundation are recognized as expenses in the period made and as decreases of assets or increases of liabilities, depending on the form of benefits given.

j. Supplies

The inventory of supplies is valued on a first-in, first-out basis.

k. Long-Term Investment and Restricted Funds

Long-term investments and restricted funds are invested in corporate debt securities, United States Treasury bonds and government agency debt issues. These investments are measured at fair value, which is determined based upon quoted market prices. These investments are exposed to various risks, such as interest rate, market and credit risks. Investments set aside for future capital improvements, pension costs or for funding insurance are considered to be Board designated funds. These and other investments, whose use has been limited by financial arrangements, are classified as long- or short-term investment funds. Investments whose use by the District has been limited by donors to a specific time period or purpose are classified as restricted funds.

l. Capital Assets

Capital assets are recorded at cost. All assets with an original cost of $500 or more are considered capital assets. Depreciation is provided over the useful life of each class of depreciable assets and is computed using the straight-line method. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred.

Depreciable lives by property classification are as follows:

Land improvements	2-25 years
Buildings	10-40 years
Equipment	3-20 years

Interest income and cost incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of acquiring those assets.

m. Business Combinations and Goodwill

Business combinations are accounted for under the purchase accounting method. The cost of an acquired company is assigned to the tangible and intangible assets purchased and the liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets and liabilities acquired requires the District to make estimates and use valuation techniques when market value is not readily available. Any excess of purchase price over the fair value of the tangible and intangible assets acquired is allocated to goodwill at year-end.

Goodwill is tested for impairment annually or more frequently if changing circumstances warrant. Impairment analysis during 2013 resulted in recognition of a $2.0 million goodwill impairment loss related to the Washington Outpatient Surgery Center. Minority interest equity was reduced by 49% of this amount, or approximately $1.0 million; the District's equity amount was also reduced by approximately $1.0 million. Impairment analysis during 2014 indicated no additional impairment.

n. Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee health, dental, and accident benefits; and medical malpractice. The District utilizes both commercial insurance and self-insurance for claims arising from such matters. The District is self-insured for workers' compensation claims, and health, vision and dental benefits.

o. Self-Insurance Plans

The District is self-insured for workers' compensation benefits for employees. An actuarial estimate of future claims payments are accrued as a long-term liability. This estimate is based on the expected, undiscounted payments. Assets have been set aside for future payments of workers' compensation benefits, related expense, and the cost of administering the plan. These assets are classified as long-term investment funds in the accompanying financial statements.

The District is a member of and participates in a group professional liability self-insurance program through BETA Healthcare Group (BETA), a joint powers authority whose members are district hospitals and county facilities in California. Amounts paid by each member to BETA represent actuarially determined assessments of claims payable, and estimated incurred, but not reported, claims that are adjusted periodically based on the claims experience for each member at each hospital. Claims in excess of specified amounts are the responsibility of individual program participants. The District has coverage on an occurrence basis up to $40 million per year for professional and general liability through BETA.

The District provides eligible employees with health, vision and dental benefits through self-insured programs administered by Blue Shield, Vision Service Plan and Delta Dental. The liability for claims arising from these programs is estimated based upon historical experience and trending information.

p. Net Position

District
Net position is composed of the following categories:

Unrestricted
Unrestricted net position that is neither restricted nor invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by management or the Board of Directors.

Reserved for Minority Interest
Net position of a legally separate organization attributable to other participants. In July 2010, the District acquired the Washington Outpatient Surgery Center and concurrently sold a minority interest in the entity to area physicians. No gain on sale was recognized upon the sale of the minority interest. During 2014, the Washington Outpatient Surgery Center earned operating income of approximately $3.6 million. The District distributed a portion of the minority interest's share of 2014 earnings in 2014.

Invested in Capital Assets, Net of Related Debt
Capital assets, net of accumulated depreciation reduced by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted
The District classifies net position resulting from transactions with purpose restrictions as restricted net position until the resources are used for the specific purpose or for as long as the provider requires the resources to remain intact.

Expendable
Net position, whose use by the District is subject to externally-imposed restrictions that can be fulfilled by actions of the District, pursuant to those restrictions or that expire by the passage of time.

Nonexpendable
Net position subject to externally-imposed restrictions that they be retained in perpetuity by the District. There were no such assets as of June 30, 2013 and 2014.

Foundation
The net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted
Unrestricted net assets represent those resources of the Foundation that are not subject to donor-imposed stipulations. The only limits on unrestricted net position are broad

limits resulting from the nature of the Foundation and the purposes specified in its articles of incorporation or bylaws, and limits resulting from contractual agreements, if any.

Temporarily restricted
Temporarily restricted net assets represent contributions, which are subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those stipulations or by the passage of time. For financial statement presentation, these are labeled as "Restricted – expendable" in the accompanying financial statements.

q. Concentrations of Credit Risk

District
Financial instruments that potentially subject the District to concentrations of credit risk consist principally of cash equivalents and patient accounts receivable.

The District invests its cash and cash equivalents in highly rated financial instruments including insured deposits and the Local Agency Investment Fund (LAIF). Other than LAIF funds, there is no significant concentration in one investment or group of similar investments.

The District's concentration of credit risk relating to patient accounts receivable is limited by the diversity and number of the District's patients and payors. Patient accounts receivable consists of amounts due from governmental programs, commercial insurance companies, private pay patients and other group insurance programs. Reimbursements from the Medicare program accounted for approximately 27% of the District's net patient service revenues for each of the fiscal years ended June 30, 2014 and 2013. Medicare and Medi-Cal are the only payors that represent more than 10% of the District's net patient accounts receivable as of June 30, 2014. The District maintains an allowance for doubtful accounts based on the expected collectibility of patient accounts receivable.

As of June 30, 2014, amounts receivable from Alameda Alliance for Health (the Alliance), the Alameda County Medi-Cal HMO, had grown significantly due to a failed computer conversion by the Alliance. Due to uncertainty as to the timing and nature of the resolution of the issue, Management deemed it prudent to record an additional reserve for collectibility against the Alliance receivables. The unreserved receivable balance at June 30, 2014 is approximately $3.9 million.

Foundation
Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash equivalents and pledged contributions receivable.

The Foundation invests its cash and cash equivalents in highly rated financial instruments including insured deposits. The District holds a portion of the Foundation assets in the District's LAIF account.

The Foundation maintains an allowance for uncollectible pledges based on the expected collectability of pledges. The Foundation had 60 donor pledges, with the largest individual pledge representing approximately 77% of the total, as of June 30, 2014. The Foundation had 127 donor pledges, with the largest individual pledge representing approximately 76% of the total, as of June 30, 2013.

r. Statements of Revenues, Expenses, and Changes in Net Position

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions, which include investment income, changes in unrealized gains and losses, interest expense, rental income and property tax revenues are reported as non-operating revenues and expenses.

s. Net Patient Service Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Reimbursement from third-party payors under various methodologies is based on the level of care provided. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Retroactive adjustments in 2014 and 2013, related to prior years, including adjustments to prior year estimates, increased net patient service revenues approximately $3.6 million in 2014 and approximately $4.7 million in 2013.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change.

t. Charity Care

The District provides care without charge to patients who meet certain criteria under its Charity Care Policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not included in net patient service revenues. The District subsidizes the cost of treating patients who are on governmental assistance, where reimbursement is below cost.

u. Other Revenue

Other revenue includes revenue from cafeteria, laundry, dietary and certain DEVCO operations. Other revenue for 2014 also includes approximately $2.7 million in incentive funding, from Medi-Cal and Medicare, based on demonstrated Meaningful Use of an Electronic Health Record.

v. Interest Income and Expense

Interest expense on debt issued for construction projects and income earned on the funds held pending use are capitalized until the projects are placed in service and are depreciated over the estimated useful life of the asset.

w. Impairment of Long-Lived Assets

In accordance with GASB Statement No. 42, *Accounting and Reporting for Impairment of Capital Assets and for Insurance Recoveries,* the District is required to evaluate prominent events or changes in circumstances to determine whether an impairment loss should be recorded and that any insurance recoveries be netted with the impairment loss. Based on management's evaluation, there were no impairment losses in 2014 and 2013.

x. Income Taxes

District
The District operates under the purview of the Internal Revenue Code, Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. However, income from the unrelated business activities of the District may be subject to income taxes.

Foundation
The Foundation is a California nonprofit corporation; exempt from federal and state income tax as a 501(c)(3) organization.

y. Property Tax Revenue

The District receives property taxes that are assessed by Alameda County for the service of the general obligation bond principal and interest payments. The District records these revenues as non-operating income.

z. New Accounting Pronouncements

District
GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, sets forth criteria to classify previously reported assets and liabilities as deferred outflows or inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows or inflows of resources. This standard was issued in March 2012 and was effective for periods beginning after December 15, 2012. Adoption of this standard resulted in the elimination of unamortized bond issuance costs of $2.5 million as of July 1, 2012 and a corresponding reduction in unrestricted net position.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012. This Statement resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Adoption of this standard did not have a material impact on the financial statements.

GASB Statement No 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* requires governments providing pensions through pension plans administered as trusts or similar arrangements that meet certain criteria and requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This standard was issued in June 2012 and is effective for periods beginning after June 15, 2014, with earlier adoption encouraged. Management elected early adoption of the requirements of this standard, the effects of which are included in the June 30, 2014 and in the June 30, 2013 balances presented in the accompanying financial statements. Adoption of this standard resulted in the recognition of an additional $133.0 million in net pension liability and a corresponding reduction in unrestricted net position of $133.0 million as of July 1, 2012. See additional related discussion in Note 11.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for financial reporting periods beginning after December 15, 2013. This Statement establishes standards for accounting and financial reporting of government combinations and disposals of government operations. Government combinations include mergers, acquisitions and transfers of operations of government or nongovernment entities to a continuing government. The Statement includes guidance for measuring the assets and liabilities that are acquired in a combination, either with or without consideration. Management is currently evaluating the impact that Statement No. 69 will have on its financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for financial reporting periods beginning after June 15, 2013. This Statement establishes standards for recording a liability when a government extends a nonexchange financial guarantee for the obligations of another government, a not-for-profit organization, a private entity or an individual without receiving equal or nearly equal value in exchange. As part of the nonexchange financial guarantee, the government commits to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. This standard requires the government that extends a nonexchange financial guarantee to record a liability when qualitative factors and historical data indicate that its more likely than not that the government will be required to make a payment on the guarantee. Adoption of this standard did not have an impact on the financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, to be applied simultaneously with adoption of Statement No. 68. Adoption of this standard did not have an impact on the District's financial statements.

Foundation

There were no new FASB accounting pronouncements during the year which impacted the Foundation's financial statements.

2. Patient Revenues

Patient revenues consist of the following:

	2014	2013
Gross patient charges		
Routine inpatient services	$ 382,244,000	$ 403,407,000
Ancillary inpatient services	1,104,094,000	1,182,398,000
Outpatient services	607,522,000	597,508,000
	2,093,860,000	2,183,313,000
Less: Charity care	(16,406,000)	(20,583,000)
Gross patient service revenues	2,077,454,000	2,162,730,000
Deductions from gross patient service revenues		
Contractual allowances for statutory and negotiated rates	1,567,836,000	1,623,874,000
Provision for doubtful accounts	63,716,000	71,827,000
	1,631,552,000	1,695,701,000
Net patient service revenues	$ 445,902,000	$ 467,029,000

The District has agreements with third-party payors that provide for payments to the District at amounts that differ from established rates. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The District also receives Medicare Disproportionate Share (DSH) reimbursements for services provided to a disproportionate percentage of low-income patients. The Medicare program pays hospitals for outpatient services under the prospective payment system known as Ambulatory Payment Classifications (APCs). Under APCs, the District is paid a prospectively determined rate based on the diagnosis and procedures provided to patients. Outpatient physical therapy, speech therapy, occupational therapy, and laboratory are paid based upon prospectively determined fee schedules. The Hospital is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's cost reports have been audited for all fiscal years through June 30, 2010. The 2006 cost report has not yet been finalized by the Medicare fiscal intermediary because a required ratio for the federal fiscal year ending September 2005 has not yet been finalized by CMS. All other cost reports through 2011 have been finalized. Services provided to Medi-Cal program beneficiaries are reimbursed at negotiated per-diem rates.

The District has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The methods for payment under these agreements include prospectively determined rates-per-discharge, discounts from established charges, and prospectively determined per diem rates. The District receives reimbursement from various payors under the State of California Division of Workers' Compensation program, based upon a pre-determined fee schedule.

Billings relating to services rendered are recorded as net patient service revenue in the period in which the service is performed, net of contractual and other allowances, which represent differences between gross charges and the estimated receipts under such programs. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Receivables for patient care are also reduced for allowances for uncollectible accounts.

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. The use of historical collection and payor reimbursement experience is an integral part of the estimation of reserves for uncollectible accounts. Revisions in reserve for uncollectible accounts estimates are recorded as an adjustment to the provision for bad debts, which includes charity care.

At the current time there is uncertainty about reimbursements from government programs. The Centers for Medicare and Medicaid Services have proposed reductions in rates, which would result in a decrease in Medicare reimbursements. The State budget contains proposed health care budget cuts that may affect reimbursements for non-contracted Medi-Cal services. The ultimate outcome of these proposals and other market changes cannot presently be determined.

State of California Assembly Bill ("AB") 1383 of 2009, as amended by AB 1653 (Statutes of 2010) established a series of Medicaid supplemental payments funded through a "Quality Assurance Fee" and a "Hospital Fee Program", which are imposed on certain California hospitals. The original effective date of the Hospital Fee Program was April 1, 2009 through December 31, 2010 and is predicated, in part, on the enhanced Federal Medicaid Assistance Percentage ("FMAP") contained in the American Reinvestment and Recovery Act ("ARRA"). The most recent Hospital Fee Program expired December 31, 2013. The Program makes supplemental payments to hospitals for various health care services and supports the state's effort to maintain health care coverage for children. The District, designated as a public hospital, is exempt from paying the Quality Assurance Fee; however, the District receives supplemental payments under the Hospital Fee Program. For the years ended June 30, 2014 and June 30, 2013, the District recognized amounts under the Hospital Fee Program of $0.2 million and $1.2 million, respectively, which have been reported as net patient service revenues.

Non-Designated Public Hospitals (NDPHs), including the District, were authorized, in 2011's AB 113, to use intergovernmental transfers (IGTs) to obtain federal supplemental funds for Medi-Cal inpatient fee-for-service. The IGTs are used to bring NDPHs, in the aggregate, up to their upper payment limit (UPL). The UPL is the federal maximum available under the Medicaid program, as calculated based on the actual costs of providing care. For the years ended June 30, 2014 and June 30, 2013, the District recognized amounts under the IGT Program of $2.1 million and $1.6 million, respectively, which have been reported as net patient service revenues.

State of California Assembly Bill 915, *Public Hospital Outpatient Services Supplemental Reimbursement Program*, provides for supplemental reimbursement equal to the federal share of unreimbursed facility costs incurred by public hospital outpatient departments. This supplemental payment covers only Medi-Cal fee-for-service outpatient services. The supplemental payment is based on each eligible hospital's Certified Public Expenditures ("CPE"), which are matched with federal Medicaid funds. For the years ended June 30, 2014 and 2013, the District recorded net patient service revenues of $1.1 million and $0.8 million, respectively.

The State of California's Section 1115 Medicaid Waiver Proposal and Demonstration Project, intended as a transition to Federal health care reforms, included the Low Income Health Program (LIHP). Administered by the California Department of Healthcare Services (DHCS), in coordination with the Centers for Medicare and Medicaid Services (CMS), the LIHP provided for access to supplemental Federal funding for certain health care services provided to eligible persons. The LIHP operated from July 1, 2011 through December 31, 2013. As a qualified governmental agency, the District submitted claims to the LIHP and recognized related revenues in the fiscal year ending June 30, 2014 of $3.4 million. No LIHP revenues were recognized in the year ending June 30, 2013.

The composition of gross patient revenues by major payor type is as follows:

	2014	2013
Medicare and Medicare HMO	$ 1,111,636,000	$ 1,179,581,000
Medi-Cal and Medi-Cal HMO	367,662,000	328,252,000
Commercial PPO, HMO and others	547,073,000	583,429,000
Private pay	67,489,000	92,051,000
	$ 2,093,860,000	$ 2,183,313,000

3. Charity Care

The District maintains records to identify and monitor the level of direct charity care it provides. For the years ended June 30, 2014 and 2013, net patient service revenues excludes charges foregone for charity care services and supplies of approximately $16.5 million and $20.6 million, respectively. In addition, the estimated cost in excess of reimbursement (unaudited) for indigent patients under publicly-sponsored programs was $57 million and $48 million, respectively.

4. Contributions Receivable

Included in contributions receivable for the Foundation are the following unconditional promises to give:

	2014	2013
Critical Care Pavilion	$ 1,211,000	$ 1,857,000
Center for Joint Replacement	101,000	210,000
Other	125,000	52,000
Contributions receivable before unamortized discount and allowance for uncollectibles	1,437,000	2,119,000
Less: Allowance for uncollectibles	(58,000)	(35,000)
Less: Unamortized net present value adjustment	(72,000)	(113,000)
Net contributions receivable	$ 1,307,000	$ 1,971,000
Amounts due in		
Less than 1 year	$ 125,000	$ 52,000
1 to 3 years	1,182,000	1,919,000
	$ 1,307,000	$ 1,971,000

The value of contributions receivable represents the Foundation's expected future cash flows from each pledge. For the year ended June 30, 2014 the Foundation used a discount rate of 4.5% (for the year ended June 30, 2013 the rate used was 6.0%). The rate used for each year is based on management's estimate of the risk-free rate, adjusted for the risk of donor default.

5. Restricted Net Position

District
The District's restricted net position is expendable for the construction of new facilities for emergency and critical care services.

Foundation
The Foundation's temporarily restricted net assets are available for the following programs:

	2014	2013
Critical Care Pavilion	$ 4,610,000	$ 4,647,000
Center for Joint Replacement	141,000	131,000
Health-related services	1,242,000	982,000
Emergency room and critical care	306,000	306,000
Other activities	29,000	27,000
Education and professional recognition	104,000	159,000
Surgical	50,000	46,000
Childbirth and family services	4,000	33,000
Pathways Hospice	331,000	265,000
	$ 6,817,000	$ 6,596,000

6. Related-Party Transactions

The District held $4,443,000 and $3,337,000 as of June 30, 2014 and 2013, respectively, of the Foundation's assets in the District's short-term investment account. The Foundation donated $852,000 and $597,000 to the District for the fiscal years ended June 30, 2014 and 2013, respectively.

7. Long-Term Investment and Restricted Funds

District

As of June 30, 2014 and 2013, investment and restricted funds, at fair value, have been set aside as follows:

	2014	2013
Board-designated funds		
Funded depreciation	$ 176,146,000	$ 191,606,000
Pension funding	-	114,366,000
Workers' compensation fund	11,501,000	11,310,000
Funds held by trustee under bond indenture	163,084,000	38,969,000
Restricted funds	2,801,000	2,801,000
Total funds	353,532,000	359,052,000
Short-term investments – required for current liabilities	(17,858,000)	(28,583,000)
Total long-term investment and restricted funds	$ 335,674,000	$ 330,469,000

The District is permitted to hold only readily marketable securities. The District's investment policy permits the following investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	15 years	100%	none
U.S. Agency Securities	15 years	100%	none
State of California or local agency obligations	15 years	100%	none
LAIF (State Pool Demand Deposits)	N/A	As permitted by law	$50,000,000
Corporate Bonds	10 years *	30%	none
Certificates of deposit	1 year	20%	none
Repurchase agreements	1 year	N/A	$4,000,000
Bankers acceptances	270 days	40%	none
Commercial Paper	180 days	30%	none
Mutual Funds	N/A	15%	none

* May be longer than 10 years for individual investments if average maturity of portfolio does not exceed 7 years.

As of June 30, 2014 the District had the following investments with maturities as follows:

	Fair Value	Investment Maturities (in Years) Less than 1	1-5	6-10	More than 10
Investment Type					
U.S. Treasuries	$ 31,093,000	$ -	$ 31,093,000	$ -	$ -
U.S. Agencies	16,882,000	301,000	10,532,000	5,219,000	830,000
Corporate Bonds	71,442,000	4,747,000	58,532,000	1,062,000	7,101,000
LAIF (State Pool Demand Deposits)	167,788,000	167,788,000	-	-	-
Money Market and Mutual Funds	66,327,000	66,327,000	-	-	-
Total investments	$ 353,532,000	$ 239,163,000	$ 100,157,000	$ 6,281,000	$ 7,931,000

As of June 30, 2013 the District had the following investments with maturities as follows:

	Fair Value	Investment Maturities (in Years) Less than 1	1-5	6-10	More than 10
Investment Type					
U.S. Treasuries	$ 111,721,000	$ 19,997,000	$ 37,723,000	$ 54,001,000	$ -
U.S. Agencies	37,351,000	6,042,000	15,897,000	11,937,000	3,475,000
Corporate Bonds	105,898,000	8,069,000	79,477,000	6,160,000	12,192,000
LAIF (State Pool Demand Deposits)	49,999,000	49,999,000	-	-	-
Money Market and Mutual Funds	54,082,000	54,082,000	-	-	-
Total investments	$ 359,051,000	$ 138,189,000	$ 133,097,000	$ 72,098,000	$ 15,667,000

Amounts invested in the State of California Local Agency Investment Fund include funds designated for operations and for Board-designated purposes.

Interest Rate Risk
As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investments made by each investment manager to have an average maturity of not more than seven years.

Credit Risk
The District's investment policies are governed by State statutes that require the District to invest in highly rated and secure cash equivalents, and government and corporate debt securities. The District's policy requires that investments in corporate notes be rated "A" or its equivalent or better by a nationally recognized rating service under the "prudent man rule" (Civil Code Sect. 2261 et seq.) as long as the investment is deemed prudent and the type of investment is allowable under current legislation of the State of California (Government Code Section 53600 et seq.). Should the rating fall below the required rating, the District's policies provide for a period under which corrective action is to be taken.

The District's investments at June 30, 2014 are rated as follows:

	Fair Value	Ratings
Investment Type		
U.S. Treasuries	$ 31,093,000	Not rated
U.S. Agencies	16,882,000	Not rated
Corporate Bonds	71,442,000	See below
Local Agency Investment Fund	167,788,000	Not rated
Money Market and Mutual Funds	66,327,000	Not rated
	$ 353,532,000	

(in thousands)	Amount
Corporate Bonds Rating	
AAA	$ 9,880,000
AA+	3,266,000
AA	4,419,000
AA-	4,799,000
A+	12,258,000
A	12,419,000
A-	9,843,000
BBB+	7,739,000
BBB	6,819,000
	$ 71,442,000

Investment and restricted funds, including cash and cash equivalents, are invested in LAIF, U.S. Treasury obligations and U.S. Government Agency and corporate debt securities. Deposits are collateralized by the depository bank with pledged securities. This collateralizing process equals or exceeds the District's carrying value, including the deposit insurance provided by the Federal Deposit Insurance Corporation. Collateral is held by the depository bank's trust department in the name of the District. No investment in any one issuer represents 5% or more of the District's total investments other than U.S. Treasury and Federal National Mortgage Association obligations.

All of the District's investments, including assets held by trustees, are Category 1 investments, which are defined by GASB Statement No. 31 as investments that are insured or registered and are held by the institution, or its agent, in the institution's name.

Foundation
Investments as of June 30, 2014 and 2013, at fair value are summarized below:

	2014	2013
Money market and certificates of deposit	$ 526,000	$ 524,000
Equity mutual fund	919,000	735,000
Local Agency Investment Funds held by District on behalf of Foundation	4,445,000	3,337,000
	$ 5,890,000	$ 4,596,000

The Foundation measures and records its investments at fair value in accordance with accounting standards which establish a hierarchy of valuation inputs based on the extent to which inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. The Foundation's investments were considered Level 1, and as such, fair value was based on quoted prices in active markets for identical assets.

8. Capital Assets

Capital assets activity for the year ended June 30, 2014 consisted of the following:

	Beginning Balance June 30, 2013	Increases	Decreases	Ending Balance June 30, 2014
Capital assets, not being depreciated				
Land	$ 10,482,000	$ -	$ -	$ 10,482,000
Construction in progress	101,707,000	41,371,000	(81,609,000)	61,469,000
Total capital assets not being depreciated	112,189,000	41,371,000	(81,609,000)	71,951,000
Capital assets being depreciated				
Land improvements	11,228,000	170,000	(18,000)	11,380,000
Buildings	308,537,000	14,580,000	(2,863,000)	320,254,000
Fixed and moveable equipment	256,524,000	68,676,000	(474,000)	324,726,000
Total capital assets being depreciated	576,289,000	83,426,000	(3,355,000)	656,360,000
Less: Accumulated depreciation				
Land improvements	(6,532,000)	(415,000)	18,000	(6,929,000)
Buildings	(118,347,000)	(13,509,000)	2,763,000	(129,093,000)
Fixed and movable equipment	(156,379,000)	(21,173,000)	269,000	(177,283,000)
Total accumulated depreciation	(281,258,000)	(35,097,000)	3,050,000	(313,305,000)
Total capital assets being depreciated, net	295,031,000	48,329,000	(305,000)	343,055,000
Total capital assets, net	$ 407,220,000	$ 89,700,000	$ (81,914,000)	$ 415,006,000

At June 30, 2014, the District was in the process of completing several construction and renovation projects. Commitments related to these projects totaled approximately $21.6 million.

Capital assets activity for the year ended June 30, 2013 consisted of the following:

	Beginning Balance June 30, 2012	Increases	Decreases	Ending Balance June 30, 2013
Capital assets, not being depreciated				
Land	$ 10,482,000	$ -	$ -	$ 10,482,000
Construction in progress	69,957,000	62,371,000	(30,621,000)	101,707,000
Total capital assets not being depreciated	80,439,000	62,371,000	(30,621,000)	112,189,000
Capital assets being depreciated				
Land improvements	10,707,000	521,000	-	11,228,000
Buildings	299,644,000	8,893,000	-	308,537,000
Fixed and moveable equipment	237,012,000	28,800,000	(9,288,000)	256,524,000
Total capital assets being depreciated	547,363,000	38,214,000	(9,288,000)	576,289,000
Less: Accumulated depreciation				
Land improvements	(6,173,000)	(359,000)	-	(6,532,000)
Buildings	(106,624,000)	(11,723,000)	-	(118,347,000)
Fixed and movable equipment	(149,107,000)	(16,529,000)	9,257,000	(156,379,000)
Total accumulated depreciation	(261,904,000)	(28,611,000)	9,257,000	(281,258,000)
Total capital assets being depreciated, net	285,459,000	9,603,000	(31,000)	295,031,000
Total capital assets, net	$ 365,898,000	$ 71,974,000	$ (30,652,000)	$ 407,220,000

At June 30, 2013, the District was in the process of completing several construction and renovation projects. Commitments related to these projects totaled approximately $35.7 million.

The increase in accumulated depreciation includes both operating and non-operating depreciation as detailed below:

	2014	2013
Change in accumulated depreciation		
Operating depreciation expense	$ 34,665,000	$ 28,142,000
Non-operating depreciation expense	432,000	469,000
Disposal of fixed assets	(3,050,000)	(9,257,000)
Total increase in accumulated depreciation	$ 32,047,000	$ 19,354,000

9. Long-Term Debt

The District issued revenue bonds in 1999 for the purpose of providing funds to pay costs associated with the acquisition, construction and renovation of Hospital facilities. To secure the payment of bond service charges and the performance of its other obligations under the indentures, the District has pledged, assigned, and granted the Hospital's revenues, as a security interest in favor of Union Bank of California (Trustee), as defined in the Series indentures.

The District issued general obligation bonds in December 2006 for the purpose of providing funds to pay costs related to the construction of a new Central Utility Plant and other major construction projects. The repayment of the general obligation bonds will be funded through property tax assessments to residents of the District.

The District issued revenue bonds in 2007 to provide funds for the construction of a new building that will house the Center for Joint Replacement and several smaller capital projects. To secure the payment of bond service charges and the performance of its other obligations under the indentures, the District has pledged, assigned, and granted the Hospital's revenues, as a security interest in favor of Union Bank of California (Trustee), as defined in the Series indentures.

The District issued general obligation bonds in November 2009 for the purpose of providing funds to pay costs related to the construction of a new Central Utility Plant and other major construction projects. The repayment of the general obligation bonds will be funded through property tax assessments to residents of the District.

The District issued revenue bonds in December 2009 to provide funds for the construction of a new building that will house the Center for Joint Replacement and several smaller capital projects. To secure the payment of bond service charges and the performance of its other obligations under the indentures, the District has pledged, assigned, and granted the Hospital's revenues, as a security interest in favor of Union Bank of California (Trustee), as defined in the Series indentures.

The District issued revenue bonds in November 2010 to provide funds for construction, renovations and expansion of space for medical use. The funds will also be used for the purchase of additional medical equipment and expansion of other service areas around the Hospital campus. To secure the payment of bond service charges and the performance of its other obligations under the indentures, the District has pledged, assigned, and granted the Hospital's revenues, as a security interest in favor of Union Bank of California (Trustee), as defined in the Series indentures.

In November 2013, the District issued two additional series of general obligation bonds (2013 Series A and 2013 Series B), as approved by voters in elections in 2004 and 2012. The combined amount of the two issuances was $145.5 million. The 2013 bonds were issued to provide funds for the construction of a new garage and a critical care pavilion which will include facilities for emergency care, intensive care and cardiac care services. The repayment of the general obligation bonds will be funded through property tax assessments to residents of the District.

The District is also required to meet certain covenants, the most restrictive of which is related to debt service coverage. The District has agreed to maintain a long-term debt service coverage ratio of no less than 1.1 to 1.0 on a yearly basis. The District was in compliance with these covenants as of June 30, 2014 and 2013, maintaining debt service coverage ratios of 2.3 to 1.0 and 2.7 to 1.0, respectively. The Hospital is the sole member of the obligated group for these bonds.

In 2012, the Washington Outpatient Surgery Center borrowed $995,000 for working capital needs, in the form of a 5-year Non-Disclosable Loan. The loan is payable in monthly installments of $18,106 with an interest rate of 3.51%.

In 2013, the Hospital implemented a time and attendance system for its employees. The purchase of this system was financed under a 5-year installment agreement. Amounts related to this obligation have been capitalized and are included in current maturities of long-term debt and long-term debt, as appropriate.

A summary of revenue bond, general obligation bond and loans payable activity for the year ended June 30, 2014 is as follows:

	Beginning Balance, June 30, 2013	Additions	Amortization/ Other	Repayments	Ending Balance, June 30, 2014	Due Within One Year
Bonds payable						
2013A Series Revenue Bonds, principal and interest (at 4.00% to 5.5%) payable semiannually	$ -	$ 40,500,000	$ -	$ -	$ 40,500,000	$ -
Plus issuance premiums	-	867,000	(27,000)		840,000	
Total 2013A Series Revenue Bonds Payable	-	41,367,000	(27,000)	-	41,340,000	-
2013B Series Revenue Bonds, principal and interest (at 3.00% to 5.5%) payable semiannually	-	105,000,000	-	-	105,000,000	-
Plus issuance premiums	-	3,226,000	(118,000)		3,108,000	
Total 2013B Series Revenue Bonds Payable	-	108,226,000	(118,000)	-	108,108,000	-
2010 Series Revenue Bonds, principal and interest (at 5.00% to 5.5%) payable semiannually	59,610,000	-	-	(1,160,000)	58,450,000	1,205,000
Less issuance discounts	(834,000)		(47,000)		(881,000)	
Total 2010 Series Revenue Bonds Payable	58,776,000	-	(47,000)	(1,160,000)	57,569,000	1,205,000
2009 Series Revenue Bonds, principal and interest (at 5.00% to 6.25%) payable semiannually	53,330,000			(890,000)	52,440,000	930,000
Less issuance discounts	(829,000)		44,000		(785,000)	
Total 2009 Series Revenue Bonds Payable	52,501,000	-	44,000	(890,000)	51,655,000	930,000
2009 General Obligation Bonds principal and interest (at 4.25% to 6.5%) payable semiannually	18,710,000			(2,585,000)	16,125,000	4,300,000
Plus issuance premiums	115,000		(121,000)		(6,000)	
Total 2009 General Obligation Bonds Payable	18,825,000	-	(121,000)	(2,585,000)	16,119,000	4,300,000
2007 Series Revenue Bonds, principal and interest (at 5.00%) payable semiannually	75,595,000			(930,000)	74,665,000	975,000
Less issuance discounts	(1,163,000)		111,000		(1,052,000)	
Total 2007 Series Revenue Bonds Payable	74,432,000	-	111,000	(930,000)	73,613,000	975,000
2006 General Obligation Bonds principal and interest (at 3.6% to 5.0%) payable semiannually	41,265,000			(2,980,000)	38,285,000	1,035,000
Plus issuance premiums	221,000		(35,000)		186,000	
Total 2006 General Obligation Bonds Payable	41,486,000	-	(35,000)	(2,980,000)	38,471,000	1,035,000
1999 Series Revenue Bonds, principal and interest (at 5.00% to 5.25%) payable semiannually	36,450,000			(1,400,000)	35,050,000	1,470,000
Less issuance discounts	(227,000)		24,000		(203,000)	
Total 1999 Series Revenue bonds payable	36,223,000	-	24,000	(1,400,000)	34,847,000	1,470,000
Loans Payable						
2013 ADP Financing principal and interest (at 5.32%) payable monthly	244,000	228,000		(95,000)	377,000	95,000
Total 2013 ADP Loan Payable	244,000	228,000	-	(95,000)	377,000	95,000
2012 WOSC Loan Payable principal and interest (at 3.5%) payable monthly	789,000			(529,000)	260,000	212,000
Total 2013 WOSC Loan Payable	789,000	-	-	(529,000)	260,000	212,000
Total long-term debt payable	$ 283,276,000	$ 149,821,000	$ (169,000)	$ (10,569,000)	$ 422,359,000	$ 10,222,000

A summary of revenue bond, general obligation bond and loans payable activity for the year ended June 30, 2013 is as follows:

	Beginning Balance, June 30, 2012	Additions	Amortization/ Other	Repayments	Ending Balance, June 30, 2013	Due Within One Year
Bonds payable						
2010 Series Revenue Bonds, principal and interest (at 4.0%) payable semiannually	$ 60,725,000	$ -	$ -	$ (1,115,000)	$ 59,610,000	$ 1,160,000
Less issuance discounts	(768,000)	-	(66,000)	-	(834,000)	-
Total 2010 Series Revenue Bonds Payable	59,957,000	-	(66,000)	(1,115,000)	58,776,000	1,160,000
2009 Series Revenue Bonds, principal and interest (at 4.5%) payable semiannually	54,185,000	-	-	(855,000)	53,330,000	890,000
Less issuance discounts	(869,000)	-	40,000	-	(829,000)	-
Total 2009 Series Revenue Bonds Payable	53,316,000	-	40,000	(855,000)	52,501,000	890,000
2009 General Obligation Bonds principal and interest (at 6.5%) payable semiannually	21,640,000	-	-	(2,930,000)	18,710,000	2,585,000
Plus issuance premiums	325,000	-	(210,000)	-	115,000	-
Total 2009 General Obligation Bonds Payable	21,965,000	-	(210,000)	(2,930,000)	18,825,000	2,585,000
2007 Series Revenue Bonds, principal and interest (at 5.0%) payable semiannually	76,480,000	-	-	(885,000)	75,595,000	930,000
Less issuance discounts	(1,282,000)	-	119,000	-	(1,163,000)	-
Total 2007 Series Revenue Bonds Payable	75,198,000	-	119,000	(885,000)	74,432,000	930,000
2006 General Obligation Bonds principal and interest (at 3.55%) payable semiannually	43,630,000	-	-	(2,365,000)	41,265,000	2,980,000
Plus issuance premiums	269,000	-	(48,000)	-	221,000	-
Total 2006 General Obligation Bonds Payable	43,899,000	-	(48,000)	(2,365,000)	41,486,000	2,980,000
1999 Series Revenue Bonds, principal and interest (at 5.0%) payable semiannually	37,785,000	-	-	(1,335,000)	36,450,000	1,400,000
Less issuance discounts	(253,000)	-	26,000	-	(227,000)	-
Total 1999 Series Revenue bonds payable	37,532,000	-	26,000	(1,335,000)	36,223,000	1,400,000
Loans Payable						
2013 ADP Financing principal and interest (at 5.32%) payable monthly	-	267,000	-	(23,000)	244,000	54,000
Total 2013 ADP Loan Payable	-	267,000	-	(23,000)	244,000	54,000
2012 WOSC Loan Payable principal and interest (at 3.5%) payable monthly	995,000	-	-	(206,000)	789,000	176,000
Total 2013 WOSC Loan Payable	995,000	-	-	(206,000)	789,000	176,000
Total long-term debt payable	$ 292,862,000	$ 267,000	$ (139,000)	$ (9,714,000)	$ 283,276,000	$ 10,175,000

A summary of the revenue bonds and general obligation bonds issuance information is as follows:

Bond Issue	**Original Issue Amount**	**Maturity Date**	**2014 Effective Interest Rate**
2013A General Obligation Bonds	$ 40,500,000	8/1/2043	4.73%
2013B General Obligation Bonds	105,000,000	8/1/2043	4.73%
2010 Series Revenue Bonds	60,725,000	7/1/2038	5.28%
2009 General Obligation Bonds	25,000,000	8/1/2039	5.15%
2009 Series Revenue Bonds	55,000,000	7/1/2039	6.18%
2007 Series Revenue Bonds	79,645,000	7/1/2037	5.22%
2006 General Obligation Bonds	60,000,000	8/1/2036	4.37%
1999 Series Revenue Bonds	49,725,000	7/1/2029	5.25%

The long-term debt amortization requirements as of June 30, 2014, excluding amortization of discounts and premiums on bonds payable, are as follows:

	Total Long-Term Debt	
June 30	**Principal**	**Interest**
2015	10,222,000	21,680,000
2016	6,043,000	21,253,000
2017	6,281,000	20,954,000
2018	6,551,000	20,635,000
2019	6,810,000	20,299,000
2020 - 2024	46,595,000	95,091,000
2025 - 2029	51,430,000	82,782,000
2030 - 2034	78,505,000	66,423,000
2035 - 2039	113,440,000	40,654,000
2040 - 2044	95,275,000	12,699,000
	421,152,000	402,470,000

Components of interest expense include the following:

	2014	**2013**
Total interest cost	$ 18,920,000	$ 14,839,000
Capitalized interest expense	(8,378,000)	(6,265,000)
Net interest expense	$ 10,542,000	$ 8,574,000
Capitalized investment income	$ 126,000	$ 4,000

10. Short-Term Debt

Washington Hospital Outpatient Surgery Center renewed an agreement for a short-term $1.0 million revolving line of credit in 2013. The line of credit was renewed in July 2014. There have been no drawings under the line of credit since its inception.

11. Employee Benefit Plans

a. Defined Benefit Retirement Plan

The District maintains a defined benefit retirement plan (the Plan) that covers all employees who meet certain eligibility requirements. The Plan, as approved by the Board of Directors of the District, is a single employer plan funded solely by the District. Benefits under the Plan are calculated based on the participant's length of service, age at retirement, and average compensation as defined by the Plan. Employees are fully vested in the Plan after 5 years of service and are eligible to receive an unreduced benefit once they reach age 65. An employee who attains age 62 and has completed 20 years of service, or an employee who attains age 60 with 30 years of service is also eligible for an unreduced benefit. The Plan also provides disability and death benefits. The Plan does not issue a stand-alone financial report.

For fiscal years prior to 2014, the District recognized pension expense based upon GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. In fiscal year 2014 the District early adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment to GASB 27* retroactive to the fiscal year beginning July 1, 2012. Adoption of this standard resulted in the following changes to the statement of net position as of June 30, 2013: recognition of an additional $123.7 million in pension-related liability and $6.9 million in deferred inflows of resources, and reduction in unrestricted net position by $130.6 million. Pension expense for the year ended June 30, 2013 was also reduced by $2.5 million.

The District has flexibility in determining the amount to contribute to the Plan each year. In determining the amount of the annual contribution, the District considers the calculated actuarially determined contribution. The District has adopted a funding policy that is intended to result in the funding status of the Plan reaching 100 percent, as calculated under the provisions of GASB 68. Contributions of $134,026,453 for the year ended June 30, 2014 included amounts previously set aside in board-designated accounts for pension funding, which were transferred to Plan assets during 2014.

Participant data for the Plan, as of the measurement date for the indicated years, is shown in the table below:

	2014	2013
Active	1,349	1,388
Vested Terminated	632	617
Retirees and beneficiaries	713	666
Total participants	2,694	2,671

The District's actuarially determined contribution and actual contributions, for this plan year and the nine years prior, are presented in the following table:

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	
2005	$ 3,673,000	$ 1,478,000	
2006	5,404,000	6,296,000	
2007	8,282,000	8,282,000	
2008	9,407,000	9,500,000	
2009	10,004,000	8,500,000	[1]
2010	12,594,000	-	[1]
2011	15,683,000	-	[1]
2012	18,344,000	-	[1]
2013	19,800,000	-	[1]
2014	18,500,000	134,026,000	
Total	$ 121,691,000	$ 168,082,000	

[1] For the years 2009 to 2013, in addition to the actual contributions reported above, the District Board set aside the following amounts in accounts designated for future pension funding:

2009	$ 22,000,000
2010	22,000,000
2011	22,000,000
2012	19,000,000
2013	21,800,000
	$ 106,800,000

All of the amounts in the set aside funds, including accumulated income, were contributed to the Plan in December 2013 and are included in the actual contributions reported above for the year ended June 30, 2014.

Components of pension cost and deferred outflows and inflows of resources for years ended June 30, as calculated under the requirements of GASB 68 were as follows:

	2014	2013
Pension cost		
Service cost	$ 5,456,536	$ 6,579,673
Interest	20,223,147	19,283,020
Expected return on plan assets	(7,040,390)	(6,871,875)
Recognition of deferred amounts	(3,275,099)	(1,835,229)
Plan change	-	-
Net change in total pension liability	$ 15,364,194	$ 17,155,589
Deferred outflows and inflows of resources		
Remaining balance at beginning of year:		
Established July 1, 2012:		
Difference between expected and actual experience	$ (3,976,318)	$ (5,172,832)
Change in assumptions	1,651,206	2,148,070
Net difference between expected and actual earnings on plan investments	(4,542,314)	(5,677,893)
Established July 1, 2013:		
Difference between expected and actual experience	4,395,075	-
Change in assumptions	362,597	-
Net difference between expected and actual earnings on plan investments	(12,240,296)	-
	(14,350,050)	(8,702,655)
Amount recognized in current year pension cost:		
Established July 1, 2012:		
Difference between expected and actual experience	(1,196,514)	(1,196,514)
Change in assumptions	496,864	496,864
Net difference between expected and actual earnings on plan investments	(1,135,579)	(1,135,579)
Established July 1, 2013:		
Difference between expected and actual experience	931,352	-
Change in assumptions	76,837	-
Net difference between expected and actual earnings on plan investments	(2,448,059)	-
	(3,275,099)	(1,835,229)
Deferred inflows of resources at end of year	$ (11,074,951)	$ (6,867,426)

Amounts of deferred inflows to be recognized in pension cost for future years:

	2014	2013
2014	$ -	$ (1,835,229)
2015	(3,275,099)	(1,835,229)
2016	(3,275,099)	(1,835,229)
2017	(2,801,609)	(1,361,739)
2018	(1,723,144)	-
Thereafter	-	-
	$ (11,074,951)	$ (6,867,426)

Amounts of deferred outflows to be recognized in pension assets for future years:

	2014	2013
Employer contributions made after measurement date		
2015	$ 18,500,000	$ -

The following table summarizes changes in net pension liability from July 1, 2012 to June 30, 2014:

	2014	2013
Total pension liability		
Service cost	$ 5,456,536	$ 6,579,673
Interest	20,223,147	19,283,020
Change in plan provisions	-	-
Difference between expected and actual experience	4,395,105	(5,172,832)
Change in assumptions	362,567	2,148,070
Benefit payments	(11,482,586)	(9,298,021)
Net change in total pension liability	18,954,769	13,539,910
Total pension liability (beginning of year)	276,395,233	262,855,323
Total pension liability (end of year)	295,350,002	276,395,233
Plan fiduciary net position		
Employer contributions	115,526,453	-
Net investment income	19,342,486	12,618,409
Benefit payments	(11,482,586)	(9,298,021)
Administrative expense	(61,800)	(68,641)
Other	-	-
Net change in fiduciary net position	123,324,553	3,251,747
Fiduciary net position (beginning of year)	100,625,147	97,373,400
Fiduciary net position (end of year)	223,949,700	100,625,147
Net pension liability (end of year)	71,400,302	175,770,086
Fiduciary net position as percent of liability	75.8% [1]	36.4%
Covered employee payroll	144,445,465	145,323,728
Net pension liability as percent of covered payroll	49.4% [2]	121.0%
Deferred outflows of resources:		
Employer contributions after measurement date	$ 18,500,000	$ -
[1] Fiduciary net position as percent of liability including deferred outflows of resources	82.1%	36.4%
[2] Net pension liability as percent of covered payroll including deferred outflows of resources	36.6%	121.0%

The following table summarizes the actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30, 2012, June 30, 2013 and June 30, 2014:

Valuation date	January 1, 2012, January 1, 2013, January 1, 2014
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	Straight Line
Asset valuation method	Fair Value
Actuarial assumptions (including 3% inflation)	
Discount Rate	7.50%
Projected Salary Increases	5.0% for 2012 3.0% for 2013 and 2014
Sensitivity of Net Pension Liability at January 1, 2012 to changes in the Discount Rate, with no other changes -	
1 percent decrease (6.5%)	$196,981,717
Current Discount Rate (7.5%)	165,481,923
1 percent increase (8.5%)	138,833,952
Sensitivity of Net Pension Liability at January 1, 2013 to changes in the Discount Rate, with no other changes -	
1 percent decrease (6.5%)	$209,065,737
Current Discount Rate (7.5%)	175,770,086
1 percent increase (8.5%)	147,759,569
Sensitivity of Net Pension Liability at January 1, 2014 to changes in the Discount Rate, with no other changes -	
1 percent decrease (6.5%)	$106,951,408
Current Discount Rate (7.5%)	71,400,302
1 percent increase (8.5%)	41,999,313

Mortality rates were based on the mortality assumptions under Section 430(h)(3)(A) of the Internal Revenue Code, using static tables with separate mortality rates for annuitants and non-annuitants.

The District also has a Deferred Compensation Plan available to employees. Generally, any employee is eligible and voluntarily enters into an agreement with the District to defer current wages at amounts limited by federal law. Effective January 1, 2010 the District matches participant contributions to a maximum of 1.5% of gross earnings. Under these agreements, the District purchases annuity contracts for various investments. All investment earnings, including market value appreciation and depreciation, are set aside in trusts for the benefit of the participants.

Contributions made by the District in 2014 and 2013 were as follows:

Contribution Year	**Amount**	**Employee Deductions Being Matched**
2014	$ 1,899,000	Calendar year 2013
2013	1,964,000	Calendar year 2012

b. Defined Benefit Post-Retirement Medical Plan

The District provides a Defined Benefit Post-Retirement Medical Plan that covers both salaried and non-salaried employees, as approved by the Board of Directors of the District. Eligible individuals are those employees who have benefited status and concurrently elect retirement and the receipt of pension plan benefits after they reach age 55 and five years of service. The benefit allows for the payment to the retiree of the cost of Medicare Part B insurance premiums. In addition, employees retiring at or after age 55 with 20 years of service are eligible for a stipulated amount per month in reimbursements for medical expenses to age 65. Employees retiring at or after age 55 with 25 years of benefited service are also eligible for a prescription drug benefit which provides $450 per year for 10 years beginning at the later of age 65 or retirement.

Other Post-Employment Benefits (OPEB) are funded entirely by the District on a pay-as-you-go basis. For the fiscal years ended June 30, 2014 and 2013, the District contributed $1.3 million and $0.9 million, respectively, to fund benefits paid in those years.

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the plan, and the changes in the District's OPEB obligation.

(in thousands)	2014	2013
Annual required contribution	$ 5,006,000	$ 4,674,000
Interest on net OPEB obligation	1,534,000	1,422,000
Adjustment to annual required contribution	(3,059,000)	(2,836,000)
Annual OPEB cost	3,481,000	3,260,000
Contributions made	1,307,000	907,000
Increase in net OPEB Obligation	2,174,000	2,353,000
Net OPEB obligation		
Beginning of year	32,292,000	29,939,000
End of year	$ 34,466,000	$ 32,292,000

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

(in thousands)	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal Year Ended			
2012	$ 3,403,000	24.28 %	$ 29,939,000
2013	3,260,000	27.82 %	32,292,000
2014	3,481,000	37.56 %	34,466,000

As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $38.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of $38.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $143.6 million, and the ratio of the UAAL to the covered payroll was 26.8%.

In the June 30, 2014 and June 30, 2013 actuarial valuations, the projected unit credit actuarial cost method was used. The actuarial assumptions for both years include an initial annual healthcare cost trend rate of 7%, reduced by decrements to an ultimate rate of 5% by the year 2019. For each of the years, a discount rate of 4.75% was assumed in the calculation and the UAAL is being amortized as a level percentage over 15 years on an open basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

12. Insurance Plans

The District is self-insured for its hospital professional, general, and directors and officer's liability insurance up to certain retention levels. The District's hospital professional, general, and directors and officers excess liability insurance is purchased from BETA Healthcare Group (BETA). BETA was formed in 1979 for the purpose of operating a self-insurance program for the excess insurance coverage for certain hospital districts of the Association of California Hospital Districts (ACHD). Effective October 1, 1989, BETA became a separate joint powers authority, establishing itself as a public agency and distinct from ACHD. BETA is managed by a board of 15 elected representatives (the BETA council). The BETA council and its six committees meet quarterly to vote on all matters affecting the program. A representative from the District occupies one seat on the BETA Council.

The District is self-funded for its workers' compensation and has been issued a Certificate of Consent to Self-Insure by the State of California, Department of Industrial Relations. The District purchases excess workers' compensation insurance coverage.

Primary insurance coverage types, limits and retention amounts are included below:

(in thousands)	**Policy Limit**	**Self-insured Retention per Occurrence**
Coverage		
All risk property	$ 1,000,000,000	$ 40,000
Hospital professional and general liability	40,000,000	25,000
Excess workers' compensation	Statutory	1,250,000
Directors and officers	10,000,000	25,000
Commercial crime	10,000,000	2,500
Automobile insurance	10,000,000	500

Settled claims have not exceeded the District's policy limits in any year.

The District has an actuarial estimate performed annually on its self-insured workers' compensation plans. Estimated liabilities have been actuarially determined and include an estimate of incurred but not reported (IBNR) claims. The District estimates professional and general liabilities and health, vision and dental benefit liabilities based upon historical experience and trending information.

For the years ended June 30, 2014 and 2013, an actuarial estimate was prepared for the self-funded health, dental and vision IBNR claims liability.

13. Compensated Absences

District employees earn paid leave at varying rates depending on length of service and job classification. Employees can accumulate up to 640 hours of paid leave. All accumulated unused leave in excess of the maximum accrual amount is paid at the employee's anniversary date. Upon separation, unused vested leave balances are paid in full. As of June 30, 2014 and 2013, the approximate liability for unpaid compensated absences was $14.4 million and $15.0 million, respectively.

14. Commitments and Contingencies

a. Lease Commitments

DEVCO has operating leases for medical clinic facilities. Rental expense under these leases for fiscal years ended June 30, 2014 and 2013 was $4,054,000 and $4,020,000, respectively.

Future minimum rental commitments for years subsequent to June 30, 2014 are as follows:

(in thousands)

2015	$ 2,526,000
2016	2,002,000
2017	1,117,000
2018	755,000
2019	608,000
Thereafter	391,000
	$ 7,399,000

b. Litigation

The District is involved in various claims and litigation, as both plaintiff and defendant, arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without material adverse effect on the District's financial position.

c. Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Supplemental Post-Employment Benefit Information

Defined Benefit Post-Retirement Medical Plan
The following table summarizes the number of total plan participants:

	2014	2013
Active employees	1,297	1,347
Retirees receiving pre-65 $440 reimbursement	8	12
Retirees receiving pre-65 $440 COBRA benefits	52	44
Retirees receiving Part-B subsidy	330	305
Retirees eligible for Part-B subsidy only	17	30
Retirees receiving Part-D subsidy only	1	1
Total plan participants	1,705	1,739
Retirees also receiving Part-D subsidy benefit	87	83
Retirees also eligible for Part-D	27	35

The following table summarizes the funding status of the Defined Benefit Post-Retirement Medical Plan:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Projected Unit Credit (b)	Unfunded Actuarial Accrued Liability UAAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Assets in Excess/(Shortfall) AAL as a Percentage of Covered Payroll ((a – b)/c)
7/1/2012	$ -	$ 34,731,000	$ (34,731,000)	0.0 %	$ 149,927,000	(23.2)%
7/1/2013	-	37,779,000	(37,779,000)	0.0 %	145,216,000	(26.0)%
7/1/2014	-	38,486,000	(38,486,000)	0.0 %	143,602,000	(26.8)%

The following table summarizes the contributions to the Defined Benefit Post-Retirement Medical Plan:

(in thousands)	Annual Required Contribution	Annual Contribution	Percentage Contributed
Fiscal Year			
7/1/2011 - 6/30/2012	$ 4,695,000	$ 823,000	17.5%
7/1/2012 - 6/30/2013	4,674,000	907,000	19.4%
7/1/2013 - 6/30/2014	5,006,000	1,307,000	26.1%

The following table summarizes the calculation of the net benefit obligation for the Defined Benefit Post-Retirement Medical Plan:

(in thousands)	Beginning of Year Net Benefit Obligation (a)	Recommended Contribution (b)	Actual Contribution (c)	Annual OPEB Cost (d)	Increase in Net Benefit Obligation (d-c)	End of Year Net Benefit Obligation ((a)+(d-c))
Fiscal Year						
7/1/2011 -6/30/2012	$ 27,362,000	$ 4,695,000	$ 826,000	$ 3,403,000	2,577,000	$ 29,939,000
7/1/2012 -6/30/2013	29,939,000	4,674,000	907,000	3,260,000	2,353,000	32,292,000
7/1/2013 -6/30/2014	32,292,000	5,006,000	1,307,000	3,481,000	2,174,000	34,466,000

The following table summarizes the actuarial assumptions used to determine the Defined Benefit Post-Retirement Medical Plan liabilities as of June 30, 2014:

Valuation date	July 1, 2014
Measurement date	June 30, 2014
Actuarial cost method	Projected unit credit
Amortizing method	Level dollar
Remaining amortization period	15 year open
Asset valuation method	Market Value
Actuarial assumptions	
Discount rate	4.75%
Current trend rate	7.00%
Ultimate trend	5.00%
Year of ultimate trend rate	2019

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, September 10, 2014 in the Conrad E. Anderson, MD Auditorium, 2500 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 6:01 p.m. and led those present in the Pledge of Allegiance.	*CALL TO ORDER*
Roll call was taken. Directors present: Bernard Stewart, DDS, William Nicholson, MD, Patricia Danielson, RHIT, Michael Wallace Jacob Eapen, MD (excused)	*ROLL CALL*
Also present: Nancy Farber, Chief Executive Officer, Peter Lunny, Chief of Medical Staff, Gail Tomita, Service League President, Christine Nguyen-Flores, Executive Assistant	
Guests: Kimberly Hartz, Ed Fayen, Chris Henry, Bryant Welch, Stephanie Williams, Tina Nunez, Janice Stewart, Kristin Ferguson, Larry Bowen, Angus Cochran, Doug Van Houten, David Hayne, Mary Bowron, Brian Smith, MD, Albert Brooks, MD, Bill Emberley, Joe Tada	
Ms. Farber introduced Dr. Yao Sun, Neonatologist. Dr. Sun presented on the Special Care Nursery noting that neonatology is a study of the neonate and a subspecialty of Pediatrics. The goal of the Special Care Nursery is to provide a comprehensive program of neonatal care that optimizes long term cognitive and functional outcomes. Dr. Sun went on to talk about the different nursery levels: healthy newborn infants, sick infants who are not critically ill, critically ill infants, and ECMO and surgical specialty care. The patients include: premature infants (32-37 weeks), term infants who are evaluated for/treated for infection, infants with acquired health issues such as neonatal jaundice, and infants with congenital health issues such as genetic disease or minor surgical problems. Ms. Farber introduced Patricia Crome, Principal, Rona Consulting Group. Ms. Crome presented Transforming Healthcare; Pursuing Perfection, discussing the Essence of Lean and Healthcare, noting the Outcomes as quality/safety, patient/staff satisfactioins, cost, and profits. Ms. Crome noted the Toyota production system really follows with the Washington Hospital Healthcare Systems Patient First Ethic. Ms. Crome went on to discuss validated industry averages, reported on the recent results of Clinical Value Streams, Administrative Value Streams and Leadership lessons for Healthcare Leaders as well as sharing the 7 Declarations from Japan which include: Patient First, New management system – VMPS, creating a safe environment for our people to improve, Implement Stop the Line (PSAS), Reward innovation, Create a prosperous organization, and Leadership accountability.	*EDUCATION SESSION: Special Care Nursery* *Transforming Healthcare: Pursuing Perfection*
Director Nicholson moved for approval of the minutes of August 13, 18, and 25, 2014. Director Danielson seconded the motion. Roll call was taken: Bernard Stewart, DDS - aye William Nicholson, MD - aye Patricia Danielson, RHIT - aye Michael Wallace – aye The motion carried.	*APPROVAL OF MINUTES OF AUGUST 13, 18, AND 25, 2014*

Director Stewart opened the floor to communications from the public. Nina Clymer, Executive Director at Safe Alternatives to Violent Environments (SAVE) was invited to address the Board. Ms. Clymer noted SAVE's mission is to strengthen individuals and families we serve with the knowledge and support to end the cycle of violence and to build healthier lives and shared the recently opened empowerment center which serves local victims of domestic violence. Ms. Clymer went on to note that October is Domestic Violence Prevention and Awareness Month and invite everyone to come to the 12th Annual Eye Opener Breakfast on Friday, September 26th at the Newark Doubletree Hotel.	*COMMUNICATIONS ORAL*
The following written communication was received from Peter Lunny, M.D., Chief of Staff, dated July 28, 2014 requesting approval of Medical Staff Credentialing Action Items as follows: <u>Appointments:</u> Bauer, Kevin, MD; Bouvier, Denis, DO; Cheng, Walter, MD; Chen, Eric, MD; Dastgah, Amir, DPM; Husain, Lubna, MD; Harmon, Michael, MD; Kaiser, Sunitha, MD; Kane, Amy, MD; Kapila, Rishi, MD; Kimm, Simon, MD; Lin, Kirk, MD; Luo, Becky, MD; Malik, Bhavna, MD; Miller, David, MD; Ranchod, Tushar, MD; Saunders, Andrew, MD; Sharma, Anamika, MD; Solt, Stacie, MD; Spira, Alan, MD; Stern, Debra, MD; Sud, Sohil, MD; Wong, Francis, DO <u>Temporary Privileges:</u> Husain, Lubna, MD; Ranchod, Tushar, MD; Spira, Alan, MD; Stern, Debra, MD; Sud, Sohil, MD <u>Reappointments:</u> Banipalsin, Sarkis, MD; Boohar, Lisa, MD; Cabebe, Elwyn, MD; Chawla, Varun, MD; Che, Qi, MD; Cole, Alexandra, MD; Curran, Steve, MD; Ennix, Coyness, MD; Ge, Mei, MD; Giddens, John, MD; Halimi, Kadeer, MD; Hoang, Sylvia, MD; Hyder, Shakir, MD; Kompella, Suvarchala, MD; Lam, Khoi, MD; Molina, Ricardo, MD; Raj, Kavitha, MD; Robertson, Kari, PA-C; Sharma, Vandana, MD; Slack, Alison, MD; Srivatsa, Arun, MD; Sundar, Shalini, MD; Sweeney, Daniel, MD <u>Transfer in Staff Category:</u> Chawla, Varun, MD <u>Completion of Proctoring & Advancement in Staff Category:</u> Molina, Ricardo, MD Director Wallace moved for approval of the credentialing action items. Director Danielson seconded the motion. Roll call was taken: Bernard Stewart, DDS– aye William Nicholson, MD - aye Patricia Danielson, RHIT - aye Michael Wallace – aye The motion carried.	*COMMUNICATIONS WRITTEN*

Gail Tomita, Service League President presented the Service League Report. She noted in light of the recent earthquake in Napa, there was a need to update the Service League Disaster list. One member on the present list had relocated out of the area and a new member needed to be found. The gift shop is holding a Halloween drawing for four whimsical Halloween items to be given away. Tickets for the drawing are \$2.00 each, 3 for \$5.00, and 8 for \$10.00.	*SERVICE LEAGUE REPORT*
Dr. Lunny reported there are 546 Medical Staff members.	*MEDICAL STAFF REPORT*
<u>The Hospital Calendar video highlighted the following events:</u> The 2014 Central Park Summer Concert Series concluded on August 14th. Washington Hospital was the co-presenting sponsor. The concerts were held at the Central Park Performance Pavilion. Washington Hospital provided health information and health screenings during the 6-week concert series. Representatives from the Intensive Care and Respiratory Departments provided education and information at the final concert for the series. August 26th, Dr. Jason Van Tassel, Ear, Nose and throat specialist presented, "Treatments Options for Sleep Apnea"; 26 people attended September 2nd , as part of the Stroke Education Series, Dr. Ash Jain, cardiologist and Doug Van Houten, R.N., presented "Stroke Prevention and Other Disease Processes" and "Healthy Lifestyle - Be Smart and Avoid Stroke"; 7 people attended. September 4th, as part of the free Diabetes Matters Education Series, Cynthia Hunter, R.N., presented "The Diabetes Domino Effect: "ABC's"; 16 people attended. September 8th, Dr. Victoria Leiphart, gynecologist, presented "Restoring Balance." this was the first session of a four-week stress reduction program; 20 people attended. **<u>Upcoming Health Promotions & Community Outreach Events</u>** Monday, September 15th, 22nd and 29th from 7:00 to 8:30 p.m., Dr. Victoria Leiphart, gynecologist, will be presenting, the remaining 3 sessions of the "Restoring Balance," program, a four-week stress reduction program. Tuesday, September 16th from 1to 3 p.m., Dr. Jason Van Tassel, Ear, Nose and Throat Specialist, will be presenting, "Relief from Sinus Issues." Wednesday, September 17th, from 12:30 to 1:30 p.m., as part of the Healthy Knowledge at Noon Series, Dr. Vandana Sharma, oncologist, will be presenting, "Lifestyle and Cancer: What Can You Do to Reduce Your Risk?" Tuesday, September 23rd, from 6 to 8p.m., Kristi Caracappa, Health Insurance Information Service Coordinator, will be presenting, "Navigating Your Insurance Coverage with Covered California."	*HOSPITAL CALENDAR: Community Outreach*

Saturday, September 27th, from 8 to 11 a.m., the HERS Breast Cancer Foundation will host the KEEP ABREAST 5K and 10 K run/walk and Health Expo. The event will raise funds for breast cancer programs and services Wednesday, October 1st from 10 am to 12:00 noon, Kristi Caracappa, Health Insurance Information Service Coordinator, will be presenting, "Medicare Updates for 2015." This seminar will repeat on Tuesday, October 7th from 6:30 to 8:30pm. Wednesday, October 1st from 11:00 a.m. to 2:00 p.m., The Washington Hospital Lab along with Washington Township Medical Foundation, will be participating in the City of Fremont Health Fair. The Lab will provide cholesterol and glucose screenings and WTMF will provide blood pressure screenings. Thursday, October 2nd from 7 to 8 p.m., as part of the Diabetes Matters Series, Michelle Hedding, RN and Diana Jaycox, RN, will be presenting, "CDE: When You Care Too Much: Giving the Right Kind of Support to a Loved One Who Has Diabetes." Sunday, October 5th from 11:00 a.m. to 5:00 p.m., the Tri-City area Rotary Clubs will host the annual "Rotary Chili Cookoff". The event raises money for local charitable organizations including Tri-City Rotary Clinic, LIFE ElderCare, Washington on Wheels Mobile Health Clinic, and the HOPE Project Mobile Clinic. Tuesday, October 7th, from 9am to noon, Washington Hospital will participate in the City of Newark 15th Annual Senior Resource Fair at Silliman Activity Center. Also on Tuesday, October 7th, from 10am to Noon, Kristi Caracappa, Health Insurance Information Service Coordinator, will present, Medicare Part D Prescription Drug Coverage. Tuesday, October 14th from 5 to 7:30pm, Washington Hospital will host the annual Think Pink Breast Health Awareness Event. The event will feature a health fair and expert speakers on breast health topics.	
<u>Washington Hospital Healthcare Foundation Report</u> On October 11, the Washington Hospital Healthcare Foundation will host the 28th annual Top Hat dinner dance. This year's gala will be co-chaired by Rod Silveira and Skip Turner, the owners of Professional Home Care Associates and Neurosport, and Dr. Jan Henstorf, Chief Medical Information Officer at Washington Hospital. The trustees of the Foundation have designated the proceeds from this year's Top Hat gala towards the Washington Special Care Nursery, which is affiliated with UCSF Benioff Children's Hospital San Francisco. This unit in the hospital cares for babies born prematurely or with life-threatening conditions. **<u>Washington Hospital Healthcare Board of Directors' Report</u>** On August 24th, District board members attended the Union City Friends of Sister Cities Festival. The festival celebrates the various cultures represented by the community. On September 4th, District board members attended the Ribbon	*HOSPITAL CALENDAR: Washington Hospital Foundation Report* *HOSPITAL CALENDAR: Board of Directors' Report*

Cutting and dedication ceremony of the Empowerment Center at SAVE. SAVE is a domestic violence prevention center.	
Washington Hospital Employee Association, W.H.E.A. During the month of August, WHEA held a Back Pack Drive, to collect school supplies and backpacks for local area shelters. A total of $805 in cash donations were collected along with 55 bags of supplies which were donated by 17 different hospital departments. Backpacks were donated to ABODE Services & SAVE. Both agencies provide housing for families who do not have a permanent home.	*Washington Hospital Employee Association, W.H.E.A.*
Washington On Wheels Mobile Health Clinic, W.O.W. During the month of August, Washington On Wheels Mobile Health Clinic (W.O.W.) continued to serve community members at the Fremont Family Resource Center, Schilling Elementary School in Newark, the Silliman Activity Center in Newark and the New Haven Adult School and the Ruggeri Senior Center, both located in Union City. Washington On Wheels continued with the summer's free glucose screenings at the Fremont Main Library, Newark Gardens Senior Living Center and Centro de Servicios in Union City, as well as regular scheduled sites. In August, the W.O.W. Clinic offered glucose screenings to 222 individuals. This concludes the summer glucose screenings and a total of 602 people were screened. The total number of community members receiving healthcare from the Washington On Wheels Clinic during the month of August was 303.	*HOSPITAL CALENDAR: Washington On Wheels Mobile Health Van*
Internet Marketing There were over 46,146 visits to the hospital website in the month of August. The hospital's Physician Finder section was the most viewed webpage with 15,084 page views, followed by the Employment section with 9,330 page views and the About WHHS section with 8,300 page views. The Volunteers section had 8,119 views and the Women's Health and Pregnancy with 2,674.	*HOSPITAL CALENDAR: Internet Report*
InHealth - Channel 78 During the month of August, Washington Hospital's cable channel 78, InHealth, taped new programming including the a Diabetes Matters program "What to Expect When Hospitalized with Diabetes" and a Health and Wellness seminar "Treatment Options for Sleep Apnea". InHealth aired new programing including Hypertension: The Silent Killer, Eating for Heart Health and Blood Pressure Control and the August Board of Director's Meeting.	*HOSPITAL CALENDAR: InHealth*
Employee of the Month Bart Hutchins joined Washington Hospital in 2011 as a Service Desk Analyst with the IT department. Within the first 3 months of joining Washington, Bart made an immediate impact to the team with regards to improving the overall day to day operations and service to our users. His persistence on finding an answer, fixing the issue and his sincerity to users expressing their frustrations and urgency to the issue is a testament on who he is personally and professionally. He goes above and beyond his current duties and takes ownership of what is presented to him daily. He also displays leadership among the Helpdesk staff and really	*HOSPITAL CALENDAR: Employee of the Month – Bart Hutchins*

exemplifies the meaning of teamwork. Bart does what he can to make his fellow co-workers successful in what they do.	
Ms. Farber introduced Ed Fayen, Senior Associate Administrator. Mr. Fayen read the staff report on the Morris Hyman Critical Care Pavilion Project. Director Stewart took this action item out of order following the staff report on the Morris Hyman Critical Care Pavilion Project staff report read by Mr. Fayen. Director Wallace moved for the adoption of Resolution No. 1148. This is a resolution to authorize the Chief Executive Officer to execute the assignment and novation agreement with Hensel Phelps and Rudolph & Sletten, effectively changing the construction manager/general contractor of the Morris Hyman Critical Care Pavilion to Rudolph & Sletten. Director Nicholson seconded the motion. Roll call was taken: Bernard Stewart, DDS– aye William Nicholson, MD - aye Patricia Danielson, RHIT – aye Michael Wallace - aye The motion carried. Mr. Fayen presented a construction update noting the change in the monolithic look of the garage. The colors of garage will match the colors that are currently on the main hospital; this is not a new color scheme.	*ADOPTION OF RESOLUTION NO. 1148, AUTHORIZING ASSIGNMENT OF THE MORRIS HYMAN CRITICAL CARE PAVILION CONSTRUCTION CONTRACT* *CONSTRUCTION REPORT* *Construction Update*
Mary Bowron, Senior Director of Quality and Resource Management presented the Quality Dashboard – Quarter Ending June 2014. Ms. Bowron reviewed the Core Measure Compliance that included myocardial infarction, heart failure, pneumonia, surgical care improvement project and hospital outpatient surgery. Ms. Bowron continued by discussing the infection prevention indicators and nurse sensitive indicator which include the IHI central line bundle compliance, ventilator associated events, pressure ulcer prevalence and falls per 1000 patients days.	*QUALITY REPORT* *Quality Dashboard – Quarter Ending June 2014*
Chris Henry, Chief Financial Officer, presented the Finance Report for July 2014. The average daily census was 144.6 with admissions of 925 resulting in 4,483 patient days. Outpatient observation equivalent days were 253. The average length of stay was 4.93 days. The case mix index was 1.452. Deliveries were 136. Surgical cases were 336. Joint Replacement cases were 95. Neurosurgical cases were 28. Cardiac Surgical cases were 8. The Outpatient visits were 7,521 and Emergency visits were 4,451. Total productive FTEs were 1,165.8. FTEs per adjusted occupied bed were 6.67.	*FINANCE REPORT*

Ms. Farber presented the Hospital Operations Report for August. There were 935 patient admissions with an average daily census of 129. This was lower than the budget of 931 admissions and 11.6% below the budgeted average daily census of 146. Preliminary information indicated inpatient revenue for the month of August at approximately $106,600,000; 51.1% was Medicare and 17.7% was Medi-Cal, for a total of 68.8% in government program revenue. There were 183 deliveries in the Hospital resulting in 394 baby days. There were 341 surgical cases at the Hospital and 567 cases at the Outpatient Surgery Center. The Emergency Room saw 4,371 patients. The clinics saw approximately 3,752 patients. FTEs per Adjusted Occupied Bed were 5.97.	*HOSPITAL OPERATIONS REPORT*
In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board (1) approve the Washington Township Health Care District's formal response to the 2013-2014 Alameda County Grand Jury Final Report and (2) authorize the President of the Board to sign the response on the Board's behalf. Director Nicholson seconded the motion. Roll call was taken: Bernard Stewart, DDS– aye William Nicholson, MD - aye Patricia Danielson, RHIT – aye Michael Wallace - aye The motion carried.	*APPROVAL OF THE WASHINGTON TOWNSHIP HEALTH CARE DISTRICT'S FORMAL RESPONSE TO THE 2013-2014 ALAMEDA COUNTY GRAND JURY REPORT*
In accordance with District Law, Policies and Procedures, Director Wallace moved the Board of Directors accept by Minute Motion the additional budget for the Parking Garage Construction Project and (Resolution #1128) for an amount not to exceed $2,489,974 and approve the Vance Brown construction bid of $18,253,504. The BART Building will be bid at a later date. Director Nicholson seconded the motion. Roll call was taken: Bernard Stewart, DDS– aye William Nicholson, MD - aye Patricia Danielson, RHIT – aye Michael Wallace - aye The motion carried.	*APPROVAL OF THE PARKING GARAGE PROJECT FINAL BID AND BUDGET*
In accordance with District Law, Policies and Procedures, Director Wallace moved the Chief Executive Officer be authorized to enter into the necessary contracts and proceed with the purchase of the hardware, software and implementation services of the Secure File Transfer Project for a total amount not to exceed $63,540.32. This is an approved project in the 2015 Capital Budget. Director Nicholson seconded the motion.	*APPROVAL OF SECURE FILE TRANSFER PROJECT*

Roll call was taken: Bernard Stewart, DDS– aye William Nicholson, MD - aye Patricia Danielson, RHIT – aye Michael Wallace - aye The motion carried.	
In accordance with District Law, Policies and Procedures, Director Wallace moved the Chief Executive Officer be authorized to enter into the necessary contracts and proceed with the purchase of the equipment and installation services for a Bi-Directional Signal Amplifier, for a total amount not to exceed $110,000. This purchase was not included in the Fiscal Year 2015 Capital Budget. Director Nicholson seconded the motion. Roll call was taken: Bernard Stewart, DDS– aye William Nicholson, MD - aye Patricia Danielson, RHIT – aye Michael Wallace - aye The motion carried.	*APPROVAL OF COMMUNICATION ANTENNA*
In accordance with Health & Safety Code Sections 1461, 1462, and 32106 and Government Code Section 54954.6(h). Director Stewart adjourned the meeting to closed section at 7:57p.m. as the discussion pertained to Hospital trade secrets, human resources matters and risk management.	*ADJOURN TO CLOSED SESSION*
Director Stewart reconvened the meeting to open session at 8:23p.m. and reported no action was taken in closed session.	*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*
There being no further business, Director Stewart adjourned the meeting at 8:23p.m. __________________ __________________ Bernard Stewart, DDS — William Nicholson, MD President — Secretary	*ADJOURNMENT*

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, September 15, 2014 in the Boardroom, Washington Hospital, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 6:04 p.m. and led those present in the Pledge of Allegiance.	*CALL TO ORDER*
Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Patricia Danielson, RHIT Excused: Michael Wallace; Jacob Eapen, MD	*ROLL CALL*
Also present: Nancy Farber, Chief Executive Officer; Kimberly Hartz, Senior Associate Administrator; Ed Fayen, Senior Associate Administrator; Chris Henry, Associate Administrator; Stephanie Williams, Associate Administrator; Bryant Welch, Associate Administrator; Tina Nunez, Associate Administrator; Albert Brooks, MD, Detective Tim Hunt; Gus Arroyo	
In accordance with Health & Safety Code Sections 1461, 1462 and 32106 and Government Code Section 54954.5(h) Director Stewart adjourned the meeting to closed session at 6:04 p.m., as the discussion pertained to Hospital trade secrets, Human Resources matters and Risk Management.	*ADJOURN TO CLOSED SESSION*
Director Stewart reconvened the meeting to open session at 8:30 p.m. and reported no action was taken in closed session.	*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*
There were no oral communications.	*COMMUNICATIONS ORAL*
The following written communication was received from Peter Lunny, M.D., Chief of Staff, dated August 25, 2014, requesting approval of Medical Staff Credentialing Action Items as follows: <u>Appointments:</u> Cabral, Erik, MD; Chernne, Andreuz, MD; Friday, Jamilah, MD; Gay, Andre; Hajdena-Dawson, Monica, MD; Idowu, Olajire, MD; Israni-Jiang, Manisha, MD; Kim, Sunghoon, MD; Lee, Samann, PA-C; Lewis, Elizabeth, MD; Lo, Diana, MD; Lin, Jeff, MD; Janmohamed, Munir, MD; McCune, Holly, MD; Mormino, Lori, PA-C; Reeves, Carla, CNM; Tung, Victoria, PA-C; Unger, Alon, MD; Van Gompel, Gabriel, DPM <u>Reappointments:</u> Araj, Ramsey, MD; Banh, Co, MD; Bartis, Steven, DPM; Chan, Linda, MD; Crane, Lawrence, MD; Dugoni, Susan, MD; Freiheit, David, MD; Gacote, Apolinar, MD; Hallaj-Pour, Ali, MD; Halligan, Benjamin, MD; Harrell, Jill,	*COMMUNICATIONS WRITTEN*

MD; Heine, John, MD; Hu, Mary, MD; Irani, Adil, MD; Jaureguito, John, MD; Joshi, Nitin, MD; Khalsa, Prabhjot, MD; Le, Amanda, MD; Motamed, Soheil, MD; Nguyen, Khoa, MD; Pareek, Gautam, MD; Prasad, Sudeepthi, MD; Prasertsit, Sara, MD; Rimpel, Nicole, MD; Sadiq, Ahmed, MD; Sarpel, Dost, MD; Sharma, Seema, MD; Siegal, Steven, MD; Stearns, William, MD; Strong, H. Evan, MD; Zeidan, Frank, MD

Conditional Reappointments:
Suri, Rajesh, MD

Transfer in Staff Category:
Strong, Evan, MD; Sarpel, Dost, MD

Resignations:
Baumgartner, Fritz, MD; Dhanoa, Teginder, MD; Mehta, Jay, MD; Silvero, Peter, MD; Tipnis, Sujata, MD

Other:
Badduke, Brian, MD

This is a correction to the written communication approved at the September 10, 2014 Board of Directors Meeting.

Director Nicholson moved for approval of the credentialing action items. Director Danielson seconded the motion. Director Stewart noted that the motion should be clarified to provide that Dr. Suri's reappoint is granted conditionally for 6 months.
Roll call was taken:

Bernard Stewart, DDS– aye
William Nicholson, MD - aye
Patricia Danielson, RHIT - aye

The motion carried.

ADJOURNMENT

There being no further business, Director Stewart adjourned the meeting at 8:35 p.m.

Bernard Stewart, DDS
President

William F. Nicholson, MD
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, September 22, 2014, in the Boardroom, Washington Hospital, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 7:30 a.m.	*CALL TO ORDER*
Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Patricia Danielson, RHIT, Jacob Eapen, MD Excused: Michael Wallace	*ROLL CALL*
Also present: Peter Lunny, MD; Jan Henstorf, MD; Nancy Farber, CEO; Albert Brooks, MD; Kranthi Achanta, MD; John Romano, MD; Stephanie Williams	
There were no oral or written communications.	*COMMUNICATIONS*
Director Stewart adjourned the meeting to closed session at 7:30 a.m. as the discussion pertained to Medical Audit and Quality Assurance Matters pursuant to Health & Safety Code Sections 1461 and 32155.	*ADJOURN TO CLOSED SESSION*
Director Stewart reconvened the meeting to open session at 9:35 a.m. and reported no action was taken in closed session.	*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*
There being no further business, the meeting adjourned at 9:35 a.m. Bernard Stewart, DDS — President William F. Nicholson, MD — Secretary	*ADJOURNMENT*

Washington Hospital
Healthcare System

WASHINGTON HOSPITAL

MONTHLY OPERATING REPORT

August 2014

Washington Hospital Healthcare System

WASHINGTON HOSPITAL
INDEX TO BOARD FINANCIAL STATEMENTS
August 2014

Washington Hospital
Healthcare System
SINCE 1948

Memorandum

DATE: October 3, 2014

TO: Board of Directors

FROM: Nancy Farber

SUBJECT: Washington Hospital – August 2014
Operating & Financial Activity

SUMMARY OF OPERATIONS – (Blue Schedules)

1. **Utilization – Schedule Board 3**

ACUTE INPATIENT:	August Actual	Budget	Current 12 Month Avg.
Average Daily Census	129.1	146.0	155.3
# of Admissions	935	931	957
Patient Days	4,003	4,526	4,722
Discharge ALOS	4.13	4.86	4.88

OUTPATIENT:	August Actual	Budget	Current 12 Month Avg.
OP Visits	7,047	7,604	7,459
ER Visits	4,371	3,974	4,307
Observation Equivalent Days – OP	278	245	248

Comparison of August acute inpatient statistics to those of the budget showed a higher level of admissions and a lower level of patient days. The average length of stay (ALOS) based on discharged days was below budget. Outpatient visits were lower than budget. Emergency Room visits were above budget for the month.

2. **Staffing – Schedule Board 3**

Total paid FTEs were 10.5 below budget. Total productive FTEs for August were 1,109.2, 12.0 below the budgeted level of 1,121.2. Nonproductive FTEs were 1.5 above budget. Productive FTEs per adjusted occupied bed were 5.97, 0.31 above the budgeted level of 5.66. Total FTEs per adjusted occupied bed were 7.06, 0.39 above the budgeted level of 6.67.

3. **Income - Schedule Board 1**

For the month of August the Hospital realized a gain of $198,000 from operations.

Total Gross Patient Service Revenue of $153,339,000 for August was 4.1% below budget.

Deductions from Revenue of $116,175,000 represented 75.76% of Total Gross Patient Service Revenue. This percentage is below the budgeted amount of 76.03%.

Total Operating Revenue of $37,332,000 was $1,161,000 below the budget.

Total Operating Expense in August was $1,284,000 (3.3%) below the budgeted amount.

The Total Non-Operating Gain of $1,254,000 for the month of August includes an unrealized gain on investments of $173,000 and property tax revenue of $784,000. This property tax revenue will be used to pay the debt service for the general obligation bonds.

The Total Net Gain for August was $1,452,000, which was $317,000 more than the budgeted gain of $1,135,000.

The Total Net Gain for August using FASB accounting principles, in which the unrealized gain on investments and property tax revenues are removed from the non-operating income and expense, was $495,000 compared to budgeted gain of $351,000.

4. **Balance Sheet – Schedule Board 2**

There were no noteworthy changes in assets and liabilities when compared to the July 2014 amounts.

NANCY FARBER
Chief Executive Officer

NF/CH:cd

SCHEDULE BOARD 1

Washington Hospital Healthcare System

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
STATEMENT OF REVENUES AND EXPENSES
August 2014
GASB FORMAT
(In thousands)

AUGUST						YEAR TO DATE			
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
				1	OPERATING REVENUE				
$ 106,570	$ 117,796	$ (11,226)	-9.5%	2	INPATIENT REVENUE	$ 222,684	$ 233,151	$ (10,467)	-4.5%
46,769	42,034	4,735	11.3%	3	OUTPATIENT REVENUE	95,737	84,670	11,067	13.1%
153,339	**159,830**	**(6,491)**	-4.1%	4	**TOTAL PATIENT REVENUE**	**318,421**	**317,821**	**600**	0.2%
(116,175)	**(121,514)**	**5,339**	4.4%	5	**CONTRACTUAL ALLOWANCES**	**(243,013)**	**(241,894)**	**(1,119)**	-0.5%
75.76%	**76.03%**			6	**CONTRACTUAL AS % OF REVENUE**	**76.32%**	**76.11%**		
37,164	**38,316**	**(1,152)**	-3.0%	7	**NET PATIENT REVENUE**	**75,408**	**75,927**	**(519)**	-0.7%
168	177	(9)	-5.1%	8	OTHER OPERATING INCOME	335	365	(30)	-8.2%
37,332	**38,493**	**(1,161)**	-3.0%	9	**TOTAL OPERATING REVENUE**	**75,743**	**76,292**	**(549)**	-0.7%
				10	OPERATING EXPENSES				
13,281	13,253	(28)	-0.2%	11	SALARIES & WAGES	27,479	27,204	(275)	-1.0%
5,483	5,964	481	8.1%	12	EMPLOYEE BENEFITS	10,779	11,530	751	6.5%
3,806	4,171	365	8.8%	13	SUPPLIES	7,755	8,261	506	6.1%
4,869	4,847	(22)	-0.5%	14	PURCHASED SERVICES & PROF FEES	9,826	9,709	(117)	-1.2%
1,322	1,353	31	2.3%	15	INSURANCE, UTILITIES & OTHER	2,636	2,734	98	3.6%
4,679	5,191	512	9.9%	16	PROVISION FOR DOUBTFUL ACCOUNTS	10,013	10,322	309	3.0%
2,783	2,732	(51)	-1.9%	17	DEPRECIATION	5,516	5,465	(51)	-0.9%
911	907	(4)	-0.4%	18	INTEREST EXPENSE	1,847	1,835	(12)	-0.7%
37,134	**38,418**	**1,284**	3.3%	19	**TOTAL OPERATING EXPENSE**	**75,851**	**77,060**	**1,209**	1.6%
198	**75**	**123**	164.0%	20	**OPERATING INCOME (LOSS)**	**(108)**	**(768)**	**660**	85.9%
0.53%	**0.19%**			21	**OPERATING INCOME MARGIN %**	**-0.14%**	**-1.01%**		
				22	NON-OPERATING INCOME & (EXPENSE)				
227	223	4	1.8%	23	INVESTMENT INCOME	455	446	9	2.0%
(7)	0	(7)	0.0%	23	REALIZED GAIN/(LOSS) ON INVESTMENTS	(16)	0	(16)	0.0%
77	53	24	45.3%	24	RENTAL INCOME, NET	140	143	(3)	-2.1%
0	0	0	0.0%	25	OTHER NON-OPERATING EXPENSE	0	0	0	0.0%
784	784	0	0.0%	26	PROPERTY TAX REVENUE	2,090	2,089	1	0.0%
173	0	173	0.0%	27	UNREALIZED GAIN/(LOSS) ON INVESTMENTS	(252)	0	(252)	0.0%
1,254	**1,060**	**194**	18.3%	28	**TOTAL NON-OPERATING INCOME & EXPENSE**	**2,417**	**2,678**	**(261)**	-9.7%
$ 1,452	**$ 1,135**	**$ 317**	27.9%	29	**NET INCOME (LOSS)**	**$ 2,309**	**$ 1,910**	**$ 399**	20.9%
3.89%	**2.95%**			30	**NET INCOME MARGIN %**	**3.05%**	**2.50%**		
$ 495	**$ 351**	**$ 144**	41.0%	31	**NET INCOME (LOSS) USING FASB PRINCIPLES****	**$ 471**	**$ (179)**	**$ 650**	363.1%
1.33%	**0.91%**				**NET INCOME MARGIN %**	**0.62%**	**-0.23%**		

**NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME AND UNREALIZED GAIN(LOSS) ON INVESTMENTS

Washington Hospital Healthcare System

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
BALANCE SHEET
August 2014
(In thousands)

	ASSETS	AUGUST 2014	UNAUDITED JUNE 2014
	CURRENT ASSETS		
1	CASH & CASH EQUIVALENTS	$ 14,775	$ 13,995
2	ACCOUNTS REC NET OF ALLOWANCES	58,807	54,447
3	OTHER CURRENT ASSETS	8,414	8,189
4	TOTAL CURRENT ASSETS	81,996	76,631
	ASSETS LIMITED AS TO USE		
6	BOARD DESIGNATED FOR CAPITAL AND OTHER	172,416	165,678
7	GENERAL OBLIGATION BOND FUNDS	136,993	136,916
8	REVENUE BOND FUNDS	10,388	10,388
9	BOND DEBT SERVICE FUNDS	6,088	26,248
10	OTHER ASSETS LIMITED AS TO USE	14,983	15,030
11	**TOTAL ASSETS LIMITED AS TO USE**	340,868	354,260
14	**OTHER ASSETS**	115,872	113,193
16	**NET PROPERTY, PLANT & EQUIPMENT**	394,401	401,352
17	**TOTAL ASSETS**	**$ 933,137**	**$ 945,436**

	LIABILITIES AND NET ASSETS	AUGUST 2014	UNAUDITED JUNE 2014
	CURRENT LIABILITIES		
1	CURRENT MATURITIES OF L/T OBLIG	$ 5,990	$ 10,010
2	ACCOUNTS PAYABLE	13,884	20,804
3	OTHER ACCRUED LIABILITIES	52,118	44,982
4	INTEREST	2,744	10,119
5	TOTAL CURRENT LIABILITIES	74,736	85,915
	LONG-TERM DEBT OBLIGATIONS		
6	REVENUE BONDS AND OTHER	208,597	213,386
7	GENERAL OBLIGATION BONDS	197,568	198,703
	OTHER LIABILITIES		
12	NET PENSION LIABILITY	54,684	52,900
13	WORKERS' COMP	8,782	8,418
14	SUPPLEMENTAL MEDICAL RETIREMENT	34,930	34,466
15	**DEFERRED INFLOWS**	10,958	11,075
16	**NET ASSETS**	342,882	340,573
17	**TOTAL LIABILITIES & NET ASSETS**	**$ 933,137**	**$ 945,436**

Washington Hospital Healthcare System

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
OPERATING INDICATORS
August 2014

	AUGUST						YEAR TO DATE			
12 MONTH AVERAGE	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
						PATIENTS IN HOSPITAL				
155.3	129.1	146.0	(16.9)	-12%	1	ADULT & PEDS AVERAGE DAILY CENSUS	136.9	145.3	(8.4)	-6%
8.2	9.0	7.9	1.1	14%	2	OUTPT OBSERVATION AVERAGE DAILY CENSUS	8.6	8.0	0.6	8%
10.3	12.7	10.9	1.8	17%	3	NURSERY AVERAGE DAILY CENSUS	10.8	10.1	0.7	7%
173.8	150.8	164.8	(14.0)	-8%	4	TOTAL	156.3	163.4	(7.1)	-4%
4,722	4,003	4,526	(523)	-12%	5	ADULT & PEDS PATIENT DAYS	8,486	9,007	(521)	-6%
957	935	931	4	0%	6	ADMISSIONS-ADULTS & PEDS	1,860	1,853	7	0%
4.88	4.13	4.86	(0.73)	-15%	7	AVERAGE LENGTH OF STAY-ADULTS & PEDS	4.53	4.86	(0.33)	-7%
						OTHER KEY UTILIZATION STATISTICS				
1.517	1.431	1.505	(0.074)	-5%	8	OVERALL CASE MIX INDEX (CMI)	1.441	1.515	(0.074)	-5%
						SURGICAL CASES				
113	107	105	2	2%	9	JOINT REPLACEMENT CASES	202	206	(4)	-2%
25	23	25	(2)	-8%	10	NEURO SURGICAL CASES	51	50	1	2%
8	6	9	(3)	-33%	11	CARDIAC SURGICAL CASES	14	18	(4)	-22%
64	44	43	1	2%	12	MINIMALLY INVASIVE CASES	92	99	(7)	-7%
345	341	343	(2)	-1%	13	TOTAL CASES	677	677	-	0%
578	599	616	(17)	-3%	14	TOTAL CATH LAB PROCEDURES	1,156	1,175	(19)	-2%
147	183	165	18	11%	15	DELIVERIES	319	305	14	5%
7,459	7,047	7,604	(557)	-7%	16	OUTPATIENT VISITS	14,568	15,144	(576)	-4%
4,307	4,371	3,974	397	10%	17	EMERGENCY VISITS	8,822	8,336	486	6%
						LABOR INDICATORS				
1,227.8	1,109.2	1,121.2	12.0	1%	18	PRODUCTIVE FTE'S	1,137.5	1,148.0	10.5	1%
188.3	202.5	201.0	(1.5)	-1%	19	NON PRODUCTIVE FTE'S	204.1	201.9	(2.2)	-1%
1,416.1	1,311.7	1,322.2	10.5	1%	20	TOTAL FTE'S	1,341.6	1,349.9	8.3	1%
5.85	5.97	5.66	(0.31)	-5%	21	PRODUCTIVE FTE/ADJ. OCCUPIED BED	5.81	5.80	(0.01)	0%
6.75	7.06	6.67	(0.39)	-6%	22	TOTAL FTE/ADJ. OCCUPIED BED	6.85	6.82	(0.03)	0%

Washington Hospital Service League Volunteers

Washington Township Health Care District • 2000 Mowry Avenue, Fremont, CA 94538-1716 • 510/791-3465 Since 1955

October 8, 2014

To: Washington Township Health Care District Board of Directors and
Nancy Farber, CEO

Re: Crosswalk Safety

On behalf of the Service League Board of Directors, I want to thank you for your diligence and perseverance in improving the crosswalk safety of our hospital family that includes staff, volunteers, visitors and patients. Your tireless pleas before the City of Fremont, independent traffic studies and traffic calming measures that have been implemented in the past year have been much appreciated.

Unfortunately, in spite of these efforts, the risk of injury or death remains as motorists continue to ignore the flashing lights. We all know that we must cross with a defensive mindset but that's no guarantee of our safety. A stoplight that will regulate the flow of traffic and provide a safe time period for pedestrian crossing is the only solution. With scores of volunteers, teens to seniors, using that crosswalk daily, we want to do all that we can to make sure each one returns home safely.

Thank you again for your persistence on our behalf.

Sincerely,

Gail Tomita

Gail Tomita
WHSL President

WASHINGTON HOSPITAL MEDICAL STAFF

2000 Mowry Avenue • Fremont, California 94538 • (510) 797-1111

September 9, 2014

To: Bernard Stewart, DDS.
Chairman of Board of Directors, Washington Hospital

From: Peter Lunny, MD
Chief of Staff, Washington Hospital

Dear Chairman Stewart,

At our latest Medical Executive Committee(MEC) at Washington Hospital a discussion ensued regarding the crosswalk on Civic Center Drive between Washington West at 2500 Mowry Ave and Washington Hospital main campus at 2000 Mowry Ave and the associated safety concerns it represents.

Despite some of the current measures imposed to improve pedestrian safety at this location, including the removal of shadow-causing trees, narrowing of the traffic lanes from four to two, planters and other visible barriers to offer protection, and increased flashing lights, we are still concerned that the risk of another serious event that could cause significant harm to a physician, hospital employee or other member of the Fremont community is too great.

A motion was made and unanimously passed by the MEC recommending consideration towards placing a signal light for automobiles with an associated pedestrian crosswalk signal at that site. We would support any efforts by the Washington Hospital Board to improve the safety of pedestrians in the vicinity of Washington Hospital.

Thank you for your consideration.

Respectfully,

Peter Lunny, MD