Washington Township Health Care District

Annual Financial Report
June 30, 2025 and 2024

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Report of Independent Auditors

To the Board of Directors of Washington Township Health Care District

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and fiduciary activities of the Washington Township Health Care District (the "District"), as of and for the years ended June 30, 2025 and 2024, including the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and fiduciary activities of the District as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood

PricewaterhouseCoopers LLP
405 Howard Street, Suite 600
San Francisco, California 94105
(415) 498 5000

that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the required supplementary information on page 53 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PricewaterhouseCoopers LLP

San Francisco, California
December 15, 2025

Overview of the Financial Statements

The annual financial report consists of Management's Discussion and Analysis, financial statements and notes to those statements and required supplementary information. These statements are organized to present the Washington Township Health Care District doing business as Washington Health (the District), the Washington Hospital Healthcare Foundation doing business as Washington Health Foundation (the Foundation), the Warm Springs Health Center (JV-Warm Springs), and the WHHS & UCSF Health Cancer Services Joint Venture, LLC (JV-Oncology) as discrete financial entities, operating as a financial whole. 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, Foundation's, JV-Warm Springs', and JV-Oncology's financial statements.

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, and is considered a Local Government Agency. 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. Included within the District's boundaries are the cities of Fremont, Newark, Union City, southern portions of Hayward and an unincorporated area of the County known as Sunol. The District operates Washington Hospital (the Hospital), a 415-bed licensed acute care hospital located in Fremont, California.

The District is the sole corporate member of Washington Township Hospital Development Corporation (DEVCO), which is reported as a blended component unit in the District's financial statements. 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 currently operates an outpatient rehabilitation center and an urgent care clinic. In July 2010, DEVCO purchased a controlling interest in the Washington Outpatient Surgery Center, LLC (WOSC) and has blended its financial statements since this date.

Peninsula Surgery Center LLC (PSC) is a joint venture between DEVCO, WOSC and private physicians that was formed in 2022. DEVCO holds the majority interest in the operating entity, PSC, and the holding company, Peninsula Surgical Partnership LLC (PSP). PSC and PSP are considered component units of DEVCO and are blended in DEVCO's financial statements.

DEVCO is the sole corporate member of Washington Township Medical Foundation doing business as Washington Health Medical Group (WHMG). WHMG was formed in 2010 to operate a multi-specialty medical clinic under the applicable provisions of the California Health and Safety Code. WHMG is a blended component unit of DEVCO.

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

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. JV-Warm Springs was established to provide a combination of primary care, multi-specialty care, urgent care and other outpatient services to the residents of the District. JV-Oncology was established to provide radiation oncology services at the District and is the beginning phase of a larger ambulatory cancer services affiliation between the District and University of California, San Francisco (UCSF) which are committed to providing the preeminent regional cancer program in the south east Bay Area.

The statements of net position and the statements of revenues, expenses, and changes in net position, provide an indication of the District's, the Foundation's, JV-Warm Springs', and JV-Oncology's financial health. The statements of net position include all of the District's, Foundation's, JV-Warm Springs' and

JV-Oncology's assets, deferred outflows of resources, liabilities and deferred inflows of resources, using the accrual basis of accounting, as well as an indication about which portions of net position 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, the Foundation's, JV-Warm Springs', and JV-Oncology's operating and non-operating transactions during the year. For the District, the statements of cash flows report the cash provided by and used in operating activities, as well as other cash sources and uses such as investment income, repayment of bonds, and capital additions and improvements. Two of the primary statements, the statements of fiduciary net position and the statements of changes in fiduciary net position, present the financial position and operating activities for the District's pension and other post-employment medical benefits. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

In fiscal year 2025, the District announced the launch of a phased brand transition to Washington Health. The new brand reflects the organization's evolution from a community hospital into a comprehensive health system, while re-affirming its longstanding commitment to remain an independent, community-based provider. Washington Health encompasses a broad network that includes a hospital, medical group, ambulatory care sites, and specialty services in trauma, orthopedics, neurosurgery, cardiovascular surgery, oncology, maternal and child health, and neonatal intensive care.

In fiscal year 2025, the District adopted GASB Statement No. 101, *Compensated Absences*, effective for the District's fiscal year beginning July 1, 2024. This statement establishes recognition and measurement guidance for all types of compensated absences. The adoption did not have any material impact on the District's consolidated financial statements.

The District also adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for the District's fiscal year beginning July 1, 2024. This statement establishes accounting and financial reporting requirements which require an assessment on whether a concentration or constraint makes the District or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, and whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within twelve months of the date the financial statements are issued. The adoption did not have any material impact on the District's consolidated financial statements.

Financial Highlights

- The District generated an operating loss of $30.8 million in fiscal year 2025, $29.5 million in fiscal year 2024, and $39.3 million in fiscal year 2023. The recurring losses over the past three years were primarily driven by a high reliance on government payers and increasing consolidated operating expenses, particularly in salaries and employee benefits, which is further strained by the higher cost of living in the region in which the District operates. In addition, on-going inflationary pressures resulted to increased cost for supplies and contracted services.

- When non-operating income and special items are included, the District's activities resulted in a $9.6 million, $14.8 million, and $41.0 million decrease in net position for fiscal years 2025, 2024, and 2023, respectively.

- Despite the recurring operating losses, the District continues to experience volume improvements. Net patient revenue improved by 9.8 percent ($61.9 million) from fiscal year 2024 and by 6.2 percent ($37.1 million) from fiscal year 2023, and is expected to further increase as a result of key strategic and operational improvement initiatives that the District has in its pipeline.

Analysis of the District's Net Position

- Total assets and deferred outflows of resources have remained relatively stable since 2023, reaching $1.3 billion in 2025 and $1.2 billion in 2024, which is higher compared to $1.1 billion in fiscal year 2023. The increase in cash and investments in 2025 was primarily driven by higher revenues, improved collections, and favorable financial market returns. In 2024, the increase was mainly attributed to strong market performance and the proceeds from the issuance of Series 2023 bonds. The decline in net capital assets reflects accumulated depreciation outpacing capital additions during the period.

- Total liabilities increased slightly by $13.7 million to $984.9 million at June 30, 2025, compared to a larger increase of $161.2 million to $971.2 million at June 30, 2024. The increase in fiscal year 2025 was primarily driven by higher current liabilities related to expanded services, while the increase in fiscal year 2024 was mainly due to the issuance of Series 2023 bonds.

- Total net position was $240.0 million at June 30, 2025, representing a decrease of $9.6 million from the $249.6 million reported at June 30, 2024. Similarly, the net position declined by $14.8 million in fiscal year 2024, down from $264.4 million at June 30, 2023. These consecutive decreases were primarily driven by on-going losses on operations.

Table 1 provides a summary of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30:

(in thousands)	2025	2024	2023
Assets			
Current assets	$ 212,337	$ 195,937	$ 163,377
Long-term investment and restricted funds	378,523	371,885	216,763
Capital assets, net	594,993	599,235	612,011
Other assets	49,272	43,367	44,268
Total assets	1,235,125	1,210,424	1,036,419
Deferred outflows of resources	18,489	38,355	72,273
Total assets and deferred outflows of resources	$ 1,253,614	$ 1,248,779	$ 1,108,692
Liabilities and Net Position			
Current liabilities	$ 172,945	$ 150,919	$ 131,705
Net pension liability	50,459	52,379	69,065
Net postemployment medical benefits (OPEB)	46,109	41,143	42,548
Long-term lease and SBITA liabilities	19,881	18,523	15,886
Long-term debt	686,910	699,969	543,256
Other long-term liabilities	8,645	8,288	7,601
Total liabilities	984,949	971,221	810,061
Deferred inflows of resources	28,694	27,946	34,250
Net position			
Net investment in capital assets	34,045	47,060	63,618
Restricted − expendable	34,759	34,531	29,722
Restricted for minority interest	2,269	1,527	1,641
Unrestricted	168,898	166,494	169,400
Total net position	239,971	249,612	264,381
Total liabilities, net position and deferred inflows of resources	$ 1,253,614	$ 1,248,779	$ 1,108,692

Table 2 provides a summary of total available cash and investments as of June 30:

(in thousands)	2025	2024	2023
Cash and cash equivalents and short-term investments	$ 75,877	$ 66,073	$ 50,763
Board-designated for capital and debt	181,651	180,886	176,628
Workers' compensation fund	9,855	9,332	8,921
Unexpended capital bond funds, excluding amounts required for current liabilities	186,970	181,622	31,155
Restricted funds	47	45	59
Total available cash and investments	$ 454,400	$ 437,958	$ 267,526

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.

Net Capital Assets

Net capital assets decreased by $4.2 million to $595.0 million at June 30, 2025, compared to $599.2 million at June 30, 2024, and $612.0 million at June 30, 2023. The decline in net capital assets reflects an increase in accumulated depreciation that outpaced net capital additions during the year. Net capital additions amounted to $34.2 million and $22.5 million in fiscal years 2025 and 2024, respectively. Increase in accumulated depreciation amounted to $48.9 million and $47.4 million in fiscal years 2025 and 2024, respectively. The majority of net capital additions includes purchases of equipment, construction in buildings, and land improvements.

Debt Administration

As part of the obligations under the bond indentures for the 2015A, 2017A, 2017B, 2019A, 2020A and 2023A Series Revenue Bonds, the District has agreed that the Hospital will maintain a long-term debt service coverage ratio of no less than 1.1 to 1.0 on a yearly basis. The Hospital's long-term debt service coverage ratio was 3.29 to 1.0, 3.21 to 1.0, and 2.56 to 1.0, for the years ended June 30, 2025, 2024, and 2023, respectively. In its report issued January 21, 2025, Moody's assigned their rating of these bonds at Baa3, with a stable outlook.

Analysis of the District's Results of Operations

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

(in thousands)	2025	2024	2023
Operating revenues			
Net patient service revenues	$ 696,025	$ 634,120	$ 596,975
Other	23,375	18,391	27,132
Total operating revenues	719,400	652,511	624,107
Operating expenses			
Salaries and wages	321,926	297,224	285,560
Employee benefits	112,350	98,223	101,788
Supplies	98,015	89,719	81,308
Professional fees	96,963	88,350	79,058
Purchased services	54,647	45,803	46,599
Depreciation	46,650	45,144	52,398
Insurance	3,751	4,002	3,782
Other operating expenses	15,875	13,559	12,933
Total operating expenses	750,177	682,024	663,426
Income (loss) from operations	(30,777)	(29,513)	(39,319)
Nonoperating revenues and expenses			
Federal grant revenue	264	4,344	550
Other nonoperating revenues and expenses, net	18,461	5,806	(345)
Total nonoperating revenues and expenses	18,725	10,150	205
Decrease in net position before minority interest and restricted funds	(12,052)	(19,363)	(39,114)
Minority interest - distributions to	(2,238)	(1,850)	(2,049)
Contributions used for capital expenditures	4,649	6,444	167
Decrease in net position	(9,641)	(14,769)	(40,996)
Net position			
Beginning of year	249,612	264,381	305,377
End of year	$ 239,971	$ 249,612	$ 264,381

Net Patient Service Revenues

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. These government payors account for approximately 72.3 percent, 71.8 percent, and 70.9 percent of the District's gross revenues in fiscal years 2025, 2024, and 2023, respectively. Commercial preferred provider organization (PPOs) and health maintenance organizations (HMOs) together comprise approximately 26.1 percent, 26.4 percent, and 27.6 percent of gross revenues in fiscal years 2025, 2024, and 2023, respectively, with the balance of gross revenues attributable to uninsured individuals.

Net patient service revenues increased $61.9 million (9.8 percent) to $696.0 million in fiscal year 2025, $37.1 million (6.2 percent) to $634.1 million in fiscal year 2024, and $21.2 million (3.7 percent) to $597.0 million in fiscal year 2023.

In June 2022, after an extensive yearlong evaluation of Alameda County's existing trauma system, the Health Emergency Medical Services Agency designated Washington Health as the county's new Level II Trauma Center, the first new designation awarded since 1987. Since receiving this designation, the District has undertaken a coordinated, systemwide effort to develop and build the trauma program, culminating in the official opening of the Trauma Center on July 1, 2024.

Inpatient Business Activity

The District's gross inpatient revenue increased by $219.7 million (15.9 percent) to $1.6 billion in fiscal year 2025, compared to $1.4 billion in fiscal years 2024 and 2023.

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

	2025 Days	2024 Days	% Change 2025 v 2024	2023 Days	% Change 2024 v 2023
Specialty					
Medical/surgical	50,273	45,886	9.6%	45,931	-0.1%
Critical care	6,337	5,640	12.4%	5,667	-0.5%
Special care nursery	1,277	1,265	0.9%	1,328	-4.7%
Pediatrics	48	263	-81.7%	438	-40.0%
Obstetrics	4,600	4,080	12.7%	4,371	-6.7%
Subtotal adult and pediatric patient days	62,535	57,134	9.5%	57,735	-1.0%
Newborn	3,099	2,877	7.7%	3,035	-5.2%
Total patient days	65,634	60,011	9.4%	60,770	-1.2%

Admissions increased by 1,690 (16.2 percent) to 12,149 in fiscal year 2025, compared to 10,459 in fiscal year 2024, and 10,603 in fiscal year 2023. Similarly, inpatient surgeries increased to 3,030 in fiscal year 2025, compared to 2,450 in fiscal year 2024, and to 2,437 in fiscal year 2023.

The average length of stay decreased to 5.22 days in fiscal year 2025, compared to 5.38 days in fiscal year 2024, and 5.43 in fiscal year 2023. The overall case mix index, which measures patient acuity, increased to 1.627 in fiscal year 2025, compared to 1.593 in fiscal year 2024 and 1.542 in fiscal year 2023. The reduction in average length of stay reflects on-going operational improvement initiatives aimed at reducing excess days by ensuring patients are transitioned appropriately through the system and receive care at the most suitable level.

Outpatient Business Activity

The District's gross outpatient revenue increased by $84.1 million (6.9 percent) to $1.30 billion in fiscal year 2025, compared to $1.22 billion in fiscal year 2024, and $1.11 billion in fiscal year 2023. This growth was primarily driven by an overall increase in outpatient volumes, as well as the implementation of various operational initiatives aimed at enhancing the quality of care delivered to patients and ensuring they receive the appropriate level of care.

Emergency room visits increased by 2,537 (4.2 percent) to 63,260 in fiscal year 2025, compared to 60,723 in fiscal year 2024, and 58,697 in fiscal year 2023.

Non-Emergency Outpatient visits increased to 107,403 in fiscal year 2025, compared to 103,069 in fiscal year 2024, and 105,848 in fiscal year 2023.

Outpatient surgeries performed at the Hospital increased by 59 (1.8 percent) to 3,274 compared to 3,215 in fiscal year 2024 and 3,139 in fiscal year 2023.

Visits at WHMG increased 4,471 (2.0 percent) to 218,036 in fiscal year 2025, compared to 213,565 in fiscal year 2024, and 210,582 in fiscal year 2023. WHMG's telehealth visit platform provided over 16,000 telehealth visits in fiscal year 2025, 19,000 telehealth visits in fiscal year 2024, and over 25,000 telehealth visits in fiscal year 2023. The decreasing trend in telehealth visits is due to more competition from other virtual care providers.

Deductions from Revenue

Overall deductions from revenue, expressed as a percentage of gross revenues, were 75.9 percent, 75.5 percent, and 75.8 percent for fiscal years 2025, 2024, and 2023, respectively. The rate remains comparable to the prior two years and the District continues to implement revenue improvement initiatives focused on streamlining billing processes, reducing claim denials and enhancing collection. The favorable impact from these initiatives were offset by a growing proportion of government payors and lower average payment rates from commercial payors.

Charity Care

The District provides care without charge to all 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 $3.0 million, $2.7 million, and $4.0 million in foregone charges related to charity care for patient services during fiscal years 2025, 2024, and 2023, respectively. Patients who are eligible for charity care are generally those without insurance who also meet income eligibility criteria. Private pay revenues increased from $36.4 million in fiscal year 2023 to $48.2 million in fiscal year 2024 and to $48.9 million in fiscal year 2025.

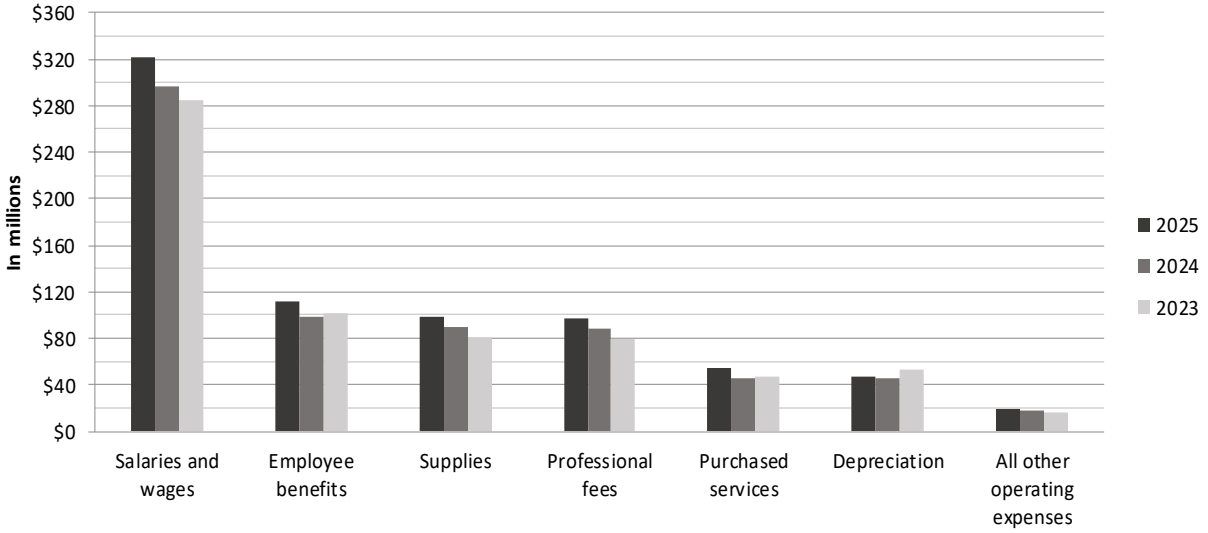
In addition to the charity care described above, the estimated cost in excess of reimbursement for medically indigent patients under Medi-Cal and Medi-Cal managed care programs was estimated at $88.0 million in 2025, $75.0 million in 2024, and $78.0 million in 2023. Uncompensated services with an estimated total cost of more than $175.8 million in fiscal year 2025, $168.0 million in fiscal year 2024, and $159.0 million in fiscal year 2023 were provided to Medicare and Medicare managed care patients.

Provision for Bad Debt

The provision for bad debt (expressed as a percentage of gross revenues) was 1.65 percent in fiscal year 2025, 1.66 percent in fiscal year 2024, and 1.45 percent in fiscal year 2023.

Operating Expenses

Total operating expenses were $750.2 million, $682.0 million, and $663.4 million for fiscal years 2025, 2024, and 2023, respectively, the components of which are summarized in the graph below:



Total operating expenses increased by $68.2 million (10.0 percent) from fiscal year 2024 to fiscal year 2025. The primary driver of this increase was higher spending on salaries and wages, which reflects the District's ongoing investments in workforce growth and retention. The second-largest increase was in employee benefits, which is consistent with overall compensation trends. By comparison, total operating expenses increased by $18.6 million (2.8 percent), from fiscal year 2023 to fiscal year 2024, also primarily due to increases in salaries and wages, followed by employee benefits.

Salaries and Benefits

- Salaries and wages increased by $24.7 million (8.3 percent) in fiscal year 2025 and by $11.7 million (4.1 percent) in fiscal year 2024. As of June 30, 2025, approximately 66.2 percent of the District's employees are members of collective bargaining groups. These employees receive periodic pay increases through the various Memoranda of Understanding (MOUs) approved by the District's Board of Directors. The increase in salaries and wages in fiscal year 2025 was driven by negotiated wage rates increases under the MOUs, as well as adjustments for non-represented employees. The District believes that these increases are consistent with the prevailing wage trends in the local labor market. In addition, the nationwide shortage of health care workers and inflationary pressures contributed to higher cost of labor and increased overtime in fiscal year 2025.

- District-wide full-time equivalent employees (FTEs) were 2,058, 1,971, and 1,934 FTEs at June 30, 2025, 2024, and 2023, respectively.

- Employee benefits increased by $14.1 million (14.4 percent) in fiscal year 2025, decreased by $3.6 million (3.5 percent) in fiscal year 2024 and increased by $40.5 million (66.1 percent) in fiscal year

2023. The largest component of this was the increase in pension expense and rising health care benefit costs.

Other Operating Expenses

- The increase in professional services and supplies expenses in fiscal years 2025 and 2024 are related to the increase in volumes and inflationary pressures that have generally driven up the costs of supplies and services.
- Depreciation expense increased by $1.5 million (3.3 percent) and decreased by $7.3 million (13.8 percent) in fiscal years 2025 and 2024, respectively.
- The change in other operating expenses were not significant.

Net Non-operating Revenues and Expenses

Net non-operating revenues and expenses increased by $8.6 million and $10.0 million in fiscal years 2025 and 2024, respectively. The most significant changes in non-operating activity include favorable market returns in fiscal year 2025 resulting to $11.7 million increases in investment income and fair value of investments, compared to $8.6 million investment gains in fiscal year 2024.

Economic Factors Expected to Affect the District's 2025 Operations

The District's Board of Directors approved the fiscal year 2026 operating budget at its June 2025 meeting. The operating budget was developed after a thorough analysis of both internal and external factors, including key volume trends, economic indicators, and the evolving regulatory landscape. It reflects the best information available amid ongoing economic uncertainty, market volatility and healthcare policy changes. The fiscal year 2026 budget focuses on revisiting and refining growth strategies and the implementation of cost-saving initiatives designed to position the District for long-term financial stability. It also incorporates the District's current Institutional Agenda, along with forward-looking projections for population growth, unemployment rates, inflationary pressures, investment market fluctuations, and anticipated regulatory developments in the healthcare sector.

Downward pressures on reimbursement are expected to continue. In projecting net revenues for fiscal year 2026, the District has incorporated the continued effects of reimbursement changes from government, commercial and third party payors, based on the available information. Likewise, the unpredictable future of the Bay Area and the country's economy could significantly impact the District's operations. Additional legislation at either the State or Federal level may affect the accuracy of many budget assumptions.

The fiscal year 2026 budget anticipates an increase in both operating revenues and expenditures compared to fiscal year 2025. Expense growth will be primarily driven by salaries and employee benefits, purchased and professional services, and supplies expenses. The number of full-time employees is expected to grow related to expanded services, contributing to higher salary and benefit costs. These costs, along with purchased services and supplies, are projected to continue increasing over the next several years due to volume growth and inflation. Utilities and software licenses are also expected to increase as investments in technology for operational improvement continue. All other expense categories are expected to increase modestly in fiscal year 2026.

The District remains focused on identifying opportunities to improve its financial performance in both the short- and the long-term. This includes operational improvement initiatives to reduce costs and strategic investments in key service areas such as cancer care, level II adult trauma, urgent care, Warm Springs Health Center and Morris Hyman Critical Care Pavilion.

Washington Township Health Care District
Statements of Net Position
June 30, 2025 and 2024

(in thousands)	District 2025	District 2024	Foundation 2025	Foundation 2024	JV-Warm Springs 2025	JV-Warm Springs 2024	JV-Oncology 2025	JV-Oncology 2024
Assets								
Current assets								
Cash and cash equivalents	$ 41,118	$ 31,542	$ 15,050	$ 4,280	$ 3,226	$ 4,065	$ 793	$ 1,179
Short-term investments	34,759	34,531	109	8,431	-	-	-	-
Short-term investments held by District on behalf of Foundation	-	-	1,066	1,019	-	-	-	-
Patient accounts receivable, less allowance for estimated uncollectibles of $27,184 and $35,337 for the District, and $3,307 and $4,185 for the JV-Oncology in 2025 and 2024, respectively	98,186	90,937	-	-	-	-	1,596	1,946
Contributions receivable, net	-	-	297	106	-	-	-	-
Supplies	7,285	4,912	-	-	-	-	-	-
Other receivables	23,900	27,410	-	-	-	-	23,311	15,111
Prepaid expenses and other	7,089	6,605	15	105	-	-	607	589
Total current assets	212,337	195,937	16,538	13,940	3,226	4,065	26,307	18,826
Long-term investment and restricted funds								
Board-designated for capital, debt and workers' compensation	191,506	190,218	-	-	-	-	-	-
Held by trustee	186,970	181,622	-	-	-	-	-	-
Restricted funds	47	45	-	-	-	-	-	-
Capital assets, net	594,993	599,235	-	-	24,579	24,477	5,701	6,404
Other assets								
Contributions receivable, net	-	-	1,528	2,038	-	-	-	-
Other noncurrent assets	49,272	43,367		-	-	-	-	-
Total assets	1,235,125	1,210,424	18,066	15,978	27,805	28,542	32,008	25,230
Deferred outflows of resources								
Deferred outflows of resources − Goodwill	14	687	-	-	-	-	-	-
Deferred outflows of resources − Postemployment medical benefits (OPEB)	8,003	7,727	-	-	-	-	-	-
Deferred outflows of resources − Pension	10,472	29,941	-	-	-	-	-	-
Total deferred outflows	18,489	38,355	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 1,253,614	$ 1,248,779	$ 18,066	$ 15,978	$ 27,805	$ 28,542	$ 32,008	$ 25,230

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

Washington Township Health Care District
Statements of Net Position
June 30, 2025 and 2024

(in thousands)	District 2025	District 2024	Foundation 2025	Foundation 2024	JV-Warm Springs 2025	JV-Warm Springs 2024	JV-Oncology 2025	JV-Oncology 2024
Liabilities and Net Position								
Current liabilities								
Current portion of long-term debt	$ 10,764	$ 10,334	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	43,666	49,820	-	-	146	536	7,730	6,193
Due to Foundation	1,078	1,030	-	-	-	-	-	-
Due to third party payors and unearned revenue	6,096	5,587	-	-	-	-	-	-
Accrued liabilities								
Payroll related	17,220	15,165	-	-	-	-	-	-
Vacation	22,515	22,078	-	-	-	-	-	-
Health benefits	4,782	4,866	-	-	-	-	-	-
Interest	13,866	13,953	-	-	-	-	43	45
Other	52,958	28,086	-	-	-	-	273	238
Total current liabilities	172,945	150,919	-	-	146	536	8,046	6,476
Long-term liabilities								
Workers' compensation claims	8,645	8,288	-	-	-	-	-	-
Net postemployment medical benefits (OPEB)	46,109	41,143	-	-	-	-	-	-
Long-term lease and SBITA liabilities	19,881	18,523	-	-	-	-	2,241	2,411
Net Pension Liability	50,459	52,379	-	-	-	-	-	-
Long-term debt, net of current maturities	220,733	231,669	-	-	-	-	-	-
Long-term debt, general obligation bonds	466,177	468,300	-	-	-	-	-	-
Total long-term liabilities	812,004	820,302	-	-	-	-	2,241	2,411
Total liabilities	984,949	971,221	-	-	146	536	10,287	8,887
Deferred inflows of resources								
Deferred inflows of resources − Postemployment medical benefits (OPEB)	4,439	6,095	-	-	-	-	-	-
Deferred inflows of resources − Pension	170	957	-	-	-	-	-	-
Deferred inflows of resources − Lease obligations	24,085	20,894	-	-	-	-	-	-
Total deferred inflows	28,694	27,946	-	-	-	-	-	-
Net position								
Net investment in capital assets	34,045	47,060	-	-	12,535	12,483	3,144	3,967
Restricted − expendable	34,759	34,531	3,799	5,772	-	-	-	-
Restricted for minority interest − nonexpendable	2,269	1,527	-	-	13,553	13,723	10,641	8,006
Unrestricted	168,898	166,494	14,266	10,205	1,571	1,800	7,936	4,370
Total net position	239,971	249,612	18,066	15,978	27,659	28,006	21,721	16,343
Total liabilities, deferred inflows of resources and net position	$ 1,253,614	$ 1,248,779	$ 18,066	$ 15,978	$ 27,805	$ 28,542	$ 32,008	$ 25,230

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, 2025 and 2024

	District		Foundation		JV-Warm Springs		JV - Oncology	
(in thousands)	2025	2024	2025	2024	2025	2024	2025	2024
Operating revenues								
Net patient service revenues	$ 696,025	$ 634,120	$ -	$ -	$ -	$ -	$ 10,782	$ 12,398
Other	23,375	18,391	-	-	-	-	-	-
Contributions	-	-	7,718	15,385	-	-	-	-
Contributed services	-	-	951	783	-	-	-	-
Total operating revenues	719,400	652,511	8,669	16,169	-	-	10,782	12,398
Operating expenses								
Salaries and wages	321,926	297,224	-	-	-	-	-	-
Employee benefits	112,350	98,223	-	-	-	-	-	-
Supplies	98,015	89,719	-	-	-	-	4	-
Professional services	96,963	88,350	-	-	-	-	118	134
Purchased services	54,647	45,803	-	-	217	104	4,057	4,077
Depreciation	46,650	45,144	-	-		-	934	881
Insurance	3,751	4,002	-	-	76	18	41	32
Donations	-	-	5,713	6,799		-	-	-
Other operating expenses	15,875	13,559	1,463	1,303	54	54	147	149
Total operating expenses	750,177	682,024	7,176	8,102	347	177	5,301	5,273
Operating (loss) income	(30,777)	(29,513)	1,493	8,067	(347)	(177)	5,480	7,125
Non-operating revenues and expenses								
Federal grant revenue	264	4,344	-	-	-	-	-	-
Investment income	7,788	6,742	595	291	-	-	-	-
Net increase in the fair value of investments	3,909	1,847	-	-	-	-	-	-
Interest expense, including amortization of premiums and discounts on bonds payable	(21,573)	(21,376)	-	-	-	-	(102)	(108)
Property tax revenue	25,507	16,626	-	-	-	-	-	-
Other non-operating income	2,830	1,967	-	-	-	-	-	-
Total non-operating (expenses) and revenues, net	18,725	10,150	595	291	-	-	(102)	(108)
(Decrease) increase in net position before other changes	(12,052)	(19,363)	2,088	8,358	(347)	(177)	5,378	7,017
Minority interest − Distributions to	(2,238)	(1,850)	-	-	-	-	-	-
Contributions used for capital expenditures	4,649	6,444	-	-	-	-	-	-
(Decrease) increase in net position after other changes	(9,641)	(14,769)	2,088	8,358	(347)	(177)	5,378	7,017
Net position								
Beginning of year	249,612	264,381	15,978	7,620	28,006	28,183	16,343	9,326
End of year	$ 239,971	$ 249,612	$ 18,066	$ 15,978	$ 27,659	$ 28,006	$ 21,721	$ 16,343

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

Washington Township Health Care District
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

(in thousands)	District 2025	District 2024
Cash flows from operating activities		
Cash received from patient service activities	$ 688,776	$ 622,711
Other cash receipts	23,375	18,391
Cash payments to suppliers	(256,786)	(223,735)
Cash payments to employees and employee benefit programs	(408,208)	(383,154)
Net cash provided by operating activities	47,157	34,213
Cash flows from noncapital financing activities		
Donation from Foundation to District	593	343
Net assets distributed to minority shareholders in WOSC, LLC	(2,238)	(1,850)
Federal grant receipts	264	4,344
Net cash (used in) provided by noncapital financing activities	(1,381)	2,837
Cash flows from capital and related financing activities		
Purchases of capital assets	(34,228)	(22,427)
Rental receipts	4,424	4,529
Donation from Foundation to District	4,649	6,444
Principal paid on debt, lease and SBITA	(17,788)	(17,165)
Interest paid on debt	(32,762)	(27,951)
Proceeds from debt issuance, net of issuance costs	-	162,990
Proceeds from property taxes levied by the County	27,043	17,235
Net cash (used in) provided by capital and related financing activities	(48,662)	123,655
Cash flows from investing activities		
Purchases of investments	(150,593)	(311,434)
Sales of investments	153,244	152,384
Investment income	7,573	6,554
Other non-operating income	2,238	3,715
Net cash provided by (used in) investing activities	12,462	(148,781)
Net increase in cash and cash equivalents	9,576	11,924
Cash and cash equivalents		
Beginning of year	31,542	19,618
End of year	$ 41,118	$ 31,542
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating loss	$ (30,777)	$ (29,513)
Adjustments to reconcile operating income to net cash		
Adjustments to reconcile operating income to		
Loss (gain) on disposal of fixed asset	38	(709)
Impairment of fixed asset	-	1,085
Depreciation and amortization	48,937	46,323
Provision for doubtful accounts	47,844	43,017
Amortization of goodwill	673	657
Pension funding	-	(2,125)
Postemployment medical benefits (OPEB) funding	(2,790)	(3,363)
Net change in deferred outflows and inflows	25,777	14,354
Changes in assets and liabilities		
Accounts receivable	(55,093)	(54,426)
Supplies, prepaid expenses, and other current assets	(2,266)	(4,819)
Other assets	(11,093)	4,658
Due to Foundation	48	51
Due from/to third party payors	(781)	(4,373)
Accounts payable and accrued expenses	(5,225)	8,375
Payroll, vacation, and health accrued liabilities	2,408	2,770
Other liabilities	29,457	12,251
Net cash provided by operating activities	$ 47,157	$ 34,213
Noncash transactions		
Accounts payable and accrued expenses for property and equipment purchases	$ (930)	$ 2,536
Change in fair value of investments	4,108	3,588
Capital assets acquired through leases	5,218	10,390
Capital assets acquired through SBITA's	4,825	1,528

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

Washington Township Health Care District
Statements of Fiduciary Net Position
December 31, 2024 and 2023[1]

(in thousands)	Pension and OPEB Trust Funds 2024	2023
Assets		
Cash and cash equivalents	$ 4,287	$ 2,477
Investments at fair value		
Mutual funds		
Fixed income funds	137,765	127,930
Domestic equity funds	170,166	152,640
International equity funds	86,328	92,680
Balanced real asset funds	83,948	79,379
Commodity funds	1,594	1,371
Real estate funds	1,588	1,464
Infrastructure funds	518	490
Total investments	481,907	455,954
Total assets	$ 486,194	$ 458,431
Liabilities and Net Position		
Liabilities		
Accounts payable and other liabilities	$ -	$ -
Total liabilities	-	-
Net position		
Restricted for		
Pensions	455,876	430,862
OPEB	30,318	27,569
Total liabilities and net position	$ 486,194	$ 458,431

1 Information regarding fiduciary funds is presented as of the measurement date of December 31, the plan year end for the Pension and OPEB Plans.

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

Washington Township Health Care District
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2024 and 2023[1]

(in thousands)	Pension and OPEB Trust Funds Years ended 2024	2023
Additions		
Contributions		
Members	$ 3,111	$ 2,620
Employers	2,125	2,700
Total contributions	5,236	5,320
Investment earnings		
Net increase in fair value of investments	47,817	58,305
Interest, dividends, and other	910	1,651
Total investment income	48,727	59,956
Less: Investment costs:		
Investment activity (credit) costs	(1,078)	(1,221)
Net investment income	49,805	61,177
Total additions	55,041	66,497
Deductions		
Benefits paid to participants or beneficiaries	25,919	24,325
Administrative expense	258	247
Other disbursements	1,101	2,280
Total deductions	27,278	26,852
Net increase in fiduciary net position	27,763	39,645
Net position		
Beginning	458,431	418,786
Ending	$ 486,194	$ 458,431

1 Information regarding fiduciary funds is presented as of the measurement date of December 31, the plan year end for the Pension and OPEB Plans.

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

1. Organization and Summary of Significant Accounting Policies

Organization

District

Washington Township Health Care District doing business as Washington Health (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, and is considered a Local Government Agency (Local Agency). 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 Washington Hospital (the Hospital), a 415-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 operates an outpatient rehabilitation center and an urgent care clinic. In July 2010, DEVCO purchased a controlling interest in the Washington Outpatient Surgery Center, LLC (WOSC) and has blended its financial statements since this date.

Peninsula Surgery Center LLC (PSC) is a joint venture between DEVCO, WOSC and private physicians that was formed in 2022. DEVCO holds the majority interest in the operating entity, PSC, and the holding company, Peninsula Surgical Partnership LLC (PSP). PSC and PSP are blended component units of DEVCO.

DEVCO is the sole corporate member of its blended component unit, Washington Township Medical Foundation doing business as Washington Health Medical Group (WHMG). WHMG was formed in November 2010 to operate a multi-specialty medical clinic under the applicable provisions of the California Health and Safety Code. WHMG is a blended component unit of DEVCO.

The accompanying financial statements include the accounts and transactions of the Hospital, DEVCO, WOSC, PSC, PSP and WHMG. 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 non-profit corporation. 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.

JV-Warm Springs and JV-Oncology

Warm Springs Health Center Partnership, LLC (JV-Warm Springs) was established in October 2021 and is a California limited liability corporation for federal and state tax purposes. JV-Warm Springs is a joint venture between the District and the University of California at San Francisco (UCSF). This joint venture was established to handle the management, design and construction of the building that these two entities own through a Tenants In Common Agreement, and to provide a combination of

primary care, multi-specialty care, urgent care and other outpatient services to the residents of the District.

WHHS & UCSF Health Cancer Services Joint Venture, LLC (JV-Oncology) was established in February 2023 to jointly provide radiation oncology services at the Hospital. The radiation oncology joint venture is the beginning phase of a larger ambulatory cancer services affiliation between the District and UCSF. Through the evolution of this joint venture in cancer care, the District and UCSF are committed to providing the preeminent regional cancer program in the south east Bay Area.

The District's holding of a majority equity interest in JV-Warm Springs and JV-Oncology does not meet the definition of an investment and the holding of the majority equity interest results in the District being financially accountable for the organizations. JV-Warm Springs and JV-Oncology do not meet the criteria for blending, and therefore are discretely presented component units in the District's financial statements.

Accounting Standards

District

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The District follows accounting principles issued by the Governmental Accounting Standards Board (GASB).

Foundation

As a non-profit organization, the Foundation reports under the Financial Accounting Standards Board (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. For purposes of the District's financial statements, the Foundation's financial statements have been conformed to GASB presentation.

JV-Warm Springs and JV-Oncology

As the District's and UCSF's officials appoint a controlling majority of the members of the JV-Warm Springs and JV-Oncology's governing body, these two organizations are considered governmental. As such, JV-Warm Springs' and JV-Oncology's financial statements are reported under GASB requirements.

Fiduciary Component Units

The District administers a pension plan and an OPEB plan through trust arrangements. The District is obligated to make contributions to the plans and as such the plans meet the criteria for being considered fiduciary component units of the District.

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 District's most significant estimates relate to patient accounts receivable allowances, amounts due to third-party payors, self-insurance liabilities and employee benefit costs. Estimates related to employee benefit costs include actuarial estimates of pension and OPEB obligations.

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.

Cash and Cash Equivalents
Cash and cash equivalents include highly liquid debt instruments with an original maturity of three months or less. Cash equivalents held in short-term investments and long-term investments and restricted funds are treated as investments and are not included in cash and cash equivalents on the Statement of Cash Flows.

Due to the District's status as a Local Agency, amounts in the District's deposit accounts are considered to be public funds, which, by State statute, are required to be collateralized, with pledged securities, by the depository bank. The value of the pledged securities, in addition to the deposit insurance provided by the Federal Deposit Insurance Corporation, equals or exceeds the District's carrying value. Collateral is held by the depository bank's trust department in the name of the District.

Inventories
Inventories, which consist primarily of hospital operating supplies and pharmaceuticals, are stated at the lower of cost or market value determined using the first-in, first-out method.

Long-Term Investments 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, 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 Foundation donors to a specific time period or purpose are classified as restricted funds.

Capital Assets
Capital assets are recorded at cost. District assets with an original cost of $2,500 or more are considered capital assets. Expenditures that substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs are expensed as incurred.

Depreciation is provided over the useful life of each class of depreciable assets and is computed using the straight-line method.

Depreciable lives by property classification are as follows:

Land improvements	2–25 years
Buildings	10–40 years
Right-to-use lease and subscription-based IT arrangement assets	5–17 years
Fixed and moveable equipment	3–20 years

Deferred Inflows and Outflows of Resources
In addition to assets, liabilities and net position, the statements of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow represents a consumption or use of net position, applicable to a future period that will not be recognized as an outflow (expense) until that future period. Conversely, a deferred inflow represents an acquisition of net position, applicable to a future period that will not be recognized as

an inflow (revenue) until that future period. The District has deferred outflows of resources related to goodwill, and both deferred inflows and deferred outflows of resources related to pension and other postemployment medical benefits (OPEB) both of which are described further under Note 9, Employee Benefit Plans. The District also records deferred inflows related to lessor arrangements.

Net Position
Net position is composed of the following categories:

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

Restricted - Expendable
Net position, whose use 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.

Restricted for Minority Interest - Nonexpendable
The District is involved in several joint ventures with outside entities in which it maintains majority ownership interest. The minority interest in these joint ventures includes:

(in thousands)	**2025**	**2024**
Washington Outpatient Surgery Center	$ 1,555	$ 3,604
Peninsula Surgical Partnership and Peninsula Surgery Center	$ 714	$ (2,077)
Restricted for minority interest − nonexpendable	$ 2,269	$ 1,527

Unrestricted
Net position that is neither restricted nor included in net investment in capital assets. Unrestricted net position may be designated for specific purposes by management or the Board of Directors.

When an expense is incurred where both restricted and unrestricted net positions are available for use, the restricted net position is applied first.

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 claims; and medical malpractice. The District utilizes both commercial insurance and self-insurance for claims arising from such matters. The District is self-insured with excess insurance above specified retention amounts for workers' compensation claims, health, vision and dental claims. The District has commercial insurance coverage for professional and general liability, directors' and officers' liability, and property damage claims.

Self-Insurance Plans
The District is self-insured for workers' compensation benefits for employees, up to a specified retention amount. An actuarial estimate of future claims payments, up to the retention amount, 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 provides eligible employees with health, vision and dental benefits through self-insured programs administered by Health Comp, OptumRx, Vision Service Plan and Delta Dental,

respectively. The accrued liabilities for claims arising from these programs are estimated based upon annual actuarial reviews and are recorded at the expected, undiscounted amounts.

The District is a member of and participates in a professional and general liability and also directors' and officers' liability coverage group insurance program through BETA Healthcare Group (BETA). BETA is a joint powers authority whose members are primarily district hospitals and county facilities in California. Amounts paid to BETA by each member 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 insured member. Claims in excess of specified insured limits are the responsibility of individual program participants.

The District's BETA professional and general liability insured program is on a "claims-made" basis, with a deductible and $40.0 million limits. The District converted coverage for these liabilities from occurrence-based to claims-made on July 1, 2004. The District records actuarially-determined liabilities related to this coverage for 1) deductible amounts for currently open claims, 2) tail liability (based on claims associated with occurrences subsequent to July 1, 2004), and 3) unreported claims from occurrences prior to July 1, 2004 (subject to the deductible limit). The accrued liabilities are recorded at the expected, undiscounted amounts.

Concentration of Credit Risk
District
Financial instruments that potentially subject the District to concentration 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). All of the District's investments, including assets held by trustees, are collateralized and/or are held by the District, or its agent, in the District's name. Other than U.S. Treasury obligations, LAIF funds, and money market mutual 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. Medicare (22.0 percent), Medicare HMO (20.6 percent) and Medi-Cal HMO (20.1 percent) are the only payors representing more than ten percent of the District's net patient accounts receivable as of June 30, 2025. The District maintains an allowance for doubtful accounts based on the expected collectability of patient accounts receivable.

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 federal grant revenues, property tax revenues, interest expense, investment income, changes in unrealized gains and losses, rental income and bond issuance costs are reported as non-operating revenues and expenses.

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, related to prior years,

including adjustments to prior year estimates, increased net patient service revenues by approximately $6.2 million in fiscal year 2025 and approximately $15.0 million in fiscal year 2024.

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.

Charity Care
The District provides care without charge to all patients who meet certain criteria under its Charity Care Policy. Because the District 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. The District recorded $3.0 million and $2.7 million in foregone charges related to charity care for patient services during fiscal years 2025 and 2024, respectively.

Other Revenues
Other revenues include revenues from cafeteria, laundry, dietary and certain DEVCO operations. Other revenues also include funding under the State of California's Quality Incentive Pool (QIP) program. Amounts recorded for the QIP program were $7.0 million and $3.8 million in fiscal year 2025 and fiscal year 2024, respectively.

Interest Income and Expense
Interest expense on debt issued for construction projects and income earned on the funds held pending use are recorded as income or expense in the period they are earned or incurred.

Impairment of Long-Lived Assets
The District is required to evaluate material 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 material impairment losses in fiscal years 2025 and 2024.

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.

DEVCO, WHMG and Foundation
DEVCO, WHMG and the Foundation are California non-profit corporations and are therefore exempt from federal and state income tax as a 501(c) (3) organizations.

PSP, PSC, WOSC, JV-Warm Springs and JV-Oncology
These entities are all California limited liability corporations and are subject to state tax but are treated as pass-through entities for federal income tax purposes.

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 revenues.

Contributions used for Capital Items
Donations received that are restricted as to use, and have been used, for the purchase of capital items are reported as other changes to net position.

New Accounting Pronouncements
Pending Adoption
In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for financial statements beginning after June 15, 2025 (fiscal year 2026 for the District). This statement provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Management is currently evaluating the effect of this standard on the District's financial statements.

In October 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for financial statements beginning after June 15, 2025 (fiscal year 2026 for the District). The standard requires that certain types of capital assets, such as lease assets by major class of underlying asset, and right-to-use assets arising from subscription-based information technology arrangements, be disclosed separately in capital asset note disclosures. The standard also requires that capital assets be reported as capital assets held for sale if the government has decided to pursue a sale of the asset and it is probable that the sale will be finalized within one year of the financial statement date; it also requires additional note disclosures about capital assets held for sale.

Adopted
In June 2022, the GASB issued Statement No. 101, *Compensated Absences,* effective for financial statements beginning after December 15, 2023 (fiscal year 2025 for the District), with earlier adoption encouraged. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The adoption did not have any material impact on the District's financial statements.

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for financial statements beginning after June 15, 2024 (fiscal year 2025 for the District), with earlier adoption encouraged. This statement establishes accounting and financial reporting requirements which require an assessment on whether a concentration or constraint makes the District or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact, and whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within twelve months of the date the financial statements are issued. The adoption did not have any material impact on the District's financial statements.

2. Patient Revenues

Patient revenues consist of the following:

(in thousands)	2025	2024
Gross patient charges		
Routine inpatient services	$ 521,547	$ 460,247
Ancillary inpatient services	1,080,982	922,580
Outpatient services	1,300,845	1,216,765
	2,903,374	2,599,592
Less: Charity care	(2,989)	(2,724)
Gross patient service revenues	2,900,385	2,596,868
Deductions from gross patient service revenues		
Contractual allowances for statutory and negotiated rates	2,156,516	1,919,731
Provision for doubtful accounts	47,844	43,017
	2,204,360	1,962,748
Net patient service revenues	$ 696,025	$ 634,120

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 finalized for all fiscal years through June 30, 2020. Inpatient services provided to Medi-Cal program beneficiaries are reimbursed under an All Patient Refined Diagnosis Related Group (APR-DRG) payment methodology. Outpatient services provided to Medi-Cal beneficiaries are reimbursed according to a state fee schedule.

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 estimated reserves for uncollectible accounts are recorded as an adjustment to the provision for bad debts.

There is ongoing uncertainty about reimbursements from government programs. The Centers for Medicare and Medicaid Services have proposed reductions in rates that, if finalized, could result in decreases in Medicare reimbursements for hospitals and providers. Similarly, the State of California's proposed budget includes healthcare-related spending cuts that may affect reimbursements for Medi-Cal services. It also includes potential delays or reductions in Medi-Cal program expansions and provider rate increases, further contributing to the financial uncertainty facing the District. The ultimate outcome of these proposals and other market changes cannot presently be determined.

The District participates in several State and Federal supplemental payment programs that allow it and other governmental agencies to draw down unspent Medi-Cal funds, up to the Federal upper payment limit. The primary mechanism used for drawing down these funds is intergovernmental transfers, whereby Districts transfer funds to the State, who then transmits the funds to the Federal government to draw down the Federal matching funds. In fiscal years 2025 and 2024, the District recognized $33.2 million and $26.5 million, respectively, in supplemental funding obtained through these programs, including the following:

(in thousands)	**2025**	**2024**
Hospital Quality Assurance Fee	$ 6,629	$ 4,555
Rate Range	17,178	15,040
Public Hospital Redesign and Incentives in Medi-Cal Program	7,013	3,771
AB915 Public Hospital Outpatient Services Supplemental Reimbursement Program	1,000	1,110
AB113 Medi-Cal Fee-for-Service Payment Supplement	1,400	2,034
Total State and Federal Supplemental Payments	$ 33,220	$ 26,510

In fiscal year 2020, the State announced that they were recalculating amounts paid to all District Hospitals under the Public Hospital Outpatient Services Supplemental Reimbursement Program from 2003 to 2017 due to an error in the State's original calculations. It is anticipated that these recalculations may result in recoupment of amounts previously recorded, however the State has not yet finalized its analysis. The District had recorded a reserve of $2.5 million as of June 30, 2025 and 2024, based on the District's preliminary calculations of the potential recoupment amount.

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

(in thousands)	2025	2024
Medicare and Medicare HMO	$ 1,485,957	$ 1,373,753
Medi-Cal and Medi-Cal HMO	612,196	492,224
Commercial PPO, HMO and others	757,210	685,391
Private pay	48,011	48,225
Total gross patient revenues	$ 2,903,374	$ 2,599,592

3. Related-Party Transactions

One of the District board members is an officer of the District's primary banking institution. As of June 30, 2025 and June 30, 2024, respectively, the District's balances on deposit with the primary banking institution were as follows: cash and cash equivalents $41.1 million and $31.5 million, Board-designated for capital and workers compensation $160.1 million and $150.7 million. Banking and investment fees paid were $0.5 million for fiscal year 2025 and $0.4 million for fiscal year 2024.

4. Fair Value

The fair value of certain assets has been estimated using available market information and appropriate valuation methodologies. A fair market value hierarchy for valuation inputs has been established to prioritize them into levels based on the extent to which inputs used in measuring fair value are observable in the market. The level assigned to a particular financial instrument is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are as follows:

Level 1 — Values are based on quoted prices (unadjusted) available in active markets for identical assets or liabilities as of the measurement date. Level 1 investments include equity securities and other publicly traded securities. The District has no Level 1 assets or liabilities.

Level 2 — Values are based on quoted prices in non-active markets, dealer quotations, or alternative pricing sources for similar assets or liabilities, for which all significant inputs are observable, either directly or indirectly. Level 2 investments included fixed- or variable-income securities, commingled funds, certain derivatives and other assets that are valued using market information.

Level 3 — Values are based on inputs that are generally unobservable for the asset or liability and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value for Level 3 investments are based upon the best information available and may require significant management judgment. Level 3 investments include private equity investments, real estate and split interest agreements. The District has no Level 3 assets or liabilities.

Net Asset Value (NAV) — Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV. Types of investments which are measured at NAV include hedge funds, private equity investments and commingled funds.

Not Leveled Cash and cash equivalents include cash on hand, deposits in banks, certificates of deposit and money market funds. Due to their short-term nature, the carrying amounts of these assets are considered to approximate their fair value. Certain deposits exceed FDIC limits.

The fair value of the District's investment assets, measured on a recurring basis at June 30, 2025, is reflected in the following table:

(in thousands)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)	Not Leveled	Balance at June 30, 2025
District				
U.S. Treasuries	$ 88,670	$ -	$ -	$ 88,670
U.S. Agencies	12,433	-	-	12,433
Corporate and municipal bonds	55,895	-	-	55,895
Local Agency Investment Fund (LAIF)	-	-	31,403 [1]	31,403
Money market and mutual funds	-	-	224,881	224,881
Total Investments - District	$ 156,998	$ -	$ 256,284	$ 413,282

[1] Amount includes funds held on behalf of the Foundation.

The fair value of the District's investment assets, measured on a recurring basis at June 30, 2024, is reflected in the following table:

(in thousands)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)	Not Leveled	Balance at June 30, 2024
District				
U.S. Treasuries	$ 73,382	$ -	$ -	$ 73,382
U.S. Agencies	17,518	-	-	17,518
Corporate and municipal bonds	56,296	-	-	56,296
Local Agency Investment Fund (LAIF)	-	-	39,560 [1]	39,560
Money market and mutual funds	-	-	219,660	219,660
Total Investments - District	$ 147,196	$ -	$ 259,220	$ 406,416

[1] Amount includes funds held on behalf of the Foundation.

Significant Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

Fixed income funds consist of government securities and corporate bonds. Where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, as well as discounted cash flow models and other pricing modes. These inputs to fair value are included in industry-standard valuation techniques such as the income or market approach.

Investments that are not leveled include the State of California Local Agency Investment Fund that consists of funds designated for operations and for Board-designated purposes which are highly liquid and for which there are no unfunded commitments. Excluding invested amounts related to bond proceeds, amounts may be withdrawn with 1 to 2 days' notice, depending on the amount. For

bond proceeds invested in the commingled funds, withdrawals are subject to a delay of up to 30 days, depending on the timing of the request.

Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instrument therefore changes in assumptions could significantly affect these estimates.

Since the fair value has been estimated as of June 30, 2025 and as of June 30, 2024, the amounts that will actually be realized or paid at settlement or maturity of the instruments could be different.

5. Long-Term Investment and Restricted Funds

District
Investment and restricted funds, at fair value, have been set aside as follows as of June 30:

(in thousands)	2025	2024
Long-term investment and restricted funds		
Board-designated for capital and debt	$ 181,651	$ 180,886
Workers' compensation fund	9,855	9,332
Funds held by trustee under bond indenture	221,729	216,153
Restricted funds	47	45
Total funds	413,282	406,416
Short-term investments – required for current liabilities	(34,759)	(34,531)
Total long-term investment and restricted funds	$ 378,523	$ 371,885

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

The District's investment policy permits the following investments:

	Maximum Average Maturity	Maximum Percentage	Maximum Investment
Authorized investment type			
U.S. Treasury obligations	10 years	100%	none
U.S. Government agency securities	10 years	100%	none
State of California or local agency obligations	5 years	100%	none
Corporate bonds	5 years	30%	none
Certificates of deposit	5 years	30%	none
Mortgage pass-throughs	5 years	20%	none
Commercial paper	270 days	40%	10%
Bankers acceptances	180 days	40%	30%
Repurchase agreements	1 year	none	none
Mutual funds and money market mutual funds	N/A	20%	none
LAIF (State Pool Demand Deposits)	N/A	As permitted by law	As permitted by law

As of June 30, 2025, the District had the following investments with maturities as follows:

		Investment Maturities (in Years)			
(in thousands)	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Investment type					
U.S. Treasuries	$ 88,670	$ 649	$ 85,643	$ 2,378	$ -
U.S. Government agencies	12,433	1,581	5,890	1,640	3,322
Corporate and municipal bonds	55,895	3,302	51,953	640	-
LAIF (State Pool Demand Deposits)	31,403	31,403	-	-	-
Money market and mutual funds	224,880	224,679	201	-	-
Total investments	$ 413,282	$ 261,614	$ 143,687	$ 4,658	$ 3,322

As of June 30, 2024, the District had the following investments with maturities as follows:

		Investment Maturities (in Years)			
(in thousands)	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Investment type					
U.S. Treasuries	$ 73,632	$ 3,686	$ 62,957	$ 6,989	$ -
U.S. Government agencies	17,517	2,274	10,217	1,553	3,473
Corporate and municipal bonds	56,297	13,159	38,550	4,588	-
LAIF (State Pool Demand Deposits)	39,560	39,560	-	-	-
Money market and mutual funds	219,410	219,212	198	-	-
Total investments	$ 406,416	$ 277,891	$ 111,922	$ 13,130	$ 3,473

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

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 bonds 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. As of June 30, 2025 and 2024, there were no investments below the required rating.

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

(in thousands)	Fair Value at June 30 2025	Fair Value at June 30 2024	Ratings
Investment type			
U.S. Treasuries	$ 88,670	$ 73,382	AAA
U.S. Government agencies	12,433	17,518	AAA
Corporate & municipal bonds	55,895	56,296	See below
Local agency investment fund	31,403	39,560	Not rated
Money market and mutual funds	224,881	219,660	Not rated
Total Investments	$ 413,282	$ 406,416	
Corporate & municipal bonds rating			
AAA	$ 9,973	$ 16,175	
AA+	576	5,594	
AA	3,534	3,943	
AA-	7,225	1,923	
A+	13,143	9,096	
A	10,485	4,509	
A-	8,422	12,703	
BBB	1,677	2,353	
Not rated	860	-	
Total corporate & municipal bonds	$ 55,895	$ 56,296	

6. Capital Assets

The District's capital assets activity for fiscal year 2025 consisted of the following:

(in thousands)	Beginning Balance June 30, 2024	Increase	Decrease	Ending Balance June 30, 2025
Capital assets, not being depreciated				
Land	$ 27,616	$ -	$ -	$ 27,616
Construction in progress	30,942	25,950	(5,881)	51,011
Total capital assets not being depreciated	58,558	25,950	(5,881)	78,627
Capital assets being depreciated				
Land improvements	16,287	-	-	16,287
Buildings	787,529	4,186	-	791,715
Right of use asset	33,581	10,039	(1,003)	42,617
Fixed and moveable equipment	410,219	10,553	(1,437)	419,335
Total capital assets being depreciated	1,247,615	24,778	(2,440)	1,269,953
Less: Accumulated depreciation				
Land improvements	(12,524)	(632)	-	(13,156)
Buildings	(339,735)	(26,417)	-	(366,152)
Right of use asset	(10,752)	(7,018)	751	(17,019)
Fixed and movable equipment	(343,929)	(14,596)	1,263	(357,262)
Total accumulated depreciation	(706,939)	(48,663)	2,014	(753,588)
Total capital assets being depreciated, net	540,676	(23,885)	(426)	516,365
Total capital assets, net	$ 599,235	$ 2,065	$ (6,307)	$ 594,993

The District's capital assets activity for fiscal year 2024 consisted of the following:

(in thousands)	Beginning Balance June 30, 2023	Increase	Decrease	Ending Balance June 30, 2024
Capital assets, not being depreciated				
Land	$ 27,616	$ -	$ -	$ 27,616
Construction in progress	17,301	20,872	(7,231)	30,942
Total capital assets not being depreciated	44,917	20,872	(7,231)	58,558
Capital assets being depreciated				
Land improvements	16,281	7	(2)	16,287
Buildings	791,119	4,396	(7,986)	787,529
Right of use asset	30,533	11,918	(8,870)	33,581
Fixed and moveable equipment	398,604	13,849	(2,234)	410,219
Total capital assets being depreciated	1,236,537	30,170	(19,092)	1,247,615
Less: Accumulated depreciation				
Land improvements	(16,254)	(642)	4,372	(12,524)
Buildings	(316,853)	(26,292)	3,410	(339,735)
Right of use asset	(11,746)	(5,143)	6,137	(10,752)
Fixed and movable equipment	(324,591)	(21,274)	1,936	(343,929)
Total accumulated depreciation	(669,443)	(53,350)	15,855	(706,939)
Total capital assets being depreciated, net	567,093	(23,180)	(3,237)	540,676
Total capital assets, net	$ 612,011	$ (2,308)	$ (10,468)	$ 599,235

The District's right of use asset for both fiscal year 2025 and 2024 includes building and equipment leases and subscription based IT arrangement assets (SBITAs). The equipment leases are not material.

At June 30, 2025, the District was in the process of completing several construction and renovation projects. Commitments related to these projects totaled approximately $61.0 million.

The increase in the District's accumulated depreciation includes both operating and non-operating depreciation as detailed below:

(in thousands)	2025	2024
Change in accumulated depreciation		
Operating depreciation expense	$ 46,650	$ 45,144
Nonoperating depreciation expense	2,287	2,262
Disposal/Adjustment of fixed assets	(2,013)	(8,887)
Total increase in accumulated depreciation	$ 46,924	$ 38,519

7. Credit Facilities

The District entered into an Irrevocable Standby Letter of Credit (LOC) in connection with phase II of the facility master plan construction project that was completed in 2018. In fiscal year 2025, the amount of the letter of credit was $1.5 million. No draws have been made under the LOC as of June 30, 2025.

WOSC had a short-term $1.0 million revolving line of credit available as of June 30, 2024. This facility expired in May 2025.

8. Long-Term Debt

The District directly finances the construction, renovation and acquisition of facilities and equipment, or such other purposes as authorized by the Board of Directors through the issuance of debt obligations. Long-term financing includes revenue and government bonds, financial obligations and other borrowings.

In November 2020, the residents of the District approved Measure XX, which authorized the issuance of $425 million of general obligation bonds to fund certain capital building projects. In April 2022, the District issued $20.0 million of the 2020 Election General Obligation Bonds (2022 Series A), and in September 2023 issued another $125.0 million of the 2023 Election General Obligation Bonds (2023 Series B). The proceeds of the issuance from these bonds were used to finance a portion of the projects authorized by Measure XX. As of June 30, 2025, $280 million of the November 2020 bond authorization remains unissued.

In September 2023, the District issued $40.0 million of revenue bonds (2023 Series A) to finance the acquisition, construction, improvement, betterment and equipping of the District's facilities and the cost of issuing the Bonds.

The District is required to meet certain covenants, the most restrictive of which is related to debt service coverage. The District has agreed that the Hospital will maintain a long-term debt service coverage ratio of no less than 1.1 to 1.0 on a yearly basis. If, for any fiscal year, the long-term debt service coverage ratio falls between 1.0 and 1.1 to 1.0, the District is required to employ an independent consultant to make recommendations which will result in the long-term debt service coverage increasing to 1.1 to 1.0. As long as the District complies with the recommendations and the long-term debt service coverage is no less than 1.0 to 1.0, no further actions are required of the District. In the event that the long-term debt service coverage ratio falls below 1.0 to 1.0, the Trustee, or a majority of the bondholders, shall be entitled to declare the bonds immediately due and payable.

The District was in compliance with these covenants as of June 30, 2025 and 2024, maintaining debt service coverage ratios of 3.29 to 1.0 and 3.21 to 1.0, respectively. The Hospital is the sole member of the obligated group, as part of the obligations under the bond indentures for the 2015A, 2017A, 2017B, 2019A, 2020A and 2023A Series Revenue Bonds.

WOSC is party to several multi-year lease agreements for surgical equipment. Amounts related to these obligations are included in current maturities of long-term debt and long-term debt, as appropriate.

In November 2020, PSC entered into a business loan agreement (Loan) to finance construction expenditures related to a surgery center in Redwood City, California. The Loan was guaranteed by PSP and the District. The original amount of the promissory note was $9.4 million at 4.25 percent with a maturity date of December 1, 2031.

A summary of the District's revenue bond, general obligation bond and loans payable activity for the year ended June 30, 2025 is as follows:

(in thousands)	Beginning Balance June 30, 2024	Additions	Amortization /Other	Principal Repayments	Ending Balance June 30, 2025	Due Within One Year
Bonds payable						
2023B General Obligation Bonds, principal and interest (at 4.00% to 5.00%) payable semiannually	$ 125,000	$ -	$ -	$ -	$ 125,000	$ -
Plus: Issuance premium	3,106	-	(145)	-	2,961	-
Total 2023B General Obligation Bonds	128,106	-	(145)	-	127,961	-
2023A Revenue Bonds, principal and interest (at 3.00% to 5.00%) payable semiannually	40,000	-	-	-	40,000	-
Plus: Issuance premiums	696	-	(27)	-	669	-
Total 2023A Revenue Bonds	40,696	-	(27)	-	40,669	-
2022A General Obligation Bonds, principal and interest (at 4.00% to 5.00%) payable semiannually	20,000	-	-	-	20,000	-
Plus: Issuance premium	401	-	(26)	-	375	-
Total 2022A General Obligation Bonds	20,401	-	(26)	-	20,375	-
2020A Revenue Refunding Bonds, principal and interest (at 3.00% to 5.00%) payable semiannually	35,055	-	-	(1,670)	33,385	1,755
Plus: Issuance premiums	2,279	-	(480)	-	1,799	-
Total 2020A Revenue Bonds	37,334	-	(480)	(1,670)	35,184	1,755
2019A Revenue Refunding Bonds, principal and interest (at 3.00% to 5.00%) payable semiannually	43,455	-	-	(1,690)	41,765	1,775
Plus: Issuance premiums	1,388	-	(347)	-	1,041	-
Total 2019A Revenue Bonds	44,843	-	(347)	(1,690)	42,806	1,775
2019A General Obligation Refunding Bonds, principal and interest (at 3.00% to 5.00%) payable semiannually	10,890	-	-	(95)	10,795	105
Plus: Issuance premiums	(2)	-	(22)	-	(23)	-
Total 2019A General Obligation Bonds	10,888	-	(22)	(95)	10,772	105
2017A Revenue Bonds principal and interest (at 3.325% to 5.00%) payable semiannually	33,460	-	-	(810)	32,650	850
Plus: Issuance premiums	498	-	(73)	-	425	
Total 2017A Revenue Bonds	33,958	-	(73)	(810)	33,075	850
2017B Revenue Bonds principal and interest (at 3.00% to 5.00%) payable semiannually	59,145	-	-	(1,495)	57,650	1,565
Plus: Issuance premiums	1,280	-	(250)	-	1,030	-
Total 2017B Revenue Bonds	60,425	-	(250)	(1,495)	58,680	1,565
2016 General Obligation Bonds principal and interest (at 2.00% to 5.00%) payable semiannually	22,405	-	-	(1,375)	21,030	1,425
Plus: Issuance premiums	897	-	(203)	-	695	-
Total 2016 General Obligation Bonds	23,302	-	(203)	(1,375)	21,725	1,425
2015A Revenue Refunding Bonds principal and interest (at 3.25% to 5.00%) payable semiannually	15,430	-	-	(2,290)	13,140	2,405
Plus: Issuance premiums	22	-	(45)	-	(23)	-
Total 2015A Revenue Bonds	15,452	-	(45)	(2,290)	13,117	2,405
2015B General Obligation Bonds principal and interest (at 3.00% to 5.00%) payable semiannually	145,500	-	-	-	145,500	-
Plus: Issuance premiums	1,205	-	(50)	-	1,155	-
Total 2015B General Obligation Bonds	146,705	-	(50)	-	146,655	-
2013A General Obligation Bonds principal and interest (at 3.00% to 5.50%) payable semiannually	38,540	-	-	-	38,540	-
Plus: Issuance premiums	434	-	(32)	-	402	-
Total 2013A General Obligation Bonds	38,974	-	(32)	-	38,942	-
2013B General Obligation Bonds principal and interest (at 4.00% to 5.50%) payable semiannually	99,960	-	-	-	99,960	-
Plus: Issuance premiums	1,434	-	(117)	-	1,317	-
Total 2013B General Obligation Bonds,	101,394	-	(117)	-	101,277	-
Loans payable						
WOSC 2020 Loans, principal and interest (at 5.25% to 6.75%) payable annually	485	-	-	(47)	438	52
Total WOSC 2020 Loans Payable	485	-	-	(47)	438	52
PSC 2021 Loan, principal and interest (at 4.25%) payable monthly	7,338	-	-	(1,340)	5,998	832
Total PSC 2021 Loan Payable	7,338	-	-	(1,340)	5,998	832
Lease & Software Subscription Obligations						
Lease & software obligations principal and interest (at 4.25%) payable monthly	23,397	9,712	48	(6,974)	26,183	6,302
Total lease obligations	23,397	9,712	48	(6,974)	26,183	6,302
Total long-term debt payable	$ 733,699	$ 9,712	$ (1,767)	$ (17,786)	$ 723,858	$ 17,066

A summary of the District's revenue bond, general obligation bond and loans payable activity for the year ended June 30, 2024 is as follows:

(in thousands)	Beginning Balance June 30, 2023	Additions	Amortization /Other	Repayments	Ending Balance June 30, 2024	Due Within One Year
Bonds payable						
2023B General Obligation Bonds,						
principal and interest (at 4.00% to 5.00%)						
payable semiannually	$ -	$ 125,000	$ -	$ -	$ 125,000	$ -
Plus: Issuance premium	-	3,223	(116)	-	3,106	-
Total 2023B General Obligation Bonds	-	128,223	(116)	-	128,106	-
2023A Revenue Bonds,						
principal and interest (at 3.00% to 5.00%)						
payable semiannually	-	40,000	-	-	40,000	-
Plus: Issuance premiums	-	717	(22)	-	696	-
Total 2023A Revenue Bonds	-	40,717	(22)	-	40,696	-
2022A General Obligation Bonds,						
principal and interest (at 4.00% to 5.00%)						
payable semiannually	20,000	-	-	-	20,000	-
Plus: Issuance premium	426	-	(25)	-	401	-
Total 2022A General Obligation Bonds	20,426	-	(25)	-	20,401	-
2020A Revenue Refunding Bonds,						
principal and interest (at 3.00% to 5.00%)						
payable semiannually	36,640	-	-	(1,585)	35,055	1,670
Plus: Issuance premiums	2,815	-	(536)	-	2,279	-
Total 2020A Revenue Bonds	39,455	-	(536)	(1,585)	37,334	1,670
2019A Revenue Refunding Bonds,						
principal and interest (at 3.00% to 5.00%)						
payable semiannually	45,060	-	-	(1,605)	43,455	1,690
Plus: Issuance premiums	1,784	-	(396)	-	1,388	-
Total 2019A Revenue Bonds	46,844	-	(396)	(1,605)	44,843	1,690
2019A General Obligation Refunding Bonds,						
principal and interest (at 3.00% to 5.00%)						
payable semiannually	10,970	-	-	(80)	10,890	95
Plus: Issuance premiums	23	-	(25)	-	(2)	-
Total 2019A General Obligation Bonds	10,993	-	(25)	(80)	10,888	95
2017A Revenue Bonds						
principal and interest (at 3.325% to 5.00%)						
payable semiannually	34,230	-	-	(770)	33,460	810
Plus: Issuance premiums	586	-	(89)	-	497	
Total 2017A Revenue Bonds	34,816	-	(89)	(770)	33,957	810
2017B Revenue Bonds						
principal and interest (at 3.00% to 5.00%)						
payable semiannually	60,565	-	-	(1,420)	59,145	1,495
Plus: Issuance premiums	1,565	-	(285)	-	1,280	-
Total 2017B Revenue Bonds	62,130	-	(285)	(1,420)	60,425	1,495
2016 General Obligation Bonds						
principal and interest (at 2.00% to 5.00%)						
payable semiannually	23,725	-	-	(1,320)	22,405	1,375
Plus: Issuance premiums	1,135	-	(237)	-	898	-
Total 2016 General Obligation Bonds	24,860	-	(237)	(1,320)	23,303	1,375
2015A Revenue Refunding Bonds						
principal and interest (at 3.25% to 5.00%)						
payable semiannually	17,610	-	-	(2,180)	15,430	2,290
Plus: Issuance premiums	104	-	(82)	-	22	-
Total 2015A Revenue Bonds	17,714	-	(82)	(2,180)	15,452	2,290
2015B General Obligation Bonds						
principal and interest (at 3.00% to 5.00%)						
payable semiannually	145,500	-	-	-	145,500	-
Plus: Issuance premiums	1,255	-	(50)	-	1,205	-
Total 2015B General Obligation Bonds	146,755	-	(50)	-	146,705	-
2013A General Obligation Bonds						
principal and interest (at 3.00% to 5.50%)						
payable semiannually	38,960	-	-	(420)	38,540	-
Plus: Issuance premiums	467	-	(33)	-	434	-
Total 2013A General Obligation Bonds	39,427	-	(33)	(420)	38,974	-
2013B General Obligation Bonds						
principal and interest (at 4.00% to 5.50%)						
payable semiannually	101,040	-	-	(1,080)	99,960	-
Plus: Issuance premiums	1,551	-	(117)	-	1,434	-
Total 2013B General Obligation Bonds,	102,591	-	(117)	(1,080)	101,394	-
Loans payable						
WOSC 2020 Loans,						
principal and interest (at 5.25% to 6.75%) payable annually	393	14	107	(30)	485	48
Total WOSC 2020 Loans Payable	393	14	107	(30)	485	48
PSC 2021 Loan,						
principal and interest (at 4.25%) payable monthly	8,230	-	(68)	(824)	7,338	860
Total PSC 2021 Loan Payable	8,230	-	(68)	(824)	7,338	860
Lease & Software Subscription Obligations						
Lease & software obligations						
principal and interest (at 4.25%) payable monthly	19,600	12,140	(2,492)	(5,852)	23,397	4,874
Total lease obligations	19,600	12,140	(2,492)	(5,852)	23,397	4,874
Total long-term debt payable	$ 574,235	$ 181,094	$ (4,465)	$ (17,165)	$ 733,699	$ 15,207

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

(in thousands)	Original Issue Amount	Maturity Date	Effective Interest Rate 2025	Effective Interest Rate 2024
Bond issue				
2023B General Obligation Bonds	$ 125,000	8/1/2053	4.81%	4.70%
2023A Revenue Bonds	40,000	8/1/2053	5.44%	5.51%
2022A General Obligation Bonds	20,000	8/1/2052	3.83%	3.83%
2020A Revenue Refunding Bonds	40,865	7/1/2038	2.42%	2.36%
2019A Revenue Refunding Bonds	49,445	7/1/2048	3.18%	3.12%
2019A General Obligation Refunding Bonds	11,110	8/1/2039	3.04%	3.03%
2017B Revenue Refunding Bonds	66,690	7/1/2037	3.81%	3.76%
2017A Revenue Bonds	37,655	7/1/2047	4.12%	4.08%
2016 General Obligation Refunding Bonds	30,725	8/1/2036	2.61%	2.52%
2015A Revenue Bonds	30,290	7/1/2029	3.70%	3.64%
2015B General Obligation Bonds	145,500	8/1/2045	3.94%	3.94%
2013B General Obligation Bonds	105,000	8/1/2043	5.02%	5.01%
2013A General Obligation Bonds	40,500	8/1/2043	5.02%	5.01%

The long-term debt payment requirements as of June 30, excluding unamortized discounts, premiums on bonds payable, leases and SBITAs are as follows:

	Private Long-Term Debt		Public Long-Term Debt		Total Long-Term Debt	
(in thousands)	Principal	Interest	Principal	Interest	Principal	Interest
June 30,						
2026	8,350	9,759	1,530	21,102	9,880	30,861
2027	8,755	9,350	1,610	21,026	10,365	30,376
2028	9,195	8,912	2,065	20,945	11,260	29,857
2029	9,605	8,499	2,980	20,865	12,585	29,364
2030	9,985	8,113	3,945	20,783	13,930	28,896
2031 - 2035	59,060	33,165	38,750	100,647	97,810	133,812
2036 - 2040	53,860	20,601	89,780	88,133	143,640	108,734
2041 - 2045	21,445	13,459	170,750	59,731	192,195	73,190
2046 - 2050	24,735	7,728	86,690	24,640	111,425	32,368
2051 - 2054	13,600	1,955	62,725	8,157	76,325	10,112
Total long-term debt, excluding						
Total	$ 218,590	$ 121,541	$ 460,825	$ 386,029	$ 679,415	$ 507,570

9. Employee Benefit Plans

Defined Benefit Retirement Plan

The Board of Directors of the District administers a defined benefit retirement plan, the Washington Township Health Care District 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. The annual benefit is also subject to the maximum wage limitation on FICA tax for Social Security. There is no cost-of-living adjustment made to monthly retirement benefits.

Employees are fully vested in the Plan after five 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.

The Board of Directors of the District is responsible for the fiduciary oversight of the Plan's investments, including approval and periodic review of investment policies. Management of the Plan's assets is delegated to an external investment advisory group authorized by the Board, which administers the portfolio in accordance with the established policies.

Under GASB Statement No. 68, the benefit discount rate is equal to the expected long-term (30-year) return on assets, which assumes that Plan assets will be invested in a diversified portfolio of stocks and bonds.

The Plan's investment pool includes the Equity class, the Fixed Income class, and the Diversifier class. The Equity class investment portfolio may include both domestic and foreign stocks. The Fixed Income class investment portfolio may include bonds and cash equivalents instruments. The Diversifier class investment portfolio may include Public credit, Private credit, and Real Assets.

Tha Plan Target Allocation (shown as percentage)

Asset Class	Long-term Target		Range	
Equity Class	55	%	50-60	%
Core Fixed Income Class	12		9-20	
Diversifier Class	33		25-38	
Public Credit	10			
Private Credit	8			
Real Assets	15			

The money-weighted rate of return reflects the impact of the timing and amount of contributions and withdrawals during the reporting period, weighting investment performance by the proportion of time assets are available to earn a return. For the Plan, the annual money-weighted rates of return, net of investment expenses, were 10.9 percent and 14.4 percent for the fiscal years ended June 30, 2025 and 2024, respectively.

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 Statement No. 68. In addition to the District's contributions, under the terms of the California Public Employees' Pension Reform Act (PEPRA), which became effective in January 1, 2013, new employees are required to contribute to the normal cost of their pension benefits. The projected amounts of these employee contributions have been considered in determining the actuarially determined contribution amounts.

Participant data for the Plan, as of the measurement date (December 31 of the prior year) for the indicated fiscal years, is shown in the table below:

	2025	2024
Active and suspended	1,695	1,649
Vested terminated	749	753
Retirees and beneficiaries	1,061	973
Total participants	3,505	3,375

Components of pension cost for years ended June 30, were as follows:

(in thousands)	2025	2024
Pension cost		
Service cost	$ 11,600	$ 11,089
Employee contributions	(3,111)	(2,620)
Interest	32,895	31,624
Expected return on plan assets	(29,440)	(26,987)
Administrative expenses	248	196
Effect of plan changes	920	-
Recognition of deferred amounts	3,650	1,318
Total pension cost	$ 16,762	$ 14,620

Components of deferred outflows and inflows of resources for the year ended June 30, 2025 were as follows:

(in thousands)	Deferred Outflows	Deferred (Inflows)
Differences between expected and actual experience	$ 4,703	$ (140)
Change of assumptions	190	(30)
Net differences between projected and actual earnings	5,579	-
Contributions made subsequent to measurement date	-	-
Total	$ 10,472	$ (170)

Components of deferred outflows and inflows of resources for the year ended June 30, 2024 were as follows:

(in thousands)	Deferred Outflows	Deferred (Inflows)
Differences between expected and actual experience	$ 2,944	$ (335)
Change of assumptions	1,184	(622)
Net differences between projected and actual earnings	23,688	-
Contributions made subsequent to measurement date	2,125	-
Total	$ 29,941	$ (957)

Amounts reported as deferred outflows and inflows of resources – pension will be recognized in pension expense as indicated in the following table:

(in thousands)	Deferred Outflows	Deferred (Inflows)	Total
2026	22,919	(15,446)	7,473
2027	22,649	(9,008)	13,641
2028	800	(9,008)	(8,208)
2029 and thereafter	696	(3,301)	(2,605)
Total deferred outflows and (inflows) of resources - pension	$ 47,064	$ (36,763)	$ 10,301

The following table summarizes the changes in net pension liability for the years ended June 30:

(in thousands)	2025	2024
Total pension liability		
Service cost	$ 11,601	$ 11,089
Interest	32,895	31,624
Change of benefit terms	920	-
Change in assumptions	3	2
Difference between expected and actual experience	3,594	420
Benefit payments	(25,919)	(24,325)
Net change in total pension liability	23,093	18,809
Total pension liability (beginning of year)	483,241	464,432
Total pension liability (end of year)	506,335	483,241
Plan fiduciary net position		
Employer contributions	2,125	1,875
Employee contributions	3,111	2,620
Net investment income (loss)	45,944	55,522
Benefit payments	(25,919)	(24,325)
Administrative expense	(248)	(196)
Net change in fiduciary net position	25,013	35,495
Fiduciary net position (beginning of year)	430,862	395,367
Fiduciary net position (end of year)	455,876	430,862
Net pension liability (end of year)	$ 50,459	$ 52,379
Fiduciary net position as percent of liability	90.0%	89.2%
Covered payroll	$ 245,187	$ 216,805
Net pension liability as percent of covered payroll	20.6%	24.2%

The following table summarizes the actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30, 2025 and June 30, 2024 (unless otherwise indicated, the same assumption was used for the valuations for both years):

Valuation date	December 31
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	Straight Line
Asset valuation method	Fair Value
Economic assumptions (including 3% inflation)	
Projected salary increases	3.00 %
Discount rate	7.00 %
Demographic assumptions	
Mortality table for healthy participants	December 31, 2024 - Pri-2012 tables and projected forward using MP-2021 projection scale on a generational basis December 31, 2023 - Pri-2012 tables and projected forward using MP-2021 projection scale on a generational basis
Mortality table for disabled participants	December 31, 2024 - Pri-2012 disabled tables and projected forward using MP-2021 projection scale on a generational basis December 31, 2023 - Pri-2012 disabled tables and projected forward using MP-2021 projection scale on a generational basis
Sensitivity of net pension liability at December 31, 2024 to changes in the discount rate, with no other changes -	
1 percent decrease (6.0%)	$ 111,910,876
Current discount rate (7.0%)	50,459,230
1 percent increase (8.0%)	(1,087,722)
Sensitivity of net pension liability at December 31, 2023 to changes in the discount rate, with no other changes -	
1 percent decrease (6.0%)	$ 110,927,701
Current discount rate (7.0%)	52,379,351
1 percent increase (8.0%)	3,233,419

The fair value of the District's pension investments measured as of December 31, 2024, and used for the purpose of the June 30, 2025 valuation, is reflected in the following table:

(in thousands)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**(Not Leveled)**	**Balance at Valuation Date**
Money market funds	$ -	$ 2,935	$ 2,935
Fixed income funds	128,521	-	128,521
Domestic equity funds	159,392	-	159,392
International equity funds	81,080	-	81,080
Balanced real asset funds	83,948	-	83,948
Total pension assets	$ 452,941	$ 2,935	$ 455,876

The fair value of the District's pension investments measured as of December 31, 2023, and used for the purpose of the June 30, 2024 valuation, is reflected in the following table:

(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	(Not Leveled)	Balance at Valuation Date
Money market funds	$ -	$ 2,467	$ 2,467
Fixed income funds	118,526	-	118,526
Domestic equity funds	143,409	-	143,409
International equity funds	87,081	-	87,081
Balanced real asset funds	79,379	-	79,379
Commodity funds	-	-	-
Real estate funds	-	-	-
Infrastructure funds	-	-	-
Total pension assets	$ 428,395	$ 2,467	$ 430,862

For a description of the levels used for valuation, information about the valuation techniques and inputs used to measure the fair value of plan assets, see discussion regarding fair value measurements in Note 4.

The District also has a Deferred Compensation Plan available to employees. Generally, any employee is eligible to voluntarily enter into an agreement with the District to defer current wages at amounts limited by federal law. Effective January 1, 2010, under the terms of the Washington Township Health Care District Employer Matching Contributions Plan (the Matching Plan), the District makes contributions to this plan, matching participant contributions to the Deferred of 1,000 hours in a benefitted status. Under the Deferred Compensation Plan and the Matching Plan agreements, participants select and manage their own investments in mutual fund options approved by the District. All investment earnings, including market value appreciation and depreciation, are set aside for the benefit of the participants.

Matching contributions made by the District were as follows:

(in thousands)

Contribution Year	Amount	Employee Deductions Being Matched
Fiscal Year 2026	$ 2,798	Calendar year 2024
Fiscal Year 2025	$ 2,318	Calendar year 2023

Defined Benefit Postemployment Medical Plan
Other postemployment benefits are provided by the District through a single employer defined benefit postemployment medical plan, the Washington Township Health Care District Postretirement Medical Plan (the OPEB Plan). The OPEB Plan provides benefits for salaried and non-salaried employees, as approved and/or amended by the Board of Directors of the District, and is administered by the District. Eligible individuals are those retiring directly from the District, at a

minimum age of 55, with a minimum of fifteen years of service, who have been continuously in a benefited status for the five years prior to their retirement date.

Eligible retirees who are less than age 65, with at least fifteen years of service, are eligible for coverage under the Blue Shield Retiree Medical Plan, with the District providing premium subsidies of from 35 percent (with 15 years of service) to 100 percent (with 30 years of service). Eligible retirees with at least twenty years of service may elect coverage under the Blue Shield Retiree Medical Plan or may elect to receive a monthly reimbursement for medical expenses up to a stipulated amount under the Retiree Medical Reimbursement Plan. This reimbursement amount is fixed and is not subject to future increases under the current terms of the OPEB Plan. Participation in either the Blue Shield Retiree Medical Plan or the Retiree Medical Reimbursement Plan is only available until the retirees reach age 65.

Once eligible retirees reach age 65, the OPEB Plan allows for reimbursement to the retiree of the standard Medicare Part B insurance premium amounts, with automatic reimbursement increases when Medicare increases the standard premium amounts. Employees retiring at or after age 55 with 25 years of benefited service are also eligible for a prescription drug benefit which provides reimbursement up to a stipulated amount for 10 years beginning at the later of age 65 or retirement. The stipulated reimbursement amount is fixed and is not subject to future increases under the current terms of the OPEB Plan.

A separate financial report is not prepared for the OPEB Plan.

The District has flexibility in determining the amount to contribute to the OPEB Plan each year. In determining the amount of the annual contribution, the District intends to contribute, at a minimum, the actuarially determined contribution for each year. 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 Statement No. 75.

As of the December 31, 2024 and December 31, 2023 measurement dates, the numbers of current and former employees who were eligible, or potentially eligible, for the OPEB Plan were as follows:

	2025	2024
Active	1,618	1,550
Retirees	642	615
Total participants	2,260	2,165

Components of postemployment medical benefits cost for years ended June 30, were as follows:

(in thousands)	2025	2024
Postemployment medical benefits cost		
Service cost	$ 2,272	$ 2,220
Interest	4,975	4,692
Expected return on plan assets	(1,928)	(1,666)
Administrative expenses	45	52
Recognition of deferred amounts	295	(3,975)
Total postemployment medical benefits cost	$ 5,659	$ 1,324

Components of deferred outflows and inflows of resources for the year ended June 30, 2025 were as follows:

(in thousands)	Deferred Outflows	Deferred (Inflows)
Differences between expected and actual experience	$ 2,512	$ (1,649)
Change of assumptions	3,896	(2,790)
Net differences between projected and actual earnings	247	-
Contributions made subsequent to measurement date	1,348	-
Total	$ 8,003	$ (4,439)

Components of deferred outflows and inflows of resources for the year ended June 30, 2024 were as follows:

(in thousands)	Deferred Outflows	Deferred (Inflows)
Differences between expected and actual experience	$ 1,135	$ (2,057)
Change of assumptions	4,266	(4,039)
Net differences between projected and actual earnings	1,270	-
Contributions made subsequent to measurement date	1,056	-
Total	$ 7,727	$ (6,095)

Amounts reported as deferred outflows and inflows of resources – postemployment medical benefits (OPEB) will be recognized in OPEB expense as indicated in the following tables:

(in thousands)	Deferred Outflows	Deferred (Inflows)	Total
2026	$ 2,900	$ (1,770)	$ 1,130
2027	2,585	(1,494)	1,091
2028	886	(1,438)	(552)
2029	869	(949)	(80)
2030	716	(564)	152
Thereafter	681	(206)	475
Total deferred inflows of resources - postemployment medical benefits (OPEB)	$ 8,637	$ (6,421)	$ 2,216

The following table summarizes changes in the net postemployment medical benefit liability from July 1, 2023 to June 30, 2025 and related ratios:

(in thousands)	2025	2024
Total postemployment medical benefits liability		
Service cost	$ 2,272	$ 2,220
Interest	4,975	4,692
Difference between expected and actual experience	1,807	1,055
Change of assumptions	994	(2,823)
Benefit payments	(2,498)	(2,307)
Net change in postemployment medical benefits liability	7,550	2,837
Total postemployment medical benefits liability (beginning of year)	68,803	65,966
Total postemployment medical benefits liability (end of year)	76,353	68,803
Plan fiduciary net position		
Employer contributions	2,498	3,132
Net investment income	2,630	3,469
Benefit payments	(2,498)	(2,307)
Administrative expense	(45)	(52)
Net change in fiduciary net position	2,585	4,242
Fiduciary net position (beginning of year)	27,660	23,418
Fiduciary net position (end of year)	30,245	27,660
Net postemployment medical benefits liability (end of year)	$ 46,108	$ 41,143
Fiduciary net position as percent of liability	39.6%	40.1%
Covered employee payroll	$ 245,187	$ 216,805
Net postemployment medical benefits liability as percent of covered employee payroll[1]	18.8%	19.0%

[1] Required disclosure; neither OPEB Plan contributions nor benefits are based on covered employee payroll.

The following table summarizes the actuarial assumptions used to determine net OPEB liability and plan fiduciary net position as of June 30, 2025 and June 30, 2024 (unless otherwise indicated, the same assumption was used for the valuations for both years):

Valuation date	December 31
Actuarial cost method	Entry Age Normal, Level Percent of Pay
Amortization method	Straight Line
Asset valuation method	Fair Value
Economic assumptions (including 3% inflation)	
Projected salary increases	3.00 %
Discount rate	7.00 %
Demographic assumptions	
Mortality table for healthy participants	December 31, 2024 - Pri-2012 tables and projected forward using MP-2021 projection scale on a generational basis December 31, 2023 - Pri-2012 tables and projected forward using MP-2021 projection scale on a generational basis
Mortality table for disabled participants	December 31, 2024 - Pri-2012 tables and projected forward using MP-2021 projection scale on a generational basis December 31, 2023 - Pri-2012 tables and projected forward using MP-2021 projection scale on a generational basis
Other assumptions	
Healthcare cost trend rate	Getzen Model of Long-Run Medical Cost Trends
Sensitivity of postretirement employee medical benefits liability as of December 31, 2024 to changes in the discount rate, with no other changes -	
1 percent decrease (6.00%)	$ 56,270,675
Current discount rate (7.00%)	46,036,169
1 percent increase (8.00%)	37,487,874
Sensitivity of postretirement employee medical benefits liability as of December 31, 2024 to changes in the health cost trend rate, with no other changes -	
1 percent decrease	$ 36,551,505
Current healthcare cost trend rate	46,036,169
1 percent increase	57,716,255
Sensitivity of postretirement employee medical benefits liability as of December 31, 2023 to changes in the discount rate, with no other changes -	
1 percent decrease (6.00%)	$ 50,429,000
Current discount rate (7.00%)	41,234,000
1 percent increase (8.00%)	33,535,000
Sensitivity of postretirement employee medical benefits liability as of December 31, 2023 to changes in the health cost trend rate, with no other changes -	
1 percent decrease	$ 32,698,000
Current healthcare cost trend rate	41,234,000
1 percent increase	51,719,000

The fair value of the District's OPEB investments measured as of December 31, 2024, and used for the purpose of the June 30, 2025 valuation, is reflected in the following table:

(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	(Not Leveled)	Balance at Valuation Date
Money market funds	$ -	$ 1,352	$ 1,352
Fixed income funds	9,244	-	9,244
Domestic equity funds	10,773	-	10,773
International equity funds	5,248	-	5,248
Commodity funds	1,594	-	1,594
Real estate funds	1,588	-	1,588
Infrastructure funds	518	-	518
Total OPEB assets	$ 28,966	$ 1,352	$ 30,318

The fair value of the District's OPEB investments measured as of December 31, 2023, and used for the purpose of the June 30, 2024 valuation, is reflected in the following table:

(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	(Not Leveled)	Balance at Valuation Date
Money market funds	$ -	$ 10	$ 10
Fixed income funds	9,404	-	9,404
Domestic equity funds	9,231	-	9,231
International equity funds	5,599	-	5,599
Commodity funds	1,371	-	1,371
Real estate funds	1,464	-	1,464
Infrastructure funds	490	-	490
Total OPEB assets	$ 27,560	$ 10	$ 27,570

Pension Plan and OPEB Plan Portfolios

Long term (30-year) expected rate of returns are forecasted on a forward-looking basis by each asset class. Then the total portfolio's return is forecasted by combining returns of the asset classes based on the respective Plan's asset allocation targets as well as the asset classes' diversification benefits. The forecasting method takes into consideration current market conditions along with potential future changes such as yield shifts or valuation changes, as well as long term equilibrium return and risk considerations. For example, equity asset class methodology includes two models that focus on variables including expected earnings growth, dividend income and expected inflation to triangulate on a reasonable expected return. Fixed income models rely heavily on the existing yield environment but long term equilibrium rates play a part in the long run expectations that incorporate current expectations of inflation and yield curve normalization. The forecasting methodology combines insights of expected returns for the next immediate period and a long term equilibrium period, to maintain capital markets' long term integrity.

The expected rates of return are presented as geometric means. The details are summarized in the following table:

	Long Term
Total portfolio	7.00 %

Total portfolio asset allocation		**Asset Class Expected Returns**
U.S. Stocks	33 %	6.4 %
Non-U.S. Stocks	22	7.5
Core Fixed Income	12	5.5
Credit Opportunities	10	7.2
Real Assets	15	7.9
Private credit	8	8.5
Total	100 %	

10. Insurance Plans

The District's hospital professional and general liability insurance, and the directors and officers liability deductible and insured programs, are purchased from BETA Healthcare Group (BETA). BETA was formed in 1979 for the purpose of operating an insured program with 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 claims 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.

Significant primary and excess insurance coverage types, limits and retention/deductible amounts are included below:

Coverage	Policy Limit	Self-insured Retention/ Deductible Per Occurrence
General		
All risk property	$ 1,000,000,000	$ 100,000
Hospital professional and general liability	40,000,000	50,000
Directors and officers liability	10,000,000	25,000
Employment practices liability insurance	10,000,000	100,000
Excess workers' compensation (A and B)	Statutory	1,250,000
	2,000,000	-
Commercial crime	10,000,000	50,000
Automobile insurance	10,000,000	500
Cyber liability	5,000,000	250,000
Fiduciary	5,000,000	25,000
Pollution	2,000,000	50,000

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

The District has actuarial reviews performed annually on its self-insured claims programs, including professional and general liability, directors' and officers' coverage, workers' compensation, and employee health, vision and dental benefits. Estimated liabilities include amounts for incurred but not reported (IBNR) claims.

11. Compensated Absences

District employees earn paid leave at rates that vary based on their job classification and length of service. With the exception of eligible executives at Washington Health, who participate in a flexible time off program, employees can accumulate up to 640 hours of paid leave. All accumulated unused leave exceeding this limit is paid out annually on the employee's anniversary date. Upon separation, unused vested leave balances are paid in full. As of June 30, 2025 and 2024, the approximate liability for unpaid compensated absences was $22.5 million and $22.1 million, respectively.

12. Blended Component Unit Information

Condensed financial statement information related to certain of the District's blended component units for the year ended June 30, 2025 is as follows:

(in thousands)	Hospital	DEVCO	Eliminations	District
Condensed statements of net position				
Current assets	$ 199,413	$ 28,344	$ (15,420)	$ 212,337
Long-term investment and restricted funds	378,523	-	-	378,523
Capital assets, net	565,182	48,121	(18,310)	594,993
Other assets	408,725	14,234	(373,687)	49,272
Total assets	1,551,843	90,699	(407,417)	1,235,125
Deferred outflows of resources	18,475	14	-	18,489
Total assets and deferred outflows of resources	$ 1,570,318	$ 90,713	$ (407,417)	$ 1,253,614
Liabilities				
Current liabilities	$ 167,506	$ 21,494	$ (16,055)	172,945
Other non-current liabilities	799,472	387,924	(375,392)	812,004
Total liabilities	966,978	409,418	(391,447)	984,949
Deferred inflows of resources	31,573	13,765	(16,644)	28,694
Net position				
Net investment in capital assets	19,238	(2,638)	17,445	34,045
Restricted - expendable	34,759	-	-	34,759
Restricted for minority interest	-	2,269	-	2,269
Unrestricted	517,770	(332,101)	(16,771)	168,898
Total net position	571,767	(332,470)	674	239,971
Total liabilities, net position and deferred inflows of resources	$ 1,570,318	$ 90,713	$ (407,417)	$ 1,253,614
Condensed statements of revenues, expenses and changes in net position				
Operating revenues	$ 628,412	$ 109,650	$ (18,662)	$ 719,400
Operating expenses	(590,901)	(126,834)	14,208	(703,527)
Depreciation	(42,740)	(9,945)	6,035	(46,650)
Operating (loss) income	(5,229)	(27,129)	1,581	(30,777)
Non-operating revenues and expenses, net	21,487	(1,962)	(800)	18,725
Increase (decrease) in net position before minority interest and restricted funds	16,258	(29,091)	781	(12,052)
Other, including minority interest	4,649	(2,238)	-	2,411
Increase (decrease) in net position	20,907	(31,329)	781	(9,641)
Net position				
Beginning of year	550,860	(301,141)	(107)	249,612
End of year	$ 571,767	$ (332,470)	$ 674	$ 239,971
Condensed statements of cash flows				
Net cash provided (used) by				
Operating activities	$ 32,481	$ 14,676	$ -	$ 47,157
Noncapital financing activities	857	(2,238)	-	(1,381)
Capital and related financing activities	(43,265)	(5,397)	-	(48,662)
Investing activities	14,003	(1,541)	-	12,462
Net increase in cash and cash equivalents	4,076	5,500	-	9,576
Cash and cash equivalents - beginning of year	26,773	4,769	-	31,542
Cash and cash equivalents - end of year	$ 30,849	$ 10,269	$ -	$ 41,118

Condensed financial statement information related to certain of the District's blended component units for the year ended June 30, 2024 is as follows:

(in thousands)	Hospital	DEVCO	Eliminations	District
Condensed statements of net position				
Current assets	$ 178,963	$ 23,543	$ (6,569)	$ 195,937
Long-term investment and restricted funds	371,885	-	-	371,885
Capital assets, net	567,806	46,174	(14,745)	599,235
Other assets	378,565	10,333	(345,531)	43,367
Total assets	1,497,219	80,050	(366,845)	1,210,424
Deferred outflows of resources	37,668	687	-	38,355
Total assets and deferred outflows of resources	$ 1,534,887	$ 80,737	$ (366,845)	$ 1,248,779
Liabilities				
Current liabilities	$ 148,349	$ 343,157	$ (340,587)	150,919
Other non-current liabilities	802,987	28,211	(10,896)	820,302
Total liabilities	951,336	371,368	(351,483)	971,221
Deferred inflows of resources	32,691	10,509	(15,254)	27,946
Net position				
Net investment in capital assets	35,394	11,288	378	47,060
Restricted - expendable	34,531	-	-	34,531
Restricted for minority interest	-	1,527	-	1,527
Unrestricted	480,935	(313,955)	(486)	166,494
Total net position	550,860	(301,140)	(108)	249,612
Total liabilities, net position and deferred inflows of resources	$ 1,534,887	$ 80,737	$ (366,845)	$ 1,248,779
Condensed statements of revenues, expenses and changes in net position				
Operating revenues	$ 566,561	$ 104,310	$ (18,360)	$ 652,511
Operating expenses	(532,303)	(119,706)	15,129	(636,880)
Depreciation	(39,638)	(9,545)	4,039	(45,144)
Operating (loss) income	(5,380)	(24,941)	808	(29,513)
Non-operating revenues and expenses, net	13,006	(1,979)	(877)	10,150
Increase (decrease) in net position before minority interest and restricted funds	7,626	(26,920)	(69)	(19,363)
Other, including minority interest	6,444	(1,850)	-	4,594
Increase (decrease) in net position	14,070	(28,770)	(69)	(14,769)
Net position				
Beginning of year	536,790	(272,371)	(38)	264,381
End of year	$ 550,860	$ (301,141)	$ (107)	$ 249,612
Condensed statements of cash flows				
Net cash provided (used) by				
Operating activities	$ 30,868	$ 3,345	$ -	$ 34,213
Noncapital financing activities	4,687	(1,850)	-	2,837
Capital and related financing activities	124,754	(1,099)	-	123,655
Investing activities	(147,329)	(1,452)	-	(148,781)
Net increase (decrease) in cash and cash equivalents	12,980	(1,056)	-	11,924
Cash and cash equivalents - beginning of year	13,793	5,825	-	19,618
Cash and cash equivalents - end of year	$ 26,773	$ 4,769	$ -	$ 31,542

13. Commitments and Contingencies

Lease Commitments

The District has entered into leases for medical clinic facilities, administrative spaces, and equipment that extends through 2042. Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years. Leases may also include options to terminate the leases.

Certain of the District's lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentive received, residual value guarantees, material restrictive covenants or material termination penalties. The District also subleases certain real estate to third parties.

The District measures the lease liability at the present value of payments expected to be made during the lease term. Leases with a term of twelve months or less and with undiscounted payments of less than $150,000 are recognized as operating expense on a straight-line basis over the lease term. If the interest rate cannot be determined, the District will use an incremental borrowing rate to discount the lease payments, which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

The District's future minimum payments on leases are as follows:

(in thousands)	**Principal**	**Interest**
2026	6,500	1,273
2027	5,691	979
2028	3,900	743
2029	2,985	575
2030	2,081	449
Thereafter	8,909	1,811
Total lease commitments	$ 30,066	$ 5,830

The District is a lessor of buildings under agreements that extend through 2062. Some leases include one or more lessee options to renew, with renewal terms that can extend the lease term from one to five years. Certain of the District's lease agreements include rental payments that are adjusted periodically, primarily for inflation. The lease agreements do not contain any material lease incentives paid, residual value guarantees, material restrictive covenants or material termination penalties. The District measures the deferred inflow of resources at the present value of payments expected to be received including any advance lease payments or lease incentives during the lease term. During the years ended June 30, 2025 and 2024, the District recorded $4.4 million and $5.6 million, respectively, in lease revenues.

Subscription-based Information Technology Arrangements
The District has subscription-based information technology arrangements (SBITAs) under agreements that extend through 2027. Some SBITAs include one or more options to renew and may also include options to terminate the subscription. SBITAs do not contain any material incentive paid, material restrictive covenants or material termination penalties. The District measures the SBITA liability at the present value of payments expected to be made during the subscription term. SBITAs with a term of 12 months or less and with undiscounted payments of less than $150,000 are recognized as operating expense on a straight-line basis over the subscription term. If the interest rate implicit in the SBITA cannot be readily determined, the District uses an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

The District's future minimum payments on SBITAs are as follows:

(in thousands)	Principal	Interest
2026	1,879	185
2027	1,033	106
2028	809	64
2029	730	28
Thereafter	-	-
Total SBITA commitments	$ 4,451	$ 383

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.

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 not asserted at this time.

14. The CARES Act

The District received COVID-19 Grants of $0.3 million and $4.3 million in fiscal years 2025 and 2024, respectively from Federal Emergency Management Agency (FEMA) for two obligated projects. This was recognized as federal grant revenue on the statement of revenues, expenses, and changes in net position.

Required Supplementary Information

Defined Benefit Retirement Plan

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

(in thousands)	Actuarially Determined Contribution	Actual Employer Contribution	Actual Employee Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as % of Covered Payroll
Fiscal Year Ended						
2017	22,732	22,000	732	-	146,438	15.52%
2018	23,280	22,300	980	-	168,165	13.84%
2019	24,335	23,100	1,235	-	165,710	14.69%
2020	24,755	23,100	1,655	-	177,841	13.92%
2021	25,019	23,100	1,919	-	182,973	13.67%
2022	10,333	8,400	2,140	(208)	181,577	5.80%
2023	9,513	8,100	2,180	(767)	210,819	4.88%
2024	11,089	1,875	2,620	6,594	216,805	2.07%
2025	12,729	2,125	3,111	7,493	245,187	2.14%
Total	$ 163,785	$ 134,100	$ 16,572			

Washington Township Health Care District
Required Supplementary Pension and Postemployment Benefits Information (unaudited)

The following table summarizes changes in net pension liability from July 1, 2016 to June 30, 2025:

(in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 11,601	$ 11,089	$ 9,513	$ 10,332	$ 9,548	$ 9,075	$ 8,190	$ 6,500	$ 6,494	$ 5,669
Interest	32,895	31,624	30,239	28,992	27,890	27,395	26,693	24,436	24,263	23,657
Difference between expected and actual experience	3,594	420	4,053	(786)	1,001	(703)	(8,586)	15,019	8,244	(13,656)
Change of benefit terms	920	-	-	-	-	-	-	-	-	-
Change in assumptions	2	2	-	1,042	(2,992)	16,421	-	-	-	-
Benefit payments	(25,919)	(24,325)	(22,859)	(21,045)	(19,623)	(18,146)	(16,330)	(15,043)	(30,410)	(13,760)
Net change in total pension liability	23,093	18,810	20,946	18,535	15,824	34,042	9,967	30,912	8,591	1,910
Total pension liability (beginning of year)	483,242	464,432	443,486	424,951	409,127	375,085	365,118	334,206	325,615	323,705
Total pension liability (end of year) (a)	506,335	483,242	464,432	443,486	424,951	409,127	375,085	365,118	334,206	325,615
Plan fiduciary net position										
Employer contributions	2,125	1,875	8,100	8,400	23,100	23,100	23,100	22,300	22,000	27,100
Employee contributions	3,111	2,620	2,180	2,140	1,919	1,655	1,235	980	732	374
Net investment (loss) income	45,944	55,522	(72,238)	61,077	47,613	59,371	(18,935)	42,293	7,817	1,740
Benefit payments	(25,919)	(24,325)	(22,859)	(21,045)	(19,623)	(18,146)	(16,330)	(15,043)	(30,410)	(13,760)
Administrative expense	(248)	(196)	(272)	(228)	(226)	(226)	(224)	(252)	(216)	(64)
Other	-	-	-	-	-	-	-	(1)	(126)	-
Net change in fiduciary net position	25,013	35,496	(85,089)	50,344	52,783	65,754	(11,154)	50,277	(203)	15,390
Plan fiduciary net position (beginning of year)	430,863	395,367	480,456	430,112	377,329	311,575	322,729	272,452	272,655	257,265
Plan fiduciary net position (end of year) (b)	455,876	430,863	395,367	480,456	430,112	377,329	311,575	322,729	272,452	272,655
Net pension liability (end of year) (a) - (b)	$ 50,459	$ 52,379	$ 69,065	$ (36,970)	$ (5,161)	$ 31,798	$ 63,510	$ 42,389	$ 61,754	$ 52,960
Plan fiduciary net position as percent of total pension liability	90.0%	89.2%	85.1%	108.3%	101.2%	92.2%	83.1%	88.4%	81.5%	83.7%
Covered payroll	$ 245,187	$ 216,805	$ 210,819	$ 181,577	$ 182,973	$ 177,841	$ 165,710	$ 168,165	$ 146,438	$ 142,319
Net pension liability as percent of covered payroll	20.6%	24.2%	32.8%	(20.4)%	(2.8)%	17.9%	38.3%	25.2%	42.2%	37.2%
Deferred outflows of resources										
Employer contributions after measurement date	$ -	$ 2,125	$ 1,875	$ 4,050	$ 5,775	$ 5,775	$ 5,775	$ -	$ -	$ -
Fiduciary net position as percent of liability including deferred outflows of resources	90.0%	89.6%	85.1%	109.2%	102.6%	93.6%	84.6%	88.4%	81.5%	83.7%
Net pension liability as percent of covered payroll including deferred outflows of resources	20.6%	23.9%	32.8%	(22.6)%	(6.0)%	14.6 %	34.8 %	25.2%	42.2%	37.2%

The following table summarizes the significant actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30 for the years presented (unless otherwise indicated, the same assumption was used for the valuations for all years):

Discount rate	December 31, 2019 - 2024	7.00%
	December 31, 2013 - 2018	7.50%

Demographic assumptions		
Mortality table for healthy participants	December 31, 2024	Pri-2012 mortality tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2023	Pri-2012 mortality tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2022	Pri-2012 mortality tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2021	Pri-2012 mortality tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2020	Pri-2012 mortality tables projected forward generationally using MP-2020 projection scale
	December 31, 2019	Pri-2012 mortality tables projected forward generationally using MP-2019 projection scale
	December 31, 2014 - 2018	RP-2014 base table with two-dimensional projection scale BB projected generationally
	December 31, 2013	Internal Revenue Code Section 430(h)(3)(A) using static tables and separate mortality rates for annuitants and non-annuitants
Mortality table for disabled participants	December 31, 2024	Pri-2012 disabled tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2023	Pri-2012 disabled tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2022	Pri-2012 disabled tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2021	Pri-2012 disabled tables and projected forward using MP-2021 projection scale on a generational basis
	December 31, 2020	Pri-2012 disabled mortality tables projected forward generationally using MP-2020 projection scale
	December 31, 2019	Pri-2012 disabled mortality tables projected forward generationally using MP-2019 projection scale
	December 31, 2014 - 2018	RP-2014 Disabled retiree table
	December 31, 2013	RP-2000 Disabled mortality tables for females and males

Defined Benefit Post-Employment Medical Plan (OPEB)

The following table summarizes contributions to the OPEB Plan from July 1, 2017 to June 30, 2025:

(in thousands)	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Employee Payroll [1]	Contributions as % of Covered Employee Payroll [1]
Fiscal Year Ended					
2017	$ 5,099	$ 1,455	$ (3,644)	$ 146,438	0.99%
2018	5,451	5,995	544	168,165	3.56%
2019	6,200	6,400	200	165,710	3.86%
2020	7,400	4,891	(2,509)	177,841	2.75%
2021	7,400	6,046	(1,354)	182,973	3.30%
2022	7,400	5,444	(1,956)	181,577	3.00%
2023	6,000	5,531	(469)	210,819	2.62%
2024	6,200	3,132	(3,068)	216,805	1.44%
2025	7,300	2,498	(4,802)	245,187	1.02%
	$ 58,450	$ 41,392	$ (17,058)		

[1] Required disclosure; neither OPEB Plan contributions nor benefits are based on covered employee payroll.

Washington Township Health Care District
Required Supplementary Pension and Postemployment Benefits Information (unaudited)

The following table summarizes changes in the net postemployment medical benefits (OPEB) liability from July 1, 2017 to June 30, 2025, and related ratios:

(in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total postemployment medical benefits (OPEB) liability									
Service cost	$ 2,272	$ 2,220	$ 1,939	$ 1,911	$ 1,885	$ 1,473	$ 3,049	$ 2,948	$ 3,007
Interest	4,975	4,692	4,372	4,155	3,948	3,461	2,495	2,457	2,260
Difference between expected and actual experience	1,807	1,055	(2,300)	349	(555)	(265)	368	-	-
Change of assumptions	994	(2,823)	2,551	(1,217)	(385)	6,880	(29,183)	3,541	(2,045)
Benefit payments	(2,498)	(2,307)	(2,230)	(2,005)	(1,904)	(1,508)	(1,569)	(1,494)	(1,412)
Net change in postemployment medical benefits (OPEB) liability	7,550	2,837	4,332	3,193	2,989	10,041	(24,840)	7,452	1,810
Total postemployment medical benefits (OPEB) liability (beginning of year)	68,804	65,967	61,635	58,442	55,453	45,412	70,252	62,800	60,990
Total postemployment medical benefits (OPEB) liability (end of year)	76,354	68,804	65,967	61,635	58,442	55,453	45,412	70,252	62,800
Plan fiduciary net position									
Employer contributions	2,498	3,132	5,531	5,305	5,204	4,808	9,969	1,494	1,412
Net investment income	2,793	3,378	(3,783)	2,689	1,900	1,510	(270)	-	-
Benefit payments	(2,498)	(2,307)	(2,231)	(2,005)	(1,904)	(1,508)	(1,569)	(1,494)	(1,412)
Administrative expense	(45)	(52)	(57)	(53)	(52)	(49)	(15)	-	-
Other	-	-	-	-	-	1	(2)	-	-
Net change in fiduciary net position	2,748	4,151	(540)	5,936	5,148	4,762	8,113	-	-
Fiduciary net position (beginning of year)	27,570	23,419	23,959	18,023	12,875	8,113	-	-	-
Fiduciary net position (end of year)	30,318	27,570	23,419	23,959	18,023	12,875	8,113	-	-
Net postemployment medical benefits (OPEB) liability (end of year)	$ 46,036	$ 41,234	$ 42,548	$ 37,676	$ 40,419	$ 42,578	$ 37,299	$ 70,252	$ 62,800
Fiduciary net position as percent of liability	39.7%	40.1%	35.5%	38.9%	30.8%	23.2%	17.9%	0.0%	0.0%
Covered employee payroll	$ 245,187	$ 216,805	$ 210,819	$ 181,577	$ 182,973	$ 177,841	$ 165,710	$ 168,165	$ 146,438
NOL as a % of Covered Employee Payroll	18.8%	19.0%	20.2%	20.7%	22.1%	23.9%	21.5%	41.8%	42.9%
Deferred outflows of resources									
Employer contributions after measurement date	$ 1,348	$ 1,056	$ 1,821	$ 2,750	$ 2,611	$ 1,769	$ 1,686	$ 4,500	$ -
Fiduciary net position as percent of liability including deferred outflows of resources	41.5 %	41.6 %	38.3 %	43.3 %	35.3 %	26.4 %	21.6 %	6.4 %	0.0 %
Net OPEB liability as percent of covered employee payroll including deferred outflows of resources	18.2 %	18.5 %	19.3 %	19.2 %	20.7 %	22.9 %	21.5 %	39.1 %	42.9 %

The following table summarizes the significant actuarial assumptions used to determine net OPEB liability and plan fiduciary net position as of June 30 for the years presented (unless otherwise indicated, the same assumption was used for the valuations for all years):

Discount rate	December 31, 2019 - 2024	7.00%
	December 31, 2018	7.50%
	December 31, 2017	3.44%
	December 31, 2016	3.78%
	December 31, 2015	3.57%
Other assumptions		
Healthcare cost trend rate	Getzen Model of Long-Run Medical Cost Trends	