



**Office of the Washington State Auditor
Pat McCarthy**

April 17, 2017

Board of Commissioners
United General District 304
Sedro Woolley, Washington

Contracted CPA Firm's Audit Report on Financial Statements

We have reviewed the audit report issued by a certified public accounting (CPA) firm on United General District 304's financial statements for the fiscal year ended December 31, 2015 and 2014. The District contracted with the CPA firm for this audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The State Auditor's Office did not audit the accompanying financial statements and, accordingly, we do not express an opinion on those financial statements.

This report is being published on the State Auditor's Office website as a matter of public record.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

**Skagit County Public Hospital District No. 304
d/b/a United General District 304**

Sedro Woolley, Washington

Financial Statements and Supplementary Information

Years Ended December 31, 2015 and 2014

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Financial Statements and Supplementary Information

December 31, 2015 and 2014

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Independent Auditor's Report

Board of Commissioners
Skagit County Public Hospital District No. 304
d/b/a United General District 304
Sedro Woolley, Washington

Report on the Financial Statements

We have audited the accompanying financial statement of Skagit County Public Hospital District No. 304 d/b/a United General District 304 (the "District") as of and for the year ended December 31, 2015 and 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skagit County Public Hospital District No. 304 d/b/a United General District 304 as of December 31, 2015 and 2014, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The statements of net position – by operating division and the related statements of revenues and expenses and changes in net position – by operating division are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The directory of officials is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Wipfli LLP

Wipfli LLP

April 15, 2016
Spokane, Washington

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Statements of Net Position

December 31, 2015 and 2014

<i>Assets</i>	2015	2014
Current assets:		
Cash and cash equivalents	\$ 8,972,890	\$ 8,220,278
Assets limited as to use required for current liabilities	-	890,672
Receivables:		
Patient accounts - Net	73,000	415,286
Taxes	31,712	34,495
Other	767,928	1,368,614
Prepaid expenses	10,242	74,566
Total current assets	9,855,772	11,003,911
Assets limited as to use:		
Cash and cash equivalents included in assets limited as to use	6,210,118	6,745,175
Less - Assets limited as to use required for current liabilities	-	(890,672)
Total assets limited as to use - Net	6,210,118	5,854,503
Capital assets:		
Depreciable capital assets - Net of accumulated depreciation	7,473,398	8,492,403
Non-depreciable capital assets	1,284,799	1,534,905
Total capital assets - Net of accumulated depreciation	8,758,197	10,027,308
Other assets:		
Equity interest in joint ventures	1,389,011	1,482,165
Investment in land	774,697	774,697
Total other assets	2,163,708	2,256,862
TOTAL ASSETS	\$ 26,987,795	\$ 29,142,584

<i>Liabilities and Net Position</i>	2015	2014
Current liabilities:		
Warrants outstanding	\$ 426,267	\$ 67,751
Accounts payable	179,604	805,016
Employee compensation and related liabilities	116,980	31,301
Accrued vacation	-	64,066
Due to third-party payors	19,487	518,623
Other current liabilities	-	10,855
Total current liabilities	742,338	1,497,612
Contingent liabilities and commitments - Provision for malpractice cost	50,000	50,000
Total liabilities	792,338	1,547,612
Net position:		
Net investment in capital assets	8,758,197	10,027,308
Restricted expendable net position	1,402,590	2,004,012
Unrestricted	16,034,670	15,563,652
Total net position	26,195,457	27,594,972
TOTAL LIABILITIES AND NET POSITION	\$ 26,987,795	\$ 29,142,584

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues:		
Net patient service revenue	\$ 183,697	\$ 12,583,674
Other	260,203	794,761
Total operating revenues	443,900	13,378,435
Operating expenses:		
Salaries and wages	879,043	6,052,285
Employee benefits	251,624	1,537,233
Professional fees	56,012	1,476,347
Supplies	94,043	2,060,862
Purchased services - Utilities	43,900	291,769
Purchased services - Other	433,718	2,014,734
Insurance	57,840	814,813
Rents and leases	157,609	303,031
Other	110,017	362,727
Depreciation and amortization	1,496,453	1,811,946
Total operating expenses	3,580,259	16,725,747
Loss from operations	(3,136,359)	(3,347,312)
Nonoperating revenues (expenses):		
Property taxes	138,712	226,170
Interest income	55,139	29,144
Gain (loss) on capital asset disposition	(3,565)	239,028
Noncapital grants and contributions	1,026,879	951,071
Income from joint ventures	356,846	306,312
Rental income	144,820	130,864
Total nonoperating revenues - Net	1,718,831	1,882,589
Loss before capital grants and contributions	(1,417,528)	(1,464,723)
Capital grants and contributions	18,013	11,240
Changes in net position	(1,399,515)	(1,453,483)
Net position - Beginning of the year	27,594,972	29,048,455
Net position - End of the year	\$ 26,195,457	\$ 27,594,972

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from patient services	\$ 525,983	\$ 19,426,834
Cash received from other operating revenues	361,753	735,925
Cash paid for salaries and benefits	(1,109,054)	(8,910,553)
Cash paid for supplies, professional fees and other expenses	(1,166,566)	(7,353,481)
Net cash used in (provided by) operating activities	(1,387,884)	3,898,725
Cash flows from noncapital and related financing activities:		
Noncapital grants and contributions	904,872	951,071
Noncapital contributions to foundation	122,007	-
Property taxes	141,495	226,947
Net cash provided by noncapital financial activities	1,168,374	1,178,018
Cash flows from capital and related financing activities:		
Capital grants and contributions	18,013	11,240
Purchase of capital assets	(251,730)	(605,103)
Principal payments on capital lease obligations	-	(135,476)
Proceeds from sale of assets	20,823	376,871
Net cash used in capital and related financing activities	(212,894)	(352,468)
Cash flows from investing activities:		
Interest income	51,199	27,039
Rental income	144,820	130,864
Distributions from joint ventures	450,000	-
Net cash provided by investing activities	646,019	157,903
Net increase in cash and cash equivalents	213,615	4,882,178
Cash and cash equivalents - Beginning of year	14,962,619	10,080,441
Cash and cash equivalents - End of year	\$ 15,176,234	\$ 14,962,619
Reconciliation to presentation of cash on statement of net position		
Cash and cash equivalents	\$ 8,972,890	\$ 8,220,278
Cash and cash equivalents included in assets limited as to use	6,203,344	6,742,341
Total cash and cash equivalents	\$ 15,176,234	\$ 14,962,619

See accompanying notes to financial statements.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Statements of Cash Flows (Continued) Years Ended December 31, 2015 and 2014

	2015	2014
Reconciliation of loss from operations to net cash provided by operating activities:		
Loss from operations	\$ (3,136,359)	\$ (3,347,312)
Adjustments to reconcile loss from operations to net cash provided by used in (provided by) operating activities:		
Provisions for bad debt	105,559	438,630
Depreciation and amortization	1,496,453	1,811,946
Changes in operating assets and liabilities:		
Receivables:		
Patient accounts	236,727	5,492,581
Due from third party payors	-	911,949
Other	600,686	(343,748)
Inventories	-	615,368
Prepaid expenses	64,324	343,801
Warrants outstanding	358,516	(135,785)
Accounts payable	(625,412)	(853,095)
Employee compensation and related liabilities	85,679	(531,131)
Accrued vacation	(64,066)	(789,904)
Estimated third-party payor settlements	(499,136)	284,912
Other current liabilities	(10,855)	513
Total adjustments	1,748,475	7,246,037
Net cash used in (provided by) operating activities	\$ (1,387,884)	\$ 3,898,725

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

The Entity

Skagit County Public Hospital District No. 304 d/b/a United General District 304 (the "District"), previously doing business as United General Hospital and United Medical Clinics, operates under the laws of the State of Washington for municipal corporations. The District is governed by an elected five-member Board of Commissioners. The District has no component units.

The District provides a variety of services to the community including various community health outreach programs, several low-income grant programs, and access to a fitness center. The District owns hospital and clinic facilities that serve the residents of Skagit and Whatcom counties in the State of Washington.

United General Foundation (the "Foundation") is a legally separate, 501(c)(3) tax-exempt, nonprofit public benefit corporation. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the District by the Foundation's bylaws, and for this reason it is a blended component unit of the District.

Affiliation with PeaceHealth

On April 1, 2014, the District transferred operations of United General Hospital, a 25-bed critical access hospital, and certain operations of United Medical Clinics, to PeaceHealth St. Joseph's Medical Center ("PeaceHealth"). Services provided by the operations of United General Hospital and United Medical Clinics included acute care, emergency, surgery, rehabilitation, medical and radiation cancer care, primary care, and related ancillary services. The District and PeaceHealth completed "due diligence" and negotiated terms captured in a Master Agreement dated January 24, 2013 ("Master Agreement") that provided for PeaceHealth to assume operations of the District's healthcare facilities. An application for a Certificate of Need from the State of Washington's Department of Health was approved on May 6, 2013.

In 2014, the District and PeaceHealth entered into an operating agreement dated April 1, 2014 ("Operating Agreement").

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Affiliation with PeaceHealth (Continued)

The Operating Agreement provided for PeaceHealth to assume operations of the District's healthcare facilities for a 30-year term with automatic renewal for two additional 10-year terms upon completion of the initial term. Upon closing of the Operating Agreement, PeaceHealth reimbursed the District for certain purchased assets and prepaid contracts. Under terms of the Master Agreement any excluded assets and liabilities of the District remained with the District. In addition, the Operating Agreement requires the District pay a semi-annual subsidy, to be funded from ad valorem tax on all taxable property of the District, to assist PeaceHealth in providing healthcare services to residents of the District. The amount of the subsidy can amount up to 90% of the taxes levied and is subject to adjustment based on net income produced by continuing healthcare operations.

The Operating Agreement contains real estate and equipment lease addendums (the "Lease Addendums") that provide for PeaceHealth to lease the healthcare facilities and specific equipment of the District for a nominal annual fee under an initial five-year term with options to extend the leases for five additional terms of five years each. The Lease Addendum's require the District to provide up to \$125,000 annually in a preventative maintenance allowance and a \$2,000,000 maintenance and facility fund. PeaceHealth is able to utilize up to 50% of the maintenance and facility fund to perform structural repairs with the remainder of the fund to be used upon mutual agreement of PeaceHealth and the District. It is the intent of the District and PeaceHealth for the District to remain financially viable in order to carry out other programs of the District, therefore the Operating Agreement contains limited conditions in which the District's funding of the subsidy, preventative maintenance allowance, and maintenance and facility fund can be reviewed after other mutually agreed options have been pursued.

Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Department of Health in the *Accounting and Reporting Manual for Hospitals*. The District's statements are reported using the economic resources measurement focus and full-accrual basis of accounting.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Financial Statement Presentation (Continued)

Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. The financial statements include the accounts of both operating divisions of the District. All District assets, liabilities, and financial transactions are included in these financial statements and all material interdivision transactions have been eliminated.

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. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The District bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for co-pay and deductible amounts that are the patients' responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement. The District does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying statements of net position net of contractual adjustments and allowances for bad debts accounts which reflect management's best estimate of the amounts that won't be collected.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Accounts Receivable and Credit Policy (Continued)

Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to a valuation allowance. In evaluating the collectability of patient accounts receivable, the District analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for bad debts accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for bad debts accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Assets Limited to Use

Assets limited as to use are comprised of certain cash and cash equivalents and other resources set aside for specific purposes due to restrictions placed on them. Board designated and restricted assets include assets set aside by the Board of Commissioners for future capital improvements or other designated purposes invested in the Washington State Local Government Investment Pool (WSLGIP). Assets limited to use also includes the maintenance and facility fund required by the Operating Agreement with PeaceHealth.

Capital Assets

The District's assets are stated at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Betterments and major renewals are capitalized. When such assets are disposed of, the related costs and accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss is classified in non-operating gains and losses. Donated items are recorded at fair market value at the date of contribution and are subsequently considered as being on the basis of cost. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land improvements	5-25 years
Buildings and fixed equipment	5-40 years
Major moveable and minor equipment	3-20 years
Software	3-5 years

Asset Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital assets may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstance that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulation or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

The determination of the impairment loss is independent of the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statements of revenues and expenses and changes in net position. No impairment losses were recorded in 2015 and 2014.

Investment in Land

The District has a ground lease with J & J Skagit, L.L.C., a Washington limited liability corporation (the "Tenant"), in which land owned by the District is leased to the Tenant for a term of ninety-nine years. The Tenant constructed, operates, and maintains a medical office building and the associated parking for the term of the lease. The leased land is reported as investment in land under the other assets section on the statements of net position, and the rental income from the lease is reported under the nonoperating revenues section on the statement of revenues and expenses and changes in net position.

The District owns land for a future Hospital expansion or relocation. The land is reported as investment in land under the other assets section on the statements of net position.

Compensated Absences

The Paid Time Off (PTO) program at the District provides eligible employees with appropriate compensation during holidays, vacation time, certain periods of treatment or illness for the employee or dependents and personal leave. The Annual Leave (AL) program at the District provides eligible contracted personnel with appropriate compensation during holidays and vacation time.

The District accrues leave for compensated absences as an expense and liability when earned based on the employee's status. The maximum allowable balance of PTO/AL time for each employee is twice his or her annual accrual. All employees who terminate their employment, with proper notice, will be paid unused PTO/AL hours at the regular rate of pay. The extended illness bank (EIB) provides employees with appropriate compensation for illnesses for themselves or a dependent child that extends beyond sixteen consecutive scheduled hours. The District does not accrue a liability for EIB and was discontinued as of April 1, 2014.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Net Position

Net position of the District is classified into three components. Net investment in capital assets consist of capital assets net of accumulated depreciation reduced by the current balances of any outstanding borrowing used to finance the purchase of construction of those assets. Restricted expendable net position is noncapital net position that must be used for a particular purpose, as specified creditors, grantors, or contributors external to the District. Unrestricted net position is remaining net position that does not meet the definition above. When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first.

Operating Revenues and Expenses

The District's operating statement distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services – the District's primary business. Non-exchange revenue, including taxes, grants and contributions received for purposes other than capital assets acquisition, and results from joint ventures are reported as non-operating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Net Patient Service Revenues

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments. 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. For uninsured patients that do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided

Net patient service revenue in 2015 is the result of retrospective adjustments on services provided prior to the District's affiliation with PeaceHealth.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 (“ARRA”) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (“EHR”) technology. These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology.

The District recognizes revenue for EHR incentive payments when there is reasonable assurance that the District will meet the conditions of the program. For Medicaid purposes, the District may request and receive the first incentive payments as they adopt, implement, upgrade, and demonstrate meaningful use of certified EHR technology. In order to claim the first Medicare payment, the District must actually demonstrate meaningful use of certified EHR technology for the applicable period. The demonstration of meaningful use is based on meeting a series of objectives. Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare and Medicaid Services (CMS).

Amounts recognized under the Medicare and Medicaid EHR incentive programs are based on management’s best estimates, which are based in part on cost report data that is subject to audit by fiscal intermediaries; accordingly, amounts recognized are subject to change. In addition, the District’s attestation of its compliance with the meaningful use criteria is subject to audit by the federal government or its designee.

The District incurs both capital expenditures and operating expenses in connection with the implementation of its EHR initiative. The amount and timing of these expenditures does not directly correlate with the timing of the District’s receipt or recognition of the EHR incentive payments.

Property Taxes

The District has the authority to impose taxes on property within the boundaries of the District. Taxes are received from Skagit County (the “County”). Ad Valorem taxes and per parcel assessments are levied by the County on the District’s behalf on January 1 and are intended to finance the District’s activities of the same year. Taxes are payable in two equal installments on April 30 and October 31.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Grants and Contributions

From time to time, the District receives grants from various federal granting agencies, Skagit County and the State of Washington as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met.

Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates.

Advertising Cost

Advertising costs are expensed as incurred. Advertising expense totaled \$6,046 and \$42,291, in 2015 and 2014, respectively.

Tax Status

The District operates under the laws of the state of Washington for Washington municipal corporations. As organized, the District is exempt from payment of federal income tax on operations or activities under Section 115 of the Internal Revenue Code. All District assets, liabilities, and financial transactions are included in these financial statements.

Subsequent Events

Subsequent events have been evaluated through April 15, 2016, which is the date the financial statements were available to be issued.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 2 Compliance

There was no violation of finance-related legal or contractual provisions for the years ended December 31, 2015 and 2014.

Note 3 Cash and Cash Equivalents and Investments

Cash and Cash Equivalents

The District maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. The District maintains cash at these institutions which are insured by the FDIC up to \$250,000 in demand deposits coverage and \$250,000 in savings deposits coverage. At December 31, 2015, the District did not exceed the insured limits.

Investments and Assets Limited as to Use

The District has funds on deposit with Treasurer of Skagit County, Washington. The Revised Code of Washington, Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool (WSLGIP); savings accounts in qualified public depositories; and certain other investments. All final decisions regarding the purchase and sale of investment securities remain with the District Board.

The District maintains an investment policy designed to maximize return and limit the following types of risks:

Custodial credit risk – Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the deposits or investments that are in the possession of an outside party. All District deposits are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and all investments are insured, registered, or held by the District's agent in the District's name. The District's investment policy does not contain policy requirements that would limit the exposure to custodial risk for investments.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 3 Cash and Cash Equivalents and Investments (Continued)

Investments and Assets Limited as to Use (Continued)

Credit risk – The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy specifically requiring or limiting investments of type. The WSLGIP is a Rule 2a 7-like pool and is unrated.

Concentration of credit risk – The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

Interest rate risk – The possibility that an interest rate change could adversely affect an investment's fair value. The District does not have a policy specifically managing its exposure to fair value losses arising from changing interest rates.

The District's investments generally are reported at fair value. The carrying amount of investments included in the District's assets limited as to use was as follows at December 31:

	Fair Value	
	2015	2014
Certificates of deposit	\$ 40,111	\$ -
Investments	6,094,018	6,742,341
Total bank deposits and investments	\$ 6,134,129	\$ 6,742,341

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 4 Patient Account Receivable

Patient accounts receivable is comprised of the following at December 31:

	2015	2014
Medicare	\$ -	\$ 184,569
Medicaid	-	81,361
Patients and other third-party payors	137,902	469,080
Total patient accounts receivable	137,902	735,010
Contractual adjustments	-	(233,434)
Allowance for doubtful accounts	(64,902)	(86,290)
Patient accounts receivable - Net	\$ 73,000	\$ 415,286

The District's allowance for bad debts for self-pay patients remained consistent at 94% of self-pay accounts receivable at December 31, 2015, and 2014, respectively. In addition, the District's self-pay write-off's decreased from \$438,630 in 2014 to \$105,559 in 2015.

The District has not changed its charity care or uninsured discount policies. The District does not maintain a material allowance for bad debts from third party payors, nor did it have significant write-offs from third-party payors.

Estimated bad debt recoveries included in other account receivable totaled \$608,191 and \$985,135 at December 31, 2015 and 2014, respectively.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 5 Net Patient Service Revenue

The following table sets forth the detail of patient service revenue – net of contractual allowances, discounts and provision for bad debts for the years ended December 31:

	2015	2014
Gross patient service revenue:		
Inpatient services	\$ 78	\$ 3,707,515
Outpatient services	2,662	20,445,079
Total gross patient revenue	2,740	24,152,594
Less (plus) adjustments:		
Contractual allowances	(286,516)	11,130,290
Provision for bad debts	105,559	438,630
Total adjustments	(180,957)	11,568,920
Net patient service revenue	\$ 183,697	\$ 12,583,674

The District's percentage of net patient service revenue by payor is as follows for the years ended December 31:

	2015	2014
Medicare and Medicare Advantage Plans	0%	37%
Medicaid and Medicaid HMO Plans	0%	16%
Other third-party payors	0%	43%
Patients	100%	4%
Totals	100%	100%

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 6 **Reimbursement Arrangements With Third-Party Payors**

The District provided services to patients under contractual agreements with Medicare and Medicaid programs. Differences between gross revenues charged and reimbursement under each of the various programs are included in revenue deductions and allowances.

A summary of the basis of reimbursement with major third-party payors follows:

Medicare

The Hospital, formerly operated by the District, is designated as a Critical Access Hospital (CAH). As a CAH, the District's inpatient and outpatient services provided to Medicare program beneficiaries were paid based on a cost reimbursement methodology. The District was reimbursed for cost at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The Medicare program's administrative procedures preclude final determination of amounts due to the District for such services until three years after the District's cost reports are audited or otherwise reviewed and settled upon by the Medicare intermediary. The District's cost reports have been audited by the Medicare fiscal intermediaries through December 31, 2013.

Medicaid

As a CAH, inpatient and outpatient services rendered to Medicaid program beneficiaries were reimbursed under a cost reimbursement methodology. The District was reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports through the years ended December 31, 2013 have been settled.

Other Payors

The District also had payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements included prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 6 Reimbursement Arrangements With Third-Party Payors (Continued)

Electronic Health Record Incentive Funding

The District recognized Medicare electronic health records (EHR) incentive payments during the year ended December 31, 2014. The EHR incentive payments are provided to incentivize hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The District recognized the Medicare incentive payment on the date that the District successfully complied with meaningful use criteria during the entire EHR reporting period. The District attested to meaningful use with CMS in 2013. The Medicare EHR reporting period is through September 30 of each year.

The Medicare incentive payment recognized is an estimate and subject to audit by CMS. The Medicare EHR incentive payment is based on the days and charity care reported in the Medicare cost report and the undepreciated cost of the EHR equipment submitted to CMS. Medicare incentive revenue of \$0 and \$111,935 was recognized in 2015 and 2014, respectively.

Medicaid incentive payments are available for both the Hospital and the physicians in the District. The Hospital payments are made over four years, while the physician payments are made over six years. As of December 31, 2015 no Medicaid incentive payments have been requested.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patients' services. Management believes the District is in substantial compliance with current laws and regulations.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 6 **Reimbursement Arrangements With Third-Party Payors (Continued)**

CMS uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that might have been made to health care providers and were not detected through existing CMS program-integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. At December 31, 2015, the District is not aware of any current RAC reviews that would result in a significant retrospective reimbursement adjustment.

Note 7 **Charity Care**

The District provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of the District, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on criteria defined in the District's charity care policy. The District maintains records to identify and monitor the level of charity care it provides. The amount of charges foregone for services and supplies furnished under the District's charity care policy aggregated \$0 and \$591,830 for the years ended December 31, 2015 and 2014, respectively.

The estimated cost of providing care to patients under the District's charity care policy aggregated \$0 and \$214,135 in 2015 and 2014, respectively. The cost was calculated by multiplying the ratio of cost to gross charges for the District times the gross uncompensated charges associated with providing the charity care.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 8 Capital Assets

Capital assets activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Transfers Additions	Retirements	Balance December 31, 2015
Non-depreciable capital assets				
Land	\$ 1,284,799	\$ -	\$ -	\$ 1,284,799
Construction in progress	250,106	(250,106)	-	-
Non-depreciable asset totals	1,534,905	(250,106)	-	1,284,799
Depreciable capital assets				
Land improvements	1,959,511	11,141	-	1,970,652
Buildings and fixed equipment	26,620,108	478,252	-	27,098,360
Equipment	16,254,299	12,443	(371,782)	15,894,960
Software	2,064,252	-	-	2,064,252
Depreciable asset totals	46,898,170	501,836	(371,782)	47,028,224
Less accumulated depreciation for:				
Land improvements	1,214,995	112,496	-	1,327,491
Buildings and fixed equipment	20,481,006	854,293	-	21,335,299
Equipment	14,780,188	437,499	(347,394)	14,870,293
Software	1,929,578	92,165	-	2,021,743
Total accumulated depreciation	38,405,767	1,496,453	(347,394)	39,554,826
Capital assets - Net	\$ 10,027,308	\$ (1,244,723)	\$ (24,388)	\$ 8,758,197

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 8 Capital Assets (Continued)

Capital assets activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Transfers Additions	Retirements	Balance December 31, 2014
Non-depreciable capital assets:				
Land	\$ 1,284,799	\$ -	\$ -	\$ 1,284,799
Construction in progress	132,181	117,925	-	250,106
Non-depreciable asset totals	1,416,980	117,925	-	1,534,905
Depreciable capital assets:				
Land improvements	1,954,247	5,264	-	1,959,511
Buildings and fixed equipment	26,355,750	265,896	(1,538)	26,620,108
Equipment	16,370,576	216,018	(332,295)	16,254,299
Software	2,064,252	-	-	2,064,252
Depreciable asset totals	46,744,825	487,178	(333,833)	46,898,170
Less accumulated depreciation for:				
Land improvements	1,101,436	113,559	-	1,214,995
Buildings and fixed equipment	19,629,150	853,393	(1,537)	20,481,006
Equipment	14,392,785	581,856	(194,453)	14,780,188
Software	1,666,440	263,138	-	1,929,578
Total accumulated depreciation	36,789,811	1,811,946	(195,990)	38,405,767
Capital assets - Net	\$ 11,371,994	\$ (1,206,843)	\$ (137,843)	\$ 10,027,308

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 9 Assets Limited as to Use

Assets limited as to use consisted of the following at the statement of net position dates at December 31:

	2015	2014
WSLGIP Investments:		
Board designated		
Capital acquisitions	\$ 3,799,471	\$ 3,847,657
Third-party settlements	891,957	890,672
Restricted		
Repairs and maintenance fund	1,363,987	1,965,464
Oncology expenditures	38,603	38,548
Total WSLGIP investments	6,094,018	6,742,341
Cash and money market accounts:		
Board designated - Construction project fund	3,320	-
Internally designated for foundation operations	65,895	-
Certificate of deposit - Foundation operations	40,111	-
Total cash and money market accounts	109,326	-
Cash and cash equivalents included in assets limited as to use	6,203,344	6,742,341
Interest receivable	6,774	2,834
Total assets limited as to use	6,210,118	6,745,175
Less - Assets limited as to use required for current liabilities:	-	890,672
Total assets limited as to use - Net	\$ 6,210,118	\$ 5,854,503

Restricted – repairs and maintenance fund are funds created pursuant to operating lease of the hospital by PeaceHealth. The fund will be used to maintain the condition of the facility and equipment with 50% immediately accessible by PeaceHealth and the other 50% requiring mutual agreement.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 10 Joint Ventures

Skagit Hospice Services, LLC

As of December 31, 2015 and 2014, the District had a fifty percent interest in Skagit Hospice Services, along with SVH. The District accounts for its interest in the joint venture on the equity method.

Summarized financial information from Hospice's internal financial statements at December 31:

	2015	2014
Total assets	\$ 3,431,241	\$ 3,679,809
Accounts payable and other liabilities	\$ 695,828	\$ 1,001,066
Partner's capital	2,735,413	2,678,742
Total liabilities and capital	\$ 3,431,241	\$ 3,679,808
Revenue	\$ 7,727,498	\$ 7,003,634
Net income	\$ 656,670	\$ 389,078

The District and Public Hospital District No. 1, doing business as, Skagit Valley Hospital (SVH), are partners in Affiliated Health Services (AHS), a Washington general partnership. The AHS partnership ended operations effective January 1, 2004 (the disaffiliation date), and certain assets, liabilities and net position of the partnership were distributed as provided by the disaffiliation agreement. Other assets and liabilities remain in the AHS partnership. As part of the winding up of the affairs of the partnership, the Districts have agreed to utilize the assets remaining in the partnership to pay estimated liabilities.

The remaining reserves and liabilities consist primarily of workers' compensation claims related to employees of AHS through December 31, 2003 and potential third-party liabilities for years up to and including 2003. The partners have agreed to continue the partnership until substantially all remaining liabilities have been paid and to equally share any excess liabilities or assets.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 10 Joint Ventures (Continued)

Affiliated Health Services

As of December 31, 2015 and 2014, the District had a fifty percent interest in AHS, along with SVH. The District accounts for its interest in the joint venture on the equity method.

Summarized financial information from AHS's internal financial statements at December 31:

	2015	2014
Total assets	\$ 71,407	\$ 408,322
Accounts payable and other liabilities	\$ 28,797	\$ 47,520
Partner's capital	42,610	360,802
Total liabilities and capital	\$ 71,407	\$ 408,322
Revenue	\$ 4,723	\$ 8,198
Net income	\$ 18,192	\$ 285,588

Note 11 Property Taxes

The District received approximately one percent of its financial support from property taxes for the years ended December 31, 2015, and 2014. These funds were used as follows:

	2015	2014
Used to support operations	\$ 138,712	\$ 226,170

The District is permitted to levy maintenance and operations tax upon the taxable property within the district without a vote of the taxpayers. As a junior taxing district, the District's regular property tax levy may be reduced under certain circumstances if the aggregate tax levy of all senior and junior taxing districts covering the same geographical areas as the District exceeds \$.50 per \$1,000 of value.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 11 **Property Taxes** (Continued)

Maintenance and operations tax revenues are included in non-operating revenues in the accompanying statement of revenues and expenses and changes in net position. Property taxes are recorded as receivables when levied. Since State law allows for the sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

Note 12 **Leases**

The District is leasing an administration building and Womens, Infants and Children clinic building. Minimum lease payments are expected to be \$150,000 annually, increased each year by the consumer price index, through the expiration of the lease in 2021. Lease expenses for the years ended December 31, 2015 and 2014, amounted to approximately \$150,000 and \$300,000, respectively.

Note 13 **Retirement Plans**

The District maintains a defined contribution retirement plan covering substantially all of the employees meeting certain eligibility requirements. The District's contribution is based on the salaries of active participants in accordance with formulas specified in the plan. The plan's third party trustees select the Fund Manager (Voya Financial) to invest the assets of the plan. Total expense incurred for this plan for the years ended December 31, 2015 and 2014, was \$26,812 and \$237,921, respectively.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Compensation deferred under the deferred compensation plan and all income attributable to the plan has been placed in trust (or custodial account or annuity contract) for the exclusive benefit of plan participants and their beneficiaries.

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Notes to Financial Statements

Note 14 Self-Insured Plans

Unemployment

The District has a self-insured unemployment plan. The District has joined the Public Hospital District Unemployment Compensation Fund that is administered by the Washington State Hospital Association. The District pays its share of actual unemployment claims, maintenance of reserves, and administrative expenses. Total unemployment expense for December 31, 2015 and 2014, was approximately \$10,000 and \$60,000, respectively.

Note 15 Risk Management

The District has its professional liability insurance coverage with Physicians Insurance. The policy provides protection on a "claims made" basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policy. Claims under this policy must be submitted to the carrier during the policy period or within sixty days after expiration of the policy for coverage to apply. If there are unreported incidents that result in malpractice claims in the current year, such claims will be covered in the year the claim is reported to the insurance carriers only if the District purchased claims made insurance in that year or the District purchased "tail" insurance to cover claims incurred before but reported to the insurance carrier after cancellation or expiration of the claims made policy. As of April 1, 2014, the District tailed prior Hospital service exposures and began a new claim's made policy.

The District is also exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss. Settled claims have not exceeded commercial coverage in any of the three preceding years.

Note 16 Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the classification used in 2015.

Supplementary Information

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Statements of Net Position – By Operating Division

December 31, 2015

<i>Assets</i>	United General District 304	United General Foundation	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 8,866,464	\$ 106,426	\$ -	\$ 8,972,890
Receivables:				
Patient accounts - Net	73,000	-	-	73,000
Taxes	31,712	-	-	31,712
Other	766,928	1,000	-	767,928
Prepaid expenses	10,242	-	-	10,242
Total current assets	9,748,346	107,426	-	9,855,772
Total assets limited as to use	6,104,112	106,006	-	6,210,118
Capital assets:				
Depreciable capital assets - Net of accumulated depreciation	7,473,398	-	-	7,473,398
Non-depreciable capital assets	1,284,799	-	-	1,284,799
Total capital assets - Net of accumulated depreciation	8,758,197	-	-	8,758,197
Other assets:				
Equity interest in joint ventures	1,389,011	-	-	1,389,011
Investment in land	774,697	-	-	774,697
Total other assets	2,163,708	-	-	2,163,708
TOTAL ASSETS	\$ 26,774,363	\$ 213,432	\$ -	\$ 26,987,795

<i>Liabilities and Net Position</i>	United General District 304	United General Foundation	Eliminations	Total
Current liabilities:				
Warrants outstanding	\$ 426,267	\$ -	\$ -	\$ 426,267
Accounts payable	71,373	108,231	-	179,604
Employee compensation and related liabilities	116,980	-	-	116,980
Due to third-party payors	19,487	-	-	19,487
Total current liabilities	634,107	108,231	-	742,338
Contingent liabilities and commitments - Provision for malpractice cost	50,000	-	-	50,000
Total liabilities	684,107	108,231	-	792,338
Net position:				
Net investment in capital assets	8,758,197	-	-	8,758,197
Restricted expendable net position	1,402,590	-	-	1,402,590
Unrestricted	15,929,469	105,201	-	16,034,670
Total net position	26,090,256	105,201	-	26,195,457
TOTAL LIABILITIES AND NET POSITION	\$ 26,774,363	\$ 213,432	\$ -	\$ 26,987,795

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Statements of Revenues and Expenses and Changes in Net Position – By Operating Division Year Ended December 31, 2015

	United General District 304	United General Foundation	Eliminations	Total
Operating revenues:				
Patient service revenue - Net of contractual allowances and discounts	\$ 289,256	\$ -	\$ -	\$ 289,256
Provision for doubtful accounts	(105,559)	-	-	(105,559)
Net patient service revenue	183,697	-	-	183,697
Other	256,213	3,990	-	260,203
Total operating revenues	439,910	3,990	-	443,900
Operating expenses:				
Salaries and wages	879,043	-	-	879,043
Employee benefits	251,624	-	-	251,624
Professional fees	56,012	-	-	56,012
Supplies	69,670	24,373	-	94,043
Purchased services, utilities	40,787	3,113	-	43,900
Purchased services, other	264,312	169,406	-	433,718
Insurance	57,840	-	-	57,840
Rents and leases	153,786	3,823	-	157,609
Other	101,632	8,385	-	110,017
Depreciation and amortization	1,496,453	-	-	1,496,453
Total operating expenses	3,371,159	209,100	-	3,580,259
Loss from operations	(2,931,249)	(205,110)	-	(3,136,359)
Nonoperating revenues (expenses):				
Property taxes	138,712	-	-	138,712
Interest income	54,924	215	-	55,139
Loss on capital asset disposition	(3,565)	-	-	(3,565)
Noncapital grants and contributions	716,783	310,096	-	1,026,879
Income from joint ventures	356,846	-	-	356,846
Rental income	144,820	-	-	144,820
Total nonoperating revenues - Net	1,408,520	310,311	-	1,718,831
Income (loss) before capital grants and contributions	(1,522,729)	105,201	-	(1,417,528)
Capital grants and contributions	18,013	-	-	18,013
Change in net position	(1,504,716)	105,201	-	(1,399,515)
Net position - Beginning of the year	27,594,972	-	-	27,594,972
Net position - End of the year	\$ 26,090,256	\$ 105,201	\$ -	\$ 26,195,457

Skagit County Public Hospital District No. 304 d/b/a United General District 304

Directory of Officials

December 31, 2015

	Elected	Term	Expiration
Commissioners:	Jeri Kaufman	1	2017
	Gary L. Kent	6	2019
	Charles S. Ruhl	6	2017
	Robert M. Stanley	6	2019
	Andrew C. Hunter	6	2021

Appointed

Administrator: Ted Brockmann

Attorney: Foster Pepper

Mailing Address

District: Skagit County Public Hospital District No. 304
d/b/a United General District 304
2241 Hospital Drive
Sedro Woolley, WA 98284