

Teen singing trio is always in the mood for the swing era



Some classics are classics for a reason. They just keep winning over new fans. As a case in point, take the Honeybee Trio, whose three teenaged singers are smitten with music that was first in vogue a half-century before they were born.

The Vacaville high school girls deftly weave harmonies for “Begin the Beguine,” “Bei Mir Bist Du Schon” and “Chattanooga Choo Choo,” among many other tunes from 1930s and ‘40s swing era. Of course, no concert would be complete without the World War II hit “Boogie Woogie Bugle Boy.”

“People are always expecting it,” said Natalie Angst, who sings in the trio with fellow high school senior Karli Bosler and junior Sarah McElwain.

It’s safe to say that the audience can expect the Andrews Sisters classic when the Honeybee Trio performs at Foothill College on Dec. 16. For the second time, the young singers are being featured on the bill for the Palo Alto-based California Pops Orchestra’s holiday show. It’s a swell fit for the Pops, who specialize in standards, sing-alongs and nostalgia.

The seasonal program also includes longtime theater singer

Pierce Peter Brandt — and State Sen. Joe Simitian, D-Palo Alto, who is the orchestra’s regular narrator for “The Night Before Christmas.”

Pops conductor Kim Venaas was introduced to the Honeybee Trio by an audience member who had seen them sing. The girls were then only 15 and 16, but they were already cookin’ with gas, as Bob Hope might have put it. Impressed with their savvy harmonies and professional panache, Venaas invited them to perform with the Pops and then with his Black Tie Jazz Orchestra.

The teens “can and do handle all the different vocal parts,” Venaas said. “No one is stuck with just the lead or just the bottom parts. They swap around and it keeps them fresh and in sync with the others.”

It’s clear from the trio’s per-

► *Continued on next page*

Left: Kim Venaas is set to conduct the California Pops Orchestra’s holiday show.

Below: Sarah McElwain, Karli Bosler and Natalie Angst of Honeybee Trio.

They’re with
the (big)
band

By Rebecca Wallace



COURTESY CALIFORNIA POPS ORCHESTRA



COURTESY CALIFORNIA POPS ORCHESTRA

Tubist **John Taylor** and the California Pops brass section.

► Continued from previous page

formance videos that they share friendship and musical rapport, as well as vintage style. They have sweet, smooth voices and a dash of swinging choreography to go with their outfits: '40s-esque military ensembles, sparkly gowns and retro dresses and hats. Red lipstick is also big with them. They've shot "Chattanooga Choo Choo"-style photos on a train, and the cover of their third album, "Flight to the Forties," plunks them on an airstrip carrying boxy suitcases. For their brand-new fourth CD, "We Can Sing It," they got dolled up in Rosie the Riveter outfits.

"I love everything about the '40s: what people wore, all their outfits, the music," Angst said. "We buy costumes online, and some are made for us."

The three singers formed the trio in 2008, at the advanced ages of 12 and 13. Their catalyst was a music teacher named Debi McMindes who wanted them to do a retro performance at a local senior home. The girls already knew each other from musical theater and talent

shows, but they had never been in a trio before.

"It was really exciting. We just really loved it," McElwain said. And the trio took off.

While Bosler often sings soprano, McElwain mezzo-soprano and Angst alto, the three also like to mix up their parts, as Venaas noticed. Recently, they even added one original song to their swing-era repertoire: A friend wrote them a pert, jazzy tune called "No Worries" that can be heard on their website, honeybeetrio.com.

The singers now have hundreds of shows on their resume, many for military and veteran groups. They've sung several times at Travis Air Force Base in Fairfield, and on the U.S.S. Hornet aircraft carrier on San Francisco Bay. They agree that performing for war veterans, particularly those from World War II, is special.

"Sometimes for an encore piece we sing an a cappella version of 'God Bless America' and ask them to sing along. You just get chills. They stand up one by one with tears in their eyes and hands on their hearts. It's one of our favorite

things, to see how touched they are by our music," Bosler said.

The girls often end up talking to audiences for a long time after performances. People will say, "That song was played at my wedding," or, "I can do the boogie," or simply thank them. When the audience members are veterans, that means a lot.

"It's really humbling," Bosler said. "These are people who have sacrificed for our country, and they're thanking us."

INFO:

The California Pops Orchestra performs its "Home for the Holidays!" concert, with guests the Honeybee Trio, Pierce Peter Brandt and Joe Simitian at the Smithwick Theatre, Foothill College, 12345 El Monte Road, Los Altos Hills at 3 p.m. Sunday, Dec. 16. Premium seats are \$42 and general are \$37, with discounts for groups. Youths ages 18 and under pay \$17. Go to calpops.org or call 650-856-8432.



COURTESY SAM HUIE

Pierce Brandt

Mountain View Voice Holiday Fund

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Contributions to the Holiday Fund will be matched dollar for dollar to the extent possible and will go directly to nonprofit agencies that serve Mountain View residents. Last year, *Voice* readers contributed more than \$50,000, up slightly from the prior year. With additional funds from the Wakerly Family Foundation, the William and Flora Hewlett Foundation and the David and Lucille Packard Foundation, the total raised was more than \$90,000, or nearly \$13,000 for each of the seven participating nonprofit agencies supported by the *Voice* Holiday Fund. No administrative costs are deducted from your gifts, which are tax-deductible as permitted by law. All donations will be shared equally with the seven recipient agencies.

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CSA assists homeless families and seniors with short-term housing, medical care, and more. The nonprofit is a cooperative effort of 17 faith-based communities in Mountain View and Los Altos.

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Winter Class Guide

Winter is upon us, but staying indoors doesn't have to mean doing less. The inclement weather makes it a good season to start a new physical activity or hone an artistic bent. All the classes listed below are local.

The Class Guide is published quarterly by the Mountain View Voice, the Almanac and the Palo Alto Weekly.



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2483 Old Middlefield Way, Suite B, Mountain View
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www.fortheloveofdancemv.com
ForTheLoveOfDanceMV@gmail.com

For the Love of Dance offers training in ballet, jazz, tap, and other styles of dance. Serving Mountain View, Palo Alto, Los Altos, and Sunnyvale, it is a family-owned studio that teaches dance to children and adults at all levels of ability, with a focus on learning a love of movement and of art. Opportunities to perform throughout the year.

Ice skaters at Winter Lodge.

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www.westernballet.org
info@westernballet.org

Western Ballet has adult classes for absolute beginners to professionals, providing the largest selection of drop-in classes in the San

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info@californiayoga.com

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MICHELLE LE

CSMA instructor **Rachel Lee** with students.

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1185 Castro St., Mountain View
650-344-3345
www.mtview-rscds.org
info@mtview-rscds.org

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www.palomoarchery.com
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650-380-0099
www.redstarsoccer.com

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The Class Guide is published quarterly in the Mountain View Voice, Palo Alto Weekly and Menlo Park Almanac. Descriptions of classes offered in Palo Alto, Menlo Park, Stanford, Atherton, Los Altos Hills, Portola Valley, East Palo Alto and beyond are provided. Listings are free and subject to editing. Due to space constraints, classes held in Mountain View and Los Altos are given priority.

The Spring Class Guide will be published on March 6 and 8, 2012, with deadlines approximately two weeks prior.

To inquire about placing a listing in the class guide, email Editorial Assistant Eric Van Susteren at ericvansusteren@pawebweekly.com or call 650-223-6515 or visit. To place a paid advertisement in the Class Guide call our display advertising department at 650-326-8210.

Advertiser Directory

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- Jacki's Aerobic Dancing - Mountain View
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Community Benefit

Part of our responsibility as stewards of District tax money is to ensure that those who are underserved in our community have access to the health care resources they need. Each year, a portion of the El Camino Hospital District's annual tax receipts are allocated to community benefit. In FY 2012, \$5.5 million of the \$9.1 million in property taxes collected by the District the prior year went to support Community Benefit programs. We strategically assess the community's greatest needs and then work with partners who can help meet those needs. Our partners participate in a robust selection process and are held accountable for meeting specific metrics through multiple points of check-in throughout the year.

In FY 2012, the Community Benefit beneficiaries included school districts for additional nurses; the Santa Clara County health system to provide primary medical, mental health, and dental care to the underserved; the RotaCare clinic, which serves uninsured patients with complex conditions and chronic disease; and the South Asian Heart Center and Chinese Health Initiative programs, which reach ethnic populations with unique health disparities.



*John Zoglin, Chairman
El Camino Hospital
District Board of Directors*

Message from John Zoglin

The El Camino Hospital District Board is guided by the principles of transparency and accountability to you, the District residents who have entrusted us with your tax dollars to ensure the provision and maintenance of quality health care services for District residents. To keep the community informed of our work, we are publishing the annual Independent Auditor's Report of the El Camino Hospital District, prepared and certified by the public accounting firm of Moss Adams LLP. This includes balance sheets and financial statements of revenues, expenses, and changes in net assets, and covers all six entities of the District.

We hope this audit provides important information on how — and where — District funds are spent and can offer a glimpse into the fiscal choices and challenges faced by the health care organizations that serve this evolving community.

Readers may also download a copy of the Independent Auditor's Report at www.elcaminohospitaldistrict.org/2012audit. Or for more information, e-mail info@elcaminohospitaldistrict.org.



EL CAMINO HOSPITAL DISTRICT AUDIT HIGHLIGHTS – FY 2012

The strong financial performance of both the District and Hospital is essential to our long-term ability to provide quality care to our community in an ever-changing health care environment.

- The increase in net assets for 2012 was \$71.1 million over fiscal year 2011, driven by both net operating income (\$59.7 million) and non-operating income (\$11.4 million), primarily from realized and unrealized gains in investments
- Operating income between fiscal years 2011 and 2012 increased by \$14.1 million, due in large part to growth in patient volumes at the Los Gatos campus and growth at both campuses in procedural volumes



*Tomi Ryba
CEO and President
El Camino Hospital*

Message from Tomi Ryba

I am pleased to report that this year, in which El Camino Hospital marked 50 years serving the community, the organization returned to financial health. Net income was \$64.5 million, an increase of \$22 million. We achieved an operating margin of 9.8 percent compared to our budget goal of 7.0 percent.

On the revenue side, we experienced volume growth at the Los Gatos campus, and growth in procedures, including surgery, at both campuses. On the expense side, we kept our labor and non-labor expenses under budget, flexing staff when volumes were low and holding back on discretionary expenses.

Credit goes to all who made this possible — the physicians and clinicians who care for our patients, and our staff who practice good stewardship, upholding quality while striving to use resources appropriately.

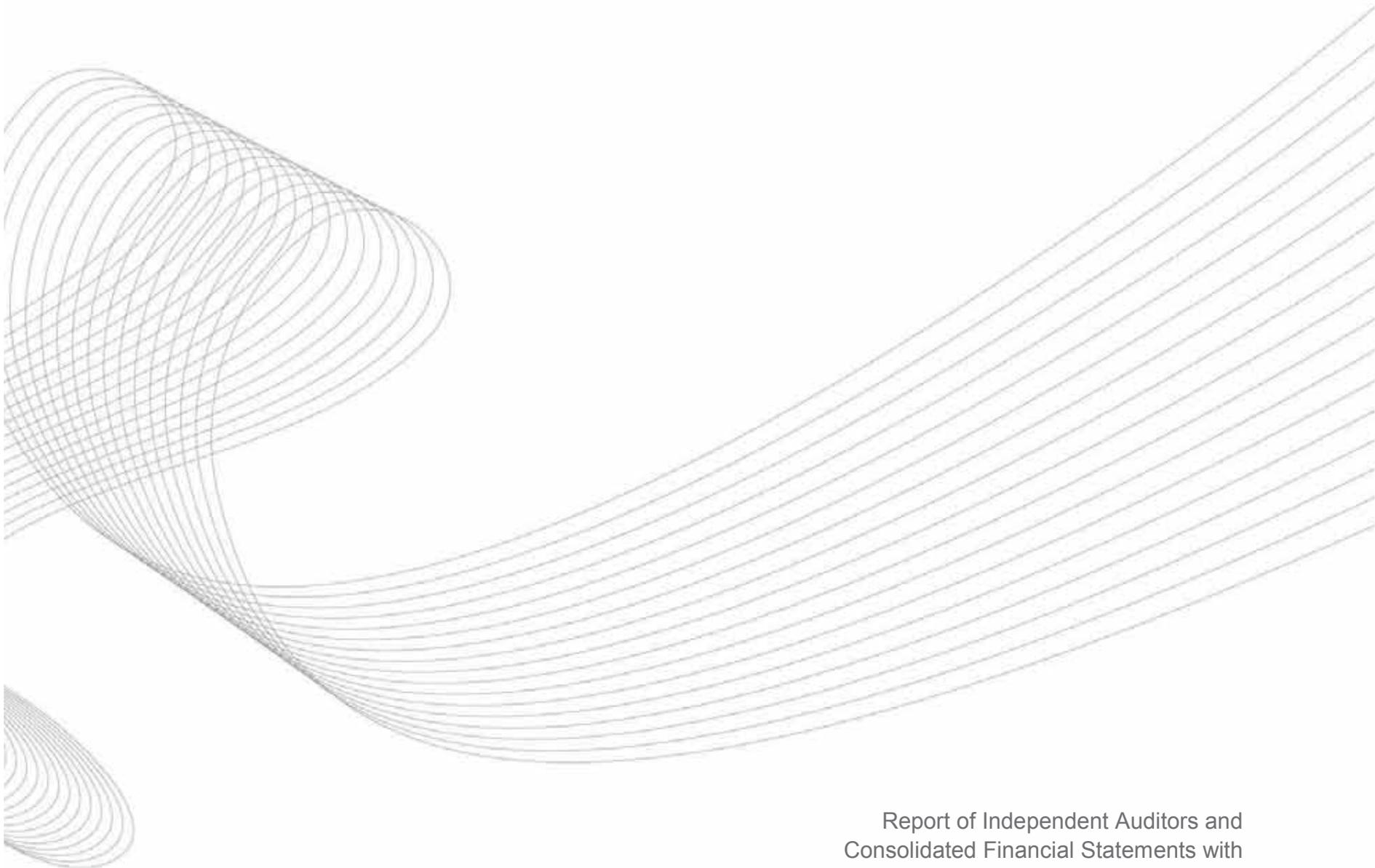
As a not-for-profit organization, our entire operating margin is reinvested in facilities and programs to benefit our patients and our community.

During this past year, we expanded services in several areas:

- The Senior Health Center opened in Mountain View, offering primary care services and access to resources that help seniors manage care and maintain independent lives
- A Sleep Disorders Program was launched at the Los Gatos campus
- The bronchial thermoplasty program at the Mountain View campus, which provides breakthrough treatments to patients with severe asthma, is now the second busiest site in the country
- Two behavioral health programs (older adults/adolescents) expanded to the Los Gatos campus
- IT investments included a major upgrade to the clinical information system and a new cardiovascular information system; other acquisitions included a new infant security system, RF Surgical Detection technology that locates surgical items prior to wound closure, and a robotic video device for remote patient monitoring

We also added three new members to the volunteer Hospital Board of Directors and 21 community members to volunteer board committees. We hired two key executives — Michael King, chief financial officer, and Mick Zdeblick, chief operating officer. We also completed a new strategic plan for the hospital and are beginning implementation.

El Camino Hospital remains focused on being the hospital of choice for patients and payors by delivering top-quality care, exceptional service, and improved efficiency.



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information for

El Camino Hospital District

June 30, 2012 and 2011

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MANAGEMENT DISCUSSION AND ANALYSIS

**EL CAMINO HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2012, 2011 and 2010**

El Camino Hospital District is comprised of six (6) entities: El Camino Hospital District (the "District"), El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

At the beginning of fiscal year 2012, the ECSC was a partnership between the Hospital and a group of physicians. The Hospital owned 51% and the physicians owed 49% of the on-site surgery center. On September 1, 2011, the Hospital bought all outstanding shares, except one-tenth of a share, of the physicians' ownership for an amount of \$2,266,750.

SVMD was formed in September 2008 as a Limited Liability Corporation ("LLC") a wholly-owned subsidiary of the Hospital focused on the expansion of the clinical enterprise outside of the Hospital through various business ventures and physician alignment initiatives that improve access for the Hospital's current patients and new, underserved members of the community, extend healthcare into people's home through the applications of electronic connectivity, and assist independent physicians in clinical integration with the Hospital, among other initiatives. It was initially funded by the Hospital in 2009 by \$1.3 million in cash.

The Hospital acquired the real estate and certain other assets of the 143-bed Community Hospital of Los Gatos ("Los Gatos") in April 2009, closed it for 90 days, and re-opened it on July 12, 2009. The Los Gatos "sister hospital campus" operates under the tax identification number, state healthcare license number, and the various provider numbers of the Hospital.

Overview of the Consolidated Financial Statements

This annual report consists of the consolidated financial statements and notes to those statements. These statements are organized to present the District as a whole, including all the entities it controls. Financial information for each separate entity is shown in the supplemental schedules on the last pages of the report. In accordance with the Governmental Accounting Standards Board ("GASB") Codification Section 2200, *Comprehensive Annual Financial Report*, the District presents comparative financial highlights for the fiscal years ended June 30, 2012, 2011, and 2010. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The consolidated balance sheets, the consolidated statements of revenues, expenses, and changes in net assets, and consolidated statements of cash flows provide an indication of the District's financial health. The consolidated balance sheets include all the District's assets and liabilities, using the accrual basis of accounting. The consolidated statements of revenues, expenses, and changes in net assets report all of the revenues and expenses during the time periods indicated. The consolidated statements of cash flows report the cash provided by the operating activities, as well as other cash sources such as investment income and cash payments for capital additions and improvements.

Consolidated Financial Highlights

Year Ended June 30, 2012

- The increase in net assets for 2012 was \$71.1 million over fiscal year 2011. Net operating income contributed \$59.7 million. Non-operating income contributed another \$11.4 million, primarily driven by net investment income, including realized and unrealized gains on investments.
- The increase in operating income between fiscal years 2011 and 2012 was \$14.1 million. This was primarily due to growth in patient volumes at the Los Gatos campus and growth at both campuses in procedural volumes. Continued staff efficiencies and a reduction in operating costs due to the one-time significant consulting project - Accelerated Continuous Excellence ("ACE") - started at the end of fiscal year 2010.
- Total assets increased by \$78.8 million over fiscal year 2011. Total surplus cash and investments increased by \$91.8 million over fiscal year 2011, primarily driven by significant net income, and continued reduction in capital expenditures.

Page 1

**EL CAMINO HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2012, 2011 and 2010**

- Current liabilities decreased by \$41.6 million in the current fiscal year over 2011. Primarily, this was due to the outstanding \$50 million 2009 Series Revenue Bond that, during the current fiscal year, had its Letter of Credit extended to April 2017, causing the debt to again be classified as a long-term liability.

Year Ended June 30, 2011

- The increase in net assets for 2011 was \$83.3 million over fiscal year 2010. Net operating income contributed \$45.6 million. Non-operating income contributed another \$37.7 million, primarily driven by significant unrealized gains on investments.
- The increase in operating income between 2010 and 2011 was \$41.5 million, primarily due to the Mountain View campus' increased revenues through price changes, volume growth, and improved managed care contracts without any significant increase in expenses. In addition, the Los Gatos campus was able to realize the same benefits of pricing and managed care contracts and at the same time had higher volume to allow more efficient matching of required staffing levels and more coverage of fixed and overhead costs.
- Total assets increased by \$78.1 million over fiscal year 2010. Total surplus cash and investments increased by \$92.5 million over fiscal year 2010 primarily driven by significant operating and non-operating income, and reduced capital expenditures.
- Current liabilities increased by \$57.4 million over the prior fiscal year. Principally this was due to the \$50 million Letter of Credit underlying the 2009 Series Revenue Bonds due to expire in fiscal year 2012, causing the debt to be re-classified as short-term.

Summary of Assets, Liabilities and Net Assets
As of June 30, 2012, 2011 and 2010

(In Thousands)

	2012	2011	2010
Assets:			
Current assets	\$ 379,838	\$ 306,128	\$ 230,411
Board designated and restricted funds, net of current portion	236,763	212,669	179,722
Funds held by trustee, net of current portion	13,495	13,090	11,484
Capital assets, net	670,711	691,178	726,655
Other assets	55,230	53,196	49,855
Total assets	\$ 1,356,037	\$ 1,276,261	\$ 1,198,127
Liabilities:			
Current liabilities	\$ 100,252	\$ 141,821	\$ 84,410
Bonds payable, net of current portion	326,578	280,728	335,337
Other long-term liabilities	51,768	48,361	56,302
Total liabilities	\$ 478,598	\$ 470,910	\$ 476,049
Net assets:			
Unrestricted and invested in capital assets, net	\$ 870,562	\$ 795,539	\$ 716,776
Retained earnings reserved for minority interest	4,820	5,250	2,185
Restricted	2,057	4,562	3,117
Total net assets	\$ 877,439	\$ 805,351	\$ 722,078
Total liabilities and net assets	\$ 1,356,037	\$ 1,276,261	\$ 1,198,127
Operating cash equivalents & short-term investments	\$ 263,762	\$ 196,034	\$ 136,435
Board designated & restricted funds	236,763	212,669	179,722
Total available cash & investments	\$ 500,525	\$ 408,703	\$ 316,157

The combined District maintains sufficient cash balances to pay all short-term liabilities. Excess cash is transferred to the District's trustee (Bank of New York) as surplus cash and is subsequently invested, according to investment policy guidelines, by two of the District's current money managers Barrow, Hanley, Mewhinney & Strauss, Inc., and Wells Capital Management.

Capital Assets

In fiscal year 2012, the Mountain View campus acquired two (2) more physician offices (land and building) and opened a Senior Health Center to provide outpatient services to the senior population in the community, all of which are adjacent to the main hospital. At the Los Gatos campus, early in fiscal year 2012, the campus completed its totally renovated Inpatient Physical Rehabilitation facility, which accommodates a hotel type environment for its orthopedic service line for patients to recuperate. A parcel of vacant land adjacent to the Los Gatos campus was acquired.

Both campuses installed O-Arm Navigation System during the fiscal year. An O-Arm allows the surgeon performing spine surgery for a more precise insertion of plates, screws, etc., in a patient. O-Arms have such high definition 3-D resolution it reduces the time spent by surgeons in completing the surgery.

EL CAMINO HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2012, 2011 and 2010

IT went live with Time and Attendance/Scheduling System for the entire organization which, among other electronic enhancements, eliminated employee paper timecards that had been used since the opening of the Mountain View campus in 1961. IT also installed a "Patient Folder" that is used by Health Information Management (Medical Records), Patient Accounts, and Patient Registration, which among its enhancements, added eSignature for patient accounts and registration.

Revenues and Expenses

The following table displays revenues and expenses for 2012, 2011, and 2010:

Revenues & Expenses
Years Ended June 30, 2012, 2011 and 2010

(In Thousands)

	2012	2011	2010
Operating revenues:			
Net patient service revenue	\$ 636,820	\$ 603,625	\$ 532,918
Other revenue	21,591	19,015	19,529
Total operating revenues	\$ 658,411	\$ 622,640	\$ 552,447
Operating expenses:			
Salaries, wages & benefits	\$ 330,472	\$ 307,707	\$ 304,659
Professional fees and purchased services	93,324	101,386	87,907
Supplies	94,196	88,761	83,583
Depreciation and amortization	49,593	49,942	42,748
Rent and utilities	13,925	13,029	13,616
Interest	7,374	7,374	6,449
Other	9,870	8,903	9,449
Total operating expenses	\$ 598,754	\$ 577,102	\$ 548,411
Operating income	\$ 59,657	\$ 45,538	\$ 4,036
Nonoperating revenue (expense) items:			
General Obligation bond interest expense	(4,828)	(4,897)	(3,039)
Intergovernmental transfer expense	(3,349)	-	-
Investment income, net	18,346	23,544	29,248
Property tax revenues	16,420	15,793	15,608
Restricted gifts, grants and other	3,432	8,003	880
Unrealized losses on interest rate swaps	(5,781)	1,364	(1,005)
Other, net	(11,423)	(5,686)	(8,414)
Minority interest in subsidiary earnings	(386)	(386)	(643)
Total nonoperating revenues and expenses	\$ 12,431	\$ 37,735	\$ 32,635
Increase in net assets	\$ 72,088	\$ 83,273	\$ 36,671
Total net assets, beginning of year	\$ 805,351	\$ 722,078	\$ 685,407
Total net assets, end of year	\$ 877,439	\$ 805,351	\$ 722,078

Fiscal Year 2012 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient services revenue in fiscal year 2012 increased by \$33.2 or 5.5% over fiscal year 2011. This increase was due to changes in payor reimbursement arrangements, increases in surgical volume and emergency department visits at the Mountain View campus, increases in admissions at the Los Gatos campus, and Intergovernmental Transfer ("IGT") payments from the state Medi-Cal program for uncompensated care.

Inpatient Business Activity

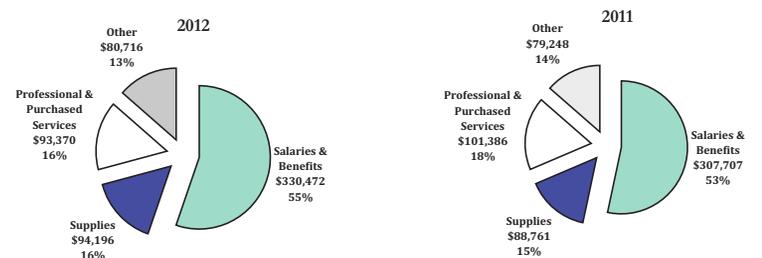
Specialty	2012 Days	2011 Days	% Change
Medical/Surgical	55,992	57,125	-2.0%
Maternity	11,632	12,118	-4.0%
Pediatrics	334	204	63.7%
NICU	4,946	4,936	0.2%
Psychiatry	7,429	7,375	0.7%
Subacute	-	-	0.0%
Normal newborn	10,469	10,990	-4.7%
Total	90,802	92,748	-2.1%

Specialty	2012 LOS	2011 LOS	% Change
Medical/Surgical	4.6	4.5	2.2%
Maternity	2.6	2.6	0.0%
Pediatrics	3.5	2.3	52.2%
NICU	9.8	9.9	-1.0%
Psychiatry	8.3	7.6	9.2%
Subacute	0.0	0.0	0.0%
Normal newborn	2.4	2.4	0.0%
Total	4.0	4.1	-2.4%

The overall case mix index, which is an indicator of patient acuity, was 1.44 in fiscal year 2012, compared to 1.17 in fiscal year 2011.

EL CAMINO HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2012, 2011 and 2010

Operating Expenses



Los Gatos

As discussed in the fiscal year 2011 Management Discussion and Analysis, there was the addition of the Los Gatos campus of El Camino Hospital, which opened in July 2009. For fiscal year 2012, the Los Gatos campus generated an operating income \$17.3 million over the fiscal year 2011 operating income of \$12.3 million for a \$5.0 million increase. The Los Gatos campus is charged costs of overhead from the Mountain View campus in the amount of \$8.5 million and \$9.0 million in the respective years.

Salaries and Wages

Salaries and wages (including benefits) in fiscal year 2012 were 55.2% of total operating expenses compared to 53% in fiscal year 2011. Total salaries and wages increased by \$9.5 million over fiscal year 2011. RN salaries increased by \$5.7 million in 2012 compared to 2011. Effective the end of April and the beginning of June 2012, the bargaining unit for nurses (PRN - Professional Resources of Nurses) received salary increases and market adjustments for certain clinical positions that increased the average wage rate by 6.8%. This increase restored competitive wages allowing the District to hire experienced RN's. With a RN turnover rate of 7.3%, the District is below the Northern California turnover rate of 8.8% as published by the California Hospital Association ("CHA"). In 2012, the District added approximately 60 FTE's ("Full Time Equivalents"), mostly in the patient services areas.

Employees represented by SEIU United Healthcare Workers had their 4-year contract expire in July 2011. Contract negotiations continued throughout the summer into early fall with no agreement being reached. Thus, in October 2011, the Hospital implemented its Last, Best, Final offer approved by the Board, which granted no wage increase in the fiscal year, with the exception of 123 employees in 13 job classifications receiving increases of 4-16% effective in December 2011 for market adjustments. An additional 22 employees received increases of 1.6-5% with implementation of a career ladder for Respiratory Therapy employees in April 2012. Other changes in implementing the Hospital's Last, Best, Final offer was a change to healthcare benefits, which has employees contribute 10% of the healthcare premiums for the basic coverage that was previously covered at 100% by the Hospital.

The Hospital's Stationary Engineers - Local 39 per their current contract were provided a 4% increases effective November 13, 2011.

Hospital-represented, non-management staff were granted a 3% salary and wage increase effective June 23, 2012. Management staff had sixteen (16) managers that received market-based salary adjustments effective August 7, 2011.

Senior executive staff received market-based adjustments effective August 7, 2011, that averaged 3.4% in the aggregate.

Employee Benefits

Aggregate employee benefits, including accrued Paid Time Off ("PTO") increased by \$13.3 million in fiscal year 2012 over 2011.

Significant increases were as follows:

- Pension retirement (Cash Balance Plan) expense increased this year over prior year by \$4.5 million, due to second year in a row of lowering the discount rate (from 8% in fiscal year 2010 to 7% in fiscal year 2011) to 6% for the current fiscal year. Management also reduced the amortization period of the NPO (Net Pension Obligation) to seven (7) years from ten (10) years in the 2011 fiscal year, which was down from thirty (30) years in fiscal year 2010.
- Workers compensation actuarial reserves stabilized to a normal expensing amount in fiscal year 2012, after a couple of years of credits to expense in the overall needed reserves that occurred in fiscal years 2011 and 2010. Thus, given the swing between these two (2) fiscal years, this actuarial amount increased \$4.1 million in 2012 over 2011.
- In recognition of the Hospital's strong financial performance in fiscal year 2012, as well as improvements in patient satisfaction and quality care the Board approved an overall "Employee Recognition Award" to pay a one-time payout to nearly all employees. This expected cost, along with anticipated increase for incentive pay provided senior management, directors, and managers given their individual performance evaluations and goals, contributed to an approximate \$2.3 million increase over fiscal year 2011.
- Accrued PTO expense increased by \$1.8 million over fiscal year 2011. While some of this increase would be attributable to wage and salary increases during 2012, a significant portion was due to returning to an accrual method based on an employee's status and not straight productive hours worked that excluded PTO being taken for PRN and Hospital represented employee base that was in effective the last six months of fiscal year 2011.

Professional and Purchased Services

Total professional fees and services decreased by \$8 million in fiscal year 2012 over 2011. The significant item that caused the decrease in the amount of \$17 million was that in the prior fiscal year 2011 there were payments made to a consulting firm that had assisted the Hospital in implementing its Accelerated Continuous Excellence ("ACE") initiative that started in fiscal year 2010 and continued into 2011 with final payments made to the consulting firm in the fiscal year. This initiative made significant and measurable operational improvements in the revenue cycle and cost reductions. The Hospital subsequently incorporated these multiple improvements into its operations to lead to significant income from operations in fiscal years 2011 and again in 2012.

Significant increases to professional and purchased services occurred in the following areas:

- An increase of \$2.3 million occurred in repair and maintenance to the Facilities at both the Mountain View and Los Gatos campuses. At the Mountain View campus, these included the Behavior Health Services in the old tower, window treatments, and added wall protection in the New Main Hospital where significant wear and tear had already occurred. Additionally, there were maintenance projects, such as parking resurfacing and building joint sealant upgrades, which are done every four to five years. At the Los Gatos campus, the Hospital had to address several elements of deferred maintenance of the buildings causing additional upgrades and major repairs to occur.

- An increase of \$2.3 million over fiscal year 2011 was in the areas strategic planning development for the recently Board-approved Hospital Strategic Plan for the next three to five years, legal expense for general corporate issues and for union contract negotiations, and recruitment consulting for top executive positions during the year.
- An increase of \$1 million over fiscal year 2012 occurred at the Los Gatos campus for the outside purchased services to operate its inpatient physical rehabilitation services that were fully operational in the current fiscal year.

Supplies

Total supplies increased by \$5.4 million in fiscal year 2012 over 2011. Two (2) major areas of the increase were:

- The threshold for capitalization of equipment was changed from the previous \$1,000 to \$2,500 at the end of year. Thus, management expensed out previously capitalized equipment that had a cost of less than \$2,500 and still had a remaining book value, which caused a one-time "supply" expense of approximately \$2.4 million. This was primarily in the area of PC/printer hardware in the IT department at both the Mountain View and Los Gatos campuses.
- Significant growth in the Ortho-Spine program at the Los Gatos campus caused a \$2.1 million in surgery supplies for the program.

Depreciation and Amortization

The expense for depreciation and amortization decreased by an immaterial \$0.3 million, principally attributable to assets becoming fully depreciated during the current fiscal year.

Interest

Interest expense that is primarily for the 2007 and 2009 bond debt for the Replacement Hospital at the Mountain View campus was essentially unchanged.

Rent and Utilities

The increase in fiscal year 2012 over 2011 was \$0.9 million, primarily driven by the opening of the Senior Health Center, providing convenient outpatient services for seniors, at a location near Mountain View campus and increases in electric costs at both campuses.

Other Expenses

This expense increased by \$0.9 million in fiscal year 2012 over the prior 2011. Property insurance expense increased in the current year due to increases in rates and property values. Employee relocation expense increased in the current fiscal year as a few vacant senior management positions were filled. The District increased its participation in community sponsorships of local events.

Change in Net Unrealized Gains and Losses on Investments

For fiscal year 2012, the Hospital had two money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses in stocks and bonds are reported in the District's consolidated financial statements during this fiscal year.

Barrow, Hanley, Mewhinney & Strauss (BHMS)

Stock investments change to net unrealized gains during fiscal 2012 resulted in a Year over Year (YOY) negative change of \$1.4 million. Significant gains were realized from sales during the fiscal year resulting in a lower amount of unrealized gains at the end of the fiscal year despite the S&P 500 being up 3.2% on a price basis for the twelve months ended June 30, 2012.

Intermediate bond investments change to net unrealized gains during fiscal 2012 resulted in a YOY positive change of \$1.9 million. Rates declined moving prices and therefore unrealized gains higher. For example, the rate on the Treasury five year note was 1.76% at June 30, 2011, compared to 0.72% at June 30, 2012.

Short maturity bond investments change to net unrealized losses during fiscal 2012 resulted in a YOY negative change of \$0.7 million. The bond investment change primarily represents bonds purchased at premiums must decline to par value as they approach maturity.

Wells Capital Management ("WCM")

Bond investments managed by WCM reflected an increase in the amount unrealized gains during the period. The change from the prior year was a net gain of \$4.4 million. The bond investment change represents a 5.8% increase in market value. During the period, there were no contributions or withdrawals made to the portfolio. Intermediate US Treasury yields declined significantly during the period falling 100 to 165 basis points across the curve. This decline in rates drove bond prices higher and resulted in the portfolio having a increase in unrealized capital gains.

As of the end of the fiscal year, the cost of the Hospital's investments in the WCM Fund were \$78.8 million, including reinvestment of income, with the market value of \$89.3 million, which represents an unrealized gain of 13.3% of the market value.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2013 budget at their June 2012 meeting. The District is budgeting net income to go from \$60 million in fiscal year 2012 to \$65 million in fiscal year 2013. The biggest impact is related to expected volumes flattening with the Los Gatos campus reaching a steady level of patient visits and reimbursement inflation rising less than expense inflation, particularly with government payors. Additionally, the organization is investing strategically to improve patient satisfaction levels and to improve quality with new initiatives including an intensivist program in critical and a new neuro-interventional program. No significant changes in services provided are planned for the fiscal year.

Fiscal Year 2011 Consolidated Financial Analysis

Net Patient Services Revenues

Net patient service revenue in fiscal year 2011 increased by \$70.7 million or 13.3% over fiscal year 2010. This increase was due to the growth of patient activity at the Los Gatos campus, improvements in managed care contracts, implementing strategic pricing increases for certain services, and increased follow-up and collection efforts in the revenue cycle process.

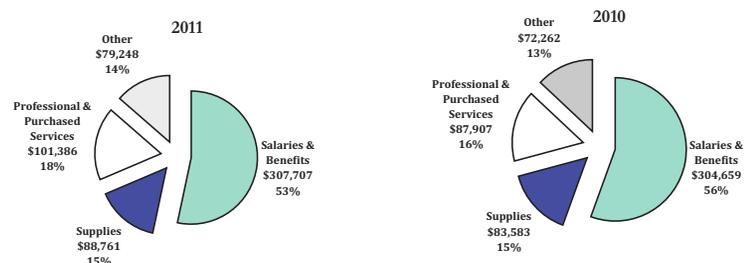
Inpatient Business Activity

Specialty	2011 Days	2010 Days	% Change
Medical/Surgical	57,125	56,893	0.4%
Maternity	12,118	11,342	6.8%
Pediatrics	204	138	47.8%
NICU	4,936	4,531	8.9%
Psychiatry	7,375	7,035	4.8%
Subacute	-	-	0.0%
Normal newborn	10,990	10,734	2.4%
Total	92,748	90,673	2.3%

Specialty	2011 LOS	2010 LOS	% Change
Medical/Surgical	4.5	4.6	-2.2%
Maternity	2.6	2.5	4.0%
Pediatrics	2.0	1.5	33.3%
NICU	9.9	8.9	11.2%
Psychiatry	7.6	7.6	0.0%
Subacute	0.0	0.0	0.0%
Normal newborn	2.4	2.6	-7.7%
Total	4.1	4.1	0.0%

The overall case mix index, which is an indicator of patient acuity, was 1.17 in fiscal year 2011 compared to 1.12 in fiscal year 2010.

Operating Expenses



Los Gatos

As discussed in the fiscal year 2010 Management's Discussion & Analysis, the Los Gatos campus opened to patients during the month of July of fiscal year 2010. In 2011, the Los Gatos campus generated an operating income of \$12.3 million that included in expenses over \$9 million in allocated overhead support expense from the Mountain View campus compared to operating income in fiscal year 2010 of \$1.8 million, which did not include the costs of allocated overhead services.

Salaries and Wages

Salaries and wages (including benefits) in fiscal year 2011 were 53% of total operating expenses compared to 56% in fiscal year 2010. Total salaries and wages decreased \$3.3 million over fiscal year 2010. Though registered nurses did receive a 3.5% across-the-board increase March 6, 2011, RN salaries decreased by \$4.7 million in 2011 compared to 2010. The primary reason for this decrease was due to significant activation and training costs at the Mountain View campus that occurred during the fall of fiscal year 2010 as the opening of the new replacement hospital took place in November 2009. Also patient days decreased in 2011 due to the focus of decreasing the patient length of stay and at both campuses enhanced tools were put in place to support flex staffing goals. At 6.4%, RN turnover rate (without reduction in force) is below the 7.3% California Hospital Association's ("CHA") Northern California rate. In fiscal year 2011, the use of outside temporary labor was decreased by more than \$1.0 million to a current year total of \$1.6 million. The Hospital continues its strategies for retention of the seasoned workforce. The Hospital's overall full-time and part-time employee vacancy rate for fiscal year 2011 was 0.9% vs. CHA Northern California's rate of 3.1%.

Employees represented by SEIU/United Healthcare Workers entered into their fourth year of a four year contract with a 3% increase effective July 11, 2010 and a 3% increase effective January 9, 2011. Professional Resources of Nurses ("PRN") received an across-the-board increase of 3.5% effective April 17, 2011. The Hospital's Stationary Engineers - Local 39 per their contract were provided a 4% increase effective November 14, 2010. The non-contractual, hospital represented employees and directors and managers received a 3.5% increase effective April 17, 2011.

Senior management received no salary increases or market adjustments during fiscal year 2011, nor were there any incentive pay-outs for accomplishments of goals made for senior management and the managers and directors for fiscal year 2010 during the current fiscal year.

Employee Benefits

Aggregate employee benefits increased \$6.3 million in 2011 compared to 2010.

Significant increases outside of the addition of the Los Gatos campus and decreases are:

- Though the workers compensation actuarial reserves again fell for the third straight year, the drop in reserves was not the significant \$5.3 million decrease experienced in fiscal year 2010.
- Pension retirement expense increased this year over the prior year by \$2.3 million due to lowering the discount rate to a 7% rate from an 8% rate in the prior year and reducing the amortization period of the NPO (Net Pension Obligation) to ten years in 2011 from 30 years in 2010.
- As the financial performance of the Hospital improved very significantly in the current fiscal year over the prior year, a pay-for-performance amount of \$2.4 million budget was accrued given individual performance evaluations to be completed of senior management and directors and managers for 2011 to be paid out no later than November 1, 2011.
- Due to a small reduction in force through-out the organization and terminations of certain executive positions, self-funded unemployment insurance payments and severance payments increased by \$1.2 million in 2011 over 2010.

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Professional and Purchased Services

Total professional fees and purchased services increased by \$13.5 million in 2011 over 2010. As discussed in this section the fiscal year 2010 Management's Discussion and Analysis most of the increase is attributable to the consulting firm that implemented the Accelerated Continuous Excellence ("ACE") initiatives that started in mid fiscal year 2010 in response to a significant decrease in the income from operations (refer to page 12 for greater detail on these initiatives). In January 2011, this consulting firm finished the engagement and was paid an additional one-time fee per their contract based on measurable improvements in revenue and expenses. The Hospital has now incorporated these multiple improvements into its daily operations that have lead to the significant income from operations produced in the current year over fiscal year 2010.

In fiscal year 2011, there were significant increases in costs for annual maintenance agreements of medical equipment as the first year under manufacture warranty on the new radiology, cardiac interventional, radiation therapy equipment, and CyberKnife stereotactic system put into service in fiscal year 2010.

Supplies

Total supply costs increased by \$5.2 million in fiscal year 2011 over the prior year. Significant increases were chemotherapy drugs due to increased outpatient infusion visits, heart valves and pacing implants, and for surgery supplies for the Ortho-Spine program that started at the Los Gatos campus in fiscal year 2011.

Depreciation and Amortization

The expense for depreciation and amortization increased \$7.2 million in fiscal year 2011 over 2010. This was primarily driven by a full year of depreciation occurring in fiscal year 2011 on the new hospital at the Mountain View campus that opened in the fall of the fiscal year 2010.

Interest

Interest expense increased by \$0.9 million in fiscal year 2011 over fiscal year 2010. This increase was due to a full year of bond interest expense occurring on the 2007 Series A, B, and C Revenue Bonds and the Series 2009 A Revenue Bonds in fiscal year 2011. In the prior fiscal year the operating interest expense did not occur until mid-November 2009 when the new hospital at the Mountain View campus opened, as prior to that time the cost was being capitalized into the cost of the Hospital Replacement Project.

Rent and Utilities

Rent and utilities were essentially unchanged.

Other Expenses

Other expenses decreased by \$0.6 million over fiscal year 2011. Primarily this decrease was in the areas of advertising, education and travel costs, and use tax on leased equipment due to the termination of certain equipment leases early in the fiscal year.

Change in Net Unrealized Gains & Losses on Investments

For fiscal year 2011, the Hospital had two money managers with different investment objectives for the Hospital's surplus cash investments. Total net unrealized gains/losses in stocks and bonds are reported in the District's consolidated financial statements during this fiscal year.

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Barrow, Hanley, Mewhinney & Strauss (BHMS)

Stock investments improved to a net unrealized gain during fiscal year 2011 as the stock market rallied. This resulted in a fiscal year positive net change of \$13.8 million as the market value of assets increased. For comparison, the S&P 500 was up 28.1% for the twelve months ended June 30, 2011.

Intermediate bond investments reflect a slight increase in the unrealized gain.

Wells Capital Management ("WCM")

Bond investments managed by WCM reflect an increase in the amount of unrealized gains during the period. The change from the prior year was a net gain of \$0.8 million; a 1.1% increase in market value. During the period a total of \$15 million of contributions were made to the portfolio. The three \$5 million dollar additions were made in December 2010, April 2011 and May 2011. During each of these contributions Intermediate U.S. Treasury yields were at higher levels than where they ended the period. The timing of these additions benefited the portfolio and increased its net unrealized gain even though interest rates increased during the full year period.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
El Camino Hospital District

We have audited the accompanying consolidated balance sheets of El Camino Hospital District as of June 30, 2012 and 2011, and the related consolidated statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of El Camino Hospital District as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of El Camino Hospital District as a whole. The accompanying consolidating balance sheet and consolidating statement of revenues, expenses, and changes in net assets as of and for the year ended June 30, 2012, are presented as supplementary information, for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The Management's Discussion and Analysis on pages 1 through 13, and the accompanying supplemental pension information on page 41, are not a required part of the consolidated financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of El Camino Hospital District's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion or provide any assurance on it.

The accompanying supplemental schedule of community benefit on page 42 is not a required part of the consolidated financial statements. This supplementary information is the responsibility of El Camino Hospital District's management. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

San Francisco, California
October 17, 2012

CONSOLIDATED FINANCIAL STATEMENTS

EL CAMINO HOSPITAL DISTRICT
CONSOLIDATED BALANCE SHEETS
June 30, 2012 and 2011
(In Thousands)

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 42,334	\$ 41,988
Short-term investments	221,428	154,046
Current portion of board designated, restricted funds and trustee assets	9,653	8,874
Patient accounts receivable, net of allowances for doubtful accounts of \$9,131 and \$8,021 in 2012 and 2011, respectively	87,528	81,515
Prepaid expenses and other current assets	18,787	17,692
Notes receivable, current	108	2,013
Total current assets	379,838	306,128
Non-current cash and investments		
Board-designated funds	236,707	212,615
Restricted funds	56	54
Funds held by trustee	13,495	13,090
Total non-current cash and investments	250,258	225,759
Capital assets, net	670,711	691,178
Pledges receivable, net	2,747	3,756
Prepaid pension asset	27,527	24,239
Investments in health care affiliates	18,660	18,484
Other assets	6,296	6,717
Total assets	\$ 1,356,037	\$ 1,276,261
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion capital lease obligations	\$ 5,100	\$ 5,663
Accounts payable and accrued expenses	19,442	19,520
Salaries, wages, and related liabilities	39,484	39,868
Other current liabilities	13,609	11,684
Estimated third-party payor settlements	18,467	10,476
Current portion of bonds payable	4,150	54,610
Total current liabilities	100,252	141,821
Capital lease obligations, net of current portion	4,952	10,190
Bonds payable, net of current portion	326,578	280,728
Other long-term obligations	13,953	8,064
Workers' compensation, net of current portion	18,031	15,572
Postretirement medical benefits, net of current portion	14,832	14,535
Total liabilities	478,598	470,910
Net assets		
Invested in capital assets, net of related debt	343,694	355,469
Restricted - expendable	4,820	5,250
Restricted - nonexpendable	2,057	4,562
Unrestricted	526,868	440,070
Total net assets	877,439	805,351
Total liabilities and net assets	\$ 1,356,037	\$ 1,276,261

See accompanying notes.

EL CAMINO HOSPITAL DISTRICT
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and 2011
(In Thousands)

	2012	2011
Operating revenues		
Net patient service revenue (net of provision for bad debts of \$14,747 and \$31,400 in 2012 and 2011, respectively)	\$ 636,820	\$ 603,625
Other revenue	21,591	19,015
Total operating revenues	658,411	622,640
Operating expenses		
Salaries, wages, and benefits	330,472	307,707
Professional fees and purchased services	93,324	101,386
Supplies	94,196	88,761
Depreciation and amortization	49,593	49,942
Rent and utilities	13,925	13,029
Other	17,244	16,277
Total operating expenses	598,754	577,102
Income from operations	59,657	45,538
Nonoperating revenues (expenses):		
Investment income, net	18,346	23,544
Property tax revenue		
Designated to support community benefit programs	5,902	5,782
Designated to support capital expenditures	3,610	3,368
Levied for debt service	6,908	6,643
General Obligation bond interest expense	(4,828)	(4,897)
Intergovernmental transfer expense	(3,349)	-
Restricted gifts, grants and bequests, and other	3,432	8,003
Unrealized gain (loss) on interest rate swap	(5,781)	1,364
Other, net	(11,809)	(6,072)
Total nonoperating revenues and (expenses)	12,431	37,735
Increase in net assets	72,088	83,273
Total net assets, beginning of year	805,351	722,078
Total net assets, end of year	\$ 877,439	\$ 805,351

See accompanying notes.

**EL CAMINO HOSPITAL DISTRICT
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011
(In Thousands)**

	2012	2011
Cash flows from operating activities		
Cash received from and on behalf of patients	\$ 635,449	\$ 595,707
Other cash receipts	21,591	19,015
Cash payments to employees	(328,100)	(306,798)
Cash payments to suppliers	(220,872)	(215,209)
Net cash from operating activities	<u>108,068</u>	<u>92,715</u>
Cash flows from noncapital financing activities		
Property taxes	9,512	9,150
Restricted contributions and investment income	4,441	4,465
Transfers from restricted funds and other	(2)	(3)
Net cash from noncapital financing activities	<u>13,951</u>	<u>13,612</u>
Cash flows from capital and related financing activities		
Purchases of property, plant, and equipment	(29,126)	(14,465)
Payments on capital leases obligations	(5,801)	(5,644)
Payments on bonds payable	(4,610)	(4,245)
Interest paid on General Obligation bond debt	(4,828)	(4,897)
Tax revenue related to general obligation bonds	6,908	6,643
Net cash used for capital and related financing activities	<u>(37,457)</u>	<u>(22,608)</u>
Cash flows from investing activities		
Purchases of investments	(458,743)	(279,524)
Sales of investments	366,490	206,389
Investment income	6,537	17,472
Decrease (increase) in notes receivable	1,905	(2,013)
Change in funds held by trustee, net	(405)	(1,606)
Net cash used in investment activities	<u>(84,216)</u>	<u>(59,282)</u>
Net increase in cash and cash equivalents	<u>346</u>	<u>24,437</u>
Cash and cash equivalents at beginning of year	<u>41,988</u>	<u>17,551</u>
Cash and cash equivalents at end of year	<u>\$ 42,334</u>	<u>\$ 41,988</u>
Reconciliation of operating income to net cash from operating activities		
Income from operations	\$ 59,657	\$ 45,538
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	49,593	49,942
Provision for bad debts	14,747	31,400
Changes in assets and liabilities		
Patient accounts receivable, net	(16,118)	(39,318)
Prepaid expenses and other current assets	(4,138)	7,695
Current liabilities, excluding current portion capital lease obligations	1,463	(1,562)
Other long-term obligations	2,567	(1,318)
Postretirement medical benefits	297	338
Net cash from operating activities	<u>\$ 108,068</u>	<u>\$ 92,715</u>

See accompanying notes.

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**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – El Camino Hospital District (the "District") includes the following component units which are included as blended component units of the District's consolidated financial statements: El Camino Hospital (the "Hospital"), El Camino Hospital Foundation (the "Foundation"), CONCERN: Employee Assistance Program ("CONCERN"), El Camino Surgery Center, LLC ("ECSC"), and Silicon Valley Medical Development, LLC ("SVMD").

The District is organized as a political subdivision of the State of California and was created for the purpose of operating an acute care hospital and providing management services to certain related corporations. The District is the sole member of the Hospital, and the Hospital is the sole corporate member of the Foundation and CONCERN. As sole member, the District (with respect to the Hospital) and the Hospital (with respect to the Foundation and CONCERN) have certain powers, such as the appointment and removal of the boards of directors and approval of changes to the articles of incorporation and bylaws. As of June 30, 2011, the Hospital owned 51% of ECSC and the physicians owned 49%. On August 31, 2011, the Hospital purchased the shares owned by the physicians, except a one-tenth share. As of June 30, 2012, the Hospital owns 99.9% of ECSC and a physician owns the remaining 0.1%.

The purpose of CONCERN is to provide and operate a specialized healthcare service plan for various business organizations nationwide; CONCERN has a limited Knox-Keene license from the Department of Corporations of the State of California and commenced its operations.

SVMD was formed in September 2008 as a Limited Liability Corporation ("LLC"), a wholly owned subsidiary of the Hospital focused on the expansion of the clinical enterprise outside of the Hospital through various business ventures and physician alignment initiatives that improve access for the Hospital's current patients and new, underserved members of the community, extend healthcare into people's homes through the applications of electronic connectivity and assist independent physicians in clinical integration with the Hospital, among other initiatives.

All significant inter-entity accounts and transactions have been eliminated in the consolidated financial statements.

Accounting standards – Pursuant to Government Accounting Standard Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989.

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

Use of estimates – The preparation of the consolidated 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 consolidated financial statements. Estimates also affect 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 deposits with financial institutions, and investments in highly liquid debt instruments with an original maturity of three months or less. In addition, in 2012 and 2011, cash and cash equivalents include repurchase agreements, which consist of highly liquid obligations of U.S. governmental agencies. Cash and cash equivalents exclude amounts whose use is limited by board designation or by legal restriction.

Investments – Short-term investments consist primarily of highly liquid debt instruments and other short-term interest-bearing certificates of deposit, U.S. Treasury bills, U.S. government obligations, and corporate debt, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

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**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Board-designated and restricted funds include assets set aside by the board for future capital improvements and other operational reserves, over which the board retains control and may at its discretion use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law; and assets restricted by donors or grantors.

Investment income, realized gains and losses, and unrealized gains and losses on investments are reflected as nonoperating income or expense.

Deferred financing costs – Financing costs incurred with the issuance of bonds are amortized over the term of the bonds using a method that approximates the effective interest rate method. Amortization of these costs is included in interest expense.

Bond assets held in trust – According to the terms of both indenture agreements (General Obligation and Revenue Bonds), these certain amounts are held by the bond trustee and paying agent and are maintained and managed by the trustee and are invested in short term cash equivalents. These assets are available for the settlement of future current bond obligations.

Capital assets – Capital asset acquisitions are recorded at cost. Donated property is recorded at its fair-market value on the date of donation. All purchases over \$2,500 are capitalized. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	16 years
Buildings and fixtures	25 – 47 years
Equipment	3 – 16 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Costs of borrowing – Except for capital assets acquired through gifts, contributions or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Investments in healthcare related affiliates – The District currently holds an interest in Pathways Home Health & Hospice and Pathways Private Duty (formerly Pathways Continuous Care), which is reported on the equity method of accounting.

Risk management – The Hospital 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; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-insurance plans – The District maintains professional liability insurance on a claims-made basis, with liability limits of \$30,000,000 in aggregate, and which is subject to a \$50,000 deductible. Additionally, the District is self-insured for workers' compensation benefits. The District purchases a Workers' Compensation Excess Policy that insures claims greater than \$1,000,000 with a limit of \$10,000,000 and a \$1,000,000 deductible. Actuarial estimates of uninsured losses for professional liability and workers' compensation have been accrued as liabilities in the accompanying consolidated financial statements.

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**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following is a summary of changes in workers' compensation liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
2012	\$ 17,872	\$ 5,343	\$ 2,884	\$ 20,331
	Beginning Balance	Increases	Decreases	Ending Balance
2011	\$ 19,519	\$ 462	\$ 2,109	\$ 17,872

Interest rate swap agreements – During the fiscal year ended June 30, 2007, the Hospital entered into derivative instruments in the form of swap agreements to hedge variable interest rate exposures. During the fiscal year ended June 30, 2008, the underlying variable rate debt was refunded for fixed rate debt, leaving the Hospital with a speculative derivative instrument that largely offsets the variable rate debt issued in 2009. Refer to Note 10 for a full description of the interest rate swap agreements.

Net assets – Net assets of the District are classified as invested in capital assets, restricted net assets, retained earnings reserved for minority interest, and unrestricted net assets.

Invested in capital assets, net of related debt – Invested in capital assets of \$343,694,000 and \$355,469,000 at June 30, 2012 and 2011, respectively, represent investments in all capital assets (building and building improvements, furniture and fixtures, and information and technology equipment), net of depreciation less any debt issued to finance those capital assets.

Restricted net assets – This component of net assets of restricted expendable net assets and restricted non-expendable net assets. The restricted expendable net assets are restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net assets restricted to use by donors. The restricted non-expendable net assets are equal to the principal portion of permanent endowments as well as minority interest.

Unrestricted net assets – Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets, net of related debt, reserved for minority interests, or restricted.

Statements of revenues, expenses, and changes in net assets – For purposes of display, transactions deemed by management to be ongoing, major, or central to the provisions of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses. These peripheral activities include investment income, property tax revenue, gifts, grants and bequests, change in net unrealized gains and losses on investments in marketable securities, unrealized losses on interest rate swaps and are reported as nonoperating. Investments in the Pathways Home Health & Hospice and Pathways Private Duty are accounted for under the equity method. The District's share of the operating income of these entities is included as other, net in the District's consolidated financial statements.

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Net patient service revenue and patient accounts receivable – 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. At June 30, 2012 and 2011, the Hospital provided allowances for losses on amounts receivable directly from patients totaling \$12,542,000 and \$8,021,000, respectively. The distribution of net patient accounts receivable by payor at June 30, 2012 and 2011 is as follows:

	June 30,	
	2012	2011
Medicare	19%	19%
Medi-Cal	4%	4%
Commercial and other	76%	76%
Self pay	1%	1%
	<u>100%</u>	<u>100%</u>

Uncollectible accounts – The Hospital provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible.

Property tax revenue – The District received approximately 23% in 2012 and 19% in 2011 of its total increase in net assets from property taxes. These funds were designated as follows:

	June 30,	
	2012	2011
Designated to support community benefit programs	\$ 5,902,000	\$ 5,782,000
Designated to support Hospital Replacement Project	\$ 3,610,000	\$ 3,368,000
Levied for debt service	\$ 6,908,000	\$ 6,643,000

Property taxes 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 calendar year. Amounts levied are based on assessed property values as of the preceding July 1. Property taxes are considered delinquent on the day following each payment due date. Property taxes are recorded as non-operating revenue by the District when they are earned.

Charity care – The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of estimated costs for services and supplies furnished under the Hospital's charity care policy aggregated approximately \$3,154,000 and \$2,773,000 in 2012 and 2011, respectively.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions 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 nonoperating revenues.

Income taxes – 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. CONCERN has also been granted tax-exempt status. However, income from the unrelated business activities of the Hospital and the Foundation is subject to income taxes. ECSC and SVMD are limited liability companies and are treated as pass-through entities for federal income tax purposes. Accordingly, no recognition has been given to federal income taxes in the accompanying consolidated financial statements.

Reclassifications – Certain amounts in the 2011 notes to the consolidated financial statements have been reclassified to conform to the 2012 presentation.

New accounting pronouncements – The GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* ("GASB No. 61"), which is effective for financial statements for periods beginning after June 15, 2012. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. It also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The District is currently evaluating the impact of the adoption of GASB No. 61 for the fiscal year ending June 30, 2013.

The GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No. 63"), which is effective for financial statements for periods beginning after December 15, 2011. The requirements of GASB No. 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Amounts that are required to be reported as deferred outflows of resources should be reported in a statement of financial position in a separate section following assets. Similarly, amounts that are required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components – net investment in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted. The District is currently evaluating the impact of the adoption of GASB No. 63 for the fiscal year ending June 30, 2013.

The GASB also issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"), which is effective for financial statements for periods beginning after December 15, 2012. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The District is currently evaluating the impact of the adoption of GASB No. 65 for the fiscal year ending June 30, 2014.

The GASB also issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* ("GASB No. 68"), which is effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The District is currently evaluating the impact of the adoption of GASB No. 65 for the fiscal year ending June 30, 2015.

NOTE 2 – OPERATING REVENUES

The following table reflects the percentage of net patient revenues by major payor group:

	2012	2011
Medicare	24%	23%
Commercial and other	74%	75%
Medi-Cal	2%	2%
	<u>100%</u>	<u>100%</u>

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, fee schedules, prepaid payments per member, and per diem payments or a combination of these methods. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors.

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 based on clinical, diagnostic, and other factors. Inpatient services are paid at prospectively determined rates per discharge. Payments for outpatient services are based on a stipulated amount per diagnosis. The District is reimbursed for cost reimbursable items at a tentative rate, with final settlements determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The effect of updating prior year estimates for Medicare and other liabilities was to increase 2012 and 2011 net operating income by \$7,992,000 and \$8,656,000, respectively. The District's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007.

Medi-Cal and contracted rate payors are paid on a percentage of charges, per diem, per discharge, fee schedule, or a combination of these methods.

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 in the near term.

Included in other revenue are amounts from investments in health-related activities, rental income, cafeteria, and other nonpatient care revenue.

NOTE 3 – CASH DEPOSITS

At June 30, 2012 and 2011, District cash deposits had carrying amounts of \$42,334,000 and \$41,988,000, respectively, and bank balances of \$47,116,000 and \$47,206,000, respectively. All of these funds were held in cash deposits, which are collateralized with the California Government Code ("CGC"), except for \$250,000 per account that is federally insured by the Federal Deposit Insurance Corporation ("FDIC").

The District participates in a cash management program provided by its primary depository institution that allows cash in District concentration accounts to be swept daily and invested overnight in reverse repurchase agreements that are not exposed to custodial credit risk because the underlying securities are held by the buyer-lender. At June 30, 2012 and 2011, balances in repurchase agreements had carrying values of \$44,958,000 and \$44,983,000, respectively, and are included in the carrying amounts above.

NOTE 4 – BOARD-DESIGNATED, RESTRICTED FUNDS AND INVESTMENTS

Board-designated funds, restricted funds, and short-term investments, collectively, as of June 30, 2012 and 2011 comprised the following (in thousands):

	Amortized Costs	Gross Unrealized		Carrying Value
		Gains	Losses	
2012				
Cash and cash equivalents	\$ 9,534	\$ -	\$ -	\$ 9,534
Equities	54,118	7,420	(7,066)	54,472
Fixed income securities	383,536	15,854	(1,173)	398,217
	<u>\$ 447,188</u>	<u>\$ 23,274</u>	<u>\$ (8,239)</u>	<u>\$ 462,223</u>
2011				
Cash and cash equivalents	\$ 14,743	\$ -	\$ -	\$ 14,743
Equities	52,661	7,447	(5,713)	54,395
Fixed income securities	294,697	9,681	(658)	303,720
	<u>\$ 362,101</u>	<u>\$ 17,128</u>	<u>\$ (6,371)</u>	<u>\$ 372,858</u>

At June 30, 2012, District investment balances and average maturities were as follows:

Investment Type	Fair-Value (in thousands)	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Short-term money market	\$ 8,194	\$ 8,194	\$ -	\$ -
Mutual funds	325	325	-	-
Government and agencies	109,871	3,382	82,964	23,525
Corporate bonds	190,138	13,526	161,605	15,007
Domestic fixed income	89,511	-	89,511	-
Foreign fixed income	9,606	-	5,332	4,274
	<u>407,645</u>	<u>\$ 25,427</u>	<u>\$ 339,412</u>	<u>\$ 42,806</u>
Equities	54,578			
Total fair-value	<u>\$ 462,223</u>			

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

At June 30, 2011, District investment balances and average maturities were as follows:

Investment Type	Fair-Value (in thousands)	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
Short-term money market	\$ 14,743	\$ 14,743	\$ -	\$ -
Mutual funds	354	354	-	-
Government and agencies	157,064	22,343	80,320	54,401
Corporate bonds	57,550	5,465	32,804	19,281
Domestic fixed income	81,970	-	81,970	-
Foreign fixed income	7,135	-	6,059	1,076
	318,816	\$ 42,905	\$ 201,153	\$ 74,758
Equities	54,042			
Total fair-value	\$ 372,858			

Interest rate risk – Through its investment policies, the District manages its exposure to fair value losses arising from increasing interest rates by limiting maturity of fixed income securities in its portfolio to no more than ten years.

Credit risk – District investment policies limit investments to investment grade assets. The investment policy requires investment managers maintain an average of Aa/AA or higher ratings as issued by a nationally recognized rating organization. Additionally, the investment policy requires no more than 50% of total investments to be invested in U.S. corporate notes and bonds.

Foreign currency risk – The District’s investment policy permits it to invest up to 15 percent of total investment in foreign currency denominated investments. These investments must have a minimum quality rating of BAA3/BBB, or its equivalent or higher, as issued by at least two of the three nationally recognized rating organizations. Those assets identified as foreign fixed income investments above are securities issued by Non-U.S. domiciled issuers. All securities are denominated and payable in (both interest and principal) U.S. dollars. None represent foreign currency risk.

The carrying amount of deposits and investments are included in the District’s consolidated balance sheets as follows (in thousands):

	2012	2011
Included in the following balance sheet captions:		
Short-term investments	\$ 221,428	\$ 154,046
Current portion board designated, restricted funds and trusteed assets	4,032	6,143
Board designated, less current portion	236,707	212,615
Restricted funds, less current portion	56	54
	\$ 462,223	\$ 372,858

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012, is as follows (in thousands):

	Balance			Balance June 30, 2012
	June 30, 2011	Increases	Decreases	
Capital assets not being depreciated				
Land	\$ 33,937	\$ 5,690	\$ -	\$ 39,627
Construction in progress	4,520	8,690	7,136	6,074
	38,457	14,380	7,136	45,701
Capital assets being depreciated				
Land improvement	11,277	6	-	11,283
Buildings	703,329	7,575	303	710,601
Capital equipment	253,340	20,688	12,840	261,188
	967,946	28,269	13,143	983,072
Less accumulated depreciation for				
Land improvement	4,116	795	3	4,908
Buildings	160,486	19,860	-	180,346
Capital equipment	150,623	29,000	6,815	172,808
	315,225	49,655	6,818	358,062
Total capital assets being depreciated, net	652,721	(21,386)	6,325	625,010
Total capital assets, net	\$ 691,178	\$ (7,006)	\$ 13,461	\$ 670,711

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Capital assets activity for the year ended June 30, 2011, is as follows (in thousands):

	Balance			Balance June 30, 2011
	June 30, 2010	Increases	Decreases	
Capital assets not being depreciated				
Land	\$ 32,519	\$ 1,418	\$ -	\$ 33,937
Construction in progress	7,900	2,920	6,300	4,520
	40,419	4,338	6,300	38,457
Capital assets being depreciated				
Land improvement	11,018	259	-	11,277
Buildings	698,142	5,187	-	703,329
Capital equipment	254,159	11,631	12,450	253,340
	963,319	17,077	12,450	967,946
Less accumulated depreciation for				
Land improvement	3,317	799	-	4,116
Buildings	140,573	20,514	601	160,486
Capital equipment	133,193	29,255	11,825	150,623
	277,083	50,568	12,426	315,225
Total capital assets being depreciated, net	686,236	(33,491)	24	652,721
Total capital assets, net	\$ 726,655	\$ (29,153)	\$ 6,324	\$ 691,178

Construction contracts of approximately \$21.9 million exist for the construction of various projects including upgrading the Los Gatos campus, the Women’s Hospital, and the Senior Health Center. At June 30, 2012, the remaining commitment on these contracts approximated \$12.8 million.

NOTE 6 – EMPLOYEE BENEFIT PLANS

The District sponsors a cash-balance pension plan (the “Plan”), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer Plan benefits are calculated as 5% of a participant’s annual plan compensation, and the annual interest is an indexed rate based on the return on ten-year U.S. treasury securities. Participants are fully vested in their account balances after five pension years.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit retirement plan in effect prior to January 1, 1995. Any costs and liabilities related to this plan are included below.

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table summarizes the net pension obligation (“NPO”) or prepaid pension asset for the District’s cash-balance pension plan (in thousands):

Fiscal Year	Beginning of Year	Annual Pension Contribution Cost (b)	Actual Contribution (c)	Increase (Decrease) in NPO (b-c)	End of Year NPO/ (Prepaid Pension Asset)
	NPO/(Prepaid Pension Asset) (a)				((a)+c-b))
2010	\$ (15,766)	\$ 5,356	\$ 16,900	\$ (11,544)	\$ (27,310)
2011	\$ (27,310)	\$ 7,871	\$ 4,800	\$ 3,071	\$ (24,239)
2012	\$ (24,239)	\$ 12,367	\$ 15,654	\$ (3,287)	\$ (27,526)

The following table summarizes the actuarial assumptions used to determine the District’s cash-balance pension plan liabilities as of June 30:

	2012	2011	2010
Expected long-term return on assets	6.0%	7.0%	8.0%
Rate of compensation increases	4.0%	4.0%	4.0%
Date of actuarial valuation	January 2011	January 2010	January 2009
Amortization period of NPO	7 years	10 years	30 years

Components of pension activity for the years ended June 30, 2012 and 2011, consist of the following (in thousands):

	2012	2011
Pension expense	\$ 8,114	\$ 7,871
Employer contributions	\$ 15,654	\$ 4,800
Benefits paid	\$ 7,118	\$ 6,650

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the 403(b) plan) pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan’s assets are held by trustees designated by the Hospital’s management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee contributions to the 403(b) plan, subject to a maximum of 4% of each participant’s annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31). Employer matching contributions under the 403(b) plan are made to the cash-balance pension plan and earn interest as defined by that plan. Employer matching contributions to the 403(b) plan of \$6,531,000 and \$6,744,000 in 2012 and 2011, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash-balance pension plan.

NOTE 7 – POSTRETIREMENT MEDICAL BENEFITS

The Hospital provides healthcare benefits and life insurance for retired employees who meet eligibility requirements as outlined in the plan document, as approved by the board of directors of the Hospital. All employees who attain age 55 with a minimum of 20 years of enrollment in the Hospital’s healthcare program and are enrolled in one of the plans upon retirement, and who were hired prior to July 1, 1994 are eligible. Under the plan, employees are credited with employment history accumulated under a prior District plan.

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Benefits are funded by the Hospital on a pay-as-you go basis. If a participant terminates from the Hospital after 20 years of enrollment but before reaching age 62, he or she can choose to contribute to the plan between ages 55 and 61 to retain the plan's benefits. At age 62, eligible retirees are given an annual credit based on years of service to pay for health benefits. As of June 30, 2012 and 2011, approximately 728 employees and former employees were eligible to participate in the plan.

The following table sets forth the plan's funded status, as actuarially determined on an accrual basis, reconciled with the amounts shown in the District's consolidated balance sheets as of June 30, 2012 and 2011 (in thousands):

	2012	2011
Accumulated benefit obligation	\$ 20,820	\$ 21,373
Fair-value of plan assets	-	-
Funded status	<u>\$ (20,820)</u>	<u>\$ (21,373)</u>
Accrued benefit cost recognized in the consolidated balance sheets	<u>\$ (14,832)</u>	<u>\$ (14,535)</u>

The net period postretirement benefit activity for 2012 and 2011 included the following components (in thousands):

	2012	2011
Benefit expense	\$ 1,024	\$ 1,112
Employer contributions	\$ 727	\$ 774
Plan participants' contributions	\$ 208	\$ 251
Benefits paid	\$ 935	\$ 1,025

The measurement date for the actuarial analysis is June 30 for both 2012 and 2011. For measurement purposes, annual rates of increase in the per capita cost of covered healthcare benefits of 10% and 11% were assumed for fiscal years 2012 and 2011, respectively. The rate was assumed to decrease gradually to 5.5% over the next four years and remain at that level thereafter. The dental benefit trend rate was assumed to be 5% in all future years. The discount rates used was 4.25% for both 2012 and 2011.

The following table summarized projected future postretirement plan benefits payments (in thousands):

	2013	2014	2015	2016	2017	2018-2022
		\$ 789	918	989	1,089	1,200
						7,600
						<u>\$ 12,585</u>

NOTE 8 - INSURANCE PLANS

The District purchases professional, general, automobile, and directors and officers liability insurance from BETA Healthcare Group ("BHG"), and also purchases all-risk property insurance (including limited flood), fiduciary, crime, and excess workers' compensation coverage needs from Alliant insurance Services ("Alliant"). The District's coverage is under a claims-made policy with limits of \$30 million per occurrence, \$30 million in the annual aggregate, and with a self-insured retention level of \$50,000 per claim.

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted from services provided to patients. The District has actuarial estimates performed annually on its self-insurance plans of professional liability and workers' compensation benefits. Estimated liabilities (which have not been discounted) have been actuarially determined at an expected 75% confidence level and include an estimate of incurred, but not reported, claims. The balances are included in salaries and wages payable, workers' compensation and other long-term liabilities in the accompanying consolidated balance sheets.

NOTE 9 - LONG-TERM DEBT

Long-term debt consists of the following obligations (in thousands):

	June 30,	
	2012	2011
El Camino Hospital District 2006		
General Obligation Bonds		
Principal	\$ 142,280	\$ 143,805
Unamortized premium	889	1,071
El Camino Hospital Revenue Bonds		
Series 2008		
Principal	136,950	139,675
Unamortized premium	609	787
Series 2009		
Principal	50,000	50,000
Total long-term debt	330,728	335,338
Less current maturities	4,150	54,610
Maturities due after one year	<u>\$ 326,578</u>	<u>\$ 280,728</u>

	2012		
	Balance at June 30, 2011	Payments	Balance at June 30, 2012
General obligation bonds	\$ 144,876	\$ 1,707	\$ 143,169
Revenue bonds	190,462	2,903	187,559
	<u>\$ 335,338</u>	<u>\$ 4,610</u>	<u>\$ 330,728</u>

	2011		
	Balance at June 30, 2010	Payments	Balance at June 30, 2011
General obligation bonds	\$ 146,236	\$ 1,360	\$ 144,876
Revenue bonds	193,347	2,885	190,462
	<u>\$ 339,583</u>	<u>\$ 4,245</u>	<u>\$ 335,338</u>

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

General Obligation Bonds - Upon voter approval, in November 2003, the District issued in 2006, \$148,000,000 principal amount of General Obligation Bonds, which consists of \$115,665,000 of Current Interest Bonds, and \$32,335,000 of Capital Appreciation Bonds. Interest on the Current Interest Bonds is payable semiannually at rates ranging from 4% to 5% and principal maturities ranging from \$845,000 in 2010 to \$18,050,000 in 2036 are due annually on August 1. Interest at rates ranging from 4.38% to 4.48% and principal of the Capital Appreciation Bonds are payable only at maturity.

The Current Interest Bonds maturing on or before August 1, 2016, are not subject to redemption. The Current Interest Bonds maturing on or after August 1, 2017, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after February 1, 2017, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

The Bonds are general obligations of the District payable from ad valorem taxes. Payment of principal, interest and maturity value of the Bonds, when due, is insured by a municipal bond insurance policy.

Revenue Bonds, Series 2007 - Each Series of Bonds initially bore interest at Auction Rates for successive seven-day Auction Periods. Interest on the Bonds was payable on the Business Day immediately following the applicable Auction Period.

In May 2008, the Hospital issued \$147,525,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2007A, B, and C, at rates of 5.125% to 5.750%, to advance refund \$147,525,000 of the outstanding original Series 2007A, B, and C. Principal maturities on the serial bonds range from \$950,000 in 2013 to \$4,725,000 in 2041, and are due annually on February 1.

Revenue Bonds, Series 2009 - In April 2009, the Hospital issued \$50,000,000 of Santa Clara County Financing Authority Insured Revenue Bonds, Series 2009A to fund completion of the Hospital Replacement construction project. Interest on the Bonds is payable on the Business Day immediately following the applicable Remarketing Period. Principal maturities on the bonds range from \$100,000 in 2025 to \$10,920,000 in 2044, and are due annually on February 1.

The 2009 Series Revenue bond agreement contains various restrictive covenants which include, among other things, minimum debt service coverage, maintenance of minimum liquidity, and requirement to maintain certain financial ratios.

The bonds are secured by a pledge of gross revenues to an Indenture of Trust (Indenture) dated March 16, 2007. The Indenture contains certain covenants that, among other things, require the District to deposit all Gross Revenues of the Hospital as soon as practicable upon receipt. The Indenture also requires the Hospital to maintain a long-term debt service coverage ratio of 1.15 to 1. Failure to comply with the restrictive covenants of the Indenture could result in all of the unpaid principal and accrued interest of the bonds becoming due immediately, at the option of the trustee.

Letter of Credit - In March 2009, in connection with the issuance of the 2009 Series Revenue bonds, the Hospital obtained an irrevocable Letter of Credit issued by a bank for \$50,000,000. This Letter of Credit requires the Hospital to maintain a long-term debt services coverage ratio of 1.15 to 1.

Due to certain provisions of the 2009 Series Revenue bonds agreement, the entire outstanding balance of the bonds was presented as a current liability as of June 30, 2011; due to the fact that the letter of credit in connection with the bonds expired in April 2012. Notwithstanding that the bonds mature between 2025 and 2044, such presentation is required by GASB Codification Section B50, *Bond, Tax, and Revenue Anticipation Notes*, which discusses presentation of debt that is subject to an earlier tender. As of June 30, 2012, the District's letter of credit was amended to expire on April 6, 2017; and as such, the outstanding balance of the bonds is appropriately reclassified as current and long-term according to the respective maturities.

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Interest Costs - Interest costs incurred for the years ended June 30, 2012 and 2011, are (in thousands):

	June 30,	
	2012	2011
Operating expense	\$ 7,603	\$ 6,742
Nonoperating expense	4,828	4,897
	<u>\$ 12,431</u>	<u>\$ 11,639</u>

Debt service requirements for long-term debt are as follows (in thousands):

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 970	\$ 4,945	\$ 2,850	\$ 9,090
2014	1,300	4,906	3,000	8,947
2015	1,665	4,848	3,075	8,797
2016	2,065	4,773	3,200	8,644
2017	2,485	4,690	53,275	8,484
2018-2021	15,010	17,414	14,225	32,186
2022-2026	21,372	29,011	20,625	35,540
2027-2031	18,369	45,886	24,300	29,297
2032-2036	60,994	20,740	28,650	21,520
2037-2041	18,050	803	33,750	11,841
2042-2045	-	-	-	2,040
	<u>\$ 142,280</u>	<u>\$ 138,016</u>	<u>\$ 186,950</u>	<u>\$ 176,386</u>

Interest Rate Swaps - On March 7, 2007, the Hospital entered into three interest rate swap agreements in connection with the issuance of the Series 2007 Revenue Bonds. The intention of the swap is to create debt with a synthetic, fixed interest rate on the variable-rate Revenue Bonds. The swaps were effective March 23, 2007, with a termination date of February 1, 2041, and notional amounts of \$50 million each, these terms match the terms of the underlying Series 2007 Revenue Bonds. Under each swap transaction, the Hospital pays a fixed rate of interest of 3.204% and the counterparty pays a variable rate of interest equal to the sum of (i) 56% of USD-LIBOR-BBA plus (ii) .23%. In March 2008, the Hospital Board directed management to terminate the floating to fixed interest rate swaps when economically prudent in connection with the refunding of their Series 2007 Revenue Bonds. In December 2009, two of the three swaps were terminated. The fair value of the remaining swap is a liability of \$10,737,000 at June 30, 2012, and \$4,956,000 at June 30, 2011, included in other long-term obligations in the consolidated balance sheets.

Risks Associated with the Swap Agreements - From the Hospital's perspective, the following risks are generally associated with swap agreements:

Credit Risk - The counterparty becomes insolvent or is otherwise not able to perform its financial obligations. In the event the counterparty become insolvent or their credit rating falls below BBB-/Baa2 the Hospital has the right to terminate the swap. Upon exercise of early termination the amounts due from or to the counterparty will be determined by the market pricing of the swaps at the time of termination.

Termination Risk - The Hospital or counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of the termination, the swap has a negative fair value, the Hospital would be liable to the counterparty for that payment.

**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 – CAPITAL LEASE OBLIGATIONS

Capital lease obligations outstanding as of June 30, 2012, are as follows (in thousands):

Description	Maturity	Interest Rates	Original Issue	June 30, 2012
Capital leases - equipment	September 2011 - November 2014	0% to 7.75%	\$ 25,711	\$ 10,052
net of interest				5,100
Less current portion				<u>\$ 4,952</u>

Description	June 30, 2011	Increases	Decreases	Outstanding June 30, 2012
Capital leases - equipment	\$ 15,853	\$ -	\$ 5,801	\$ 10,052

Description	June 30, 2010	Increases	Decreases	Outstanding June 30, 2011
Capital leases - equipment	\$ 21,497	\$ -	\$ 5,644	\$ 15,853

Debt service requirements for capital lease obligations are as follows (in thousands):

Period Ending June 30,		
2013		\$ 5,362
2014		4,990
2015		-
2016		-
2017		-
Less interest		<u>(300)</u>
		10,052
Less current portion		<u>5,100</u>
		<u>\$ 4,952</u>

NOTE 11 – RESTRICTED NET ASSETS

Restricted net assets consist of donor-restricted contributions and grants and cash restricted for regulatory requirements, which are to be used as follows (in thousands):

	2012	2011
Charity and other	\$ 4,820	\$ 5,250
Endowments	2,007	4,512
Restricted by donor for specific uses	6,827	9,762
Restricted by Department of Managed Health Care	50	50
Total restricted net assets	<u>\$ 6,877</u>	<u>\$ 9,812</u>

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**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Permanently restricted contributions (endowments) remain intact, with the earnings on such funds providing an ongoing source of revenue to be used primarily for education.

The Foundation is the beneficiary of gifts through testamentary and other trusts in which the gift assets are held by the trustees and administered for the benefit of the Foundation and Hospital. Pooled income trust assets are donated to the Foundation under life annuity agreements. The donors maintain the right to income earned on the assets during their lifetime and, in some cases, during the lifetime of their survivors.

Although these gifts are irrevocable, applicable GASB pronouncements permit financial statement recognition only upon satisfaction of all eligibility requirements. Since the Foundation is not eligible to receive the assets held in the trusts until maturity of the trusts (generally the donor's death), long-term receivables from charitable remainder trusts and pooled income funds are not recognized in the consolidated financial statements.

The total of these contributions, measured at the fair value of assets to be received, discounted to their estimated net present value, is \$1,761,000 and \$1,871,000, respectively, at June 30, 2012 and 2011. The applicable federal discount rate for June 2012 and 2011, of 3.71% and 3.45%, respectively, per annum and the Standard Ordinary Mortality Rate Table were used to arrive at the present value.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Hospital pays vendor-related expenses on behalf of the Foundation and is reimbursed for these costs incurred. The Hospital also pays employee-related expenses, which are reimbursed by the Foundation. The Foundation's employees also participate in the cash-balance pension plan, sponsored by the Hospital. Full footnote disclosures relating to the cash-balance pension plan is included in the District's consolidated financial statements. The Hospital performs certain administrative functions on behalf of the Foundation for which no amounts are charged to the Foundation. As of June 30, 2012 and 2011, the Foundation has a payable to the Hospital in the amount of \$1,529,000 and \$391,000, respectively. Included in this payable amount is a \$1,000,000 loan from the Hospital to help the Foundation's operations. The target for the Foundation's repayment would be through incoming bequest. During the fiscal years 2012 and 2011, the Foundation paid the Hospital \$4,566,000 and \$4,650,000 for such expenses, respectively, which included amounts for operations, but also disbursements from Donor Restricted Funds in support of Hospital operations and capital acquisitions.

In beginning of July 2011, the Foundation moved to the Park Pavilion occupying 3,946 square feet with a rent expense of \$11,133 per month. The Foundation and Hospital Board of Directors agreed to waive the rent expense to assist in decreasing the Foundation's operating expenses, effective July 1, 2011. The fair value of the rent expense for the year ended June 30, 2012, was \$134,000 which was recorded as unrestricted contribution from the Hospital by the Foundation.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

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**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Lease Commitments – The District is obligated for land and office rental under the terms of various operating lease agreements. Following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2012 (in thousands):

	Operating Lease Commitments	Lease Income	Net Lease Benefit
2013	\$ 2,371	\$ 7,524	\$ 5,153
2014	2,050	6,782	4,732
2015	1,817	5,770	3,953
2016	1,411	5,707	4,296
2017	1,051	5,347	4,296
Thereafter	17,846	8,229	(9,617)
	<u>\$ 26,546</u>	<u>\$ 39,359</u>	<u>\$ 12,813</u>

Total rental expense in 2012 and 2011 for all operating leases was approximately \$2,345,000 and \$2,420,000, respectively.

Regulatory Environment – The healthcare 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, government healthcare 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 healthcare providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries from healthcare regulatory authorities regarding its compliance with laws and regulations. Although the District management is not aware of any violations of laws and regulations, it has received corrective action requests as a result of completed and on-going surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and non-compliance with survey corrective action requests could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Hospital Seismic Safety Act – In the 2010 fiscal year, the Mountain View campus completed its three year construction of the Hospital Replacement Project with the opening of its new five story, 450,000 square foot, state-of-the-art hospital facility on November 15, 2009. This completion made the Mountain View hospital campus to be in compliance with the State of California's SB 1953 in meeting all requirements of the Hospital Seismic Safety Act of 1994.

The Hospital Replacement Project at the Mountain View campus financing included the proceeds from a combination of: (1) General Obligation bonds, totaling \$148 million that were issued by the County of Santa Clara approved by the November 2003 Measure D; (2) \$150 million in revenue bonds issued by the Hospital in 2007; (3) an additional \$50 million revenue bond issue in 2009, and (4) cash reserves.

At the Los Gatos campus, at which most of the buildings were constructed in the 1960's, the campus buildings have been going through a seismic compliance review. Over the past two years since its acquisition structural engineers have been performing seismic assessments that have rated 12 of the 14 buildings to be seismic compliant through 2030. The two remaining buildings that require seismic upgrades at an estimated cost of \$7 million, under current regulations, the work in phases must be completed between 2013 and 2015. Senate Bill 90 recently signed into law, after other details being approved would provide a seven year extension on these 2013 and 2015 seismic deadlines.

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**EL CAMINO HOSPITAL DISTRICT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

During fiscal year 2011, the Hospital acquired another physician office building adjacent to its Mountain View campus and performed extensive upgrades to the individual offices before putting it on the rental market.

NOTE 14 – HEALTH CARE REFORM

In March 2010, President Obama signed the Health Care Reform Legislation into Law. The new law will result in sweeping changes across the health care industry. The primary goal of this comprehensive legislation is to extend health care coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designated to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. The District is unable to predict the full impact of the Health Care Reform Legislation at this time due to the law's complexity and current lack of implementing regulations and or interpretive guidance. However, the District expects that several provisions of the Health Care Reform Legislation will have a material effect on its business.

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SUPPLEMENTARY INFORMATION

**EL CAMINO HOSPITAL DISTRICT
CONSOLIDATING SCHEDULE - BALANCE SHEET
June 30, 2012
(In Thousands)**

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
ASSETS								
Current assets								
Cash and cash equivalents	\$ 1,616	\$ 38,628	\$ 40	\$ 927	\$ 968	\$ 155	\$ -	\$ 42,334
Short-term investments	3,747	206,143	1,099	10,439	-	-	-	221,428
Current portion of board designated, restricted funds and trustee assets	6,978	2,675	-	-	-	-	-	9,653
Patient accounts receivable, net of allowances for doubtful accounts of \$9,131	-	86,875	-	271	382	-	-	87,528
Prepaid expenses and other current assets	-	20,318	-	131	512	78	(2,252)	18,787
Notes receivable, current	105	-	-	-	9	-	(6)	108
Total current assets	12,446	354,639	1,139	11,768	1,871	233	(2,258)	379,838
Non-current cash and investments								
Board-designated funds	3,380	216,349	15,629	1,349	-	-	-	236,707
Restricted funds	-	6	-	50	-	-	-	56
Funds held by trustee	6,785	6,710	-	-	-	-	-	13,495
	10,165	223,065	15,629	1,399	-	-	-	250,258
Capital assets, net								
Pledges receivable	12,377	657,339	121	248	949	-	(323)	670,711
Prepaid pension	-	27,527	2,747	-	-	-	-	2,747
Investment in health care affiliates	-	19,674	-	-	-	-	(1,014)	18,660
Other assets	1,453	4,843	-	-	-	-	-	6,296
Total assets	\$ 36,441	\$ 1,287,087	\$ 19,636	\$ 13,415	\$ 2,820	\$ 233	\$ (3,595)	\$ 1,356,037

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**EL CAMINO HOSPITAL DISTRICT
CONSOLIDATING SCHEDULE - BALANCE SHEET (CONTINUED)
June 30, 2012
(In Thousands)**

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion capital lease obligations	\$ -	\$ 5,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,100
Accounts payable and accrued expenses	-	18,768	-	537	558	49	(470)	19,442
Salaries, wages, and related liabilities	-	38,538	-	575	269	102	-	39,484
Other current liabilities	2,963	9,353	2,070	1,011	-	-	(1,788)	13,609
Estimated third-party payor settlements	-	18,467	-	-	-	-	-	18,467
Current portion of bonds payable	1,155	2,995	-	-	-	-	-	4,150
Total current liabilities	4,118	93,221	2,070	2,123	827	151	(2,258)	100,252
Capital lease obligations, net of current portion								
Bonds payable, net of current portion	142,014	184,564	-	-	-	-	-	326,578
Other long-term obligations	-	13,953	-	-	-	-	-	13,953
Workers' compensation, net of current portion	-	18,031	-	-	-	-	-	18,031
Postretirement medical benefits, net of current portion	-	14,832	-	-	-	-	-	14,832
Total liabilities	146,132	329,553	2,070	2,123	827	151	(2,258)	478,598
Net assets								
Invested in capital assets, net of related debt	(117,029)	459,728	121	248	949	-	(323)	343,694
Restricted - expendable	-	-	4,820	-	-	-	-	4,820
Restricted - nonexpendable	-	-	2,007	50	-	-	-	2,057
Unrestricted	7,338	497,806	10,618	10,994	1,044	82	(1,014)	526,868
Total net assets	(109,691)	957,534	17,566	11,292	1,993	82	(1,337)	877,439
Total liabilities and net assets	\$ 36,441	\$ 1,287,087	\$ 19,636	\$ 13,415	\$ 2,820	\$ 233	\$ (3,595)	\$ 1,356,037

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EL CAMINO HOSPITAL DISTRICT
CONSOLIDATING SCHEDULE - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended June 30, 2012
(In Thousands)

	El Camino Hospital District	El Camino Hospital	El Camino Hospital Foundation	CONCERN	Surgery Center	Silicon Valley Medical Development	Eliminations Increase (Decrease)	El Camino Hospital District and Affiliates
Operating revenues								
Net patient service revenue (net of provision for bad debts of \$14,747)	\$ -	\$ 630,123	\$ -	\$ -	\$ 6,697	\$ -	\$ -	\$ 636,820
Other revenue	82	13,312	77	9,832	9	-	(1,721)	21,591
Total operating revenues	82	643,435	77	9,832	6,706	-	(1,721)	658,411
Operating expenses								
Salaries, wages and benefits	-	322,842	1,546	2,693	3,124	510	(243)	330,472
Professional fees and purchased services	805	85,469	1,502	4,303	1,029	556	(340)	93,324
Supplies	-	92,628	27	-	1,540	1	-	94,196
Depreciation and amortization	233	49,070	12	33	245	-	-	49,593
Rent and utilities	-	13,684	134	182	486	-	(561)	13,925
Other	46	16,578	230	269	121	-	-	17,244
Total operating expenses	1,084	580,271	3,451	7,480	6,545	1,067	(1,144)	598,754
(Loss) income from operations	(1,002)	63,164	(3,374)	2,352	161	(1,067)	(577)	59,657
Nonoperating revenues (expenses):								
Investment income, net	34	17,241	478	598	(5)	-	-	18,346
Property tax revenue								
Designated for community benefit programs	5,902	-	-	-	-	-	-	5,902
Designated for capital expenditures	3,610	-	-	-	-	-	-	3,610
Levied for debt service	6,908	-	-	-	-	-	-	6,908
General Obligation bond interest expense	(4,828)	-	-	-	-	-	-	(4,828)
Intergovernmental transfer expense	(3,349)	-	-	-	-	-	-	(3,349)
Restricted gifts, grants and bequests, and other	-	-	2,154	-	-	-	1,278	3,432
Unrealized loss on interest rate swap	-	(5,781)	-	-	-	-	-	(5,781)
Other, net	8	(10,110)	-	(1,477)	(127)	1,037	(1,140)	(11,809)
Total nonoperating revenues and (expenses)	8,285	1,350	2,632	(879)	(132)	1,037	138	12,431
Excess (deficit) of revenues over expenses before capital grants, contributions, and additions to permanent endowments	7,283	64,514	(742)	1,473	29	(30)	(439)	72,088
Capital transfers	(6,599)	6,663	(64)	-	-	-	-	-
Increase (decrease) in net assets	684	71,177	(806)	1,473	29	(30)	(439)	72,088
Total net assets, beginning of year	(110,375)	886,357	18,372	9,819	1,964	112	(898)	805,351
Total net assets, end of year	\$ (109,691)	\$ 957,534	\$ 17,566	\$ 11,292	\$ 1,993	\$ 82	\$ (1,337)	\$ 877,439

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EL CAMINO HOSPITAL DISTRICT
SUPPLEMENTAL PENSION INFORMATION
June 30, 2012

The following table summarizes the funding status of the District's cash-balance pension plan (in thousands):

Fiscal Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Assets in Excess of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess of AAL as a Percentage of Covered Payroll ((a-b)/c)
2010	\$ 90,565	\$ 109,373	\$ (18,808)	82.8%	\$ 149,616	-12.6%
2011	\$ 118,424	\$ 128,154	\$ (9,730)	92.4%	\$ 178,936	-5.4%
2012	\$ 133,257	\$ 150,895	\$ (17,638)	88.3%	\$ 205,695	-8.6%

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EL CAMINO HOSPITAL DISTRICT
SUPPLEMENTAL SCHEDULE OF COMMUNITY BENEFIT
Year Ended June 30, 2012

The Hospital maintains records to identify and monitor the level of direct community benefit it provides. These records include the charges foregone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2012 and 2011, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2012	2011
Unpaid costs of Medi-Cal programs	\$ 13,175	\$ 23,640
Indigent charity care	3,154	2,773
Other community-based programs	13,539	21,018
Total community benefits	\$ 29,868	\$ 47,431

In furtherance of its purpose to benefit the community, the Hospital provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. These services include providing access to healthcare through interpreters, referral and transport services, healthcare screening, community support groups and health educational programs, and certain home care and hospice programs. The estimated costs of Medicare programs in excess of reimbursement from Medicare were \$56,810,000 and \$66,724,000 for the years ended June 30, 2012 and 2011, respectively.

The Hospital also provides services to the community through the operations of the El Camino Hospital Auxiliary, Inc. (the "Auxiliary"). Services provided by volunteers of the Auxiliary, free of charge to the community, include assistance and counseling to patients and visitors, provision of scholarship awards to qualifying paramedical students, and daily personal contact with members of the community who are living alone. In 2012 and 2011, these volunteers contributed approximately 126,000 and 128,000 hours, respectively in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.

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The Community Health Awareness Council exists to provide alternatives to self-destructive behavior, and to help create healthy lives for the children and families of Mountain View, Los Altos, Los Altos Hills, and the surrounding communities.

Community Health Awareness Council

CHAC began as a grass-roots movement in 1973, led by a group of parents and community leaders who were concerned about the growing problem of adolescent alcohol and drug abuse in the cities of Mountain View, Los Altos, and Los Altos Hills. The original partnership (Joint Powers Agreement) included the governments of these three cities and their respective school districts. The seven Joint Powers Agreement entities provided the initial funding for CHAC services. Since 1973, the demand for, and variety of CHAC's services has grown greatly in scope and funding has considerably diversified. Today, the Joint Powers Agreement cities and school districts provide less than 13% of CHAC's funding. The majority of program funds are raised through individual donations, corporations, local businesses, Santa Clara County contracts, churches, service clubs, and foundations.

CHAC's programs address a variety of emotional problems that effect children, teens, and families. Issues include parenting and family problems, drug and alcohol use, physical and psychological abuse, teen pregnancy and truancy, depression, academic underachievement, anxiety, domestic violence, gang participation, economic stress, and other problems that lead to unhappiness or destructive behavior. Many of CHAC's programs are designed to protect young people from high-risk behaviors such as alcohol or illicit drug abuse, violence, and premature sexual activity, while building personal assets such as school success, valuing diversity, maintaining good health, and the ability to delay gratification; all of which will help insure that they have the greatest chance for success in life.

CHAC is governed by a Board of Directors that represent each of the three school districts and three city governments that comprise the Joint Powers Agreement, as well as other community leaders. The Board meets monthly, and determines policy and direction for the agency. The Board has an exceptionally close working relationship with the Executive Director and staff.

STATEMENT OF PHILOSOPHY

CHAC believes in the value of each individual, the importance of the family and the necessity of community.

MISSION STATEMENT

The Community Health Awareness Council exists to provide alternatives to self-destructive behavior, and to help create healthy lives for the children and families of Mountain View, Los Altos, Los Altos Hills, and surrounding communities.

CORE VALUES

- **Empathy** – All who come to CHAC for assistance are treated with dignity, respect and empathy. Personal self-esteem is encouraged as well as respect for others.
- **Healthy Families** – CHAC's services focus on developing healthy families including the growth and stability of each member and the family-as-a-whole.
- **Healthy Life-styles** – CHAC promotes healthy life-styles through a comprehensive approach to mental health. Counseling, psychotherapy and community awareness education are offered along with programs for the prevention and intervention of substance abuse.
- **Availability of Services** – CHAC is committed to offering programs and services to children, youth and families without regard to their ability to pay.
- **Diversity** – CHAC values the diversity of the communities served and does not discriminate.
- **Collaboration** – CHAC believes that collaboration with other organizations is needed to meet the complex needs of our communities. Innovative and creative ideas are always welcome.
- **Professionalism** – CHAC expects a high degree of professionalism and integrity from staff, board members and intern counselors. Open communication and willing cooperation are used in day-to-day operations and problem-solving.
- **Fiscal Responsibility** – Fiscal responsibility is CHAC's standard in every endeavor.

Community Health Awareness Council

711 Church St., Mountain View • Phone: (650) 965-2020 Fax: (650) 965-7286

Hours: Monday – Thursday 9:00 a.m. – 8:00 p.m. • Friday 9:00 a.m. – 5:00 p.m.

Have a question for CHAC but aren't sure who to contact, email: info@chacmv.org.

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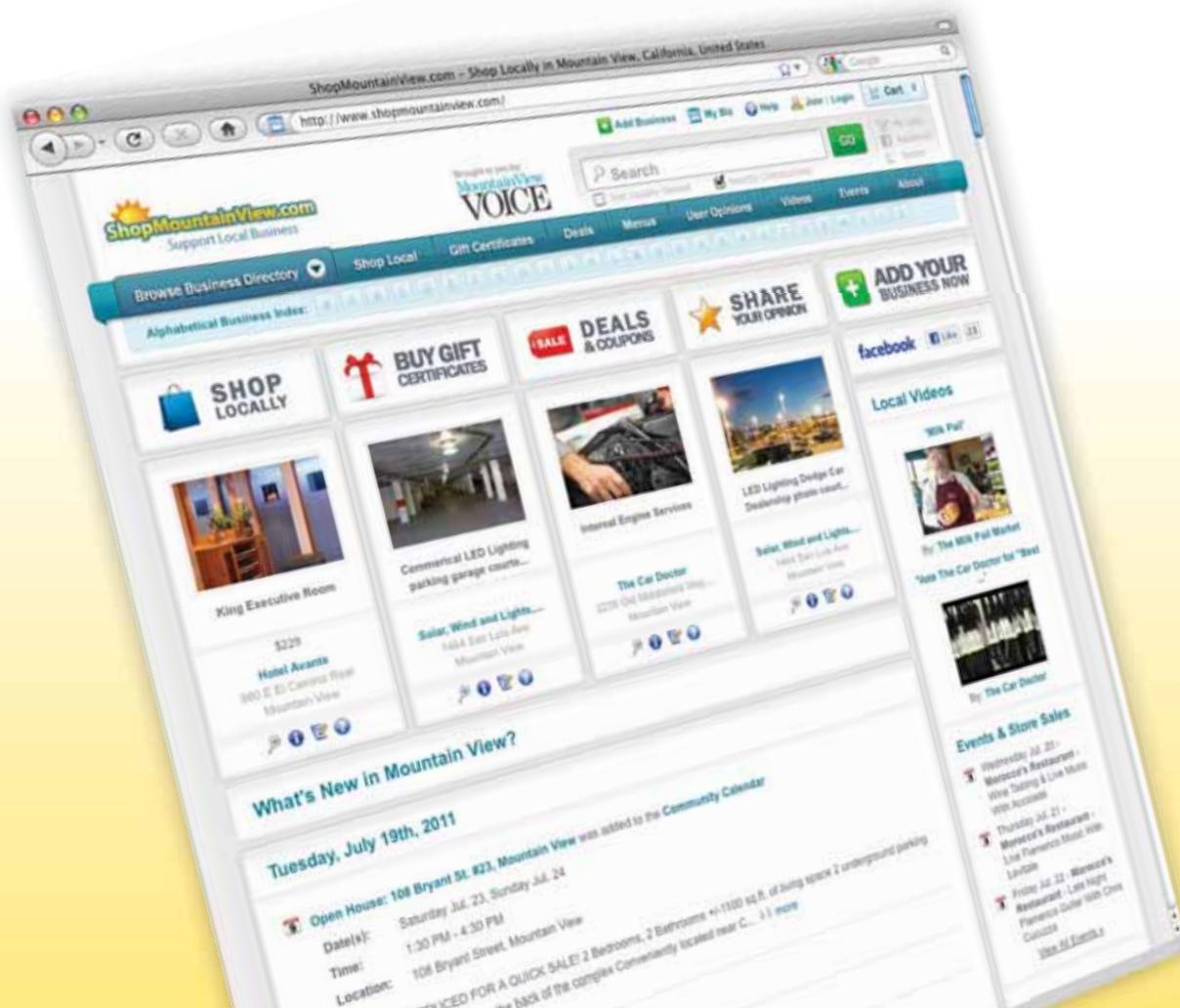
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to Heritage for the Blind. Free 3 Day Vacation, Tax Deductible, Free Towing, All Paperwork Taken Care Of. 888-902-6851. (Cal-SCAN)

210 Garage/Estate Sales

RWC: 1228 Douglas Ave., 12/7, 11-2; 12/8, 9-1
END-OF-YEAR RUMMAGE SALE benefits Lucile Packard Children's Hospital. **Holiday merchandise 50% off** plus items from regular stock. Just south of Woodside Rd., bet. Broadway and Bayshore Fwy. **CASH ONLY.** 650/497-8332 or during sale 650/568-9840

215 Collectibles & Antiques

1950's 45 rpm records - \$2
6 LP box set Christmas music - \$10.00
78 rpm box sets - \$20

Albert Pujol autograph baseball - \$150.00
Canned Heat 1968 Bill Graham Con - \$60

Gators Starter Jacket (L) - \$40

Lithographs by Larry Elmore - \$25

Outer Limits (TV) card set - \$10

rare Arod baseball card - \$70

turk Murphy Christmas LP - \$20



Vintage Edwardian Rocking Horse

Made by Collinson of England, personally restored for me. Dim: 46"tall, 33"long. Swingstand 54"x 18". Beauf & excl cond. Serious inquiries only; Photos via e-m.

240 Furnishings/ Household items

Brown Leather Sofa - \$300.00

Hardwood bed and nightstands - \$1700

OAK SIDE TABLE - \$40

Wicker vase with metal base - \$20

245 Miscellaneous

AT&T U-verse
AT&T U-verse for just \$29/mo! Bundle and save with AT&T Internet+Phone+TV and get a FREE pre-paid Visa Card! (select plans). HURRY, CALL NOW! 800-319-3280. (Cal-SCAN)

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oak firewood
seasoned oak firewood, delivered to your driveway, #350 a cord, \$195.00 per 1/2 cord, call bob 650-367-8817

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330 Child Care Offered

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Venus' Little Stars Daycare.

345 Tutoring/ Lessons

College Admissions Counseling

PIANO AND RECORDER LESSONS

355 Items for Sale

3/4YrsBoyclothesmajorityNew/tags

4YrsBibbsnowpants+DownJacket\$30

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Boy shoes 8-13 toddler \$4each

BOYO-6MonthsClothesw/tags\$50

Kids Accordion and zylophone\$15

Mind & Body

420 Healing/ Bodywork

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475 Psychotherapy & Counseling

Counseling Services

Mental Research Institute clinics offer low cost counseling services by appointment for individuals, couples, families and children in English, Spanish, and Mandarin. Location: 555 Middlefield Rd, Palo Alto. For information, call 650/321-3055

Jobs

500 Help Wanted

Caregivers

CNA and Caregivers (CNA certificate not required) to work in a Assisted Living Community. Good communication skills. Apply in person at: Palo Alto Commons 4075 El Camino Way Palo Alto CA 94306

Computer

Sr. Comp Progr. Mntn View, CA. MS Degree. Java, JavaScript, GWT, Hibernate, Android SDK, BlackBerry JDE, MySQL.Res: EPAM SYSTEMS, 41 University Dr, #202, Newtown, PA 18940.

Restaurant

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Solution Consultant

Work with customers to gather and understand requirements, build necessary modules, develop and deliver end-to-end solutions to customers. MS or equiv. degree in EE, Com. Eng., CS, Eng. or equiv. field. 2 yrs exp. as Solution Consultant, Tech. Project Manager or equiv. 2 yrs concurrent exp. with: APIs; HTTP protocol; Telco services and systems; SDLC and Agile Project Management; Telco API development and automated testing. Jobsite: Palo Alto, CA. (Mail resume to: Position AZS112012 Apigee Corporation 260 Sheridan Ave. #320, Palo Alto, CA 94306.)

550 Business Opportunities

Groceries Delivered
Order today. Delivered tomorrow. Get paid to help advertise. 831-238-6448 www.youcanmakeithappen.com (AAN CAN)

560 Employment Information

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Extra Income! Assembling CD cases from Home! No Experience Necessary! Call our Live Operators Now! 1-800-405-7619 EXT 2450 <http://www.easywork-greatpay.com> (AAN CAN)

AIRLINE CAREERS

Become an Aviation Maintenance Tech. FAA approved training. Financial aid if qualified - Housing available. Job placement assistance. CALL Aviation Institute of Maintenance 877-492-3059 (AAN CAN)

Driver: Choose Hometown

\$0.01 increase per mile after 6 months and 12 months. \$0.03 quarterly bonus. Requires 3 months recent experience. 800-414-9569 www.drivernight.com. (Cal-SCAN)

Drivers: 12 Needed

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Drivers: Class A CDL

Driver Training. \$0 Training Cost with employment commitment if you enroll in the month of December! Central Refrigerated (877) 369-7126. www.CentralTruckDrivingJobs.com (Cal-SCAN)

HELP WANTED!!!

MAKE \$1000 A WEEK mailing brochures from home! FREE Supplies! Helping Home Workers since 2001! Genuine Opportunity! No Experience required. Start Immediately! www.mailingcentral.net (AAN CAN)

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604 Adult Care Offered

Caregiver Available
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615 Computers

My Computer Works
Computer problems? Viruses, spyware, email, printer issues, bad internet connections - FIX IT NOW! Professional, U.S.-based technicians. \$25 off service. Call for immediate help. 1-888-865-0271 (Cal-SCAN)

624 Financial

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Ever consider a reverse mortgage? At least 62 years old? Stay in your home and increase cash flow! Safe and effective! Call Now for your FREE DVD! Call Now 888-698-3165. (Cal-SCAN)

645 Office/Home Business Services

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The business that considers itself immune to advertising, finds itself immune to business. Reach Californians with a Classified in almost every county! Over 270 newspapers! Combo-California Daily and Weekly Networks. Free Brochures. elizabeth@cnpa.com or (916)288-6019. (Cal-SCAN)

Public Notices

Display Business Card Ad

Many a small thing has been made large by the right kind of advertising - Mark Twain. Advertise your business card sized ad in 140 California newspapers for one low cost. Reach over 3 million+ Californians. Free brochure elizabeth@cnpa.com (916)288-6019. (Cal-SCAN)

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It is illegal for an unlicensed person
to perform contracting work on any
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jobs that total less than \$500.00
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Real Estate

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Mountain View, 1 BR/1 BA - \$2200/mo
Palo Alto, Studio - \$1890/mont

805 Homes for Rent

Palo Alto, 3 BR/2.5 BA - \$4980/mont
Palo Alto..channing Av, 4 BR/2 BA -
\$5000. mon
Woodside, 1 BR/2 BA - 2,300 mont



Woodside, 3 BR/3 BA
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Fireplace, Den, Pets Negotiable - Call
JIM 650.851.7300

809 Shared Housing/Rooms

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photos and maps. Find your roommate
with a click of the mouse! Visit: <http://www.Roommates.com>. (AAN CAN)

Redwood City, 2 BR/1 BA - \$900/mth

815 Rentals Wanted

RWC: Apt/Studio Wanted
Misc., employed couple w/excel.
refs looking for housing from RWC to
Sunnyvale by Jan. 15. Reasonable
rent. 650/679-0303

825 Homes/Condos for Sale

Los Altos, 3 BR/2 BA - \$799000
Menlo Park, 3 BR/2 BA - \$1099000
Palo Alto - \$1250.00
Palo Alto, 3 BR/2 BA - \$899000
Palo Alto, 4 BR/3.5 BA - \$3295000
Redwood City, 3 BR/2 BA - \$839950
Redwood City, 3 BR/2 BA - \$599000
Sunnyvale, 3 BR/2 BA - \$599999
Woodside, 3 BR/2 BA - \$1099000

840 Vacation Rentals/Time Shares

Christmas Week - Rancho Mirage



**Need to publish a
fictitious business
statement
in a
Santa Clara County
newspaper of
general circulation?**

Just call 650-326-8210

**MountainView
VOICE**

995 Fictitious Name Statement

LORIC
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 571850
The following person (persons) is (are)
doing business as:
LORIC, located at 3333 Bowers Ave.,
Suite 130, Santa Clara, CA 95054,
Santa Clara County.
This business is owned by: An
Individual.
The name and residence address of the
owner(s)/registrant(s) is(are):
RODRIGO CANIDO
199 Easy St. #A
Mountain View, CA 94043
Registrant/Owner has not yet begun to
transact business under the fictitious
business name(s) listed herein.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 16, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

LUJIA'S PLACE FOR HAIRCUTS
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 571666
The following person (persons) is (are)
doing business as:
Lujia's Place for Haircuts, located at
2483 Old Middlefield Way, Suite D,
Mountain View, CA 94043, Santa Clara
County.
This business is owned by: An
Individual.
The name and residence address of the
owner(s)/registrant(s) is(are):
LUJIA HEUMANN
18 Moon Beam Dr.
Mountain View, CA 94043
Registrant/Owner has not yet begun to
transact business under the fictitious
business name(s) listed herein.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 13, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

ANT AND FROG
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 572177
The following person (persons) is (are)
doing business as:
Ant and Frog, located at 260 Loreto St.
#3, Mountain View, CA 94041, Santa
Clara County.
This business is owned by: An
Individual.
The name and residence address of the
owner(s)/registrant(s) is(are):
HEMALATHA MANICKAVASAGAM
260 Loreto St. #3
Mountain View, CA 94041
Registrant/Owner began transacting
business under the fictitious business
name(s) listed herein on 06/01/2012.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 29, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

URBANSIDE REALTY
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 572208
The following person (persons) is (are)
doing business as:
Urbanside Realty, located at 1930
Cappelletti Court, Mountain View, CA
94043, Santa Clara County.
This business is owned by: An Individual.
The name and residence address of the
owner(s)/registrant(s) is(are):
HANDEL KUANG LIANG CHEN
1930 Cappelletti Court
Mountain View, CA 94043
Registrant/Owner has not yet begun to
transact business under the fictitious
business name(s) listed herein.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 30, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

FIT FOR LIFE SOLUTIONS
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 572238
The following person (persons) is (are)
doing business as:
Fit For Life Solutions, located at 240
South Whisman Road, Mountain View, CA
94041, Santa Clara County.
This business is owned by: A
Corporation.
The name and residence address of the
owner(s)/registrant(s) is(are):
SCHUHMACHER INC.
205-J Red Oak Drive West
Sunnyvale, CA 94086
Registrant/Owner has not yet begun to
transact business under the fictitious
business name(s) listed herein.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 30, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

BAY AREA PAIN & WELLNESS CENTER,
A MEDICAL CORPORATION
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 570969
The following person (persons) is (are)
doing business as:
Bay Area Pain & Wellness Center A
Medical Corporation, located at 15047
Los Gatos Boulevard, Suite 200, Los
Gatos, CA 95032, Santa Clara County.
This business is owned by: A
Corporation.
The name and residence address of the
owner(s)/registrant(s) is(are):
ABACI AND MASSEY PAIN
MANAGEMENT CENTER, A MEDICAL
CORPORATION
15047 Los Gatos Boulevard,
Suite 200
Los Gatos, CA 95032
Registrant/Owner began transacting
business under the fictitious business
name(s) listed herein on 08/08/2011.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
October 23, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

ANT AND FROG
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 572177
The following person (persons) is (are)
doing business as:
Ant and Frog, located at 260 Loreto St.
#3, Mountain View, CA 94041, Santa
Clara County.
This business is owned by: An
Individual.
The name and residence address of the
owner(s)/registrant(s) is(are):
HEMALATHA MANICKAVASAGAM
260 Loreto St. #3
Mountain View, CA 94041
Registrant/Owner began transacting
business under the fictitious business
name(s) listed herein on 06/01/2012.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 29, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

URBANSIDE REALTY
FICTITIOUS BUSINESS NAME
STATEMENT
File No.: 572208
The following person (persons) is (are)
doing business as:
Urbanside Realty, located at 1930
Cappelletti Court, Mountain View, CA
94043, Santa Clara County.
This business is owned by: An Individual.
The name and residence address of the
owner(s)/registrant(s) is(are):
HANDEL KUANG LIANG CHEN
1930 Cappelletti Court
Mountain View, CA 94043
Registrant/Owner has not yet begun to
transact business under the fictitious
business name(s) listed herein.
This statement was filed with the County
Clerk-Recorder of Santa Clara County on
November 30, 2012.
(MVV Dec. 7, 14, 21, 28, 2012)

997 All Other Legals

NOTICE OF PETITION TO ADMINISTER
ESTATE OF:
MICHAEL DAVID BLUE
Case No.: 1-12-PR171637
To all heirs, beneficiaries, creditors,
contingent creditors, and persons who
may otherwise be interested in the will
or estate, or both, of MICHAEL DAVID
BLUE.

A Petition for Probate has been filed by:
EDWIN BLUE in the Superior Court of
California, County of SANTA CLARA.
The Petition for Probate requests that:
EDWIN BLUE be appointed as personal
representative to administer the estate of
the decedent.

The petition requests authority to admin-
ister the estate under the Independent
Administration of Estates Act. (This
authority will allow the personal repre-
sentative to take many actions without
obtaining court approval. Before taking
certain very important actions, however,
the personal representative will be
required to give notice to interested per-
sons unless they have waived notice or
consented to the proposed action.) The
independent administration authority will
be granted unless an interested person
files an objection to the petition and
shows good cause why the court should
not grant the authority.

A HEARING on the petition will be
held on December 26, 2012 at 9:00
a.m. in Dept.: 3 of the Superior Court
of California, County of Santa Clara,
located at 191 N. First St., San Jose,
CA, 95113.

If you object to the granting of the peti-
tion, you should appear at the hearing
and state your objections or file written
objections with the court before the
hearing. Your appearance may be in
person or by your attorney.
If you are a creditor or a contingent
creditor of the decedent, you must
file your claim with the court and mail
a copy to the personal representative
appointed by the court within four
months from the date of first issuance of
letters as provided in Probate Code sec-
tion 9100. The time for filing claims will
not expire before four months from the
hearing date noticed above.

You may examine the file kept by the
court. If you are a person interested in
the estate, you may file with the court
a Request for Special Notice (form
DE-154) of the filing of an inventory
and appraisal of estate assets or of
any petition or account as provided in
Probate Code section 1250. A Request
for Special Notice form is available from
the court clerk.
Attorney for Petitioner:
/s/ Peter LaBoskey (SBN:71571)
Hopkins & Carley, ALC
200 Page Mill Road #200
Palo Alto, CA 94306
(650)804-7600
(MVV Nov. 23, 30, Dec. 7, 2012)



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Applications are now available and will be accepted 12/10/12
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Franklin Street Family Apartments is a brand new, 51-unit ROEM
Affordable Housing community coming to Mountain View.

- Courtyard with a BBQ area, covered patio
- Large community room with a full kitchen
- Homework center with computers
- Fitness room
- Library with seating area
- Laundry rooms
- Tot lot
- Section 8 is accepted

*Preference shall be given to current residents having lived in Mountain View for at least the past six months and/or persons employed in the City for at least one year. Income and other restrictions apply.

We do business in accordance with Federal and State fair housing laws. It is illegal to discriminate against any person because of race, color, religion, sex, handicap, familial status, national origin, or any of the protected classes. Please contact us if you require reasonable accommodations or have questions about our equal opportunity policies.

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MARGO KELLY
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DRE # 01778134



This information was supplied by reliable sources. Sales Associate believes this information to be correct but has not verified this information and assumes no legal responsibility for its accuracy. Buyers should investigate these issues to their own satisfaction. Buyer to verify school availability.

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Completely remodeled throughout | 3 bed | 3 ba | 2,054 sq ft
Top floor two story condo end unit | Private balconies
Offered at \$679,000

Open Sat & Sun
1:30-4:30PM



90 Flynn Avenue #B, Mountain View
2 bed | 1 ba | 917 sq ft
First floor condo end unit with private patio
Offered at \$349,000

Open Sat & Sun
1:30-4:30PM



1272 Riesling Terrace, Sunnyvale
Remodeled throughout | 2 bed | 1.5 ba | 1,160 sq ft
Two story townhome in prime location | Detached 2 car garage
Offered at \$549,000

We put the pro in property.



ORION
PARTNERS



Andy & Lori Orion
www.opartners.com
650-539-5674
DRE# 01903703 & 01883566



Royce Cablayan

The #1 Selling Agent in
Mountain View since 1995

&

#1 Coldwell Banker Agent in
Santa Clara County since 2003



(650) 917-4339

rcablayan@cbtnorcal.com



www.reroyce.com
DRE#01062078

WELCOME TO

DeNardi Court

IN MOUNTAIN VIEW



We are proud to offer six new single-family homes for sale in Mountain View. DeNardi Court is located in a well-established neighborhood with family friendly charm. These elegant European style two story homes feature 4 bedrooms, 3 1/2 baths with a bonus room and up to 2,350 square feet of living space.

A blend of beautiful European craftsmanship, the wall exterior finishes are smooth faced stucco plaster with stained cedar shingled siding. Each home is accented with cottage style shutters, iron hardware and wooden carriage style garage doors.

Features include:

- 4 bedrooms plus bonus room
- 3 1/2 baths
- Private master suite
- Gourmet kitchen
- Top-of-the-line windows and doors
- Custom hardware throughout
- Elegant wood garage doors with automatic garage door openers
- Solid core interior doors
- Fireplace
- Emerald Green rated

Eco Friendly:

- High-efficiency irrigation systems
- Insulation on all hot water pipes
- Energy Star Appliances
- Energy Star bath fans
- High-efficiency air conditioner with environmentally responsible refrigerants
- Kohler dual flush toilets
- Tankless hot water heaters
- 15% plus over T-24
- Low VOC paints, caulking and construction adhesives
- HVAC filter MERV 8+

Outstanding Schools

The public school system in Mountain View is one of the finest in the country. Featuring API scores over 900 on average. A popular citizen support parcel tax insured a full time teacher to student 20 to 1 ratio.

Private schools include St. Francis, a Roman Catholic secondary school; Yew Chung School of Silicon Valley, a PK-12 Chinese/English/bilingual international school.



For additional information call 1-866-61-BUYIT or 866-612-8948

Email: info@denardihomes.com

www.DenardiHomes.com



Thank You to My 2012 Clients!

If you would like to sell your home in early 2013, now is the time to start!



SOLD IN 6 DAYS!
2734 Levin Ct., Mountain View
\$1,499,000



SOLD IN 7 DAYS!
2537 Sun Mor Ave., Mountain View
\$1,395,000



SOLD IN 7 DAYS!
2716 Katrina Wy., Mountain View
\$1,250,000



SOLD IN 15 DAYS!
1745 Crane Ave., Mountain View
\$1,135,000



SOLD IN 9 DAYS!
840 Jefferson Dr., Mountain View
\$1,099,000



SOLD IN 7 DAYS!
724 Leona Ln., Mountain View
\$999,000



1316 Brook Pl., Mountain View
\$999,000



SOLD IN 6 DAYS!
1717 Pilgrim Ave., Mountain View
\$999,000



SOLD IN 7 DAYS!
2139 Jardin Dr., Mountain View
\$999,000



SOLD IN 7 DAYS!
1724 Pilgrim Ave., Mountain View
\$979,000



757 San Carrizo Wy., Mountain View
\$949,000



SOLD IN 6 DAYS!
65 Dalma Dr., Mountain View
\$925,000



SOLD IN 9 DAYS!
450 Del Medio Ave., Mountain View
\$899,000



SOLD IN 6 DAYS!
1890 Montecito Ave., Mountain View
\$795,000



SOLD IN 7 DAYS!
2546 Dell Ave., Mountain View
\$699,000



SOLD IN 8 DAYS!
197 Bryant Ave., Mountain View
\$1,788,000



27161 Moody Rd., Los Altos Hills
\$3,700,000



661 Manresa Ln., Los Altos
\$2,699,000



521 San Felicia Wy., Los Altos
\$2,599,000



SOLD IN 8 DAYS!
873 Laverne Wy., Los Altos
\$2,500,000



581 Paco, Dr., Los Altos
\$2,399,000



SOLD IN 7 DAYS!
790 Sunshine Dr., Los Altos
\$2,398,000



12143 Hilltop Dr., Los Altos Hills
\$2,362,000



SOLD IN 21 DAYS!
12400 Barley Hill Rd., Los Altos Hills
\$2,299,000



SOLD IN 14 DAYS!
1556 Plateau Ave., Los Altos
\$2,199,000



210 Portola Ct., Los Altos
\$2,158,000



12100 S. El Monte Rd., Los Altos Hills
\$2,150,000



234 Mount Hamilton Ave., Los Altos
\$2,100,000



200 Manresa Ct., Los Altos
\$1,999,000



SOLD IN 9 DAYS!
412 Mundel Wy., Los Altos
\$1,980,000



SOLD IN 12 DAYS!
1105 Fremont Ave., Los Altos
\$1,798,000



SOLD IN 9 DAYS!
338 Verano Dr., Los Altos
\$1,699,000



SOLD IN 7 DAYS!
1810 Austin Ave., Los Altos
\$1,649,000



27223 Sherlock Rd., Los Altos Hills
\$1,648,000



SOLD IN 7 DAYS!
680 Orange Ave., Los Altos
\$1,599,000



SOLD IN 6 DAYS!
1420 Frontero Ave., Los Altos
\$1,599,000



SOLD IN 7 DAYS!
858 Hierra Ct., Los Altos
\$1,599,000



SOLD IN 3 DAYS!
481 Casita Wy., Los Altos
\$1,498,000



SOLD IN 8 DAYS!
1025 Highlands Ci., Los Altos
\$1,450,000



SOLD IN 7 DAYS!
1024 Highlands Ci., Los Altos
\$1,450,000



SOLD IN 7 DAYS!
1019 Ray Ave., Los Altos
\$1,350,000



SOLD IN 13 DAYS!
287 S. El Monte Ave., Los Altos
\$1,299,000



SOLD IN 8 DAYS!
1430 Kring Wy., Los Altos
\$1,299,000



2265 Deodara Dr., Los Altos
\$1,225,000



SOLD IN 20 DAYS!
13620 Roble Alto Ct., Los Altos Hills
\$4,498,000

Partial list of 2012 sales. Offered price shown.



DAVID TROYER

#1 AGENT 2011: combined sales in MV, LA & LAH*

650·440·5076
david@troyer.com
DRE# 01234450



*Per 2011 # of homes sold on MLS





4172 DAVIS ST SANTA CLARA \$460,000
Sat/Sun 1 - 4 | Looking for an affordable home w/no HOA dues & a fabulous large yard! 1 BR/1 BA+Studio
Joanne Fraser
DRE #00610923 650.941.7040



10600 STORY LN SAN JOSE \$1,198,000
Sun 1:30 - 4:30 | 4 BR 2.5 BA Spanish villa w/ classic Old World charm. 1.41 ac w/amazing views. Great for entertaining!
Greg Stange
DRE #01418178 650.325.6161



2022 EDGEWOOD DR PALO ALTO \$1,448,000
Sat/Sun 1:30 - 4:30 | 4 BR 2 BA Updated Eichler in Green Gables. Open flr plan. Pool. 2 car garage. Corner lot. PA schls.
Nana Spiridon
DRE #01142729 650.325.6161



796 CLARA DR PALO ALTO \$1,795,000
Sun 1:30 - 4:30 | 5 BR 3 BA Exceptional Midtown value. Light & bright. Move-in ready. 5 bedrooms plus office/den.
Colleen Cooley & Kathy Nicosia
DRE #01269455/01219308 650.325.6161



3373 CORK OAK WY, PALO ALTO \$1,795,000
Sat/Sun 1:30 - 4:30 | 7 BR 3 BA Atrium style Eichler w/2nd story. Orig. features/finishes retained. 2-car gar. Cul-de-sac.
Nancy Goldcamp
DRE #00787851 650.325.6161



100 E MIDDLEFIELD RD #2B, MOUNTAIN VIEW \$399,998
Sat 1 - 4 / Sun 1:30-4:30 | 2 BR 2 BA Well maintained gated complex w/fountains & streams, very serene, quite setting.
Carmichael Team
DRE #70000221 650.941.7040



231 HAWTHORNE AVE LOS ALTOS \$2,980,000
Sat/Sun 1:30 - 4:30 | 5 BR 5 BA Beautiful Architecture + Floor Plan Amenities Abound. Gleaming HW Floors, Lovely Granite.
Jim Galli
DRE #00944554 650.941.7040



5 HAMPTON CT, LOS ALTOS \$1,598,000
Sat/Sun 1:30 - 4 | 3 BR 2.5 BA Incredible Village location at end of cul-de-sac framed by majestic evergreen tree!
Terri Couture
DRE #01090940 650.941.7040

LOS ALTOS

Sun 1 - 4
1380 Holly Ave \$3,495,000
5 BR 5 full BA + 5 half Quality built architect designed custom home, Gourmet Kitchen, Guest House, Great Mstr Ste Kevin Keating, DRE #01071912, 408-996-1100

Sun 1 - 4
661 University Av \$2,495,000
4 BR 3.5 BA Located in heart of Old Los Altos. Exquisite detailing everywhere, gourmet Kit, high ceilings Gary Herbert, DRE #00768722, 650.941.7040

Opportunity KNOCKS!!!! \$1,590,000
3 BR 2 BA Location Location Location. Ron & Nasrin Delan, DRE #01360743, 650.941.7040

LOS ALTOS HILLS Acre w/Breathtaking Views \$2,495,000
3 BR 1.5 BA Home on a 1,298 sqft lot needs a little love but you can't beat the location & the views. Marge Bosetti, DRE #00768722, 650.941.7040

Sweeping Bay Views! \$5,595,000
4 BR 3 full BA + 2 half Blending the romance of the Napa countryside w/the best of CA living. Terri Couture, DRE #01090940, 650.941.7040

LOS GATOS Rarely Available! \$1,939,000
4 BR 2.5 BA Fantastic cul-de-sac w/the small community feel. LG schls, 12,250 sqft lot, 2673 sqft hm. Terri Couture, DRE #01090940, 650.941.7040

Sun 1 - 4
14370 Blossom Hill Rd \$898,000
4 BR 2 BA 2048sf, 9875sf Lot. Turn-key, many improvements, incl new roof, floors, windows. Susanne Bohl, DRE #01430611, 650.941.7040

CUPERTINO LOCATION, LOCATION! \$1,000,000
4 BR 1 BA Near all 3 TOP SCHLS in Cupertino: Lincoln Elem, Kennedy Middle, Monta Vista H.S. Ron & Nasrin Delan, DRE #01360743, 650.941.7040



*Give a Joy,
Spread the Joy*

Coldwell Banker is partnering with Toys for Tots to help make the holiday season memorable for children in our community.

Our office is accepting donations of new, unwrapped toys now until **December 14.**

To make a donation, contact one of our local offices today.



SHARE THE WARMTH
AND SPREAD THE LOVE
THIS HOLIDAY SEASON

Coldwell Banker is partnering with One Warm Coat to provide warm coats to those in need in our community.

Our office is accepting donations of new or gently used coats now until **December 14.**

To find out more, contact one of our local offices today.

SAN JOSE

Santana Row Style \$1,349,000
2 BR 2.5 BA Not just a home but a lifestyle—sleek, classy, fashion forward. Prime location, secure building. Vicki Geers, DRE #01191911, 650.941.7040

Gorgeously Remodeled Home \$649,000
3 BR 2 BA Home is in excellent neighborhood of Almaden Valley w/TOP schls. Ron & Nasrin Delan, DRE #01360743, 650.941.7040

Huge Lot In Cul-du-Sac! \$575,000
4 BR 2 BA Traditional home w/updates has sep family & living room. Lg 14,450sf lot. Won't last long! Jeff Beltramo, DRE #01274256, 650.325.6161

SAN MATEO

Sat/Sun 1:30 - 4:30
938 Peninsula Av \$499,000
2 BR 2 BA Super sharp townhome features every amenity! Inside laundry. Large patio. HW flr. Carport. Tom Huff, DRE #00922877, 650.325.6161

SUNNYVALE

Sat/Sun 1:30 - 4:30
1208 Parkington Ave \$795,000
3 BR 2 BA Well maintained home located in the highly desirable Cherry Chase area. Sara Ahsan, DRE #01503694, 650.941.7040

Sat/Sun 1:30 - 4:30
1272 Riesling Ter \$549,000
2 BR 1.5 BA Remodeled 2 bed, 1.5 ba 2 story townhome in prime location of complex. Approx. 1,160 sq ft Royce Cablayan, 650.941.7040

WOODSIDE

Prime Location! \$29,000,000
Private prestigious location. 11+ acre property in central Woodside close to town. Susie Dews & Shena Hurley, DRE #00781220/01152002, 650.325.6161

Beautifully Remodeled! \$-2,498,000
4 BR 3.5 BA Extensively and beautifully remodeled home. Breathtaking view of forest and ocean. Lea Nilsson, DRE #00699379, 650.328.5211

MOUNTAIN VIEW 188 Wiley Terrace \$819,000
Sat/Sun 1:30 - 4:30
3 BR 3.5 BA Newer 3 story Hm. Dramatic redmodeled! Custom use of marble, tile, hdwd. Duet Hm 3BR, 3.5BA. Lollie Gilbert, DRE #00467994, 650.941.7040

Sat/Sun 1:30 - 4:30
90 Flynn Ave #B \$349,000
2 BR 1 BA Desirable first floor condo end-unit w/ private patio. Approx. 917 sq ft. Royce Cablayan, 650.941.7040

Sat/Sun 1:30 - 4:30
2040 W Middlefield Rd #2 \$679,000
3 BR 3 BA Top floor two story condo end-unit with private balconies. Approx. 2,054 sq ft Royce Cablayan, 650.941.7040

PALO ALTO HILLS 3173 Alexis Dr \$3,199,000
Sun 1:30 - 4:30
3 BR 3.5 BA Infusing organic materials into its dramatic architecture, extraordinary home. Jo Buchanan & Stuart Bowen, DRE #00468827, 650.941.7040

REDWOOD CITY 3371 Dover Rd \$799,000
Sun 1:30 - 4:30
2 BR 2 BA Charming home on large lot west of Alameda de las Pulgas! Large driveway and lush yard! DiPali Shah, DRE #01249165, 650.325.6161