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

El Camino Hospital District

June 30, 2011 and 2010

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

EL CAMINO HOSPITAL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended June 30, 2011, 2010 and 2009

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 June 30, 2011, ECSC was a partnership between the Hospital and a group of physicians. The Hospital owned 51% and the physicians owned 49% of the on-site surgery center. On August 31, 2011 the Hospital purchased the physicians' shares.

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, 2011, 2010, and 2009. This discussion and analysis should be read in conjunction with the consolidated financial statements in this report.

The balance sheets, the statements of revenues, expenses, and changes in net assets, and statements of cash flows provide an indication of the District's financial health. The balance sheets include all the District's assets and liabilities, using the accrual basis of accounting. The statements of revenues, expenses, and changes in net assets report all of the revenues and expenses during the time periods indicated. The 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, 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.

Year Ended June 30, 2010

- The increase in net assets for 2010 was $36.7 million over fiscal year 2009. Net operating income contributed $4.0 million to the increase, with non-operating income contributing $32.7 million, primarily in significant unrealized gains on the investments and property tax revenues received during the fiscal year.

- The first year of the "start-up" operations at the Los Gatos campus produced an operating contribution above their direct costs of $1.7 million in 2010. Indirect costs were not allocated between the campuses in fiscal year 2010.

- The decrease in operating income between 2009 and 2010 was $45.8 million, of which $24 million of the reduction was budgeted due to increased costs of the new facilities, and the remainder was due to unanticipated lower volume and a price decrease.

- Total assets decreased $13.8 million over fiscal year 2009. Total surplus cash and investments decreased by $68.9 million over fiscal year 2009, principally due to the expenditures in the completion of construction of the new Hospital Replacement Project and reduction of current liabilities from the prior year, as discussed below.

- Current liabilities decreased by $32.4 million over fiscal year 2009. Primarily this decrease was due to a significant decrease in the general contractor year end payment due at June 2009 and construction retentions over the previous year. There was a decrease in third party payer reserves as a significant settlement occurred at year end with the Hospital being paid in the amount of $9.2 million in cash and a corresponding pending liability due the payer for $6.0 million was settled as not due the payer and reversed. Another significant decrease was in the actuarially determined reserves for workers' compensation due to the work injury programs instituted by Employee Health Services that reduced occurrences and the cost of those claims, resulting in a $6.6 million decrease in workers' compensation expense in the current year.

Summary of Assets, Liabilities and Net Assets
As of June 30, 2011, 2010 and 2009

(In Thousands)

	2011	2010	2009
Assets:			
Current assets	$ 306,128	$ 230,411	$ 296,348
Board designated & restricted funds, net of current portion	212,669	179,722	205,097
Funds held by trustee, net of current portion	13,090	11,484	21,060
Capital assets, net	691,178	726,655	652,694
Other assets	53,196	49,855	36,683
Total assets	**$ 1,276,261**	**$ 1,198,127**	**$ 1,211,882**
Liabilities:			
Current liabilities	$ 141,821	$ 84,410	$ 116,827
Bonds payable, net of current portion	280,728	335,337	340,020
Other long-term liabilities	48,361	56,302	69,628
Total liabilities	**$ 470,910**	**$ 476,049**	**$ 526,475**
Net assets:			
Unrestricted & invested in capital assets, net	$ 795,539	$ 716,776	$ 677,241
Retained earnings reserved for minority interest	5,250	2,185	1,542
Restricted	4,562	3,117	6,624
Total net assets	**$ 805,351**	**$ 722,078**	**$ 685,407**
Total liabilities and net assets	**$ 1,276,261**	**$ 1,198,127**	**$ 1,211,882**
Operating cash equivalents & short-term investments	$ 196,034	$ 136,435	$ 205,315
Board designated & restricted funds	212,669	179,722	205,097
Total available cash & investments	**$ 408,703**	**$ 316,157**	**$ 410,412**

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 2010, 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 require seismic upgrades at an estimated cost of $7 million; under current regulations, the work must be completed in phases 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.

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.

At the end of the fiscal year, the Los Gatos campus was completing a renovation of a wing of its hospital to accommodate a hotel type environment for its orthopedic service line, where patients recuperate from surgery in rooms and surrounding areas that are more like a hotel instead of the traditional hospital room.

Revenues and Expenses

The following table displays revenues and expenses for 2011, 2010 and 2009:

Revenues & Expenses
Years Ended June 30, 2011, 2010 and 2009

(In Thousands)

	2011	2010	2009
Operating revenues:			
Net patient service revenue	$ 603,625	$ 532,918	$ 464,787
Other revenue	19,015	19,529	19,314
Total operating revenues	**$ 622,640**	**$ 552,447**	**$ 484,101**
Operating expenses:			
Salaries, wages & benefits	$ 307,707	$ 304,659	$ 249,140
Professional fees and purchased services	101,386	87,907	71,485
Supplies	88,761	83,583	63,438
Depreciation and amortization	49,942	42,748	29,299
Rent and utilities	13,029	13,616	11,121
Interest	7,374	6,449	244
Other	8,903	9,449	9,517
Total operating expenses	**$ 577,102**	**$ 548,411**	**$ 434,244**
Operating income	**$ 45,538**	**$ 4,036**	**$ 49,857**
Nonoperating revenue (expense) items:			
General Obligation bond interest expense	(4,897)	(3,039)	(69)
Investment income, net	23,544	29,248	9,030
Property tax revenues	15,793	15,608	15,900
Restricted gifts, grants & other	8,003	880	(38)
Unrealized losses on interest rate swaps	1,364	(1,005)	(8,258)
Other, net	(5,686)	(8,414)	(10,020)
Minority interest in subsidiary earnings	(386)	(643)	(500)
Total nonoperating revenues and expenses	**$ 37,735**	**$ 32,635**	**$ 6,045**
Increase in net assets	**$ 83,273**	**$ 36,671**	**$ 55,902**
Total net assets, beginning of year	**$ 722,078**	**$ 685,407**	**$ 629,505**
Total net assets, end of year	**$ 805,351**	**$ 722,078**	**$ 685,407**

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.

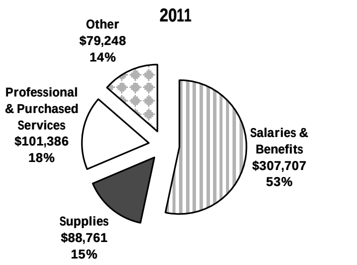
Inpatient Business Activity

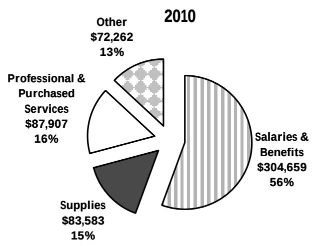
Specialty	2011 Days	2010 Days	% Change
Medical/Surgical	57,240	56,893	0.6%
Maternity	12,118	11,342	6.8%
Pediatrics	89	138	-35.5%
NICU	4,936	4,531	8.9%
Psychiatry	7,375	7,035	4.8%
Subacute	-	-	0.0%
Normal newborn	10,990	10,734	2.4%
Total	**92,748**	**90,673**	**2.3%**

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 & 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 $10.5 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.

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.

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 then 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.

Economic Factors and Next Year's Budget

The Board approved the fiscal year 2012 budget at their June 2011 meeting. The fiscal year 2012 budget includes authorization for $7.2 million of direct community benefit funding in addition to losses on Medi-Cal patients and other subsidized health services. The fiscal plan for all entities includes spending of $602.3 million for operating expenses, $18.1 million non-operating expenses, and capital spending of $47.1 million. The projected net income is $52.4 million, or 7.9%. The forecast operating income is $42.1 million with an operating margin of 6.4%. Non-operating revenues net of expenses are expected to equal $10.4 million with the biggest revenues composed of tax revenues of $15.1 million and investment income of $10.1 million.

Fiscal year 2012 does not include any significant changes in operations in either of the Hospital campuses. The Hospital will be opening a senior health center midway through the fiscal year to provide primary care services on a small scale. Patient volumes are expected to remain at similar levels as to what was experienced in fiscal year 2011, with some volume gains projected for the Los Gatos campus.

Having successfully completed the organizational margin improvement initiative in fiscal year 2011, the Hospital will place renewed emphasis on quality and service excellence. New goals will be set for standardizing clinical pathways where supported by best practices to achieve quality goals and to minimize variability in costs for similar services.

In fiscal year 2012, IT will complete the implementation and go-live of a Time and Attendance/Scheduling system for the entire organization and a Cardiovascular Information System at the Mountain View campus, both of which started in fiscal year 2011. Also in the new year, IT will focus on new initiatives of implementing upgrades to existing infrastructure to support meeting the new Federal standards for meaningful use and ICD-10 migration.

Fiscal Year 2010 Consolidated Financial Analysis

Net Patient Services Revenues

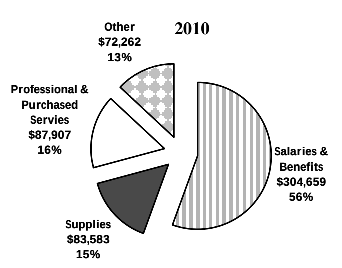
Net patient services revenue increased by $68.1 million or 14.7% over fiscal year 2009. The primary increase is due to the opening of the Los Gatos campus in July 2009 and the new patient activity it subsequently added in fiscal year 2010. The Hospital did not implement a price increase during the year, and the Mountain View campus experienced a decrease in patient days due to the closure of the sub-acute unit, but was offset by favorable settlements of prior year's Medicare cost reports.

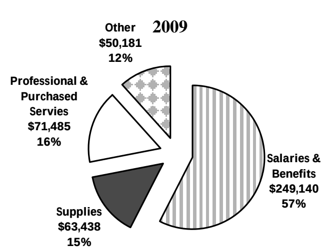
Inpatient Business Activity

Specialty	2010 Days	2009 Days	% Change
Medical/Surgical	56,893	50,458	12.8%
Maternity	11,342	11,005	3.1%
Pediatrics	138	151	-8.6%
NICU	4,531	4,820	-6.0%
Psychiatry	7,035	5,917	18.9%
Subacute	-	2,802	-100.0%
Normal newborn	10,734	10,323	4.0%
Total	**90,673**	**85,476**	**6.1%**

Specialty	2010 LOS	2009 LOS	% Change
Medical/Surgical	4.6	4.6	0.0%
Maternity	2.5	2.5	0.0%
Pediatrics	1.5	1.5	0.0%
NICU	8.9	10.4	-14.4%
Psychiatry	7.6	7.6	0.0%
Subacute	0.0	365	-100.0%
Normal newborn	2.6	2.6	0.0%
Total	**4.1**	**4.2**	**-2.4%**

Operating Expenses





Los Gatos

As previously discussed in the opening paragraphs of this Management Discussion and Analysis, the Los Gatos campus of El Camino Hospital opened to patients on July 12, 2009. Prior to this time, from the acquisition date of April 11, 2009 through the end of fiscal year 2009, the facility was "fitting up" for the July 12th opening; hiring of a significant number of employees, some of which were former employees of Community Hospital of Los Gatos, stocking supplies, and acquiring new IT and medical equipment. Also an "Activation Consulting Team" was retained to assist management to make their achieved 90 day re-opening date of July 12, 2009. With full operations of the Los Gatos facility for almost the entire year, the total operations expense increased by $74.5 million over the "fit-up" expense in fiscal year 2009 of $5.4 million.

Salaries & Wages

Salaries and wages (including benefits) in fiscal year 2010 were 56% of operating expenses compared to 57% in fiscal year 2009. Total salaries and wages increased by $55.7 million in 2010 of which $34 million was due to the first full year of operations at the Los Gatos campus. At the Hospitals, $5.3 million was for salary increases over 2009 for registered nurses. At the Mountain View campus the work force increased by 90 FTE's (Full Time Equivalents) in fiscal year 2010 over 2009 contributing to increased salary and wage expense.

The Hospital continues its strategies for retention of the seasoned workforce. El Camino Hospital's nursing division was recertified in 2010 by the American Nurses Association Credentialing Center's prestigious Magnet Designation. El Camino Hospital has been one of only three hospitals in Northern California to hold this prestigious award and only 5% of the hospitals nationwide have this designation. This Magnet Designation has a very positive effect on recruitment and retention because of the high quality of nursing care this award represents. During 2010, the Hospital's nurse vacancy rate was 1.7% compared to 2.7% for hospitals in Northern California.

Professional Resources of Nurses ("PRN") completed the second year of its across-the-board increase of 5.25% enacted in late March 2009. The Hospital's Stationary Engineers – Local 39, per their contract were provided a 5% increase on November 15, 2009. Employees represented by the SEIU/United Healthcare Workers entered into their third year of a four year contract with a 3% increase effective July 12, 2009 and a second increase on January 10, 2010 of 2%. The non-contractual, non management employees received an across-the-board increase of 4% effective the beginning of the fiscal year.

Managers and Directors received a 4% increase on August 9, 2009. Certain senior management salaries were adjusted based on national benchmark data provided by an outside consultant, which was reviewed by the Compensation Committee of the Board, and subsequently approved by the full Board of Directors. These salary adjustments became effective on August 9, 2009.

Employees of the El Camino Surgery Center received an average of 5% increase on September 7, 2009.

Employee Benefits

Overall, employee benefits increased by a modest net of $4.0 million in 2010 compared to 2009 of which the full year of operations of the Los Gatos campus added an increase of $6.7 million.

Significant changes were in the areas of:

- Workers Compensation decreased a significant $7.1 million over 2009. Most of the decrease, $6.6 million, was due to the decrease in the actuarially determined reserves over 2009 driven by various programs implemented by Employee Health Services over the past few years to reduce the occurrences of employee injuries and a return-to-work program to have the employee return to work as quickly as medically possible. The other $500,000 was due to decreased workers compensation payments, all this while adding the Los Gatos employee base.

- As the financial performance of the Hospital did not match to the projected operational budget, no pay-for-performance was accrued in fiscal year for management and employees as in the prior year, thus a decrease of $4.1 million over 2009.

- Employer 403(b) match increased $4.3 million over fiscal year, partially due to the addition of Los Gatos, but also due to an enriched contribution match for employees with years of service greater than 15 years and 20 years, along with automatic enrollment for all new hires with a threshold of 2% of the employees' salary.

- Healthcare expense increased by approximately $3.0 million over 2009 driven by premium increases for coverage by the insurance carrier.

- The employer paid Social Security and Medicare taxes increased $1.1 million over fiscal year 2009 due to an increased employee base at the Mountain View campus and the increased Social Security wage base that occurred in calendar year 2009.

Professional and Purchased Services

Total professional fees and purchased services increased by $16.4 million in 2010 over 2009. The year of operations at Los Gatos campus contributed $8.0 million to this increase.

During the second half of the 2010 fiscal year the operations of the Hospital started to have significant operational losses that began to deplete surplus cash reserves in order to support on-going salaries and wages and non-labor operational expenses. Management, with Board approval, retained a consulting firm that initiated the ACE (Accelerating Continuous Excellence) initiative. This is a process to accelerate the process of being more efficient in all areas of the entire hospital organization in order to meet the challenges of the current economy that has caused a significant decrease in patient volumes throughout the healthcare industry and to meet future of national healthcare reform. The primary goals of the Hospital's ACE program were to streamline the Hospital's structure to increase the focus and accountability on operations by cost-savings and revenue-generating initiatives. The monetary goal was saving the entire organization $50 - $70 million annually. Retaining this professional consulting firm to drive the ACE initiatives for the organization added $3.9 million in 2010 over 2009.

Another area of increase over the prior 2009 year was for alterations and significant cosmetic improvements to other buildings on the Mountain View campus, in particular the Women's Health Hospital building and the Willow Pavilion, which houses a number of outpatient services. These improvements were not of a capital nature, thus expensed in the current year in the amount of $1.6 million over fiscal year 2009.

The last area of significant increase was in the area of software maintenance costs, some of which was due to the timing of the yearly payments. The Hospital has a significant number of robust clinical software systems that incur annual software maintenance renewal fees. This fiscal year that increase was approximately $2.0 million over prior year.

Supplies

Total supply costs increased by $20.1 million, of which $14.7 million was due to the Los Gatos site beginning operations in fiscal year 2010. Additional significant increases were for pharmaceuticals, chemotherapy drugs, and general surgery supplies.

Depreciation and Amortization

The expense for depreciation and amortization increased $13.5 million in fiscal year 2010 over 2009. The opening of the Los Gatos campus contributed $4.8 million in depreciation expense over fiscal year 2009. The Mountain View campus increased by $8.7 million due to the $480 million Hospital Replacement Project coming online, with its opening on November 15, 2009.

Rent and Utilities

In 2010 rent and utilities expense category increased by $2.5 million. The full year of operations at the Los Gatos campus contributed $1.7 million to this increase.

The major significant increase outside the addition of the Los Gatos campus was the electricity expense at the Mountain View campus. The newly constructed hospital started to come online a number of months prior to its opening in November, thus the Mountain View campus was running two hospitals; the new hospital with significant more square footage was beginning to be "fitted-up" months prior to the opening and the old main hospital that had all patient services in it was still in place during this timeframe. Even after opening of the new hospital, the old main hospital still utilizes its ground and first floors for certain operations, thus electric expense increase in fiscal year 2010 was $1.2 million over 2009.

Interest

Interest expense increased by $6.2 million over fiscal year 2009. This increase was due to direct expensing of interest expense on the 2007 and 2009 Bonds as the Hospital Replacement Project was completed in November 2009. In fiscal year 2009, the interest was being capitalized as part of the construction project.

Other Expenses

Other expenses in 2010 increased by an immaterial amount over fiscal year 2009.

Change in Net Unrealized Gains & Losses on Investments

For fiscal year 2010, 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 the fiscal year.

Barrow, Hanley, Mewhinney & Strauss (BHMS)

Stock investments net unrealized loss decreased during fiscal 2010 as the stock market rallied. This resulted in a fiscal year positive change of $3 million as the market value of assets increased. For comparison, the S&P 500 was up 12.1% on a price basis for the twelve months ended June 30, 2010.

Intermediate bond investments reflect a change from an unrealized loss to an unrealized gain resulting in year over year positive change of $6 million. Short maturity bond investments reflect a decrease in the unrealized gain with some gains being realized from sales in the past year with a net result of a year over year negative change ($228,000). The combined bond investments had a positive change of $5.9 million. The bond investment change represents an increase in asset prices as a result of lower interest rates over the fiscal year. For example, the rate on the Treasury five-year note was 2.56% at June 30, 2009 compared to 1.77% at June 30, 2010.

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 $3.6 million. The bond investment change represents a 5.7% increase in market value as a result of lower interest rates and tighter credit spreads over the fiscal year. Intermediate U.S. Treasury yields declined 60 to 80 basis points during the period. In addition the average credit spread of the Barclay's Aggregate Index declined 50 basis points relative to Treasuries further increasing bond prices.

CONSOLIDATED FINANCIAL STATEMENTS

WWW.MOSSADAMS.COM

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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, 2011 and 2010, 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, 2011 and 2010, 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 that collectively comprise El Camino Hospital District's basic consolidated financial statements. The supplemental schedules of 2011 consolidating information set forth is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The consolidating supplemental information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Management's discussion and analysis on pages 1 through 14 is not a required part of the consolidated financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Moss Adams LLP

San Francisco, California
October 13, 2011

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

EL CAMINO HOSPITAL DISTRICT
CONSOLIDATED BALANCE SHEETS
June 30, 2011 and 2010
(In Thousands)

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 41,988	$ 17,551
Short-term investments	154,046	118,884
Current portion of board designated, restricted funds and trusteed assets	8,874	3,845
Patient accounts receivable, net of allowances for doubtful accounts of $8,021 and $11,638 in 2011 and 2010, respectively	81,515	64,941
Prepaid expenses and other current assets	17,692	25,190
Notes receivable, current	2,013	-
Total current assets	306,128	230,411
Non-current cash and investments - less current portion		
Board-designated funds	212,615	179,671
Restricted funds	54	51
Funds held by trustee	13,090	11,484
	225,759	191,206
Capital assets, net	691,178	726,655
Pledges receivable, net	3,756	218
Prepaid pension asset	24,239	28,508
Investments in health care affiliates	18,484	14,353
Other assets	6,717	6,776
Total assets	$ 1,276,261	$ 1,198,127
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion capital lease obligations	$ 5,663	$ 5,710
Accounts payable and accrued expenses	19,520	20,305
Salaries, wages, and related liabilities	39,868	37,950
Other current liabilities	11,684	14,379
Estimated third-party payor settlements	10,476	1,820
Current portion of bonds payable	54,610	4,246
Total current liabilities	141,821	84,410
Capital lease obligations, net of current portion	10,190	15,787
Bonds payable, net of current portion	280,728	335,337
Other long-term obligations	8,064	9,399
Workers' compensation, net of current portion	15,572	16,919
Postretirement medical benefits, net of current portion	14,535	14,197
Total liabilities	470,910	476,049
Net assets		
Invested in capital assets, net of related debt	355,469	374,598
Restricted - expendable	5,250	2,185
Restricted - nonexpendable	4,562	3,117
Unrestricted	440,070	342,178
Total net assets	805,351	722,078
Total liabilities and net assets	$ 1,276,261	$ 1,198,127

See accompanying notes.

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended June 30, 2011 and 2010
(In Thousands)

	2011	2010
Operating revenues		
Net patient service revenue (net of provision for bad debts of $31,400 and $34,386 in 2011 and 2010, respectively)	$ 603,625	$ 532,918
Other revenue	19,015	19,529
Total operating revenues	622,640	552,447
Operating expenses		
Salaries, wages, and benefits	307,707	304,659
Professional fees and purchased services	101,386	87,907
Supplies	88,761	83,583
Depreciation and amortization	49,942	42,748
Rent and utilities	13,029	13,616
Other	16,277	15,898
Total operating expenses	577,102	548,411
Income from operations	45,538	4,036
Nonoperating revenues (expenses):		
Investment income, net	23,544	29,248
Property tax revenue		
Designated to support community benefit programs	5,782	5,858
Designated to support capital expenditures	3,368	2,830
Levied for debt service	6,643	6,920
General Obligation bond interest expense	(4,897)	(3,039)
Restricted gifts, grants and bequests, and other	8,003	880
Unrealized gain (loss) on interest rate swap	1,364	(1,005)
Other, net	(6,072)	(9,057)
Total nonoperating revenues and (expenses)	37,735	32,635
Increase in net assets	83,273	36,671
Total net assets, beginning of year	722,078	685,407
Total net assets, end of year	$ 805,351	$ 722,078

See accompanying notes.

EL CAMINO HOSPITAL DISTRICT
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010
(In Thousands)

	2011	2010
Cash flows from operating activities		
Cash received from and on behalf of patients	$ 595,707	$ 516,074
Other cash receipts	19,015	21,875
Cash payments to employees	(306,798)	(310,122)
Cash payments to suppliers	(215,209)	(243,157)
Net cash from (used for) operating activities	92,715	(15,330)
Cash flows from noncapital financing activities		
Property taxes	9,150	8,657
Restricted contributions and investment income	4,465	1,127
Transfers from restricted funds and other	(3)	6,478
Net cash from noncapital financing activities	13,612	16,262
Cash flows from capital and related financing activities		
Purchases of property, plant, and equipment	(14,465)	(112,805)
Payments on capital leases obligations	(5,644)	(4,564)
Payments on bonds payable	(4,245)	(3,470)
Interest paid on General Obligation bond debt	(4,897)	(3,039)
Tax revenue related to general obligation bonds	6,643	6,920
Net cash used for capital and related financing activities	(22,608)	(116,958)
Cash flows from investing activities		
Purchases of investments	(279,524)	(184,350)
Sales of investments	206,389	232,801
Investment income	17,472	21,068
Decrease (increase) in notes receivable	(2,013)	22
Change in funds held by trustee, net	(1,606)	9,576
Other	-	(673)
Net cash (used in) from investment activities	(59,282)	78,444
Net increase (decrease) in cash and cash equivalents	24,437	(37,582)
Cash and cash equivalents at beginning of year	17,551	55,133
Cash and cash equivalents at end of year	$ 41,988	$ 17,551
Reconciliation of operating income to net cash from operating activities		
Income from operations	$ 45,538	$ 4,036
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	49,942	42,748
Provision for bad debts	31,400	34,386
Changes in assets and liabilities		
Patient accounts receivable, net	(39,318)	(51,230)
Prepaid expenses and other current assets	7,695	(7,677)
Current liabilities, excluding current portion capital lease obligations	(1,562)	(24,767)
Other long-term obligations	(1,318)	(13,197)
Postretirement medical benefits	338	371
Net cash from (used for) operating activities	$ 92,715	$ (15,330)
Supplemental disclosure of noncash transactions		
New capital lease obligations	$ -	$ 3,955

See accompanying notes.

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 and 2010, the Hospital owns 51% of ECSC and the physicians own 49%. On August 31, 2011, the Hospital purchased the shares owned by the physicians.

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 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.

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.

Proprietary Fund Accounting – 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.

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 2011 and 2010, 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.

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 $1,000 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 Private Duty (formerly 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.

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 $355,469,000 and $374,598,000 at June 30, 2011 and 2010, 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.

Retained earnings reserved for minority interest – Retained earnings reserved for minority interest is the portion of net assets reserved for the 49% minority physician shareholders of ECSC.

Restricted net assets – Restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose or to be maintained by the Foundation in perpetuity.

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 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.

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, 2011 and 2010, the Hospital provided allowances for losses on amounts receivable directly from patients totaling $8,021,000 and $11,638,000, respectively. The distribution of net patient accounts receivable by payor at June 30, 2011 and 2010 is as follows:

	June 30, 2011	June 30, 2010
Medicare	19%	18%
Medi-Cal	4%	3%
Commercial and other	76%	78%
Self pay	1%	1%
	100%	100%

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 19% in 2011 and 43% in 2010 of its total increase in net assets from property taxes. These funds were designated as follows:

	June 30, 2011	June 30, 2010
Designated to support community benefit programs	$ 5,782,000	$ 5,858,000
Designated to support Hospital Replacement Project	$ 3,368,000	$ 2,830,000
Levied for debt service	$ 6,643,000	$ 6,920,000

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 $2,773,000 and $2,834,000 in 2011 and 2010, 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 2010 consolidated financial statements have been reclassified to conform to the 2011 presentation.

New Accounting Pronouncements – The GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2011. The objective is to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. GASB 62 incorporates into the GASB's authoritative literature the applicable guidance previously presented in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports. In addition, GASB 62 is expected to improve financial reporting by eliminating the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of relevant guidance in financial statements of state and local governments. Further, GASB 62 contributes to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they can be found within a single source. The District has implemented this statement for the fiscal year ended June 30, 2011.

NOTE 2 – OPERATING REVENUES

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

	2011	2010
Medicare	24%	23%
Contracted rate payors	73%	74%
Commercial insurance and other	1%	1%
Medi-Cal	2%	2%
	100%	100%

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 2011 and 2010 net operating income by $8,656,000 and $15,620,000, 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 – COMMUNITY BENEFIT (UNAUDITED)

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, 2011 and 2010, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows (in thousands):

	2011	2010
Unpaid costs of Medi-Cal programs	$ 23,640	$ 26,324
Indigent charity care	2,773	2,834
Other community-based programs	21,018	23,695
Total community benefits	$ 47,431	$ 52,853

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 $66,724,000 and $59,446,000 for the years ended June 30, 2011 and 2010, 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 2011 and 2010, these volunteers contributed approximately 128,000 and 114,000 hours, respectively in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.

NOTE 4 – CASH DEPOSITS

At June 30, 2011 and 2010, District cash deposits had carrying amounts of $41,988,000 and $17,551,000, respectively, and bank balances of $47,206,000 and $20,774,000, respectively. Of the bank balances at June 30, 2011 and 2010, $902,000 and $881,000, respectively, were covered by federal depository insurance.

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, 2011 and 2010, balances in repurchase agreements had carrying values of $44,983,000 and $17,243,000, respectively, and are included in the carrying amounts above.

NOTE 5 – BOARD-DESIGNATED, RESTRICTED FUNDS AND INVESTMENTS

Board-designated funds, restricted funds, short-term investments and other long-term investments, collectively, as of June 30, 2011 and 2010 comprised the following (in thousands):

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
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
	$ 362,101	$ 17,128	$ (6,371)	$ 372,858
2010				
Cash and cash equivalents	$ 5,388	$ -	$ -	$ 5,388
Equities	52,710	1,612	(13,770)	40,552
Fixed income securities	242,349	11,378	(1,061)	252,666
	$ 300,447	$ 12,990	$ (14,831)	$ 298,606

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			

At June 30, 2010, 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	$ 5,388	$ 5,388	$ -	$ -
Mutual funds	136	136	-	-
Government and agencies	132,879	29,606	84,014	19,259
Corporate bonds	50,749	6,160	29,923	14,666
Domestic fixed income	63,158	-	63,158	-
Foreign fixed income	5,880	-	4,828	1,052
	258,190	$ 41,290	$ 181,923	$ 34,977
Equities	40,416			
Total fair-value	$ 298,606			

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 balance sheets as follows (in thousands):

	2011	2010
Included in the following balance sheet captions:		
Short-term investments	$ 154,046	$ 118,884
Current portion board designated, restricted funds and trusteed assets	6,143	-
Board designated, less current portion	212,615	179,671
Restricted funds, less current portion	54	51
	$ 372,858	$ 298,606

NOTE 6 – CAPITAL ASSETS

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

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated				
Land	$ 32,519	$ 1,418	$ -	$ 33,937
Construction in progress	7,900	2,920	-	10,820
	40,419	4,338	-	44,757
Capital assets being depreciated				
Land improvement	11,018	-	-	11,018
Buildings	698,142	1,102	712	698,532
Capital equipment	254,159	10,879	12,942	252,096
	963,319	11,981	13,654	961,646
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	(38,587)	1,228	646,421
Total capital assets, net	$ 726,655	$ (34,249)	$ 1,228	$ 691,178

Capital assets activity for the year ended June 30, 2010, is as follows (in thousands):

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Capital assets not being depreciated				
Land	$ 27,711	$ 4,808	$ -	$ 32,519
Construction in progress	439,954	72,976	505,030	7,900
	467,665	77,784	505,030	40,419
Capital assets being depreciated				
Land improvement	6,888	6,320	2,190	11,018
Buildings	253,735	460,472	16,065	698,142
Capital equipment	176,606	90,003	12,450	254,159
	437,229	556,795	30,705	963,319
Less accumulated depreciation for				
Land improvement	4,987	504	2,174	3,317
Buildings	138,713	17,444	15,584	140,573
Capital equipment	108,500	24,851	158	133,193
	252,200	42,799	17,916	277,083
Total capital assets being depreciated, net	185,029	513,996	12,789	686,236
Total capital assets, net	$ 652,694	$ 591,780	$ 517,819	$ 726,655

Construction contracts of approximately $51 million exist for the construction of various projects including the new hospital facility. At June 30, 2011, the remaining commitment on these contracts approximated $4.8 million.

NOTE 7 – 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.

Analysis of Funding Progress - Pension Plan – 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)
2009	$ 103,654	$ 94,352	$ 9,302	109.9%	$ 133,654	7.0%
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%

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 NPO/(Prepaid Pension Asset) (a)	Annual Pension Cost (b)	Actual Contribution (c)	Increase (Decrease) in NPO (b-c)	End of Year NPO/ (Prepaid Pension Asset) ((a)+c-b))
2009	$ (10,002)	$ 5,036	$ 10,800	$ (5,764)	$ (15,766)
2010	$ (15,766)	$ 5,356	$ 16,900	$ (11,544)	$ (27,310)
2011	$ (27,310)	$ 7,871	$ 4,800	$ 3,071	$ (24,239)

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

	2011	2010	2009
Expected long-term return on assets	7.0%	8.0%	8.5%
Rate of compensation increases	4.0%	4.0%	4.0%
Date of actuarial valuation	January 2010	January 2009	January 2008
Amortization period of NPO	10 years	30 years	3 years

Components of pension activity for the years ended June 30, 2011 and 2010, consist of the following (in thousands):

	2011	2010
Pension expense	$ 7,871	$ 5,356
Employer contributions	$ 4,800	$ 16,900
Benefits paid	$ 6,650	$ 5,087

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 $6,744,000 and $5,506,000 in 2011 and 2010, respectively, are included in benefits expense. Participants are immediately vested in the employer contributions included in the cash–balance pension plan.

NOTE 8 – 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.

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, 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 balance sheets as of June 30, 2011 and 2010 (in thousands):

	2011	2010
Accumulated benefit obligation	$ 21,373	$ 20,292
Fair-value of plan assets	-	-
Funded status	$ (21,373)	$ (20,292)
Accrued benefit cost recognized in the balance sheets	$ (14,535)	$ (14,197)

The net period postretirement benefit activity for 2011 and 2010 included the following components (in thousands):

	2011	2010
Benefit expense	$ 1,112	$ 1,090
Employer contributions	$ 774	$ 886
Plan participants' contributions	$ 251	$ 301
Benefits paid	$ 1,025	$ 1,187

The measurement date for the actuarial analysis is June 30 for both 2011 and 2010. 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 2011 and 2010, 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 2011 and 2010.

The following table summarized projected future postretirement plan benefits payments:

2012	$ 915,000
2013	993,000
2014	1,127,000
2015	1,215,000
2016	1,331,000
2017-2021	8,075,000
	$ 13,656,000

NOTE 9 – 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.

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 balance sheets.

NOTE 10 – LONG-TERM DEBT

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

	June 30, 2011	June 30, 2010
El Camino Hospital District 2006		
General Obligation Bonds		
Principal	$ 143,805	$ 144,975
Unamortized premium	1,071	1,261
El Camino Hospital Revenue Bonds		
Series 2008		
Principal	139,675	142,350
Unamortized premium	787	997
Series 2009		
Principal	50,000	50,000
Total long-term debt	335,338	339,583
Less current maturities	54,610	4,246
Maturities due after one year	$ 280,728	$ 335,337

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
	$ 339,583	$ 4,245	$ 335,338

2010	Balance at June 30, 2009	Payments	Balance at June 30, 2010
General obligation bonds	$ 147,269	$ 1,033	$ 146,236
Revenue bonds	196,221	2,874	193,347
	$ 343,490	$ 3,907	$ 339,583

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 Auction 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. The Hospital is in compliance with these covenants as of and for the year ended June 30, 2011.

Due to certain provisions of the 2009 Series Revenue bonds agreement, the entire outstanding balance of the bonds is presented as a current liability due to the fact that the letter of credit in connection with the bonds expires in April 2012; and the scheduled maturities in 2012 include the full amounts due under the bonds. Notwithstanding that the bonds mature between 2025 and 2044, such presentation is required by GASB Section B50, *Bond, Tax, and Revenue Anticipation Notes*, which discusses presentation of debt that is subject to an earlier tender.

Interest Costs – Interest costs incurred for the years ended June 30, 2011 and 2010, are (in thousands):

	June 30, 2011	June 30, 2010
Capitalized	$ -	$ 8,758
Operating expense	6,742	2,876
Nonoperating expense	4,897	3,039
	$ 11,639	$ 14,673

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

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest
2012	$ 1,525	$ 5,014	$ 52,725	$ 9,208
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
2017-2021	17,495	22,104	17,500	40,670
2022-2026	21,372	29,011	20,625	35,540
2027-2031	18,369	45,886	24,300	29,297
2032-2036	60,994	20,240	28,650	21,520
2037-2041	18,050	803	33,750	11,841
2042-2045	-	-	-	2,040
	$ 143,805	$ 142,530	$ 189,675	$ 185,594

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 $4,956,000 at June 30, 2011 and $6,314,000 at June 30, 2010, 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.

NOTE 11 – CAPITAL LEASE OBLIGATIONS

Capital lease obligations outstanding as of June 30, 2011, are as follows (in thousands):

Description	Maturity	Interest Rates	Original Issue	June 30, 2011
Capital leases - equipment net of interest	September 2011 - November 2014	0% to 7.75%	$ 25,711	$ 15,853
Less current portion				5,663
				$ 10,190

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

Description	June 30, 2009	Increases	Decreases	Outstanding June 30, 2010
Capital leases - equipment	$ 22,106	$ 3,955	$ 4,564	$ 21,497

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

Period Ending June 30,	2011
2012	$ 6,296
2013	5,362
2014	4,990
2015	-
2016	-
Less interest	(795)
	15,853
Less current portion	5,663
	$ 10,190

NOTE 12 – 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):

	2011	2010
Charity and other	$ 5,255	$ 1,272
Endowments	1,936	1,794
Restricted by donor for specific uses	7,191	3,066
Restricted by Department of Managed Health Care	50	51
Total restricted net assets	$ 7,241	$ 3,117

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 $1,871,000 and $1,665,000, respectively, at June 30, 2011 and 2010. The applicable federal discount rate for June 2011 and 2010, of 3.45% and 3.33%, respectively, per annum and the Standard Ordinary Mortality Rate Table were used to arrive at the present value.

NOTE 13 – 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 District. 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, 2011 and 2010, the Foundation has a payable to the Hospital in the amount of $391,273 and $321,856, respectively. During the fiscal years 2011 and 2010, the Foundation paid the Hospital $4,649,838 and $2,789,137 for such expenses, respectively, which included amounts for operations as well as disbursements from donor restricted funds in support of Hospital operations and capital acquisitions.

On April 26, 2007, the Foundation entered into a Loan Agreement by and between The Fogarty Institute for Innovation (the "Borrower," "Institute"), a California nonprofit, public benefit corporation located at the Hospital's Melchor Pavilion (medical office building), and the Foundation (the "Lender"). The Lender agreed to lend to the borrower from time-to-time amounts not less than $50,000 (the "Advance"), which in the aggregate at any one time the outstanding amount would not exceed the sum of $1 million. The final date that the Advances were made to the Borrower at June 30, 2008, and all principal balances loaned and accrued interest were to be repaid no later than December 21, 2009. Interest rate on each Advance was at the prime rate as reported in the Wall Street Journal as of the date of requested Advance. The Advances totaled $0 and $636,638 for the years ended June 30, 2011 and 2010 and the accrued interest represented $0 and $14,159 as of June 30, 2011 and 2010, respectively.

Effective April 1, 2011 based on the Assignment, Assumption, and Release Agreement entered into by the Foundation, Hospital, and the Institute, the Foundation assigned to the Hospital its interest in the loan with the Institute. Additionally, the Hospital agreed to pay the Foundation the full value of the unpaid loan principal plus any interest accrued of a loan between the Foundation and the Institute. The Hospital paid the full outstanding principal and accrued interest of $670,663 to the Foundation before June 30, 2011.

Additionally, on April 1, 2011, the Institute signed a promissory note payable to the Hospital for $547,871 which is due and payable in ten equal annual installments. Such amounts may be forgiven as long as the Institute is not a private foundation and remains a public benefit corporation recognized as exempt from federal income tax under Internal Revenue Code 501(c)(3) and so long as the Institute complies with its obligations under the Alliance Agreement. The Alliance Agreement includes entering into a definitive agreement for the Institute to provide certain development and management services to the Hospital with respect to clinical research. The Institute will provide the Hospital with the opportunity to participate in clinical research arising from patient care technologies arising from the Institute's programs.

The Foundation and the Institute also entered into a Co-Branding and Marketing Services Agreement effective April 1, 2011. Co-branding activities will be conducted with respect to the Institute's charitable activities, the clinical research program, and other joint projects. Upon the Institute's request, the Hospital will provide the Institute with marketing services for project specific needs. The agreement has an initial term of one year and may be renewed only upon written agreement between the parties for one or more one year terms. No compensation is provided in connection with co-branding services. Compensation for marketing services is determined by both parties on a project-by-project basis.

The Foundation and the Institute also entered into a Fundraising Services Agreement effective April 1, 2011. Fundraising services provided by the Foundation include conducting research on major gift prospects and soliciting donations on behalf of the Institute. The agreement has an initial term of one year and may be renewed only upon written agreement between the parties for one or more one year terms. The Foundation recognized revenue of $12,500 in 2011 for fundraising services provided to the Institute.

NOTE 14 – 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.

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, 2011 (in thousands):

	Operating Lease Commitments	Lease Income	Net Lease Benefit
2012	$ 2,249	$ 6,855	$ 4,606
2013	3,946	6,067	2,121
2014	3,551	5,007	1,456
2015	3,376	4,968	1,592
2016	3,001	4,633	1,632
Thereafter	13,484	7,769	(5,715)
	$ 29,607	$ 35,299	$ 5,692

Total rental expense in 2011 and 2010 for all operating leases was approximately $2,420,000 and $2,525,000, respectively.

(In Thousands)

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 prior 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.

During 2011 fiscal year 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 15 – HEALTH CARE REFORM

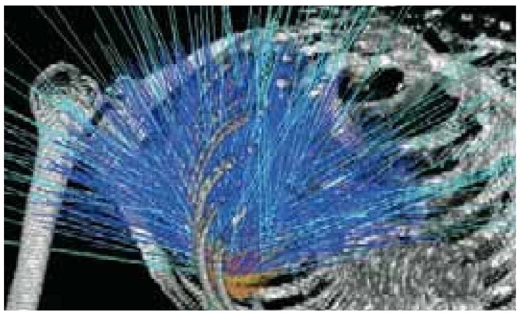
In March 2010, President Obama signed the Health Care Reform Legislation into Law. The new law will result in sweeping changes across the health care industry. The primary goal of this comprehensive legislation is to extend health care coverage to approximately 32 million uninsured legal U.S. residents 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.

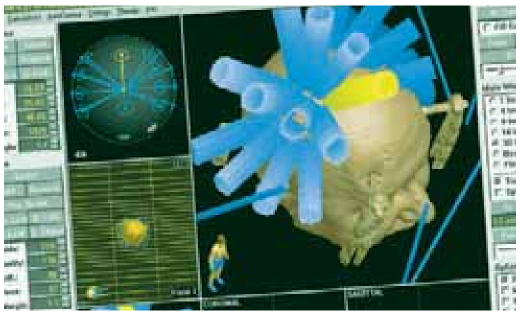
SUPPLEMENTAL SCHEDULES

ASSETS	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
Current assets								
Cash and cash equivalents	$ 51	$ 39,783	$ 68	$ 500	$ 1,175	$ 411	$ -	$ 41,988
Short-term investments	5,872	136,374	2,215	9,585	-	-	-	154,046
Current portion of board designated, restricted funds and trusteed assets	6,199	2,675	-	-	-	-	-	8,874
Patient accounts receivable, net of allowances for doubtful accounts of $8,021	-	80,398	-	422	695	-	-	81,515
Prepaid expenses and other current assets	-	19,174	-	189	514	47	(2,232)	17,692
Notes receivable, current	1,964	-	-	-	59	-	(10)	2,013
Total current assets	14,086	278,404	2,283	10,696	2,443	458	(2,242)	306,128
Non-current cash and investments - less current portion								
Board-designated funds	3,072	195,241	13,289	1,013	-	-	-	212,615
Restricted funds	-	4	-	50	-	-	-	54
Funds held by trustee	6,380	6,710	-	-	-	-	-	13,090
	9,452	201,955	13,289	1,063	-	-	-	225,759
Capital assets, net	12,024	678,576	-	286	615	-	(323)	691,178
Pledges receivable	-	-	3,756	-	-	-	-	3,756
Prepaid pension	-	24,239	-	-	-	-	-	24,239
Investment in health care affiliates	-	19,059	-	-	-	-	(575)	18,484
Other assets	1,512	5,205	-	-	-	-	-	6,717
Total assets	$ 37,074	$ 1,207,438	$ 19,328	$ 12,045	$ 3,058	$ 458	$ (3,140)	$ 1,276,261

LIABILITIES AND NET ASSETS	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
Current liabilities								
Current portion capital lease obligations	$ -	$ 5,663	$ -	$ -	$ -	$ -	$ -	$ 5,663
Accounts payable and accrued expenses	-	18,867	-	498	574	239	(658)	19,520
Salaries, wages, and related liabilities	-	38,629	-	612	520	107	-	39,868
Other current liabilities	2,573	8,623	956	1,116	-	-	(1,584)	11,684
Estimated third-party payor settlements	-	10,476	-	-	-	-	-	10,476
Current portion of bonds payable	1,707	52,903	-	-	-	-	-	54,610
Total current liabilities	4,280	135,161	956	2,226	1,094	346	(2,242)	141,821
Capital lease obligations, net of current portion	-	10,190	-	-	-	-	-	10,190
Bonds payable, net of current portion	143,169	137,559	-	-	-	-	-	280,728
Other long-term obligations	-	8,064	-	-	-	-	-	8,064
Workers' compensation, net of current portion	-	15,572	-	-	-	-	-	15,572
Postretirement medical benefits, net of current portion	-	14,535	-	-	-	-	-	14,535
Total liabilities	147,449	321,081	956	2,226	1,094	346	(2,242)	470,910
Net assets								
Invested in capital assets, net of related debt	(120,273)	475,164	-	286	615	-	(323)	355,469
Restricted - expendable	-	-	5,250	-	-	-	-	5,250
Resticted - nonexpendable	-	-	1,941	50	-	-	2,571	4,562
Unrestricted	9,898	411,193	11,181	9,483	1,349	112	(3,146)	440,070
Total net assets	(110,375)	886,357	18,372	9,819	1,964	112	(898)	805,351
Total liabilities and net assets	$ 37,074	$ 1,207,438	$ 19,328	$ 12,045	$ 3,058	$ 458	$ (3,140)	$ 1,276,261

	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 $31,400 in 2011)	$ -	$ 595,144	$ -	$ -	$ 8,481	$ -	$ -	$ 603,625
Other revenue	80	12,241	13	8,268	6	-	(1,593)	19,015
Total operating revenues	80	607,385	13	8,268	8,487	-	(1,593)	622,640
Operating expenses								
Salaries, wages and benefits	-	300,226	1,224	2,502	3,521	458	(224)	307,707
Professional fees and purchased services	13	95,044	1,702	3,329	1,109	442	(253)	101,386
Supplies	-	86,885	15	-	1,859	2	-	88,761
Depreciation and amortization	180	49,287	-	90	385	-	-	49,942
Rent and utilities	-	12,902	52	198	510	-	(633)	13,029
Other	-	15,509	228	212	328	-	-	16,277
Total operating expenses	193	559,853	3,221	6,331	7,712	902	(1,110)	577,102
Income (loss) from operations	(113)	47,532	(3,208)	1,937	775	(902)	(483)	45,538
Nonoperating revenues (expenses):								
Investment income, net	69	21,490	1,659	338	(12)	-	-	23,544
Property tax revenue								
Designated for community benefit programs	5,782	-	-	-	-	-	-	5,782
Designated for capital expenditures	3,368	-	-	-	-	-	-	3,368
Levied for debt service	6,643	-	-	-	-	-	-	6,643
General Obligation Bond interest expense	(4,897)	-	-	-	-	-	-	(4,897)
Restricted gifts, grants and bequests, and other	-	-	5,527	-	-	-	2,476	8,003
Unrealized gain (loss) on interest rate swap	-	1,364	-	-	-	-	-	1,364
Other, net	(11)	(5,357)	671	(1,167)	(1,314)	1,004	102	(6,072)
Total nonoperating revenues and (expenses)	10,954	17,497	7,857	(829)	(1,326)	1,004	2,578	37,735
Excess (deficit) of revenues over expenses before capital grants, contributions, and additions to permanent endowments	10,841	65,029	4,649	1,108	(551)	102	2,095	83,273
Capital transfers	(94)	506	(412)	-	-	-	-	-
Increase (decrease) in net assets	10,747	65,535	4,237	1,108	(551)	102	2,095	83,273
Total net assets, beginning of year	(121,122)	820,822	14,135	8,711	2,515	10	(2,993)	722,078
Total net assets, end of year	$ (110,375)	$ 886,357	$ 18,372	$ 9,819	$ 1,964	$ 112	$ (898)	$ 805,351




EL CAMINO HOSPITAL AT 50:

BUILDING ON THE PAST, BRINGING ON THE FUTURE.

Since 1961, when we opened our first hospital, we've been working to meet the needs and exceed the expectations of our patients and their families. Now, as we recognize our fiftieth anniversary, we celebrate the innovative spirit that has transformed our community hospital into a world-class institution. As an independent, nonprofit organization, we are uniquely empowered to conceive, plan, and launch valuable services with remarkable speed and efficiency. And our exceptional environment attracts some of the world's finest medical professionals, who are free to collaborate and innovate to provide care that is truly above and beyond. We thank you for your support and we commit to doing whatever it takes to deliver the finest care, anywhere.

Main photo, from left: Shyamali Singhal, MD, medical director, Cancer Center; Shreyes Mallur, MD, hospitalist and chief of staff, El Camino Hospital Los Gatos; and James Joye, DO, director of research and education, Heart & Vascular Institute.

For more information, call 800-216-5556 or visit our Web site.

El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

800-216-5556
www.elcaminohospital.org

Two campuses • 2500 Grant Road, Mountain View • 815 Pollard Road, Los Gatos

Holiday

■ CLASSIFIEDS 36

■ REAL ESTATE 38

HAPPY HOLIDAYS

Green toys made from recycled milk jugs are sold at Live Greene in Palo Alto.

"Greening" the holidays

Eco-friendly gifts cut back on waste

By Sarah Trauben

photo by Veronica Weber

The holidays between Thanksgiving and New Year's Day are treasured times for gift-giving, but the increased waste may put a damper on celebrations. Choosing eco-friendly gifts and wrapping papers can put a smile on recipients' faces while mitigating this season's environmental impact.

Household waste increases by 25 percent over the holidays and amounts to five million extra tons in America's landfills, according to San Mateo County's RecycleWorks program. Recycled or repurposed gift-giving not only cuts down on that waste but may present a more exciting option for gift recipients, according to David Greene, owner and operator of Palo Alto eco-gift shop LiveGreene.

"Everyone loves to give a gift that has a story. And every eco-gift tells a story of what it was and how it changed," Greene said.

Four million tons of trash annually comes from gift-wrap and shopping bags, according to RecycleWorks. Recycled or reusable wrappings can be a first step towards "greening up" your holiday season even if your friends and family have their eyes set on gadgets or conventional gifts.

Holiday-themed bags made from recycled materials give a festive yet eco-friendly note to the gift-giving season and can be easily reused by your gift recipient. A range of recycled-materials gift bags can be purchased from LiveGreene.

Affordable wrapping paper is also available from Whole Foods Los Altos, which stocks brands such as Waste Not Paper ($5).

"Most of the wrapping paper that we sell year-round is made from recycled materials, and they're really cute designs, too," buyer Nadia Zep said. "We also have fun cards which have seeds in them, so when someone is done with their card, they can plant it."

These cards are made from 100 percent recycled paper and come embedded with wildflower seeds. After the card is read, it can be planted and watered, letting your message live on in the form of flowers while reducing the number of cards clogging landfills or memento boxes.

Seed-embedded wrapping papers and cards are available on Colorado seed-paper company Bloomin's website, www.bloomin.com.

Quirky kitchen utensils sold at Live Greene.

But it isn't just wrapping paper and cards that can add an eco-friendly flair to your holidays. A wide variety of creative gifts made of recycled, repurposed and sustainably produced materials are available at local businesses. But question the stereotypes about such gifts; they don't need to be "crunchy" or sacrifice on style.

Bracelets and belts made of repurposed rubber tires would be a playful choice for a fashion-forward friend, Greene said. Made in Santa Cruz with an industrial sewing machine, they look much like a traditional braided belt but have an edgier, industrial appeal. An added benefit, the belts are easy on the wallet at $30.

Eco-friendly gifts can be utilitarian as well as playful, Greene said. Stylish bags and wallets made from recycled bike tubes are durable and might brighten up an avid bicyclist's commute.

Or, consider glassware made from recycled glass for a favorite barware enthusiast.

Boston Warehouse's line of cheeky cooking and cleaning utensils may be a good choice for a friend or culinary-inclined family member. The quirky line of potato mashers, bottle openers, graters, pizza cutters and other tools destined for the kitchen-utensil drawer ($10 each) are playfully designed with faces and made of recycled plastic.

▸ Continued on next page

Bracelets, belts and coin purses made of recycled bicycle tires.

Above: Eco-friendly wrapping paper and a reusable canvas gift bag at Live Greene.

Above right: Glassware made of recycled bottles.

Gifts for the travel-minded

A few gadgets can assure a stress-free vacation

By Anna Li

The holiday season is stressful. We often nullify the joys of abundant food and blissful company by fretting over holiday gifts, tension between relatives and colossal stacks of dishes balanced precariously in the sink.

Unfortunately, travel is no longer a viable option to reduce stress. The Transportation Security Administration (TSA) and airlines regulations coupled with over-packing and too many gadgets have created environments hectic enough to beat Christmas Eve shopping.

Here are some thoughts on travel accessories to rejuvenate your next vacation or business trip — or perhaps make ideal holiday gifts for the traveler.

First of all, the tricks to smooth travel are preparation and multipurpose items. Never underestimate the power of a flamboyantly colored suitcase with a TSA-approved lock.

Edwards Luggage, located in the Stanford Shopping Center, stocks Rimowa suitcases in a range of colors that will allow you to quickly identify your luggage on the conveyor belt and reduce chances that others will mistake your bag for theirs.

"Rimowa's polycarbonate suitcases are lightweight yet tough," says Leslie Ebert, the owner of Edwards Luggage.

A three-tumbler combination lock saves you from having to remember where you put your keys. Coupled with a handheld digital scale from Going In Style, another travel store in the Stanford Shopping Center, guarantees you full control of your bags.

You'll also be happy to know that both stores carry the Scottevest Essential Travel jacket, a unisex jacket with 22 pockets, whose Teflon coating repels water and stains.

The jacket's pockets hold IDs, passports, an iPad, headphones and more. There is even a cleaning cloth for glasses attached to the jacket's seam. With strict weight requirements for carry-on bags, "it's like wearing your luggage," says Marilyn Ashby, the owner of Going In Style.

VERONICA WEBER

Rimowa suitcases come in a variety of sizes and colors.

For those fearful of pickpockets, both stores carry PacSafe's handbags and wallets. PacSafe's bags contain two steel wires threaded through the strap and hidden mesh wires to protect the sides of the bags from slashing. The zippers clasp onto the strap to make it near impossible for pickpockets to unzip bags.

Precautions, however, are still necessary including carrying photocopies of your passport and leaving extra money, passports and valuables such as jewelry in secure places like the hotel safe.

Be aware that high-tech crooks carry reading devices to scan the electronic tags on the latest passports and credit-card chips, which contain all of your personal information.

Crowded places like airports serve as nest-

▶ Continued from previous page

"They're a good seller for Secret Santas," Greene said. "They're whimsical and tell a story, but they're practical as well."

As for the children on your holiday shopping list, consider a Green Start puzzle set, $10-$15, made from 98 percent post-recycled materials and soy-based inks. Oversized recycled cardboard castles, complete with non-toxic crayons, indulge kids' imaginative sides and are affordable at $18.

Young children seem ever-fond of plastic toys each winter season, but it's possible to follow their holiday wish lists with environmentally-friendly plastic options, local retailers said. Green Toys, a collection of classic toys, are made of 100 percent high-density polyurethane sourced from recycled milk jugs.

"Kids put everything in their mouths, so these are very clean toys," Greene said.

The Green Toys are also available at Whole Foods Los Altos and Menlo Park toy store Cheeky Monkey, where assistant manager Kimberly Vasquez said that they are popular purchases by parents and gift-givers.

Buying toys made in California has the added benefit of reducing the carbon blueprint of your gifts. "They buy these because they are made locally out of recycled plastic," she said of the California-based company's offerings. They include toys for a variety of ages; stacking cups and building blocks, racecars, dump trucks, school buses, recycling trucks, and even jump ropes made from what might otherwise be destined for landfill.

Whether you give family and friends eco-friendly gifts, gift wrap or cards, you're choosing "gifts that are sure to make the giver and receiver feel good this holiday season," said Jennifer Marples, Whole Foods spokesperson.

And the reduced environmental impact of recycling and repurposing during the holidays won't feel bad, either. ■

ing grounds for these technological pickpockets. Travelers may consider bringing a wallet or passport holder that blocks radio-frequency identification (RFID) to reduce the risk of identity theft.

GoToobs are refillable bottles that help travelers organize fluids in their carry-on bags. Edwards Luggage sells them in five different colors to allow easy identification and three sizes for different liquids.

The back of each GoToob bottle has a suction cup to adhere to shower walls. The dispenser's "no-drip mouth" tightly seals to avoid spills and its rubber tip squirts out small drops of liquids.

"GoToobs prevent the jet of liquids that often explode out of pressurized bottles," says Ebert.

Edwards Luggage also sells various sizes of packing folders from Eagle Creek to help disorganized travelers compartmentalize their clothing.

Flight attendants swear by rolling up clothes to fit more items in suitcases. But rolled clothing often crumbles into an undistinguishable mess.

Ebert demonstrates how to fold dress pants, shirts and skirts by wrapping them in the folders to stay wrinkle-free. She says the folders are great for business

MICHELLE LE

Butter By Nadia jersey dress at Boutique 4.

trips, especially when travelers need to keep their clothes looking fresh.

"They're good for laying clothes flat and leaves room for bulkier items like your hairdryer and boots," says Ebert.

The ultimate strategy to keep clothes fresh is bringing wrinkle-free clothing.

Boutique 4, a women's clothing store in Mountain View, sells clothes for travelers who plan to attend any event from business meetings, to fancy dinners, to evening parties.

"Eighty percent of what we carry will travel really well," says Tamara Michel, the co-owner of Boutique 4.

Michel suggests that travelers pick clothes from a color palate to ensure that everything they bring mixes and matches.

"Layering is key for travel," she says.

"The ultimate multipurpose item is the Butter dress," says Michel.

The Butter dress is a one-size-fits-all garment that has a circular-cut skirt that drapes gently over any waist and two extremely long straps to be tied in various designs.

The Butter dress comes in more than 20 different colors. The charm of the dress comes from its the flexibility. The material is very stretchy, yet durable and the straps can be tied to flatter any figure and occasion.

Michel says finding imaginative ways to tie the dress guarantees that you never wear the same dress twice. She suggests bringing it on holidays like cruises where buffets may leave travelers needing more accommodating clothing.

Ebert agrees that multipurpose clothing makes packing easy and stress-free.

She recommends bringing fewer clothes in favor of more accessories.

"Accessories help make outfits look different. Any way to reduce the amount you have to carry is good," she says.

Her favorite scarf is the Chilly Jilly Pashmina. She wrapped the scarf around her waist like a skirt when a guard would not let her wear shorts into a church in Italy. "You can wear the Pashmina like a shawl, a headscarf, on the beach with your bikini or around your neck," she says.

Vacation and business trips would not be complete without entertainment.

To ensure many hours of comfortable use, try the tyPad, an iPad 2 case, sold at Edwards Luggage. It holds the tablet in an upright position and contains a built-in Bluetooth keyboard.

Edwards Luggage also carries an iPhone charger from Mobius. This unique charger runs on solar power. It is a great gift for hikers and travelers who will be far from electric sources to charge their iPhone.

"The charger acts like a second fully charged battery," says Ebert. "We've already sold out and are waiting for new stock."

Consider nontraditional travel items that may alleviate your stress levels.

Boutique 4 carries small sponges that sweep up stains like deodorant and toothpaste marks on dark clothing. They will keep your outfit looking refreshed when bathrooms and washing machines are inaccessible.

Boutique 4 also carries Shower Steamers — small balls to use in the shower that release aromatherapy oils to relax your body and mind. It is a great substitute for a bath.

Lastly, the best selling item in Going In Style and Edwards Luggage is jetlag tablets to alleviate fatigue and sleeplessness.

In light of stringent travel regulations, the travel industry evolved impressively to meet your travel needs. Ironically, keeping the myriad of innovative gadgets to a minimum may actually keep you calmer.

Focusing on unwinding, turning off electronics and enjoying your well-deserved break will help you recharge your batteries for 2012.

"Be patient and have a good attitude. Go with the flow," recommends Ashby. ■

Editorial Intern Anna Li can be emailed at ali@mv-voice.com.

Marketplace

fogster.com

THE PENINSULA'S FREE CLASSIFIEDS WEB SITE

Combining the reach of the Web with print ads reaching over 150,000 readers!

fogster.com is a unique web site offering **FREE** postings from communities throughout the Bay Area and an opportunity for your ad to appear in the Palo Alto Weekly, The Almanac and the Mountain View Voice.

PLACE AN AD

ONLINE
fogster.com

E-MAIL
ads@fogster.com

PHONE
650/326-8216

Now you can log on to **fogster.com**, day or night and get your ad started immediately online. Most listings are free and include a one-line free print ad in our Peninsula newspapers with the option of photos and additional lines. Exempt are employment ads, which include a web listing charge. Home Services and Mind & Body Services require contact with a Customer Sales Representative.

So, the next time you have an item to sell, barter, give away or buy, get the perfect combination: print ads in your local newspapers, reaching more than 150,000 readers, and unlimited free web postings reaching hundreds of thousands additional people!!

INDEX

Bulletin Board

115 Announcements

PREGNANT? CONSIDERING
ADOPTION? Talk with caring agency specializing in matching Birthmothers with Families nationwide. LIVING EXPENSES PAID. Call 24/7 Abby's One True Gift Adoptions 866-413-6293 (Void in Illinois) (AAN CAN)

3 & 4 year old Dance Class

Dance Expressions -NEW SESSION

Dance Expressions 2012

Free Reiki to the community!

Holiday Bake Sale for Kittens!

Holiday Pet Photos with Santa!

Introduction to opera

Spring Down Horse Show

Stanford music tutoring

Thanks to Saint Jude

120 Auctions

Advertise Your Auction
in 240 California newspapers for one low cost of $550. Your 25 word classified ad reaches over 6 million+ Californians. Free brochure call Elizabeth (916)288-6019. (Cal-SCAN)

130 Classes & Instruction

Allied Health Careers
Training. Attend college 100% online. Job placement assistance. Computer available. Financial Aid if qualified. SCHEV certified. Call 800-481-9409. www.CenturaOnline.com (Cal-SCAN)

College Degree
Earn online. *Medical, *Business, *Criminal Justice. Job placement assistance. Computer available. Financial Aid if qualified. SCHEV certified. Call 888-210-5162 www.CenturaOnline.com (Cal-SCAN)

High School Diploma!
Graduate in 4 weeks! FREE Brochure. Call Now! 1-866-562-3650 ext. 60 www.SouthEasternHS.com (Cal-SCAN)

HIGH SCHOOL DIPLOMA!
Graduate in just 4 weeks!!! FREE Brochure. Call NOW! 1-800-532-6546 Ext. 97 www.continentalacademy.com (AAN CAN)

Work on Jet Engines
Train for Aviation Maintenance Career. FAA approved. Financial aid if qualified - Job placement assistance. CALL Aviation Institute of Maintenance (888) 242-3382 toll free. (Cal-SCAN)

German language class

Instruction for Hebrew
Bar and Bat Mitzvah
For Affiliated and Unaffiliated
George Rubin, M.A. in
Hebrew/Jewish Education
650/424-1940

133 Music Lessons

Barton-Holding Music Studio
Accepting new students for private vocal lessons. All levels. Call Laura Barton, 650/965-0139

FUN, Piano/Guitar/Violin Lessons

Hope Street Music Studios
In downtown Mtn. View Most instruments, voice All ages & levels (650)961-2192 www.hopestreetmusicstudios.com

Jazz & Pop Piano Lessons
Learn how to build chords and improvise. Bill Susman, M.A., Stanford. (650)906-7529

Piano Lessons in your home
Children and adults. Christina Conti, B.M. 15+ yrs exp. 650/493-6950

SMALL GROUP CHORAL SINGING

The Manzana Music School
www.ManzanaMusicSchool.com
Palo Alto Kids & Adults Guitar, Banjo, Mandolin, Violin, Cello,& Bass lessons

140 Lost & Found

Rabbit

150 Volunteers

Conversation Partners needed

Fosterers Needed for Moffet Cats

homeless cats need your help

Volunteers

152 Research Study Volunteers

FREE Groceries!
Receive $2000 in Grocery Savings! Grocery Stimulus Program provides $2000 savings to participants of shopping survey. ALL MAJOR AND LOCAL supermarkets! Call now 877-301-1691

For Sale

201 Autos/Trucks/ Parts

BMW 2008 328i Sedan - $23,988

CHEVROLET 1970 CHEVELLE
1970 CHEVROLET CHEVELLE SS 396 BIG BLOCK asking $5600, Unrestored, auto trans, I'm available at thewscar2@msn.com / 480-409-0687.

Mini 2009 MIni Cooper - $18,750

VOLKSWAGEN 2002 EUROVAN MP - $7900

Volvo 2000 XC 4WD station wagon - $7,100

202 Vehicles Wanted

CASH FOR CARS
Any Car/Truck. Running or Not! Top Dollar Paid. We Come To You! Call For Instant Offer: 1-888-420-3808 www.cash4car.com

Donate A Vehicle
= 2011 tax deduction! Help struggling families. Cars, trucks, boats and RV's wanted running or not. Free towing/Tax deductible. 877-493-GIVE (4483). www.MakeADifferenceDonations.org (Cal-SCAN)

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

Sell Your Car, Truck, SUV
today! All 50 states, fast pick-up and payment. Any condition, make or model. Call now 1-877-818-8848. www.MyCarforCash.net (Cal-SCAN)

203 Bicycles

Bigha recumbent bike - $1250.00

210 Garage/Estate Sales

Palo Alto, 727 Desoto Dr, Dec 17, 9-1
Garage Sale- Wide variety of women's clothing, shoes. some kitchen items, some furniture, Classical CDs and other music CDs and misc.

Redwood City, Quartz St, ONGOING

220 Computers/ Electronics

BRAND NEW CD player for car, for - $50

230 Freebies

Dresser - FREE

Kitchen Stepchair - FREE

Midcentury Modern Chairs - FREE

235 Wanted to Buy

CASH FOR GUNS!
Eddy's, Mtn.View (650)969-GUNS

DTV converter box needed

240 Furnishings/ Household items

Designer Light Fixture - $120

Ligne Roset Dining Set - $1200/BO

New Full Serta Mattress Set - $175

Saeco Aroma Espresso Machine - 85.00

245 Miscellaneous

Portable Infrared Heater
Save up to 50 percent off your next heating bill. Advanced Portable Infrared iHeater! Heat 1000 sq. ft. for about 5 cents an hour! Free Shipping! Call 1-888-807-5741. (Cal-SCAN)

Christmas Tree Stand - $49.00

firewood
firewood oak split seasoned delivered to your driveway $340.00 cord $190.00 1/2 cord call bob 7am-7pm 6503678817

firewood - $340.

Irrigation System - $45.00

Roof Rack for Eurovan volkswagen - 250

Special Bike Rack for Eurovan Vo - 250

250 Musical Instruments

Flute & Picolo
Excel. cond., cases. Ideal for student. $100 ea. 650/305-1367

260 Sports & Exercise Equipment

PingPong Table - $30.00

Kid's Stuff

330 Child Care Offered

house cleaner or house keeper.

Nanny/Au Pair

345 Tutoring/ Lessons

Chess Lessons for kids and adult

French Group lesson 650-691-9863

355 Items for Sale

4 Years BOY Summer clothes$40

Avent bottles,bowls,forks,spoons

Box withBoyBabyBlankets/comforte

BOY24mon SUMMER only clothes

Child Safety Gate $25.00

Jackets BOY 6mon-3 years $5

Pink BarbieJeep1998MattelRemote

Size 3T suit/tuxedo jacketReniew

Stuffed animals box full only$20

Toddler shoes Size 4-6Boy - 3

Toddler Soccer cleats size13 $5

Mind & Body

415 Classes

2-DAY INTENSIVE Hypnosis: Creati

425 Health Services

Diabetics with Medicare
Get a free talking meter and diabetic testing supplies at No Cost, plus FREE home delivery! Best of all, this meter eliminates painful finger pricking! Call 888-781-9376. (Cal-SCAN)

Sleep Apnea Sufferers
Medicare. Get FREE CPAP Replacement Supplies at No Cost, plus FREE home delivery! Best of all, prevent red skin sores and bacterial infection! Call 888-699-7660. (Cal-SCAN)

Jobs

500 Help Wanted

Computer Programmer
Comp. Programmer, Lead. Mountain View, CA. MS Degree; J2EE/Java, Python, Web Serv.,JavaScript, MySQL/Oracle/NoSQL, XML/HTML, Linux. Resume: EPAM Systems, 41 University Dr., # 202, Newtown, PA 18940.

HIRING APPLY NOW
A FURNITURE MAKING COMPANY IS LOOKING FOR VIBRANT BUT HARDWORKING PEOPLE TO FILL AN OPENING POSITION IN ACCOUNTING CUSTOMER SERVICE AND CASHIER ITS OPENED TO ALL GRAD STUDENT 850 PER/WK WITH AVAILABLE CAR FOR OFFICIAL USE ANY INTERESTED APPLICANT SHOULD SEND HIS/HER RESUME TO GEORGE ON:gwork7733@gmail.com

550 Business Opportunities

Income From Anywhere
The most exciting Business to come along in decades! Potential Earnings - $500, $1000 or even $5000 a month in your spare time. www.4getyour925.com/cp/37/np 888-888-9802 x93784. (Cal-SCAN)

560 Employment Information

Disability Benefits
through Social Security. You Win or Pay Us Nothing. Contact Disability Group, Inc. Today! BBB Accredited. Call For Your FREE Book and Consultation. 877-490-6596. (Cal-SCAN)

Driver
Build your own hometime! Daily pay! New trucks! Local orientation. 31 Service Centers. Van and Refrigerated. CDL-A, 3 months recent experience required. 800-414-9569. www.driveknight.com (Cal-SCAN)

Driver
Stable career. No experience needed! Sign on bonuses available! Top industry pay and quality training. 100% Paid CDL Training. 1-800-326-2778. www.JoinCRST.com (Cal-SCAN)

Drivers: 13 Needed
Need 13 good drivers. Top 5% Pay and 401K. 2 Months CDL Class A Driving Experience. 1-877-258-8782 www.MeltonTruck.com (Cal-SCAN)

Drivers: CDL Training
Career Central. No money down. CDL Training. Work for us or let us work for you! Unbeatable Career Opportunities. *Trainee *Company Driver *Lease Operator Earn up to $51k *Lease Trainers Earn up to $80k 1-877-369-7126. www.CentralDrivingJobs.net (Cal-SCAN)

Metal Building Erectors
Western Canada opportunities. Relocation assistance provided, on-site accommodation. Wage: $25+, drug test req. Clark Builders. www.ClarkBuilders.com careers@clarkbuilders.com F: 1-888-403-3051. P: 1-877-416-6815 (VM) (Cal-SCAN)

Paid In Advance!
Make $1,000 a Week mailing brochures from home! Guaranteed Income! FREE Supplies! No experience required. Start Immediately! www.homemailerprogram.net (AAN CAN)

Sales: Live, Work, Party, Play
Play in Vegas, hang in LA. Hiring 18-24 gals/guys. $400-$800 wkly. Paid expenses. Signing Bonus. Energetic and Fun! Call 877-259-6983. (Cal-SCAN)

Sales: Over 18?
A can't miss limited opportunity to travel with a successful business group. Paid Training. Transportation/lodging provided. Unlimited Income Potential. Call 1-877-646-5050. (Cal-SCAN)

PLACE AN AD by E-MAIL at
ads@fogster.com

Truck Drivers
Will provide CDL training. Part-time driving job with full-time benefits. Get paid to train in the California Army National Guard. www.NationalGuard.com/Truck or 1-800-Go-Guard. (Cal-SCAN)

Business Services

645 Office/Home Business Services

Advertise Truck Driver Jobs
in 240 California newspapers for one low cost of $550. Your 25 word classified ad reaches over 6 million+ Californians. Free brochure call Elizabeth (916)288-6019. (Cal-SCAN)

Classified Advertising
Reach Californians with a Classified ad in almost every county! Experience the power of classifieds! Combo~California Daily and Weekly Networks. One order. One payment. Free Brochures. elizabeth@cnpa.com or (916)288-6019. (Cal-SCAN)

Display Advertising
Place a business card sized ad in 140 California newspapers for one low cost of $1,550. Your display 3.75x2" ad reaches over 3 million+ Californians. Free brochure call Elizabeth (916)288-6019. (Cal-SCAN)

695 Tours & Travel

Cyber Consumer
Check out some diverse travel destinations. Go to: http://www.cyberconsumer.net

Home Services

710 Carpentry

Cabinetry-Individual Designs
Precise, 3-D Computer Modeling: Mantels * Bookcases * Workplaces * Wall Units * Window Seats. Ned Hollis, 650/856-9475

715 Cleaning Services

CA-1 CLEANING SERVICES
lic#051308
Window Washing • Steam Carpet Cleaning • Pressure Washing • Gutter Cleaning
CALL US TODAY! (650)444-1399 ca1cleaning@yahoo.com

Elsa's Cleaning Service
Homes, apartments, condos. 20+ yrs. exp. Good refs. $15/hour. Elsa, 650/208-0162; 650/568-3477

Family House Service
Weekly or bi-weekly **green cleaning**. Comm'l., residential, apts. Honest, reliable, family owned. Refs. Sam, 650/315-6681.

Holiday Cleaning
by Tere. Houses * Apartments * Offices. Genl. cleaning, laundry, ironing, comml./res. Excel. refs. Lic. #40577. 650/281-8637

magna housecleaning

Maribel Hernandez

Olga's Housecleaning
Res./Com. Wkly/mo. Low Rates. Local Refs. 25 years Exp. & Friendly. I love My Job! Ins. (650)380-1406

No phone number in the ad?
GO TO
FOGSTER.COM
for contact information

Orkopina Housecleaning
"The BEST Service for You"
Bonded Since 1985 Insured
- Dependable, Trustworthy, Detailed
- Laundry, Ironing, Change Linens
- Wash Walls, Windows and Blinds
- Move In/Move Out and Remodel Clean-up
- Power Wash
- Landscape and Concrete Work

(650)962-1536 - Lic. 020624
www.orkopinabestcleaningservice.com

Socorro's Cleaning Service
Full housecleaning, laundry. San Carlos to MV. 650/465-3765

730 Electrical

A FAST RESPONSE!
Small Jobs Welcome. lic #545936 Bob 650-343-5125. www.HillsboroughElectric.com

Alex Electric
Lic #784136. Free Est. All electrical. Alex, (650)366-6924

748 Gardening/ Landscaping

Beckys Landscape
Weeding, weekly/periodic maint. Annual rose/fruit tree prune, clean ups, irrigation, sod, planting, raised beds. Demolition, excavation. Driveway, patio, deck installs. Power washing. 650/493-7060

J. L. GARDENING SERVICE
- Garden & Landscape Care
- Full Weekly or Bi-Weekly Service
- Cleanups • Free Est.

25 Years of Exp.
FIRST SERVICE VISIT FREE
650-520-9097
www.JLGARDENING.COM

Jody Horst
Landscape Artist
856-9648
- Design, Install, Consult
- Drip & Spray Irrigation
- Clean-up & Maintenance
- Lawns & Rock Gardens
- Edible Gardens, Veggie Boxes

Lic. #725080

LANDA'S GARDENING & LANDSCAPING
*Yard Maintenance*New Lawns*Clean Ups*Tree Trimming*Wood Fences* Power Washing. 17 years experience. Senior Discount 650-576-6242

Leo Garcia Landscape/ Maintenance
Lawn and irrig. install, clean-ups. Res. and comml. maint. Free Est. Lic. 823699. 650/369-1477.

Mario's Gardening
Maintenance, clean-ups. Free est. 650/365-6955; 995-3822

PAN Since 1985
Landscape & Maintenance
Concrete • Pavers
Driveways • Yard maintenance
(408) 945-0500
Lic. #692142 Panlandscape.com

R.G. Landscape
Yard clean-ups, maintenance, installations. Call Reno for free est. 650/468-8859

WEEKLY MAINTENANCE
TRIMMING/ PRUNING, TREE SERVICE, STUMP GRINDING, CLEAN UPS, AERATION, IRRIGATION, ROTOTILLING. ROGER: 650.776.8666

751 General Contracting

NOTICE TO READERS It is illegal for an unlicensed person to perform contracting work on any project valued at $500.00 or more in labor and materials. State law also requires that contractors include their license numbers on all advertising. Check your contractor's status at www.cslb.ca.gov or 800-321-CSLB (2752). Unlicensed persons taking jobs that total less than $500.00 must state in their advertisements that they are not licensed by the Contractors State License Board.

To place a Classified ad in The Almanac, The Palo Alto Weekly or The Mountain View Voice call 326-8216 or visit us at fogster.com

CJ TIGHE CONSTRUCTION INC
Since1990!
GENERAL BUILDING CONTRACTORS
Additions • Remodels • Baths, Kitchens
• New Homes • Seismic Upgrades
650-322-7930
PL/PD STATE LIC# 608358
www.cjtigheconstruction.com

757 Handyman/ Repairs

AAA HANDYMAN AND MORE
Repairs • Electrical • Plumbing
Carpentry • Fences • Painting
IKEA furn. Assembled • Senior Discount
Lic.# 468963 Since 1976 Licensed & Insured
650-222-2517

ABLE HANDYMAN FRED
- Complete Home Repairs • Maintenance
- Remodeling • Professional Painting
- Carpentry • Plumbing • Electrical
- Custom Cabinet Design • Deck & Fence
- And Much More

30 Years Experience
650.529.1662 • 483.4227

HANDY "Ed" MAN
Electrical • Plumbing • Painting
Carpentry • Tile • Wallpapering
22 years serving your area
FREE ESTIMATES • REFERENCES
ED RODRIGUEZ
(650)465-9163 • (650)570-5274

Keane Construction
Specializing in Home Repairs Kitchens, Bathrooms, Stucco, Dry Rot & Masonry and more! 650-430-3469 Lic.#743748

Miller's Maintenance
Plumbing, Painting, Tile and wall repair. **Free Est.** No job too small. Senior discount. 25 years exp. 650/669-3199

Repairs
We install ramps and grab bars. www.ELDERFRIENDLYRENOVATION.COM 888/850-5051 Licensed Contractor 499722

759 Hauling

a J & G HAULING SERVICE
Misc. junk, office, appliances, garage, storage, etc, clean-ups. Old furniture, green waste and yard junk. Licensed & insured. FREE ESTIMATES 650/368-8810

College Student
Will haul and recycle your unwanted items and do genl. clean up. 650/641-3078; 650/868-6184

Frank's Hauling
Commercial, Residential, Garage, Basement & Yard. Clean-up. Fair prices. 650/361-8773

767 Movers

Armando's Moving
Homes, Apartments, Storage. Full Service moves. Serving the Bay Area for 20 yrs. Licensed & Insured. Armando,650-630-0424. CAL-T190632

SHMOOVER MOOVERS
LICENSE CAL.T-118304
Serving the Peninsula since 1975/Owner-Operated!
327-5493

771 Painting/ Wallpaper

Gary Rossi PAINTING
Free 2 gal. paint. Water damage repair, wallpaper removal. Bonded. Lic #559953. 650/207-5292

Italian Painter
Residential/Commercial, *Interior/ Exterior*. Detailed prep work. 25 years experience. Excel. Refs. Call Domenico (650)575-9032

No phone number in the ad? GO TO FOGSTER.COM for contact information

Pinnacle Painting Inc.
- Interior and Exterior
- Residential and Commercial
- Clean & Punctual
- Member of Palo Alto Chamber of Commerce

HOLIDAY SPECIAL
2 free gallons when painting entire home
www.PinnacleÞaintinginc.net
650.799.8495
license #889532

STYLE PAINTING
Comm'l/Res. Full service painting and decorating. Lic. 903303. 650/388-8577

775 Asphalt/ Concrete

CONCRETE REMOVAL & REPLACEMENT
Driveways, Patios, Sidewalks & Foundations
650-630-5156
#372196

Roe General Engineering
Concrete, asphalt, sealing, pavers, new construct, repairs. 34 yrs exp. No job too small. Lic #663703 * 650/814-5572

779 Organizing Services

End the Clutter & Get Organized
Residential Organizing by Debra Robinson (650)941-5073

790 Roofing

Al Peterson Roofing
since 1946
Specializing in
- Repairs • Reroofing
- Maintenance
- Gutter cleaning • Moss removal

650-493-9177

792 Pool Services

PORTOLA VALLEY POOL SERVICE
Certified Pool/Spa Operator
Licensed & Insured
CPO Registration No. 94-295916
650-854-1004

795 Tree Care

Palo Alto TREE SERVICE
- Crown reduction, thinning
- Removal & Stump Grinding

Owner Operated & Supervised
25 yrs Exp Lic & Ins. #819244
(650) 380-2297

Real Estate

801 Apartments/ Condos/Studios

Mountain View, 1 BR/1 BA - $1495

Mountain View, Studio BR/1 BA - $1225

Palo Alto, 1 BR/1 BA - $2,295/mo

Palo Alto, 1 BR/1 BA - $1,595/mo

Sunnyvale - $1,795/mo

Sunnyvale, 2 BR/2 BA - $1,895/mo

Sunnyvale, 2 BR/2 BA - $2000

803 Duplex

$3250 / 2br - 1200ft beautiful Midtown Duplex Home In The Heart Of Palo Alto.2+br/2.5 (sf Bay / Palo Alto) , 2 BR/2.5 BA - $3250

805 Homes for Rent

$3250 / 2br - 1200ft beautiful Midtown Duplex Home In The Heart Of Palo Alto.2+br/2.5 (sf Bay / Palo Alto) , 2 BR/2.5 BA - $3250

Beautiful Midtown Duplex Townhome In The Heart Of Palo Alto. 2+br/2.5ba. Located Right Across From California Avenue At T - $3250

Beautiful Midtown Duplex Townhome In The Heart Of Palo Alto. 2+br/2.5ba., 2 BR/2.5 BA - $3250

Mountain View, 3 BR/2 BA - $3350/month

Palo Alto, 3 BR/2 BA
Jan-June Fully-Furnished Sublet In So Palo Alto (GUNN). Renovated Eichler house in Fully-furnished. Pets negotiable. Exact timing flexible. $4500/mo... Utilities not included. Gardner and pool membership included.

Palo Alto, 3 BR/2 BA - $ 5000/mon

RWC: Woodside Plaza
3 BR, 1 BA, 2 car garage, big yard.$2,200/mo. 650.967.1108 or 510.728.7661

Woodside, 3 BR/2.5 BA
LEASE/PURCHASE OPTION
Tahoe setting, 3.5 ac, trails and open space, bay views, gated community! Close to town, Palo Alto/Redwood City, Woodside Elem School
Contact Jim at 650.851.7300 or jim@terracehomes.NET $6,000/mo

809 Shared Housing/ Rooms

ALL AREAS - ROOMMATES.COM
Browse hundreds of online listings with photos and maps. Find your roommate with a click of the mouse! Visit: http:// www.Roommates.com. (AAN CAN)

Menlo Park, 1 BR/1 BA
COMFORTABLE/CONVENIENT/CLOSE 1 BR/1 BA in private condo home, $1200. mo furn. 650-796-0357.

820 Home Exchanges

ARCHITECT - CUSTOM HOME DESIGN

Palo Alto Architect

825 Homes/Condos for Sale

Menlo Park, 3 BR/2 BA
Beautifully remodeled West Menlo home. Completely modernized kitchen and bathrooms. Large master bedroom. Newly landscaped. Andersen windows. High-end stainless kitchen appliances, granite counter tops. NO AGENTS.

840 Vacation Rentals/Time Shares

Advertise Vacation Properties
in 240 California newspapers for one low cost of $550. Your 25 word classified ad reaches over 6 million+ Californians. Free brochure call Elizabeth (916)288-6019. (Cal-SCAN)

Tahoe Vista Townhouse
Heratage Cove 3 bedroom, 2 1/2 bath townhouse. Sleeps 6. Newly remodeled and on the beach. 15 minutes to Northstar. $400/night, $500 damage deposit plus $150 cleaning fee. Absolutely No Smoking or Pets.

855 Real Estate Services

Pebble Beach & Carmel Homes
Considering a second home in PEBBLE BEACH or CARMEL? Start your search at www.AdamMoniz.com

To place a Classified ad in The Almanac, The Palo Alto Weekly or The Mountain View Voice call 326-8216 or visit us at fogster.com

Public Notices

995 Fictitious Name Statement

WHOOPES
FICTITIOUS BUSINESS NAME STATEMENT
File No.: 558199
The following person (persons) is (are) doing business as:
Whoopes, located at 2255 Showers Drive #132, Mountain View, CA 94040, Santa Clara County.
This business is owned by: An Individual.
The name and residence address of the owner(s)/registrant(s) is(are):
XI HAO WANG
2255 Showers Dr. #132
Mountain View, CA 94040
Registrant/Owner began transacting business under the fictitious business name(s) listed herein on 11-16-2011.
This statement was filed with the County Clerk-Recorder of Santa Clara County on November 16, 2011.
(MVV Dec. 2, 9, 16, 23, 2011)

QUINCE AND BRIDAL EVENT EXPERTS
FICTITIOUS BUSINESS NAME STATEMENT
File No.: 558630
The following person (persons) is (are) doing business as: QUINCE AND BRIDAL EVENT EXPERTS
1650 Zanker Rd, Suite 100-C
San Jose, CA 95112, Santa Clara County.
This business is owned by: A General Partnership.
The name and residence address of the owner(s)/registrant(s) is(are):
FELICIANO ZAVALA
556 Farley St.
Mountain View, CA 94043
JUAN C. MORDUENO
4901 Wayland Ave.
San Jose, CA 95118
MIGUEL V. LUNA
1897 Ocala Ave.
San Jose, CA 95112
ALFREDO TRINIDAD
2356 Thayer Ct.
San Jose, CA 95118
CESAR VIRGEN
1898 Center Rd.
San Jose, CA 95102
JORGE FLORES
669 W. Tennyson Rd.
Hayward, CA 94540
GERALDINE MARTINEZ
681 Jasper St.
San Jose, CA 95116
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 December 1, 2011.
(MVV Dec. 9, 16, 23, 30, 2011)

CYPRESS C. PROPERTIES
FICTITIOUS BUSINESS NAME STATEMENT
File No.: 558675
The following person (persons) is (are) doing business as: CYPRESS C. PROPERTIES 100W. EL CAMINO REAL #34
MOUNTAIN VIEW, CA 94040, Santa Clara County.
This business is owned by: Husband and Wife.
The name and residence address of the owner(s)/registrant(s) is(are):
Kai Chung Cheng
100 W. El Camino Real #34
Mountain View, CA 94040
Chuanfang Yang
100 W. El Camino Real #34
Mountain View, CA 94040
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 December 2, 2011.
(MVV Dec.9, 16, 23, 30, 2011)

SOUTH BAY SYSTEMS
FICTITIOUS BUSINESS NAME STATEMENT
File No.: 558539
The following person (persons) is (are) doing business as:
South Bay Systems located at 206 Central Ave., Mountain View, CA 94043, Santa Clara County.
This business is owned by: A Corporation.
The name and residence address of the owner(s)/registrant(s) is(are):
ARDREN CONSULTING, INC.
206 Central Ave.
Mountain View, CA 94043
Registrant/Owner began transacting business under the fictitious business name(s) listed herein on 07/01/2006.
This statement was filed with the County Clerk-Recorder of Santa Clara County on November 29, 2011.
(MVV Dec. 16, 23, 30, 2011, Jan. 6, 2012)

997 All Other Legals

NOTICE OF PETITION TO ADMINISTER ESTATE OF: ANN M. WELLS
Case No.: 1-11-PR 169479
To all heirs, beneficiaries, creditors, contingent creditors and persons who may otherwise be interested in the will or estate, or both, of ANN M. WELLS.
A Petition for Probate has been filed by: LINDA SINATRA in the Superior Court of California, County of SANTA CLARA.
The Petition for Probate requests that: LINDA SINATRA be appointed as personal representative to administer the estate of the decedent.
The petition requests the decedent's will and codicils, if any, be admitted to probate. The will and any codicils are available for examination in the file kept by the court.
The petition requests authority to administer the estate under the Independent Administration of Estates Act. (This authority will allow the personal representative 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 persons 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 January 26, 2012 at 9:00 a.m. in Dept.: Probate 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 petition, 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 section 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/ Edward D. Thirkell
Thirkell Law Group
181 2nd Ave., Suite 625, PO Box 190
San Mateo, CA 94401
(650)348-1016
(MVV Dec. 16, 23, 30, 2011)

WE MEASURE QUALITY BY RESULTS
Is Quality Important to You?

• Yvonne Heyl •
Direct (650) 947-4694
Cell (650) 302-4055
DRE# 01255661

• Jeff Gonzalez •
Direct (650) 947-4698
Cell (408) 888-7748
DRE# 00978793

email: toyvonneandjeff@aol.com • www.yvonneandjeff.com

1103 Doyle Place, Mountain View

- 3 Bedrooms, 2 1/2 Baths
- Loft with built In Desk and Cabinets for Office
- Approx. 2,030 Sq. Ft.
- Approx. 5,500 Sq. Ft. Lot
- Hardwood Floors in Entry, Step Down Living Room, Dining room and Family Room
- Pergo Floor in Kitchen
- Fireplace in Living Room
- Separate Laundry Room Upstairs with Cabinets for Ample Storage
- Attached Cabinets below Stairs for Extra Storage
- Remodeled Downstairs Powder Room
- Wired for Speakers in Family Room and Patio
- Beautiful Landscaped Backyard
- 2 Car Attached Garage with an Oversized Driveway

Offered at $1,149,000

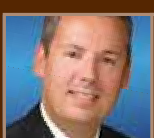
INTERO REAL ESTATE SERVICES
496 First St. Suite 200 • Los Altos 94022

1724 PILGRIM AVENUE
MOUNTAIN VIEW

OPEN SATURDAY & SUNDAY
1:30 – 4:30 P.M.

HUGE 11,000 SQ. FT. LOT   3 BEDS   2 BATHS   REFINISHED HARDWOOD FLOORS   BUBB ELEMENTARY

www.1724Pilgrim.com | **$979,000**



DAVID TROYER

#1 AGENT 2010: combined sales in MV, LA & LAH*
& 2011 YTD

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

INTERO
REAL ESTATE SERVICES

*Per 2010 # of homes sold on MLS

EQUAL HOUSING OPPORTUNITY

COLDWELL BANKER *presents*

californiamoves.com

WOODSIDE

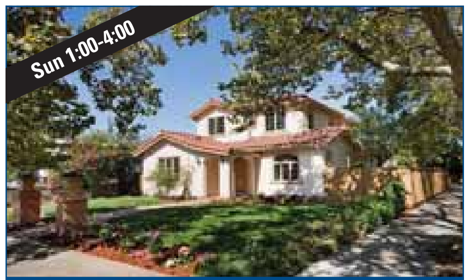
ON TOP OF THE WORLD **$2,995,000**
5 BR 4 BA Hm w/views like no other.Features meadow, pond, gated vegetable garden w/large chicken coop
The Carmichael Team **650.941.7040**

WILLOW GLEN

1664 MULBERRY LN **$1,775,000**
5 BR 3 BA Remodeled hm in Willow Glen w/family rm, French doors, updtd baths, lrg backyard & patio.
Tim Trailer **650.325.6161**

SUNNYVALE

1402 POINTE CLAIRE COURT **$975,000**
4 BR 3 BA Gracious home. Large Lot!Cupertino schools. Lovely yard! 2 car attached garage.
Karen Quaid **650.941.7040**



PALO ALTO

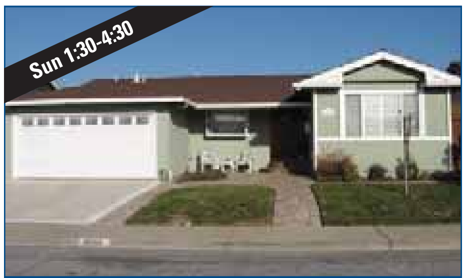
800 S CALIFORNIA AV **$2,598,000**
5 BR 3 BA Elegance & Craftsmanship combine in this newly completed home in desirable College Terrace
Jerry Haslam **650.941.7040**

MOUNTAIN VIEW

2529 MARDELL WY **$675,000**
4 BR 2 BA Desirable Monta Loma fixer upper on a 7,140 sq.ft. lot. Probate Sale. Shown by appt only.
Kevin Klemm **650.328.5211**

MOUNTAIN VIEW

GREAT LOCATION! **$625,000**
3 BR 2 BA Great Location. Sterling Estates ranch. 3BR 2BA fenced backyard. Probate sale. Call agent.
Kevin Klemm **650.328.5211**



FREMONT

36014 DERING PLACE **$609,000**
4 BR 2 BA Custom cabinets, granite counters. Spacious family room kitchen. Double pane windows.
Wendy Wu **650.941.7040**

CAMPBELL

PERFECT DOWNTOWN LOCATION **$829,000**
4 BR 3 BA Perfect downtown Campbell location. Only 13 yrs old w/marble, granite & hardwood flooring.
Jeff Beltramo **650.325.6161**

LOS ALTOS

231 HAWTHORNE AVE
SUN 1:30 - 4:30 $3,290,000
5 BR 5 BA Beautiful Architecture + Floor Plan Amenities Abound. Gleaming HW Floors, Lovely Granite.
Jim Galli **650.941.7040**

1905 QUAIL MEADOW RD
SUN 1:30 - 4:30 $1,648,000
4 BR 3 BA 1/2 acre property close to town. 2200 sq ft. New carpet and paint throughout.
Barbara Cannon **650.941.7040**

26 N EL MONTE AV
SAT/SUN 1:30 - 4:30 $1,498,000
5 BR 3 BA Single story w/ 2 master suites. Granite kitchen w/ stainless steel appliances & more.
Elena Talis **650.941.7040**

CUL-DE-SAC LOCATION $1,449,000
4 BR 2.5 BA Dual pane windows. Central air. Expansive rear yard w/patio. Pool. Los Altos schools.
Helen Kuckens **650.941.7040**

LOS ALTOS HILLS

EARLY CALIFORNIA HACIENDA $3,195,000
5 BR 4.5 BA 6000+ square ft beautiful custom home. 1.3 acre oaktree studded lot with expansive lawns.
Terri Couture **650.941.7040**

ONE-OF-A-KIND PROPERTY $2,099,000
3 BR 3 BA Great room ideal for grand-scale entertaining.Spacious kitchen features granite counters
Jo Ann Fishpaw **650.941.7040**

0 EASTBROOK AV
SAT/SUN 10 - 5 $1,795,000
Eastbrook lot will be open and unattended. Please pick up a flyer & call the listing agent.
Jamie & Phyllis Carmichael **650.941.7040**

MENLO PARK

SINGLE LEVEL CONDO $995,000
3 BR 2 BA Open Plan. Hardwood floors. Spacious rooms, 2balconies,A/C,pool. Top Las Lomitas Schools.
Christine Hoover Sorensen **650.941.7040**

MOUNTAIN VIEW

3370 BROWER AVENUE
SUN 1:30 - 4:30 $1,299,000
3 BR 2 BA Remod kit w/Wolf range, separate living/dining/family rooms, x-lg master suite, 3 car gar
Nancy Adele Stuhr **650.941.7040**

521 TYRELLA AVE. $699,000
Spacious duplex in Mtn.View! Each unit has 2 bedrooms,1 bath, & garage! BY APPT. ONLY!
DiPali Shah **650.325.6161**

2455 ELKA AVENUE $675,000
4 BR 2 BA Sought after Monta Loma fixer on wonderful street. Probate Sale. By Appointment Only.
Kevin Klemm **650.328.5211**

STUNNING END UNIT $648,000
3 BR 2 BA Twnhm at Cypress Point Woods. Remdled kitch w/maple cabinets.Dual pane windows.Central A/C
Royce Cablayan **650.941.7040**

1755 PEACOCK AV
SAT/SUN 10 - 5 $575,000
Clear lot with plans and permits in place for 2730 Sq Ft home with 4 bedrms and 3 bathrms
Eppie Cf Lam **650.941.7040**

PALO ALTO

GREEN AND EXQUISITE! $4,250,000
6 BR 5.5 BA What Makes This Home STAND OUT? Incredibly high energy savings!Top quality.
Vivi Chan **650.941.7040**

2615 COWPER ST
SAT/SUN 1:30 - 4:30 $2,388,000
4 BR 3.5 BA 100% new. 4BR + Office, 3.5 baths. Top quality. Great Midtown loction. Tree-lined street.
Judy Shen **650.328.5211**

PALO ALTO

3366 VERNON TE
SAT/SUN 1 - 4 $2,288,000
5 BR 4 BA Enormous living - dining - family - kit area + 2 patios on cul-de-sac. 10,956 sq.ft. lot!
Clara Lee/Carol Borison **650.325.6161**

3665 RAMONA CI
SAT/SUN 1:30 - 4:30 $1,489,000
4 BR 2 BA Sensational Eichler remodel. Open flr plan. Kit, FR, DR, LR & office all rolled into one.
Geraldine Asmus **650.325.6161**

1359SQFT ON 5020SQFT LOT! $1,325,000
3 BR 2 BA Beautiful remodeled ranch in Crescent Park. Hardwood floors. Updated kitchen.
Ken Morgan & Arlene Gault **650.328.5211**

PALO ALTO

ELEGANT PALO ALTO CONDO! $659,000
3 BR 2 BA Elegant Palo Alto condo, large master bedroom, updated kitchen. Pool. Great schools!
Alan & Nicki Loveless **650.325.6161**

REDWOOD CITY

PRIME MOUNT CARMEL LOT! $335,000
Beautiful 6880 sf lot on a wonderful street. Ready to draw plans for your dream house!
Alexandra Von Der Groeben **650.325.6161**

REDWOOD SHORES

SUNLIT TOP LEVEL UNIT $395,000
2 BR 1 BA Price Reduced! End unit on top level. Lots of sunlight & views of open space. Stack W&D.
Ann Griffiths **650.325.6161**

SANTA CLARA

NO STAIRS!
2 CAR ATTD GRG. $443,500
2 BR 2 BA Stunning remodel! Move in ready! Top Cupt schls! Staged! Only common wall in 2-car garage.
Karen Quaid **650.941.7040**

SUNNYVALE

CHARMING TH ON CUL-DE-SAC $605,000
4 BR 2.5 BA Rare opportunity. Charming 4BR TH on a cul-de-sac w/upgrades. End unit w/2 yards. A/C.
Niloo Karimi-James **650.325.6161**

WOODSIDE

PRIME LOCATION! $29,000,000
Private prestigious location. 11+ acre property in central Woodside close to town.
Susie Dews & Shena Hurley **650.325.6161**

Coldwell Banker is proud to join forces with the U.S. Marine Corps Reserve for its 25th annual Toys for Tots campaign. Our office is collecting new, unwrapped toys from now until December 16.

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

TOYS FOR TOTS

Coldwell Banker invites you to support Operation: One Warm Coat by donating new or gently used coats, blankets and towels to the less fortunate in our local community. Our office is accepting donations now until **December 16**.

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

Los Altos 650.941.7040
Palo Alto 650.325.6161

COLDWELL BANKER
RESIDENTIAL BROKERAGE