INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees and
Citizens' Bond Oversight
Committee for Measure C
Foothill-De Anza Community College District
Los Altos Hills, California

We have performed the procedures enumerated in Attachment II, which were agreed to by Foothill-De Anza Community College District (the "District") and the Citizens' Bond Oversight Committee for Measure C (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning activity related to bond funds through June 30, 2007 as detailed in Attachments IV and V. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District and the Committee. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment II either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and conclusions reached as a result of these procedures are identified in Attachment II. Attachments I and III provide background information on the Measure C General Obligation Bond issuance.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Foothill-De Anza Community College District and the Citizens' Bond Oversight Committee for Measure C and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

November 15, 2007
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT MEASURE C GENERAL OBLIGATION BONDS

On June 6, 2006, the electorate of the Foothill-De Anza Community College District approved the $490.8 million Measure C General Obligation Bonds with 65.69% of the votes in favor. The purpose of the bonds is as follows:

To upgrade electrical, heating, ventilation systems, fire/seismic safety; repair leaky roofs; improve disabled access; repair/expand classrooms for nurses/paramedics; upgrade technology; repair, construct, acquire, equip buildings, classrooms, libraries, sites, and science/computer labs.
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
PROCEDURES PERFORMED AND CONCLUSIONS

PROCEDURES PERFORMED

Foothill-De Anza Community College District provided a list of all Measure C project expenditures (the "List"). An approximate total of 550 warrants were identified representing $4,687,541 in expenditures from July 1, 2006 to June 30, 2007. We performed the following procedures to the List of Measure C bond expenditures:

- Verified the mathematical accuracy of the List.
- Selected a sample of 50 expenditures totaling $2,440,371. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 9% of the total number of expenditures and 52% of the total expenditure value.
- Examined purchase orders and invoices for each of the expenditures.
- Verified that the expenditures were made for the acquisition, construction, renovation, repair and modernization of District property and facilities and that funds were not spent for salaries or other administrative expenses.

CONCLUSIONS

- The List was mathematically accurate.
- 50 expenditures tested represented valid Bond expenditures, were properly coded, were determined to represent acquisition, construction, renovation, repair and modernization of District property and facilities and were not spent for salaries or other administrative expenses.
- Four expenditures did not receive all required approval signatures prior to disbursement. These expenditures were for valid bond purposes.
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
MEASURE C BOND PROJECTS

FOOTHILL COLLEGE

- Upgrade, Maintain, Equip, and/or Replace Obsolete Classrooms, Science and Computer Labs, Library, Instructional Facilities, Sites and Utilities; Meet Demands of Changing Workforce; Improve Disabled Access:
  - Upgrade buildings to include educational equipment and laboratories,
  - Provide state-of-the-art computer technology capability for students,
  - Repair, build, upgrade and/or replace leaky roofs, decaying walls, old ceiling tiles and flooring, plumbing, sewer and drainage systems, inefficient electrical systems and wiring, deteriorated restrooms, heating, ventilation and cooling systems, foundations, telecommunications systems, classrooms, lecture halls, language labs, fields, courts and grounds, science and other instructional laboratories and healthcare workforce facilities, technology center, theatre, library, administrative facilities, public safety, records and counseling buildings and other instructional facilities,
  - Wire classrooms for computers and other technology,
  - Increase energy efficiency,
  - Acquire equipment,
  - Increase safety, reduce fire hazards with alarms, smoke detectors, fire safety doors and sprinklers,
  - Reduce operating costs in order for more classes and job training to be offered,
  - Improve academic instruction,
  - Meet legal requirements for disabled access.

- Upgrade Technology:
  - Provide state-of-the-art technology facilities,
  - Upgrade Internet access and wireless and cable technology,
  - Build "smart classrooms" to improve technology-enhanced learning,
  - Upgrade telecommunications systems,
  - Upgrade campus-wide technology, including a new Educational Information System,
  - Replace outdated computers,
  - Replace network infrastructure equipment,
  - Install wiring upgrades.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
MEASURE C BOND PROJECTS
(Continued)

FOOTHILL COLLEGE (Continued)

- Improve Safety and Disabled Access; Remove Asbestos:
  - Remove all harmful asbestos,
  - Upgrade existing fire alarms, sprinklers, smoke detectors, and fire doors,
  - Install security systems, exterior lighting, emergency lighting, signage, door locks and fences,
  - Enhance erosion controls,
  - Repair uneven sidewalks and walkways,
  - Improve accessibility for the disabled.

- Expand Classroom and Facility Capacity, Construct Science Center, Upgrade Classrooms/Labs For Nursing and Emergency Medical Services:
  - Increase permanent classroom and facility capacity for academic and job training classes, including math and health care programs,
  - Upgrade science labs, physical and health education, and applied arts and sciences facilities,
  - Upgrade campus technology,
  - Construct "smart classrooms" to improve technology-enhanced learning.

- Improve Emergency Access and Evacuation Routes:
  - Improve campus road network and surfacing,
  - Build parking structure,
  - Reduce gridlock,
  - Improve pedestrian safety
  - Increase access for emergency vehicles.

DE ANZA COLLEGE

- Upgrade Technology:
  - Provide state-of-the-art technology facilities,
  - Upgrade Internet access and wireless and cable technology,
  - Build "smart classrooms" to improve technology-enhanced learning,
  - Upgrade telecommunication systems,
  - Upgrade campus-wide technology, including a new Educational Information System,
  - Replace outdated computers,
  - Replace network infrastructure equipment,
  - Install wiring upgrades.
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
MEASURE C BOND PROJECTS
(Continued)

DE ANZA COLLEGE (Continued)

- Repair, Upgrade, Equip, and/or Replace Obsolete Classrooms, Science, Nursing, Computer and Instructional Laboratories and Other Facilities, Sites and Utilities:
  - Repair, upgrade and/or replace leaky roofs, decaying walls, old ceiling tiles and flooring, plumbing, sewer, and drainage systems, inefficient electrical systems and wiring, deteriorated restrooms, heating, ventilation and cooling systems, telecommunications systems, data center, bookstore, foundations, fields and grounds, library, classrooms, lecture halls, science, engineering and other laboratories, physical and healthcare workforce education and auto technology facilities, television studio and other faculty, administrative and instructional facilities, corporation yard, and multicultural center, wire classrooms for computers and technology,
  - Upgrade Campus Center,
  - Increase safety,
  - Increase energy efficiency,
  - Acquire equipment,
  - Reduce fire hazards,
  - Reduce operating costs in order for more classes and job training to be offered,
  - Improve academic instruction,
  - Meet legal requirements for disabled access.

- Improve Emergency Access and Evacuation Routes; Improve Access for Disabled:
  - Improve student safety,
  - Improve campus road network to eliminate unsafe conditions,
  - Reduce gridlock,
  - Improve pedestrian safety
  - Increase access for emergency vehicles,
  - Upgrade parking garage and parking areas,
  - Improve disabled access,
  - Add parking structure to accommodate increasing student population and reduce congestion.

- Improve Safety and Disabled Access; Remove Asbestos; Perform Seismic Upgrades:
  - Remove all harmful asbestos,
  - Upgrade existing gas lines, pipes, sewer system, storm drains, fire alarms, sprinklers, smoke detectors, intercoms and fire doors,
  - Install security systems, exterior lighting, emergency lighting, signage, door locks and fences,
  - Repair uneven sidewalk and walkways,
  - Upgrade facilities for seismic safety.

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
MEASURE C BOND PROJECTS
(Continued)

DE ANZA COLLEGE (Continued)

- Construct Academic Facilities to Expand Classroom and Laboratory Capacity:
  - Increase permanent classroom, laboratory space and facility capacity for academic and job training classes, including math, science, student support services, instructional labs, physical and health education and applied arts and sciences, campus technology,
  - Construct "smart classrooms" for enhanced learning.

DISTRICT-WIDE PROJECTS

- Provide greater access to technology; upgrade electrical wiring, Internet access, wireless and cable technology, fiber optics and network infrastructure for computers and telecommunication systems at both Foothill College and De Anza College campuses.
- Refinance existing lease obligations.
- Acquire property for new education center to accommodate growing population and to better serve new populations in the District.
- Build data center to support new District-wide computer and technology systems and integrate with renovated central office facility.
Board of Trustees and
Citizens' Bond Oversight
Committee for Measure C
Foothill-De Anza Community College District
Los Altos Hills, California

We have compiled the accompanying Schedule of Measure C General Obligation Bond Activity (Attachment IV) and Schedule of Measure C General Obligation Bonds – Fund Update as of June 30, 2007 (Attachment V), in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying Schedule of Measure C General Obligation Bond Activity for the year ended June 30, 2007 or Schedule of Measure C General Obligation Bonds – Fund Update as of June 30, 2007 and, accordingly, do not express an opinion or other form of assurance on them.

Sacramento, California
November 15, 2007

Perry Smith, CPA
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF MEASURE C GENERAL OBLIGATION BOND ACTIVITY

Fiscal Year Ended June 30, 2007

Revenues:
Proceeds from the issuance of 2006
   Series A & B General Obligation Bonds          $ 249,991,936
   Premium from bond issuance                    4,778,960
   Interest and investment income                224,492
   Unrealized loss on investment                 (1,523,450)

   ___                                           253,471,938

Expenditures:
   Capital outlay                                4,687,541
   Bond issuance and other costs                 4,993,189

   ___                                           9,680,730

   Net activity                                  243,791,208

Available bond funds:
   Beginning of year                             __________

   End of year                                   $ 243,791,208
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF MEASURE C GENERAL OBLIGATION BONDS –  
FUND UPDATE  
June 30, 2007

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<th>Location/Site</th>
<th>Project Number</th>
<th>Activity To Date</th>
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**MEASURE C GENERAL OBLIGATION BOND**

**Funding**

- Bond Proceeds, 2006 Series A & B General Obligation Bonds: $249,991,936
- Premium from issuance: 4,778,960
- Bond issuance and other costs from the issuance: (4,993,189)
- Interest and investment income: 224,492
- Unrealized loss on investment: (1,523,450)

**Net Available Funds**

248,478,749

**Projects**

**Foothill College Projects:**
- Forum: 101
- Convert to Adaptive Learning Center: 103
- Swing Space: 111
- Renovate Existing Footbridge: 117
- Furniture and Equipment (Excluding Tech Related Equipment): 601
- Desktops: 611
- Printers: 612
- New Multi Media: 614
- AV / Low Tech: 615

Total Foothill College Projects: 1,290,664

**De Anza College Projects:**
- Signage (Phase 1): 215
- Campus Site Lighting (Phase 1): 224
- Planetarium Expansion: 262
- Swing Space: 263
- Forum: 271
- Furniture and Equipment (Excluding Tech Related Equipment): 701
- Desktops: 711
- Printers: 712
- New Multi Media: 714
- AV / Low Tech: 715

Total De Anza College Projects: 1,892,277
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<th>Location/Site</th>
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<tbody>
<tr>
<td>MEASURE C GENERAL OBLIGATION BOND (Continued)</td>
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<tr>
<td>Projects (Continued)</td>
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<td>District-Wide Projects:</td>
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<tr>
<td>District Vehicles</td>
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<td>Group II Equipment</td>
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<td><strong>Total District-Wide Projects</strong></td>
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<td><strong>Total Project Costs</strong></td>
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<td><strong>Total Unspent Funds</strong></td>
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<td><strong>$243,791,208</strong></td>
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