

**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, 2008 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.

Perry-Smith LLP

November 3, 2008

**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 755 warrants were identified representing \$15,012,210 in expenditures from July 1, 2007 to June 30, 2008. 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 \$7,758,470. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 7% 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.

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.

- Repair, Replace and Upgrade Electrical and Mechanical Systems to Reduce Energy Consumption and Utility Bills and Accommodate Computer Technology, Internet Access and Communications Systems, Install Solar Panels to Reduce Energy Consumption and Utility Bills.

**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.

- Repair, Replace and Upgrade Electrical and Mechanical Systems and Install Solar Panels to Reduce Energy Consumption and Utility Bills and Accommodate Computer Technology, Internet Access and Communications Systems.

**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, 2008 (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, 2008 or Schedule of Measure C General Obligation Bonds – Fund Update as of June 30, 2008 and, accordingly, do not express an opinion or other form of assurance on them.

A handwritten signature in black ink, appearing to read "Perry Smith" followed by a stylized flourish or initials.

Sacramento, California
November 3, 2008

FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF MEASURE C GENERAL OBLIGATION BOND ACTIVITY

Fiscal Year Ended June 30, 2008

Revenues:	
Interest and investment income	\$ 9,973,794
Unrealized gain on investment	<u>7,001,261</u>
	<u>16,975,055</u>
Expenditures:	
Classified salaries	619,793
Employee benefits	204,979
Contract services	5,960,360
Capital outlay	<u>8,227,078</u>
	<u>15,012,210</u>
Net activity	1,962,845
Available bond funds:	
Beginning of year	<u>243,794,630</u>
End of year	<u>\$ 245,757,475</u>

**FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF MEASURE C GENERAL OBLIGATION BONDS –
FUND UPDATE**

June 30, 2008

<u>Location/Site</u>	<u>Project Number</u>	<u>Current Year Activity</u>	<u>Activity To Date</u>
<u>MEASURE C GENERAL OBLIGATION BOND</u>			
<u>Funding</u>			
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		\$ 9,973,794	10,201,708
Unrealized gain on investment		<u>7,001,261</u>	<u>5,477,811</u>
<i>Net Available Funds</i>		<u>16,975,055</u>	<u>265,457,226</u>
<u>Projects</u>			
<i>Foothill College Projects:</i>			
Maintenance & Renovation	100	297,535	297,535
Forum	101	412,758	412,872
Biology	102	47,392	47,392
Convert to Adaptive Learning Center	103	2,246	37,779
Radio Station	106	23,593	23,593
Swing Space	111	177,947	187,099
Administration Building	112	39	39
Japanese Cultural Center	116	1,748	1,748
Renovate Existing Footbridge	117	81,638	252,794
Library and ISC	121	3,190	3,190
Campuswide Upgrades	123	386,820	386,820
ADA Transition Plan	125	1,203	1,203
Mainline Irrigation – Phase II	129	16,790	16,790
Utility and Technology Infrastructure	135	10,890	10,890
Soccer, Softball and Baseball Complex	142	970	970
Walkway Replacement	143	106,320	106,320
Install Photovoltaic Arrays – Campus Wide	154	9,321	9,321
North Slope Science Building	160	430,052	430,052
Fire Alarm Replacement	161	84,452	84,452
Parking and Circulation	162	4,157	4,157
LA Division Office/Classrooms	163	853	853
Loop Road Re-alignment and Pedestrian Safety Improvements	171	125,347	125,347
Environment Impact Report	172	199,831	199,831
Furniture and Equipment (Excluding Tech Related Equipment)	601	1,172,398	1,401,936
Desktops	611	417,956	1,061,527
Printers	612	13,006	28,150
Refresh Multi-Media Rooms	613	76,247	76,247
New Multi Media	614	145,461	323,592
AV / Low Tech	615	<u>13,112</u>	<u>21,437</u>
<i>Total Foothill College Projects</i>		<u>4,263,272</u>	<u>5,553,936</u>

**FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF MEASURE C GENERAL OBLIGATION BONDS –
FUND UPDATE
(Continued)
June 30, 2008**

<u>Location/Site</u>	<u>Project Number</u>	<u>Current Year Activity</u>	<u>Activity To Date</u>
<u>MEASURE C GENERAL OBLIGATION BOND</u>			
<u>Projects</u> (Continued)			
<i>De Anza College Projects:</i>			
Maintenance and Renovation	200	\$ 179,394	\$ 179,394
Baldwin Winery Building	203	119,454	119,454
Seminar Building	205	128,294	128,294
East Cottage "Historic Renovation"	213	132,112	132,112
Signage (Phase 1)	215	257,876	258,442
Learning Center	216	2,836	2,836
Campus Site Lighting (Phase 1)	224	661,369	662,686
Repair Tile Roof	236	237,031	237,031
Phase II – S-2 and S-6 Central Plant	241	5,486	5,486
ATC	245	52,248	52,248
G Building	247	20,201	20,201
Auto Tech Renovation	255	10,031	10,031
Multicultural Center	258	99,505	99,505
Construct New Transit Center	260	16,198	16,198
Mediated Learning Center	261	368,641	368,641
Planetarium Expansion	262	(13,487)	
Swing Space	263	64,841	473,408
Forum	271	1,002,347	2,150,167
Environment Impact Report	272	7,985	7,985
Furniture and Equipment (Excluding Tech Related Equipment)	701	1,305,767	1,455,324
Desktops	711	721,279	773,542
Printers	712	1,221	5,805
Refresh Multi-Media Rooms	713	53,447	53,447
New Multi Media	714	57,033	169,752
AV / Low Tech	715	74	1,471
		<u>5,491,183</u>	<u>7,383,460</u>
<i>Total De Anza College Projects</i>			
<i>District-Wide Projects:</i>			
ETS Network and Security	310	221,220	221,220
ETS Replace ERP	350	3,007,246	3,007,246
District Vehicles	400	94,188	109,699
Group II Equipment	403	11,499	12,107
Desktops	430	58,394	66,581
Printers	431	4,243	5,784
Pass through Account for OH Collection	501	1,924,307	3,224,186
Pass through Account for OH Collection – Furniture and Equipment	510	(153,874)	
Property Acquisition	801	90,532	115,532
		<u>5,257,755</u>	<u>6,762,355</u>
<i>Total District-Wide Projects</i>			
		<u>15,012,210</u>	<u>19,699,751</u>
Total Project Costs			
		<u>\$ 1,962,845</u>	<u>\$ 245,757,475</u>
Total Unspent Funds			