

**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, 2009 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 24, 2009

**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 1,203 warrants were identified representing \$29,908,449 in expenditures from July 1, 2008 to June 30, 2009. 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 \$13,224,553. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 4% of the total number of expenditures and 44% 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 administrative salaries or other expenses. If applicable, determined the District complied with District bid policy requirements and recorded necessary retention payables.

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, were not spent for administrative salaries or other expenses, followed District bid policy requirements and proper retention payables were established, if applicable.

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, 2009 (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, 2009 or Schedule of Measure C General Obligation Bonds – Fund Update as of June 30, 2009 and, accordingly, do not express an opinion or other form of assurance on them.

A handwritten signature in black ink that reads "Penny Smith UP". The signature is written in a cursive style with a large initial "P" and "S".

Sacramento, California
November 24, 2009

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

Fiscal Year Ended June 30, 2009

Revenues:	
Interest and investment income	\$ 11,933,934
Unrealized loss on investment	<u>(5,087,494)</u>
	<u>6,846,440</u>
Expenditures:	
Classified salaries	986,395
Employee benefits	313,433
Contract services	16,217,419
Capital outlay	<u>12,391,201</u>
	<u>29,908,448</u>
Net activity	(23,062,008)
Available bond funds:	
Beginning of year	<u>245,757,475</u>
End of year	<u>\$ 222,695,467</u>

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

Period Ended June 30, 2009

<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		\$ 11,933,934	22,135,642
Unrealized (loss) gain on investment		(5,087,494)	390,317
		<u>6,846,440</u>	<u>272,303,666</u>
<u>Net Available Funds</u>			
<u>Projects</u>			
<i>Foothill College Projects:</i>			
Maintenance & Renovation	100	200,304	497,839
Forum	101	3,209,653	3,622,525
Biology	102	6,630	54,022
Convert to Adaptive Learning Center	103		37,779
General Classrooms	104	139,065	139,065
Radio Station	106		23,593
Language Lab	107	18,733	18,733
General Classrooms	108	133,988	133,988
Physical Education Lab Space	109	4,137	4,137
LA General Classrooms	110	18,733	18,733
Swing Space	111	157,605	344,704
Administration Building	112	360,846	360,885
Reconstruction of Stadium Bleachers and Press Box	113	11,594	11,594
Japanese Cultural Center	116	2,764	4,512
Renovate Existing Footbridge	117	899	253,693
Smithwick Theater	120	1,027	1,027
Library and ISC	121	25,505	28,695
Campuswide Upgrades	123	151,649	538,469
ADA Transition Plan	125		1,203
Lot 6	127	11,441	11,441
Mainline Irrigation – Phase II	129	141,093	157,883
Utility Lids – Phase II	130	90,344	90,344
Exterior Signage	134	37,198	37,198
Utility and Technology Infrastructure	135	298,621	309,511
Soccer, Softball and Baseball Complex	142	292,021	292,991
Walkway Replacement	143		106,320
Central Campus Site Improvements	144	450,890	450,890
Ornamental Horticulture & Veterinary Technology Demo	147	25,865	25,865
Choral Rehearsal Hall	149	21,913	21,913
Wireless Infrastructure	151	308,944	308,944
Dental Hygiene / Radiology Renovation	153	16,268	16,268
Install Photovoltaic Arrays – Campus Wide	154	630,380	639,701

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

(Continued)

Period Ended June 30, 2009

<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>Foothill College Projects: (Continued)</i>			
North Slope Science Building	160	\$ 3,064,368	\$ 3,494,420
Fire Alarm Replacement	161	967,597	1,052,049
Parking and Circulation	162	717,588	721,745
LA Division Office/Classrooms	163	3,721	4,574
Loop Road Re-alignment and Pedestrian Safety Improvements	171	53,389	178,736
Environment Impact Report	172	69,778	269,609
Furniture and Equipment (Excluding Tech Related Equipment)	601	450,973	1,852,909
Desktops	611	441,254	1,502,781
Printers	612	9,688	37,838
Refresh Multi-Media Rooms	613	156,341	232,588
New Multi Media	614	53,509	377,101
AV / Low Tech	615		21,437
		<u>12,756,316</u>	<u>18,310,252</u>
<i>Total Foothill College Projects</i>			
<i>De Anza College Projects:</i>			
Maintenance and Renovation	200	12,039	191,433
Baldwin Winery Building	203	907,362	1,026,816
Seminar Building	205	715,183	843,477
Wireless Infrastructure – Phase II and III	209	256,200	256,200
L-Quad Seating	211	3,960	3,960
East Cottage "Historic Renovation"	213	(132,112)	
Corporation Yard	214	13,269	13,269
Signage (Phase 1)	215	406,834	665,276
Learning Center	216	18,766	21,602
Secured Bicycle Storage	217	501	501
Signage and Wayfinding	218	390	390
Landscaping Phase II	220	128	128
Campus Exterior Lighting Phase II	221	257	257
Campus Site Lighting (Phase 1)	224		662,686
Campuswide Electronic Locks	225	362	362
Campuswide Replacement / Repair of Interior and Exterior Finishes	226	72,611	72,611
Window Replacement Campuswide	227	642	642
CDC Playground Maintenance & Upgrade	228	33,326	33,326
Slip Line Storm Drain Main Lines	233	308	308
Repair Tile Roof	236	22,487	259,518
Slurry Seal Lots A, B and Flint Center Parking Garage	238	225	225
Refinish Exterior of Flint Center Parking Garage	239	38,970	38,970
Phase II – S-2 and S-6 Central Plant	241	1,206,633	1,212,119
ATC	245	22,974	75,222

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

(Continued)

Period Ended June 30, 2009

<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: (Continued)</i>			
G Building	247		\$ 20,201
Install Photovoltaic Arrays – Campuswide	251	\$ 161,842	161,842
Elevator Upgrades – Campuswide	252	15,461	15,461
Auto Tech Renovation	255	1,352,298	1,362,329
Multicultural Center	258	(99,505)	
Construct New Transit Center	260	2,121	18,319
Mediated Learning Center	261	2,221,128	2,589,769
Swing Space	263	100,908	574,316
Fire Alarm System Replacement Phase II	264	34,570	34,570
Forum	271	5,625	2,155,792
Environment Impact Report	272	35,248	43,233
PE Quad Roof and Trellis Repair	273	30,195	30,195
Furniture and Equipment (Excluding Tech Related Equipment)	701	2,472,393	3,927,717
Desktops	711	549,436	1,322,978
Printers	712		5,805
Refresh Multi-Media Rooms	713		53,447
New Multi Media	714	148,524	318,276
AV / Low Tech	715		1,471
		<u>10,631,559</u>	<u>18,015,019</u>
<i>Total De Anza College Projects</i>			
<i>District-Wide Projects:</i>			
ETS Network and Security	310	152,560	373,780
Consultants Spec Network Routers	320	5,269	5,269
Labor to Refresh Computers	330	10,399	10,399
ETS Replace ERP	350	3,588,017	6,595,263
Server Refresh	360	26,772	26,772
District Vehicles	400		109,699
Group II Equipment	403	64,725	76,832
Desktops	430	95,600	162,181
Printers	431	13,008	18,792
Passthrough Account for CM / DM	500	374,088	374,088
Pass through Account for OH Collection	501	1,581,913	4,868,250
Pass through Account for OH Collection – Furniture and Equipment	510	(85,552)	(147,703)
Property Acquisition	801	693,774	809,306
		<u>6,520,573</u>	<u>13,282,928</u>
<i>Total District-Wide Projects</i>			
		<u>29,908,448</u>	<u>49,608,199</u>
Total Project Costs			
		<u>\$ (23,062,008)</u>	
Net Current Year Activity			
			<u>\$ 222,695,467</u>
Total Unspent Funds			