FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
COUNTY OF SANTA CLARA
LOS ALTOS HILLS, CALIFORNIA

MEASURE C GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

AND

INDEPENDENT AUDITOR'S REPORT
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT

MEASURE C GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT

For the Year Ended June 30, 2010

TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor's Report</td>
<td>1</td>
</tr>
<tr>
<td>Background:</td>
<td></td>
</tr>
<tr>
<td>Legislative History</td>
<td>2</td>
</tr>
<tr>
<td>Foothill-De Anza Community College</td>
<td>2</td>
</tr>
<tr>
<td>Measure C General Obligation Bonds</td>
<td></td>
</tr>
<tr>
<td>Performance Audit:</td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>3</td>
</tr>
<tr>
<td>Scope</td>
<td>3</td>
</tr>
<tr>
<td>Methodology</td>
<td>3</td>
</tr>
<tr>
<td>Conclusions</td>
<td>3</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the Foothill-De Anza Community College District (the "District") Measure C General Obligation Bond funds for the year ended June 30, 2010.

We conducted our performance audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

The objective of our performance audit was to determine if Foothill-De Anza Community College District expended Measure C General Obligation Bond funds for the year ended June 30, 2010 in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution:

"A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed."

Solely to assist us in planning and performing our performance audit, we made a study and evaluation of the internal controls of Foothill-De Anza Community College District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal controls.

In our opinion, Foothill-De Anza Community College District expended Measure C General Obligation Bond funds for the year ended June 30, 2010 in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

November 18, 2010
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
BACKGROUND INFORMATION

LEGALISTIC 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, "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.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

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.

The financial activity related to the 2006 Measure C General Obligation Bonds is recorded in the District's Financial Activity Report for Fund 41 (Capital Outlay Projects Fund) in the District's audited financial statements for the year ended June 30, 2010.
FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure C General Obligation Bond funds for the year ended June 30, 2010 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure C General Obligation Bond project expenditures for the year ended June 30, 2010 (the "List"). An approximate total of 900 transactions were identified, representing $44,707,177 in expenditures from July 1, 2009 through June 30, 2010.

METHODOLOGY

We performed the following procedures to the List of Measure C General Obligation Bond project expenditures for the year ended June 30, 2010:

- Verified the mathematical accuracy of the List.
- Agreed the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2010, presented as the Capital Outlay Projects Fund.
- Selected a sample of 40 expenditures totaling $23,130,648. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 4.4% of the number of expenditures and 51.7% of the total expenditure value. Verified that the expenditures were for the approved projects.

CONCLUSIONS

- Foothill-De Anza Community College District expended Measure C General Obligation Bond funds for the year ended June 30, 2010 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.