ANNUAL REPORT TO THE CITIZENS OF THE WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT ON THE DISPERSEMENT OF FUNDS UNDER THE REQUIREMENTS OF MEASURE H

April 2010 – April 2011

The Annual Report of the Citizens' Bond Oversight Committee (CBOC) is required by law in the language of Measure H that was passed by the voters on November 2, 2004 by at least 55% of the votes cast. On November 7, 2000, Proposition 39 (The Smaller Classes, Safer Schools & Financial Accountability Act) was approved by the voters, which allowed for a 55% majority vote for college districts to secure bonding for repair and upgrade of various campus structures and to support existing and new programs that are required of the district as part of its commitment to providing a college education at the community level.

Among the restrictions of Proposition 39, to be overseen by an appointed citizens' committee, is the precluded use of bond monies for administrator salaries and expenses, among other things. The oversight committee makeup must include representation of a bona fide taxpayers association (1), a business organization (1), and a senior citizens organization (1). Also included are representatives of the campus student body (2), a District/College Support Organization (2), and the Community-at-large (2). No District employees or vendors are allowed to serve on the CBOC. CBOC members' terms are two years, and they may re-apply for a second two-year term with approval by the Board of Trustees of the District. The committee has three members, Len Duncan, Chairman; Bill Hult, Vice Chairman; and Bill Allman, who have completed their first two-year term and have agreed and reapplied to serve a second two-year term. One member, James Thompson, has decided not to re-apply for a second term and will need to be replaced. One student representative, Clement Lam, graduates in May and must be replaced by another student representative from Mission College.

The Citizens' Bond Oversight Committee is governed by the Brown act of 1971 (The Open Meetings Act) and all meeting agendas are published and publicly placed at least 72 hours prior to any scheduled meeting of the CBOC where official business is to be transacted. The general public is invited to attend all meetings. There are no closed sessions of the CBOC.

ANNUAL REPORT

Concluding its sixth year, the CBOC continued with its program of oversight and review of the Measure H expenditures. The compliance to Measure H priorities and procedures by the District Staff and the CBOC was validated by the recent audit of the Measure H operations and the CBOC by Vavrinek, Trine, Day & Company LLP. The auditors conducted a Measure H Performance Audit to measure compliance with Proposition 39, and concluded that the District expended funds only for the specific projects approved by the voters. A separate Financial Audit was conducted and concluded that the Financial Statements of the Measure H Fund accurately present the financial status of the Measure H fund.

Through a variety of reports that the CBOC helped draft, the meeting process was timely and consistent. A quorum was not achieved for the April 14, 2010 meeting, or the February 9, 2011 meeting. Quorums were met in all other meetings during the April 2010-April 2011 period.

MEASURE H FUNDING, BOND RATING AND 2010-2011 REBASING

Sale of GO Bond

In November 2004, West Valley-Mission Community College District voters passed Measure H, a $235 million bond issuance. On May 18, 2006, the District issued the first series of bonds in the aggregate principal amount of $100 million. The final series in the aggregate principal amount of $135 million was issued in May 2009. The District maintained its bond rating from Moody's—Aa2.

Rebasing of Measure H – 2010/2011

- Solar Projects

  - On March 16, 2010, the Board of Trustees approved the revision of the Measure H Project Priority List to include the partial funding of the Solar Photo Voltaic System Project for Mission College and West Valley College. This project includes the design and construction of a one megawatt solar system for each college. Measure H funds were rebaselined, e.g. reallocated to use bond interest to fund these projects at both colleges - $2.9 million for Mission College and $2.3 million for West Valley College.

- Classroom and Student Services Facility Upgrades for West Valley College and Mission College

  - On March 16, 2010, the Board of Trustees approved the revision of the Measure H Priority Project List to include upgrades to West Valley College's classrooms and student services facilities. Measure H funds were rebaselined/reallocated to use contingency funding in the amount of $1.5 million to fund these upgrades.

  - On January 18, 2011, the Board of Trustees approved the revision of the Measure H Priority Project List to include upgrades to Mission College's classrooms and student services facilities. Measure H funds were rebaselined/reallocated to use contingency funding in the amount of $2.4 million to fund these upgrades.

During the previous Fiscal Year, April 2009-April 2010, there was much debate over the dollars committed for Leadership in Energy and Environmental Design (LEED) qualification and certification for two buildings approved by the Board of Trustees. Concern was raised that Measure H funds were being spent for a level of building green that should already be achieved by the current design process. Those concerns were addressed by the District staff, and the CBOC was presented with presentations on LEED, which indicated that there are three parts to LEED – Design, Commissioning, and Certification.

LEED certification has become the standard for building in many cities and states, which has resulted in building code changes. The standardizations have resulted in lower incremental costs for LEED certifications. However, costs can increase with higher levels of LEED certification. Mr. Javier Castruita, Director of Facilities, Construction and Maintenance, explained to the CBOC that two buildings at Mission College are being LEED certified. The Hospitality Management Building is being LEED certified Silver, and the Main Building Replacement will be LEED certified Gold. The Hospitality Management Building can be upgraded to LEED Gold for little additional costs since California building regulations have been modified so that new buildings are already designed to be LEED certified. The most important aspect of LEED certification is Commissioning, which requires additional inspections before, during and after construction.

As explained, the extra costs associated with LEED are for Commissioning and Qualification. The CBOC asks that the Board of Trustees be judicious in spending any extra dollars for these costs.

As there are always required changes and other issues with major project management, so there have been some issues with the Measure H project progress. One of those issues developed when the bid for the new IS support facility at Mission College was awarded, but the winning contractor asked to be released from the award because of problems with a subcontractor. The process of going through a complete re-bid would have caused a delay in that project, and most likely would impact the progress of other projects. The Board of Trustees approved staff's request to use the multi-prime delivery method for the construction of this facility. Gilbane Building Company, the District's Design/Construction Manager, was selected to act as the General Contractor for that project.

The District staff modified the Baseline Master Schedule report format during the past year, and the CBOC members agree that the new format makes it easier to understand and follow the projects status. The CBOC commends the District staff for their cooperation and for their efficiency in managing the Measure H projects. The state of the economy, combined with the expertise of the District Staff, has permitted most projects to be completed or progress on schedule, and in many cases below the budgeted costs. Each year, Mr. Castruita provides approximately four rebase requests to the Board of Trustees for approval.

FINANCE SUB-COMMITTEE

Bill Hult was appointed chair of the Finance Sub-Committee. The Finance Sub-committee reviews the process that the CBOC and the Measure H staff use to measure the performance level of reporting expenditures and to review the accuracy of the financial presentations. The Finance Sub-committee used established procedures as its guideline to, as accurately as possible, review and report CBOC's tracking and staff's methods of reporting of the bond expenditure program.

The Finance Sub-committee's report is an integral part of this Annual Report along with a fiscal year-to-year summary of the 2010-2011 year's progress as provided by the Measure H staff.

The CBOC wishes the thank the Measure H staff members for their commitment to being prompt and factual and District staff for administrative assistance during this past year.

Citizen's Bond Oversight Sub-Committee (CBOC) Finance Committee Findings

The Finance Sub-committee of the CBOC met on March 18, 2011. The meeting was chaired by CBOC Finance Sub-Committee Chair, Bill Hult (Senior Organization); and attended by CBOC Chair, Len Duncan (District/College Support Organization); Committee members Al Lipinski and Shirley Cantu (Community at Large); and District Vice Chancellor, Ed Maduli.

The goal of the meeting was to review the actions taken by the CBOC to assure that the expenditure of funds were consistent with the requirements of Measure H and to prepare a statement to be included in the Annual Report of the CBOC for presentation to the Board of Trustees. The report is on the following two pages.

The Committee finds that appropriate procedures to approve and report any and all movements of monies from contingency, and between delineated projects, are in place. Reports to identify time frames and critical path points are produced and reviewed in all CBOC meetings.

Those reports that allow for CBOC oversight of bond money expenditures are listed as follows.

A. MEASURE H AND CAPITAL OUTLAY PROGRAMS: PROJECT PROGRESS REPORT:

Pre-Design Phase, Preliminary Design Phase, Working Drawings Phase, Bid and Award Phase, Construction Phase, and Construction Projects Completed.

B. UPDATE ON MEASURE H EXPENSES BY PROJECT PHASE.

West Valley Projects, Mission College Projects, Central Services Projects.

C. UPDATE ON MEASURE H EXPENSES FOR ALL PROJECTS

D. VENDOR CONTRACTS WITH EXPENDITURES PER PROJECT

E. WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT UPDATE WITH BASELINE

The Finance Committee finds that the District's provision of information to the CBOC Committee, appropriate staffing to update said reports, and prompt response to CBOC requests results in accurate information and allows the CBOC to provide positive oversight of the expenditure of public monies.

The Committee finds that the requirements of Measure H are being met. The committee would like to highlight the ability of the District to proceed with an energy efficient solar system, and allow Board-approved multi-prime contracting to build more efficiently and effectively. The committee has strongly felt it essential to hold adequate contingency funds through the whole of the bond projects. Fortunately, the bidding climate and construction results have allowed the rebasing of some contingency funds to support new classroom construction on both campuses. This is sorely needed for our students. We feel confident that adequate contingency funds remain available for the completion of the bond funded projects

Respectfully Submitted:

Bill Hult, Chair of Finance Sub-Committee
Len Duncan
Shirley Cantu
Al Lipinski

Attachments:

1. Rebased Project Priority List as of January 18, 2011
2. YEAR-TO-YEAR (Mar. 1, 2010 – March 21, 2011) FINANCIAL REVIEW
3. Measure H Financial Audit
4. Measure H Performance Audit

January 18, 2011, Project Priority List

Attachment 1

	West Valley College Project List	Proposed 03/16/10 Project Budget	*FUNDING SOURCES* Proposed State Funding	Approved State Funding	Bond Interest	*Other Funding	Bond Funds Required	Balance of Bond $97,000,000
1	Program Management Fees	$ 3,597,574	$ -	$ -			$ 3,597,574	$ 93,402,426
2	Program Contingency	3,513,613	-	-			3,513,613	89,888,813
3	Operational Expenses	910,800	-	-			910,800	88,978,013
4	West Valley College Educational Master Facilites Plan	167,000	-	-			$167,000	88,811,013
5	Environmental Impact Report Permitting/Implementation	166,750	-	-			166,750	88,644,263
6	Aquatic Center Project (Part of Physical Education) (F1)	7,745,253	-	-			7,745,253	80,899,010
7	Campus Technology Center (Fox Center)	22,103,240	-	16,939,000			5,164,239	75,734,771
8	Science and Math Replacement/Addition (F1)	7,710,128	-	5,629,000			2,081,128	73,653,643
9	Science and Math Building Renovation	19,662,026	-	15,848,900			3,813,126	69,840,517
10	ADA Barrier Removal (F8)	2,175,412	-	-			2,175,412	67,665,104
11	Utility Infrastructure Modernization (F1) (F6)	6,713,874	-	-			6,713,874	60,951,230
12	Surface Improvements (F7)	8,085,029	-	-			8,085,029	52,866,201
13	Infrastructure Modernizations - Project Support	369,349	-	-			369,349	52,496,852
14	Interim Housing/Swing Space/Wet labs	6,240,872	-	-			6,240,872	46,255,980
15	Campus Center Building Renovation - Phase 1	14,482,869	-	-			14,482,869	31,773,111
16	Language Arts and Social Sciences Renovation (F10)	15,197,047	-	-			15,197,047	16,576,064
17	Classroom and Student Services Facility Upgrades (F9)	1,500,000	-	-	-		1,500,000	15,076,064
18	Solar Photo Voltaic System Project (F3)	8,555,030	-	-	2,300,000	6,255,030	-	-
19	Applied Arts and Sciences Remodel FPP FY 2010-11 pending; (F4)	24,094,374	-	9,018,310			15,076,064	-
20	Learning Resource Center Reconstruction - IPP FY 2012-13 ((F11)	31,350,434	14,300,532	-	-	-	17,049,902	-
21	Student Services Center - IPP for FY 2013-14 (F12)	19,782,000	4,997,858	-	-	-	14,784,143	-
22	Fine Arts Building - IPP for FY 2013-14 (F12)	12,345,330	3,440,894	-	-	-	8,904,437	-
23	Child Care Center - IPP for FY 2013-14 (F12)	3,386,603	1,537,505	-	-	-	1,849,098	-
24	Campus Center Building Renovation - Phase 2 (F2)	9,873,966	-	-	-	-	9,873,966	-
25	Technology Infrastructure (F2) (F5)	11,801,761	-	-	-	-	11,801,761	-
26	Carlson House Restoration (F2) (F5)	3,531,670	-	-	-	-	3,531,670	-
27	Fitness/Wellness Center (F2)	24,000,000	-	-	-	-	24,000,000	-
28	Campbell Center Permanent Purchase (F2)	5,000,000	-	-	-	-	5,000,000	-
29	Guirlanie House Renovation (F2)	3,500,000	-	-	-	-	3,500,000	-
30	PE Department Building Renovation (F2)	27,613,250	-	-	-	-	27,613,250	-
31	Administration Building Renovation (F2)	4,500,000	-	-	-	-	4,500,000	-
32	Administration of Justice Building Renovation (F2)	2,540,000	-	-	-	-	2,540,000	-
33	Business Division Renovation (F2)	8,050,000	-	-	-	-	8,050,000	-
34	Humanities-Fine Arts Building Renovation (F2)	15,744,050	-	-	-	-	15,744,050	-
35	ADA Accessibility Upgrades - Phase II (F2)	3,500,000	-	-	-	-	3,500,000	-
36	Athletic Field Turf Replacement (F2)	14,700,000	-	-	-	-	14,700,000	-
37	Parking Lot and Campus Walkway Resurface/Replacement (F2)	12,500,000	-	-	-	-	12,500,000	-
38	Vasona Creek Restoration and Green Belt Improvements (F2)	3,500,000	-	-	-	-	3,500,000	-
39	Interim Housing for Building Projects (F2)	6,500,000	-	-	-	-	6,500,000	-
40	Campus Landscape Restoration (F2)	12,500,000	-	-	-	-	12,500,000	-
41	Future/Opportunity Building (F2)	25,000,000	-	-	-	-	25,000,000	-
	Subtotals for West Valley College	**$ 414,209,304**	**$ 24,276,789**	**$ 47,435,210**	**$ 2,300,000**	**$ 6,255,030**	**$ 333,942,275**	**$ -**

FOOTNOTES FOR WEST VALLEY COLLEGE PROJECT LIST ONLY

(F1) Project construction completed; project in close out.
(F2) Project scope not fully defined. Project identified in the College Master Plan and/or Preliminary Future Bond Projects List.
(F3) Project funded by Bond Interest and Other Funding, without Measure H funding allocation.
(F4) Project Final Project Proposal (FPP) approved; Impacted by no State Education Bond in 2008, approved for 2010-11 fiscal year funding.
(F5) Project budget based on current CCI and EPI, with escalation of seven percent per year, for a total of 5.5 years.
(F6) Inclusive of electrical, water, and sanitary sewer line upgrades.
(F7) Inclusive of parking lot improvements,sidewalks, new entryways, campus signage, pavement modernizations.
(F8) Inclusive of main path of travel, campus wide barrier removal and ADA requirements.
(F9) Scope of work defined; cost based on similar project scope assumptions.
(F10) Project construction budget based on preliminary architectural estimate and escalation of ten percent for 20 months. Project impacted by no State Education Bond in 2008; FPP submitted in 2009 for funding year 2011-12.
(F11) Project updated to current CCI and EPI. Project impacted by no State Education Bond in 2008; IPP submittal in 2009; FPP in 2010, funding year 2012-13.
(F12) Project scope defined and cost based on combinatoin of current CCI and EPI and similar project scope cost assumptions. IPP submittals in 2009; funding year 2013-14, pending project prioritization with other IPPs.
* Indicates CREBS/Tax Exempt Lease Purchase Funding

January 18, 2011, Project Priority List

Attachment 1

	Mission College Project List	Proposed 03/16/10 Project Budget	FUNDING SOURCES: Proposed State Funding	FUNDING SOURCES: Approved State Funding	FUNDING SOURCES: Bond Interest	FUNDING SOURCES: *Other Funding	Bond Funds Required	Balance of Bond
1	Program Management Fees	$ 3,597,574	$ -	$ -			$ 3,597,574	$ 93,402,426
2	Program Contingency	4,678,810	-	-			4,678,810	88,723,616
3	Operational Expenses	910,800	-	-			910,800	87,812,816
4	Main Building Third Floor (Interior)	5,284,213	-	4,599,866			684,347	87,128,469
5	Mission Master Plan	533,500	-	-			533,500	86,594,969
6	Environmental Impact Report (EIR)	217,432	-	-			217,432	86,377,537
7	Utility Survey	176,055	-	-			176,055	86,201,482
8	Hospitality Management Reconstruction (F1)	8,818,835	-	-			8,818,835	77,382,647
9	Infrastructure Upgrade-Electrical/Data/Telecom/Sewers/Water-Phase 1 (F1)	9,937,212	-	-			9,937,212	67,445,434
10	Main Building Replacement, Phase 1 (Building 1-E) (F1) (F3)	60,778,221	-	-			60,778,221	6,667,214
11	Childcare Replacement (F1) (F3)	3,270,344	-	-			3,270,344	3,396,870
12	Main Building Fire Alarm Upgrade	924,000					924,000	2,472,870
13	Solar Photo Voltaic System Project	8,843,030			2,900,000	5,943,030		2,472,870
14	Classroom and Student Services Upgrades	2,472,870					2,472,870	-
15	Main Building Replacement, Phase II FPP FY 2011-12 - pending (F1) (F4)	65,918,742	31,138,433	-			34,780,309	-
16	*(Building 1-D, Corp. Yard/Facilities Building, Main Plaza Landscaping (Phase I)*							
17	Campus Entry Realignment Project (F5)*	6,265,945	-	-			6,265,945	-
18	Main Plaza Canopy / Landscaping (F7) *	6,087,153	-	-			6,087,153	-
19	MT Portables Replacement Building Current IPP, FPP in 2010 FY 2012-13; (F1) (F6)	17,098,260	8,077,738	-			9,020,522	-
20	MT Portables - Phase II (Growth) (F7) *	18,094,909	-	-			18,094,909	-
21	Performing Arts Annex, *IPP for FY 2013-14* (F6)	28,493,430	8,755,050	-			19,738,380	-
22	Infrastructure Upgrade-Electrical,Data/Telecom-Phase 2 (F7) *	8,155,110	-	-			8,155,110	-
23	Technology Infrastructure - Buildings (F2)	5,941,020	-	-			5,941,020	-
24	P.E. Addition, *IPP for FY 2013-14* (F6)	14,422,331	6,806,199	-			7,616,132	-
25	Pedestrian/Vehicular/Wayfinding Modifications (partial scope) (F2) (F8) *	7,653,779	-	-			7,653,779	-
26	Indoor Pool Facility (F2) (F9) *	26,971,062	-	-			26,971,062	-
27	Main Plaza Activity Center Building (F2) (F7) *	13,248,360	-	-			13,248,360	-
28	EIR Impacts/ Lease Negotiations (F2)	3,085,613	-	-			3,085,613	-
29	General Education Building (F2) (F8) *	37,218,221	-	-			37,218,221	-
30	Pedestrian/Vehicular/Wayfinding Modifications(partial scope) (F2) (F9) *	6,573,232	-	-			6,573,232	-
31	S.W. Parking Lot Addition (F2) (F9) *	4,886,490	-	-			4,886,490	-
32	Multi Purpose/Soccer Field (F2) (F9) *	9,748,057	-	-			9,748,057	-
33	Campus Wide Landscaping Restoration (F2)	12,500,000	-	-			12,500,000	-
34	Interim Housing (For Building Projects) (F2)	3,500,000	-	-			3,500,000	-
35	Opportunity Buildings - South & Southwest (F2)	$25,000,000	-	-			25,000,000	-
36	Public / Private Construction - Mixed Use / Faculty Housing (F2)	$35,000,000	-	-			35,000,000	-
		$ 466,304,609	**$ 54,777,421**	**$ 4,599,866**	**$ 2,900,000**	**$ 5,943,030**	**$ 398,084,294**	**$ -**

FOOTNOTES FOR MISSION COLLEGE PROJECT LIST ONLY

- * Escalation, where applicable, determined by Facilities Master Plan timeline.
- (F1) Project scope defined. Used GC matrix to compute CM soft costs, part of the project budget.
- (F2) Project scope not fully defined. Project identified in the College Master Plan and/or District Preliminary Future Bond Project List.
- (F3) Project scope defined and construction cost based on applicable CCI and EPI. Used GC matrix to compute CM fees using current project value in calculation.
- (F4) Main Building Replacement Phase II. 2009 FPP submittal for FY 2011-12; project budget based on current CCI and EPI.
- (F5) Project coincides with Main Building Replacement - Phase II. Project cost based on current CCI and EPI. 5.5 years escalation at seven percent.
- (F6) Master Plan and District Preliminary Future Bond Project List identified project/scope. Project budget based on current CCI and EPI and similar project scope cost assumptions.
- (F7) Master Plan identified project/scope. Project cost based on current CCI and EPI with applied escalation of 5.5 years at seven percent.
- (F8) Project budget based on current CCI and EPI with 6.5 years of escalation at seven percent.
- (F9) Project budget based on current CCI and EPI with 7.5 years of escalation at seven percent.
- * Indicates CREBS/Tax Exempt Lease Purchase Funding

January 18, 2011, Project Priority List

	District Services Project List	Proposed 03/16/10 Project Budget	FUNDING SOURCES Proposed State Funding	Approved State Funding	* Bond Interest	Bond Funds Required	Balance of Bond $41,000,000	* Bond Interest (Balance - $10,566,308)
1	Program Management Fees	1,520,623	-	-		1,520,623	39,479,377	-
2	Debt Service Restructuring	16,449,757	-	-		16,449,757	23,029,620	-
3	Program Contingency	387,769	-	-		387,769	22,641,851	-
4	Operational Expenses	178,400	-	-		178,400	22,463,451	-
5	Information Systems Building (F4)	9,517,790	-	-		9,517,790	12,945,661	-
6	IS Interim Housing (F4)	1,331,584	-	-		1,331,584	11,614,077	-
7	Server Replacement	1,441,152	-	-		1,441,152	10,172,925	-
8	Data Network	7,116,828	-	-		7,116,828	3,056,097	-
9	District Master Plan	197,851	-	-		197,851	2,858,246	-
10	Fire Alarm Replacement Project (F1) (F4)	13,685,048	-	13,000,000		685,048	2,173,198	-
11	Information Systems Support Facility (F4) (F5)	2,848,498	-	-	1,200,000	1,648,498	524,700	9,366,308
12	Police Building Renovation (WVC) (F4)	524,700				524,700	-	
13	Energy Management Systems Replacement (F2) (F3)	5,867,626	-	-		5,867,626	-	-
14	Security, safety and moving (F2) (F3)	4,092,579	-	-		4,092,579	-	-
15	Accessibility / ADA Projects (F2) (F3)	9,806,128	-	-		9,806,128	-	-
16	Telephone System/PBX Replacement (F2) (F3)	6,144,937	-	-		6,144,937	-	-
17	Facilities Maintenance Building Renovation (F3)	9,625,000	-	-		9,625,000		
18	Police Building Replacement (Mission College) (F3)	3,200,000	-	-		3,200,000		
19	Police Building Replacement (West Valley College) (F3)	3,200,000	-	-		3,200,000		
20	Interim Housing for Building Projects (F3)	1,500,000	-	-		1,500,000		
	Subtotals For District Services	**$ 98,636,270**	**$ -**	**$ 13,000,000**	**$1,200,000**	**$ 84,436,270**	**$ -**	**$ 4,166,308**

FOOTNOTES FOR CENTRAL SERVICES PROJECT LIST ONLY

(F1) Project Final Project Proposal (FPP) approved; project cost based on approved State Chancellor's Office FPP.

(F2) Project budget based on current CCI and EPI; project escalated seven percent for 5.5 years.

(F3) Project scope not fully defined; project identified on the District's (Preliminary) Future Bond Project List.

(F4) Project scope defined; Used GC matrix to compute CM fees. CM fees part of project cost.

(F5) Project cost based on a preliminary cost model as of April, 2009 for a new IS Support Facility.

* Bond Interest based on District's 2008/09 Final Budget Report. Portion of Bond Interest allocated to WVC and MC Solar Photo Voltaic System Projects (total of $5.2M) as reflected on individual College Project Lists.

ANNUAL CBOC UPDATE ON MEASURE H BOND PROGRAM

Attachment 2

Based on January 18, 2011 Project List

Expenditures through March 21, 2011

Ref #	Description	All Funds: Total Project Budget	Capital Outlay: State Funds	Bond Interest: Bond Interest Funds	Land Corp: Land Corp Funds	Measure H Funds: Bond Funds	Measure H Funds: Accumulated Bond Funds Expended	Measure H Funds: Bond Balance	Measure H Funds: % Spent
	Measure H Bond and Capital Outlay Program								
1	Total Construction Projects	$ 312,540,272	$ 65,035,076		$ 12,505,196	$ 235,000,000	$ 102,991,027	$ 132,008,974	44%
2	Bond Interest	$ 6,400,000		$ 6,400,000					
3	Construction Program Totals	$ 318,940,272	$ 65,035,076	$ 6,400,000	$ 12,505,196	$ 235,000,000	$ 102,991,027	$ 132,008,974	
4	**West Valley College Projects**	$ 153,054,175	$ 47,435,210	$ 2,300,000	$ 6,318,965	$ 97,000,000	$ 44,735,075	$ 52,264,925	46%
5	Program Management	$ 3,597,574	$ -	$ -	$ -	$ 3,597,574	$ 3,541,576	$ 55,998	98%
6	Program Contingency	$ 3,513,613	$ -	$ -	$ -	$ 3,513,613	$ -	$ 3,513,613	0%
7	Operation Expenses	$ 910,800	$ -	$ -	$ -	$ 910,800	$ 870,673	$ 40,127	96%
8	Educational Master Facilities Plan	$ 167,000	$ -	$ -	$ -	$ 167,000	$ 159,565	$ 7,435	96%
9	Environmental Impact Report	$ 166,750	$ -	$ -	$ -	$ 166,750	$ 137,610	$ 29,140	83%
10	Aquatic Center Project	$ 7,745,253	$ -	$ -	$ -	$ 7,745,253	$ 7,355,162	$ 390,091	95%
11	Campus Technology Center	$ 22,103,240	$ 16,939,000	$ -	$ -	$ 5,164,239	$ 4,785,270	$ 378,969	93%
12	Science and Math Replacement/Addition	$ 7,774,063	$ 5,629,000	$ -	$ 63,935	$ 2,081,128	$ 1,866,758	$ 214,370	90%
13	Science and Math Building Renovation	$ 19,662,026	$ 15,848,900	$ -	$ -	$ 3,813,126	$ 1,870,158	$ 1,942,968	49%
14	ADA Barrier Removal Plan	$ 2,175,412	$ -	$ -	$ -	$ 2,175,412	$ 1,026,441	$ 1,148,971	47%
15	Utility Infrastructure Modernization	$ 6,713,874	$ -	$ -	$ -	$ 6,713,874	$ 6,216,888	$ 496,986	93%
16	Surface Improvements	$ 8,085,029	$ -	$ -	$ -	$ 8,085,029	$ 7,622,250	$ 462,779	94%
17	Infrastructure Modernization - Projects	$ 369,349	$ -	$ -	$ -	$ 369,349	$ 139,094	$ 230,255	38%
18	Interim Housing/Swing Space/Wet Labs	$ 6,240,872	$ -	$ -	$ -	$ 6,240,872	$ 5,938,061	$ 302,811	95%
19	Campus Center Building Renovation Phase I	$ 14,482,869	$ -	$ -	$ -	$ 14,482,869	$ 2,083,503	$ 12,399,365	14%
20	LA and SS Reconstruction	$ 15,197,047	$ -	$ -	$ -	$ 15,197,047	$ 967,849	$ 14,229,198	6%
21	Classroom & Student Services Fac. Upgrd	$ 1,500,000	$ -	$ -	$ -	$ 1,500,000	$ 154,217	$ 1,345,783	10%
22	Solar Photo Voltaic System Project	$ 8,555,030	$ -	$ 2,300,000	$ 6,255,030	$ -	$ -	$ -	
23	Applied Arts and Science Remodel	$ 24,094,374	$ 9,018,310	$ -	$ -	$ 15,076,064	$ -	$ 15,076,064	0%
24	**Total West Valley College**	$ 153,054,175	$ 47,435,210	$ 2,300,000	$ 6,318,965	$ 97,000,000	$ 44,735,075	$ 52,264,925	46%
25	West Valley Bond Funds Unallocated	$ -				$ -			

Attachment 2

ANNUAL CBOC UPDATE ON MEASURE H BOND PROGRAM

Based on January 18, 2011 Project List

Expenditures through March 21, 2011

Ref #	Description	All Funds Total Project Budget	Capital Outlay State Funds	Bond Interest Bond Interest Funds	Land Corp Land Corp Funds	Measure H Funds Bond Funds	Accumulated Bond Funds Expended	Bond Balance	% Spent
26	**Mission College Projects**	$ 110,686,097	$ 4,599,866	$ 2,900,000	$ 6,186,231	$ 97,000,000	$ 20,565,277	$ 76,434,724	21%
								$ -	
27	Program Management	$ 3,597,574	$ -	$ -	$ -	$ 3,597,574	$ 3,541,576	$ 55,998	98%
28	Program Contingency	$ 4,678,810	$ -	$ -	$ -	$ 4,678,810	$ -	$ 4,678,810	0%
29	Operational Expenses	$ 910,800	$ -	$ -	$ -	$ 910,800	$ 870,673	$ 40,127	96%
30	Main Building Third Floor Reconstruction	$ 5,527,414	$ 4,599,866	$ -	$ 243,201	$ 684,347	$ 634,230	$ 50,117	93%
31	Master Plan	$ 533,500	$ -	$ -	$ -	$ 533,500	$ 532,844	$ 656	100%
32	Initial Study for EIR	$ 217,432	$ -	$ -	$ -	$ 217,432	$ 203,560	$ 13,872	94%
33	Utility Survey (Infrastructure)	$ 176,055	$ -	$ -	$ -	$ 176,055	$ 140,771	$ 35,284	80%
34	Hospitality Management Reconstruction	$ 8,818,835	$ -	$ -	$ -	$ 8,818,835	$ 5,645,904	$ 3,172,931	64%
35	Infra Upgrade-Elec/Data/Tele/Sewer/Water	$ 9,937,212	$ -	$ -	$ -	$ 9,937,212	$ 6,032,352	$ 3,904,860	61%
36	Main Building Replacement Phase 1: Building 1E	$ 60,778,221	$ -	$ -	$ -	$ 60,778,221	$ 2,347,139	$ 58,431,082	4%
37	Childcare Replacement	$ 3,270,344	$ -	$ -	$ -	$ 3,270,344	$ 616,227	$ 2,654,117	19%
38	Main Bldg Fire Alarm Upgrade	$ 924,000	$ -	$ -	$ -	$ 924,000	$ -	$ 924,000	0%
39	Solar Photo Voltaic System Project	$ 8,843,030	$ -	$ 2,900,000	$ 5,943,030	$ -	$ -	$ -	
40	Classroom and Student Services Upgrades	$ 2,472,870	$ -	$ -	$ -	$ 2,472,870	$ -	$ 2,472,870	0%
41	**Total Mission College**	$ 110,686,097	$ 4,599,866	$ 2,900,000	$ 6,186,231	$ 97,000,000	$ 20,565,277	$ 76,434,724	21%
42	Mission Bond Funds Unallocated	$ (0)				$ (0)			
43	**Central Services Projects**	$ 55,200,000	$ 13,000,000	$ 1,200,000	$ -	$ 41,000,000	$ 37,690,675	$ 3,309,325	92%
44	Program Management	$ 1,520,623	$ -	$ -	$ -	$ 1,520,623	$ 1,496,954	$ 23,669	98%
45	Debt Service Restructuring	$ 16,449,757	$ -	$ -	$ -	$ 16,449,757	$ 16,449,757	$ (0)	100%
46	Program Contingency	$ 387,769	$ -	$ -	$ -	$ 387,769	$ -	$ 387,769	0%
47	Operational Expenses	$ 178,400	$ -	$ -	$ -	$ 178,400	$ 170,544	$ 7,856	96%
48	Information Systems Building	$ 9,517,790	$ -	$ -	$ -	$ 9,517,790	$ 9,491,585	$ 26,205	100%
49	IS Interim Housing	$ 1,331,584	$ -	$ -	$ -	$ 1,331,584	$ 1,329,838	$ 1,746	100%
50	Server Replacement	$ 1,441,152	$ -	$ -	$ -	$ 1,441,152	$ 1,440,340	$ 812	100%
51	Data Network	$ 7,116,828	$ -	$ -	$ -	$ 7,116,828	$ 6,382,471	$ 734,357	90%
52	Master Plan - Central Services	$ 197,851	$ -	$ -	$ -	$ 197,851	$ 127,711	$ 70,140	65%
53	Fire Alarm System Replacement	$ 13,685,048	$ 13,000,000	$ -	$ -	$ 685,048	$ 43,371	$ 641,677	6%
54	Information Systems Support Facility	$ 2,848,498	$ -	$ 1,200,000	$ -	$ 1,648,498	$ 302,435	$ 1,346,063	18%
55	Police Building Renovation	$ 524,700	$ -	$ -	$ -	$ 524,700	$ 455,669	$ 69,031	87%
56	**Total Central Services**	$ 55,200,000	$ 13,000,000	$ 1,200,000	$ -	$ 41,000,000	$ 37,690,675	$ 3,309,325	92%
57	Central Services Bond Funds Unallocated	$ (0)				$ (0)			
	Measure H Bond Summary	**Total Bond Amount**	**Bond Funds Sold to Date**			**Bond Funds Revenue**	**Bond Funds Expended**	**Bond Funds Revenue Balance**	**% Spent**
58	Series A Bond funds issued in May 2006	$ 234,999,692	$ 100,000,000			$ 234,999,692	$ 102,991,027	$ 132,008,665	44%
59	Series B Bond funds issued in June 2009		$ 14,184,692						
60	Series C Bond funds issued in June 2009		$ 120,815,000						

WEST VALLEY – MISSION
COMMUNITY COLLEGE DISTRICT

GENERAL OBLIGATION BONDS
MEASURE H
FINANCIAL REPORT
JUNE 30, 2010

WEST VALLEY- MISSION COMMUNITY COLLEGE DISTRICT

MEASURE H FUND
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JUNE 30, 2010

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board
West Valley-Mission Community College District
Saratoga, California

We have audited the accompanying financial statements of the Measure H fund of the West Valley-Mission Community College District, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Measure H fund and do not purport to, and do not, present fairly the financial position and results of operations of the West Valley-Mission Community College District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure H fund of the West Valley–Mission Community College District at June 30, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2011, on our consideration of the District Measure H fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
March 1, 2011

MEASURE H FUND
BALANCE SHEET
JUNE 30, 2010

ASSETS	
Cash and investments	$ 160,631,284
Accounts receivable	98,411
Total Assets	$ 160,729,695
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	$ 2,199,863
Due to other funds	2,627
Total Liabilities	2,202,490
FUND EQUITY	
Fund balances	
Undesignated	158,527,205
Total Liabilities and Fund Equity	$ 160,729,695

The accompanying notes are an integral part of these financial statements.

WEST VALLEY - MISSION COMMUNITY COLLEGE DISTRICT

MEASURE H FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	
Interest income	$ 782,638
Total Revenues	782,638
EXPENDITURES	
Current Expenditures	
Salaries	461,391
Benefits	122,018
Capital outlay	17,024,837
Total Expenditures	17,608,246
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(16,825,608)
OTHER FINANCING SOURCES (USES)	
Bond administrative costs	(501)
Total Other Financing Sources and Uses	(501)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,826,109)
FUND BALANCE, Beginning of Year	175,353,314
FUND BALANCE, End of Year	$ 158,527,205

The accompanying notes are an integral part of these financial statements.

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West Valley-Mission Community College District Measure H fund conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The West Valley–Mission Community District Measure H fund accounts for financial transactions in accordance with the policies and procedures of the California Community Colleges Budget and Accounting Manual.

Financial Reporting Entity

The financial statements include only the Measure H fund of the West Valley-Mission Community College District. This fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2004. The authorized issuance amount of the bonds is $235,000,000. Series A of the bonds was sold on May 4, 2006, for $100,000,000 and Series B and C were sold in May 2009 for $134,999,692. These financial statements are not intended to present fairly the financial position and results of operations of the West Valley–Mission Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure H fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements of the West Valley–Mission Community College District Measure H fund are accounted for under the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. For the District, available means expected to be received within 60 days of fiscal year-end. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on long-term debt, which is recognized when due.

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period. No amounts were reserved or designated at June 30, 2010.

Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1st of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. In other words, the District is committed or intends to purchase goods or services which have not yet been received. The encumbrance represents a "placeholder" that helps ensure that the budgeted funds for these commitments are not spent elsewhere. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Supplemental taxes for repayment of bond proceeds are collected by the County of Santa Clara from all taxable property within the District and deposited in the Bond Interest and Redemption Fund of the District. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10, and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Clara bills and collects the taxes for the District. The District recognizes tax revenues when received.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE #2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Investments Authorized Under Debt Agreements - The debt agreement limits investments to the Santa Clara County Investment Pool. The limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
County Pooled Investment Funds	N/A	None	None

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury at June 30, 2010, was $161,394,700 and the weighted average maturity of the pool is 326 days.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Measure H fund only invests in County Pooled Investment Funds which are not required to be rated.

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2010, consist of the following:

Interest	$ 98,411

NOTE #4 – INTERFUND ACTIVITY AND ACCOUNTS PAYABLE

Claim on Cash/Due To/From Other Funds

As of June 30, 2010, the Measure H fund had the following interfund activity:

Due to General fund for reimbursement of costs paid by general fund	$ 2,627

As of June 30, 2010, the Measure H fund had the following accounts payable activity:

Payments due to vendors for amounts invoiced	$	1,904,800
Retentions and project stop notices		295,063
Total	$	2,199,863

NOTE #5 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	$ 158,527,205

NOTE #6 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2010, the Measure H fund had the following commitments with respect to unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
West Valley College		
Classroom & student services facility upgrade	$ 35,611	06/30/10
Science and math renovation	8,503,771	08/30/11
LA/Social science reconstruction	1,645,273	09/30/12
Campus center renovation	766,730	09/30/11
Surface improvements	284,267	06/30/11
Utility infrastructure modernization	46,737	12/30/10
ADA barrier removal	103,958	12/30/10
Interim housing	545,073	06/30/10
Mission College		
Childcare replacement	170,725	09/30/11
Hospitality management	4,510,241	08/31/11
Infrastructure upgrade - electric/data	4,883,282	06/30/11
Main building replacement	4,896,178	06/30/14
Districtwide		
Data network	49,563	05/31/11
Fire alarm replacement	716,928	09/30/11
Information system support facility	186,074	09/30/11
General program costs	125,654	09/30/10
Police building renovation	3,259	12/31/10
	$ 27,473,324	

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2010

INDEPENDENT AUDITORS’ REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board and
Citizens Oversight Committee
West Valley-Mission Community College District
Saratoga, California

We have audited the financial statements of the Measure H fund of the West Valley-Mission Community College District as of and for the year ended June 30, 2010, and have issued our report thereon dated March 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Measure H fund of West Valley-Mission Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure H fund of West Valley-Mission Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Measure H fund of West Valley-Mission Community College District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Valley-Mission Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended solely for the information and use of the Governing Board, management, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
March 1, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MEASURE H FUND
FINANCIAL STATEMENT FINDINGS
JUNE 30, 2010

None reported.

WEST VALLEY - MISSION COMMUNITY COLLEGE DISTRICT

MEASURE H FUND
SUMMARY OF PRIOR AUDIT FINDINGS
JUNE 30, 2010

None reported.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

GENERAL OBLIGATION BONDS
MEASURE H
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JUNE 30, 2010

WEST VALLEY- MISSION COMMUNITY COLLEGE DISTRICT

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VAVRINEK, TRINE, DAY
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Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANTS' REPORT

Governing Board and
Citizens' Fiscal Oversight Committee
West Valley-Mission Community College District
Saratoga, California

We were engaged to conduct a performance audit of the West Valley-Mission Community College Measure H Building Fund for the year ended June 30, 2010.

We conducted our performance audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable basis for our conclusion based on our audit objectives.

Our audit was limited to the objectives listed below, which include determining the District's compliance with the performance requirements as referred to in Article XIII A Section 1(b)(3)(C)of the California Constitution. Management is responsible for West Valley-Mission Community College District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the West Valley – Mission Community College Measure H Building Fund's internal control in order to determine if the internal controls were adequate to help ensure the compliance with the requirements of Proposition 39, and outlined in Article XIII A Section 1(b)(3)(C)of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control

The results of our tests indicated that the District expended Measure H funds only for the specific projects approved by the voters, in accordance with Proposition 39, and outlined in Article XIII A Section 1(b)(3)(C)of the California Constitution.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
February 28, 2011

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AUTHORITY FOR ISSUE

The Measure H bonds were issued pursuant to the Constitution and Laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County on August 31, 2004 (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on July 22, 2004.

The District received authorization at an election held on November 2, 2004, to issue bonds of the District in an aggregate principal amount not to exceed $235,000,000, to finance specific construction and renovation projects approved by eligible voters within the District. The proposition received approval by at least 55 percent of the votes cast by eligible voters within the District (the 2004 Authorization).The Bonds represent the first, second, and third series of the authorized bonds to be issued under the 2004 Authorization.

PURPOSE OF ISSUE

The net proceeds of the bonds ,and any other series of general obligation bonds issued under the Authorization, will be used for the purposes specified in the District bond proposition submitted at the Election, which includes repair and upgrade West Valley and Mission Colleges, and improve job training and transfer programs by upgrading fire safety, repairing leaky roofs, improving disabled access, repairing and expanding job training classrooms for nurses, police, firefighters, and paramedics, upgrading classroom technology for a changing workforce, and repairing, constructing, and equipping buildings, classrooms, libraries, sites, and science and computer labs.

"To repair /upgrade West Valley and Mission Colleges, improve job training/transfer programs,

- Upgrade fire safety,
- Repair leaky roofs,
- Improving disabled access,
- Repair/expand job training classrooms for nurses, police, firefighters, paramedics,
- Upgrade classroom technology for a changing workforce,
- Repair, construct, equip buildings, classrooms, libraries, sites, science/computer labs,

Shall West Valley – Mission Community College District issue $235 million in bonds, at legal rates, with annual audits, citizen oversight, and no money for administrator's salaries?"

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act, Proposition 39. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college, and 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 rental property for school facilities", upon the approval of 55% of the electorate. In addition to reducing the approval threshold from two thirds to 55%, Proposition 39 and enacting legislation (AB 1908 and AB 2659), requires the following accountability measures as codified in Education Code Sections 15278-15282:

1) Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A Section 1(b)(3)(C)of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenditures.
2) The district must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3) Requires the district appoint a citizen's oversight committee.
4) Requires the district to conduct an annual independent financial audit, and performance audit in accordance with the Governmental Auditing Standards issued by the Comptroller General of the United States, of the bond proceeds until all of the proceeds have been expended.
5) Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specified projects listed.

OBJECTIVES OF THE AUDIT

1) Determine whether expenditures charged to the Measure H Building fund have been made in accordance with the bond project list approved by the voters through the approval of Measure H.
2) Determine whether salary transactions, charged to the Measure H Building fund, were in support of Measure H, and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance procedures covered the period of July 1, 2009 to June 30, 2010. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through State or other local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2010 were not reviewed or included in the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2010 for the Measure H Building fund. Within the fiscal year audited, we obtained the actual invoices, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIIIA, Section (b)(3)(C) of the California Constitution and Measure H as to the approved bond project list. We performed the following procedures:

1. Verify that the expenditure of funds were accounted for separately in the accounting records to allow for accountability.

2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the Measure H Building Fund.

3. Select at least 25% of the expenditures for "hard" costs; 10% for "soft" costs; 25% of salaries and benefits; 25% of consulting services expenses; and 25% of overtime expenditures, charged to the Measure H Building Fund; to verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials and the bond official statement.

4. Verify that District's internal control procedures are operating according to District policies.

5. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

RESULTS OF PROCEDURES

1. The general obligation bond fund expenditures were accounted for separately in the Measure H Building Fund of the District.

2. Not applicable – there were no Measure H bond sales during the current year.

3. We reviewed 62% of "hard" costs; 16% of "soft" costs; 28% of salaries and benefits; 27% of services expenditures; and 27% of overtime costs. Our review of the expenditures for the period July 1, 2009, through June 30, 2010, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on November 2, 2004.

4. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the basic internal control policies of the District.

5. Our review of selected awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and the District.

CONCLUSION

The results of our tests indicated that, in all significant respects, the West Valley – Mission Community College District has properly accounted for the expenditures in held in the Measure H Building Fund and that such expenditures were made for authorized bond projects. Further, it was noted that funds held in the Measure H Building Fund, and expended by the District, were used for salaries of administrators only to the extent that they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
February 28, 2011