

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees and  
Independent Citizens' Bond Oversight  
Committee for Measure E  
State Center Community College District  
Fresno, California

We have performed the procedures enumerated in Attachment II, which were agreed to by State Center Community College District (the "District") and the Independent Citizens' Bond Oversight Committee for Measure E (the "Committee"), solely to assist the Committee in evaluating District management's assertions concerning disbursements of bond funds for the three months ended December 31, 2010. 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. Attachment I contains background information about the Measure E Bonds. Attachment III is the compiled Schedule of Measure E General Obligation Bond Activity.

We were not engaged to, and did not, perform an audit or review, 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 State Center Community College District and the Independent Citizens' Bond Oversight Committee for Measure E 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*

January 12, 2011

**STATE CENTER 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.

**STATE CENTER COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS,  
MEASURE E**

The State Center Community College District, Fresno County, Tulare County, Madera County and Kings County, California Election of 2002 General Obligation Bonds, Measure E were authorized at an election of the registered voters of State Center Community College District held on November 5, 2002 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$161,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare students at Fresno City/Reedley College (Clovis, Madera, Oakhurst Centers) for transfer to four-year colleges and careers, including public safety, firefighting, healthcare technology and business, by upgrading equipment, lighting, wiring, fire safety; replacing portables; repairing plumbing, heating/ventilation; repairing/constructing/equipping classrooms, libraries, computer labs, buildings, parking, acquiring land, shall State Center Community College District issue \$161,000,000 of bonds at legal rates, with a Citizens Oversight Committee, annual financial audits and no money for administrator salaries?"

**STATE CENTER COMMUNITY COLLEGE DISTRICT  
PROCEDURES PERFORMED AND CONCLUSIONS**

**PROCEDURES PERFORMED**

State Center Community College District provided a list of all Measure E project expenditures (the "List"). An approximate total of 107 warrants were identified representing \$1,133,793 in expenditures from October 1, 2010 to December 31, 2010. We performed the following procedures to the List of Measure E bond expenditures:

- Verified the mathematical accuracy of the List.
- Selected a sample of 25 expenditures totaling \$735,271. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 23% of the total number of expenditures and 65% of the total expenditure value.
- Agreed selected expenditures to vendor invoices and cancelled warrants noting the date and amount of the expenditure, and that the funds were expended for the construction, 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 and that funds were not spent for District administrative or instructional salaries or other administrative expenses.

**CONCLUSIONS**

- The List was mathematically accurate.
- Each of the 25 expenditures tested represented valid Bond expenditures, were properly charged to the location indicated, were properly coded as to the nature of the expenditure and were determined to represent construction, 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 and were not spent for District administrative or instructional salaries or other administrative expenses.

Board of Trustees and  
Independent Citizens' Bond Oversight  
Committee for Measure E  
State Center Community College District  
Fresno, California

We have compiled the accompanying Schedule of Measure E General Obligation Bond Activity for the three months ended September 30, 2010, for the three months ended December 31, 2010 and for the periods from inception through June 30, 2010 and December 31, 2010 (Attachment III), 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 E General Obligation Bonds for the three months ended September 30, 2010, for the three months ended December 31, 2010 and for the periods from inception through June 30, 2010 and December 31, 2010 and, accordingly, do not express an opinion or any other form of assurance on it.

*Perry - Smith LLP*

Sacramento, California  
January 12, 2011

**STATE CENTER COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF MEASURE E GENERAL OBLIGATION BOND ACTIVITY**

**For the Three Months Ended September 30, 2010, the Three Months Ended December 31, 2010  
and for the Periods from Inception through June 30, 2010 and December 31, 2010**

	<b>Measure E Activity Since Inception through June 30, 2010</b>	<b>Measure E Activity for the Three Months Ended September 30, 2010</b>	<b>Measure E Activity for the Three Months Ended December 31, 2010</b>	<b>Total Measure E Activity Since Inception through December 31, 2010</b>
<b>Revenues:</b>				
Proceeds from the issuance of General Obligation Bonds	\$ 131,000,000			\$ 131,000,000
Interest and investment income	8,579,988	\$ 47,298	\$ 53,911	8,681,197
Transfer in from General Fund	<u>6,657,440</u>			<u>6,657,440</u>
Total revenues	<u>146,237,428</u>	<u>47,298</u>	<u>53,911</u>	<u>146,338,637</u>
<b>Expenditures:</b>				
Construction	95,691,334	1,679,890	741,860	98,113,084
Architectural services	13,179,071	19,996	42,493	13,241,560
Land acquisition	9,286,638			9,286,638
Other services and labor	8,149,642	35,256	112,779	8,297,677
Materials and equipment	1,531,825	701,220	236,661	2,469,706
Operating transfers out	<u>559,541</u>			<u>559,541</u>
Total expenditures	<u>128,398,051</u>	<u>2,436,362</u>	<u>1,133,793</u>	<u>131,968,206</u>
Net activity	<u>17,839,377</u>	<u>(2,389,064)</u>	<u>(1,079,882)</u>	<u>14,370,431</u>
<b>Fund balance:</b>				
Beginning of period		<u>17,839,377</u>	<u>15,450,313</u>	
End of period	<u>\$ 17,839,377</u>	<u>\$ 15,450,313</u>	<u>\$ 14,370,431</u>	<u>\$ 14,370,431</u>