

**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 March 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 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 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

April 20, 2010

**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 the 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. 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 200 warrants were identified representing \$4,935,799 in expenditures from January 1, 2010 to March 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 \$4,051,467. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 13% of the total number of expenditures and 82% 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 six months ended December 31, 2009, the three months ended March 31, 2010, and for the periods from inception through June 30, 2009 and March 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 six months ended December 31, 2009, the three months ended March 31, 2010, and for the periods from inception through June 30, 2009 and March 31, 2010 and, accordingly, do not express an opinion or any other form of assurance on it.

Perry-Smith LLP

Sacramento, California
April 20, 2010

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

**For the Six Months Ended December 31, 2009, the Three Months Ended March 31, 2010
and for the Periods from Inception through June 30, 2009 and March 31, 2010**

	Measure E Activity Since Inception through June 30, 2009	Measure E Activity for the Six Months Ended December 31, 2009	Measure E Activity for the Three Months Ended March 31, 2010	Total Measure E Activity Since Inception through March 31, 2010
Revenues:				
Proceeds from the issuance of General Obligation Bonds	\$ 111,000,000	\$ 20,000,000		\$ 131,000,000
Interest and investment income	8,214,757	245,879	\$ 28,963	8,489,599
Transfer in from General Fund	6,657,440			6,657,440
Total revenues	<u>125,872,197</u>	<u>20,245,879</u>	<u>28,963</u>	<u>146,147,039</u>
Expenditures:				
Construction	80,383,166	7,827,100	4,313,916	92,524,182
Architectural services	12,879,961	196,855	59,514	13,136,330
Land acquisition	9,286,638			9,286,638
Other services and labor	7,535,667	271,155	158,371	7,965,193
Materials and equipment	383,155	609,987	403,998	1,397,140
Operating transfers out	559,541			559,541
Total expenditures	<u>111,028,128</u>	<u>8,905,097</u>	<u>4,935,799</u>	<u>124,869,024</u>
Net activity	<u>14,844,069</u>	<u>11,340,782</u>	<u>(4,906,836)</u>	<u>21,278,015</u>
Fund balance:				
Beginning of period		14,844,069	26,184,851	
End of period	<u>\$ 14,844,069</u>	<u>\$ 26,184,851</u>	<u>\$ 21,278,015</u>	<u>\$ 21,278,015</u>