STATE CENTER COMMUNITY
COLLEGE DISTRICT

GENERAL OBLIGATION BONDS
AGREED-UPON PROCEDURES AUDIT

JULY 1, 2008 – SEPTEMBER 30, 2008
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bond Oversight Committee
State Center Community College District
Fresno, California

We have performed the procedures enumerated below, which were agreed to by the management of the State Center Community College District, solely to determine whether the internal controls and procedures developed and implemented by the District are appropriate to protect, control, and account for the General Obligation Bond funds authorized at an election of the registered voters of the District held on November 5, 2002. The Bonds were authorized at an issuance of $161,000,000 principal amount for the purpose of financing the addition and modernization of school facilities. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Procedures Performed

1. Verify that the 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.

3. Verify that all interest earned on the Bond Funds were deposited in the Bond Accounts.

4. Verify that the internal controls and procedures for the accounts of the Bond funds are sufficient to protect and control the funds.

5. Verify that the funds expended complied with the purpose that was specified to the registered voters of the District in the November 5, 2002, election.

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

7. Verify that competitive price is used for purchases of materials and supplies.

8. Verify that competitive price is used for the contracting of labor that is not covered by bid requirements.
Stated Findings

A. Financial Summary

1. Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Capital Projects-Building Fund ¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net available from sale of General Obligation Bonds as of June 2003.</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Net available from sale of General Obligation Bonds as of July 2004.</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Net available from sale of General Obligation Bonds as of June 2007.</td>
<td>66,000,000</td>
</tr>
<tr>
<td>Interest and other local revenues through September 30, 2008.</td>
<td>6,325,111</td>
</tr>
<tr>
<td>Transfer in from General Fund</td>
<td>6,657,440</td>
</tr>
<tr>
<td><strong>Total Available for Capital Projects</strong></td>
<td><strong>$123,982,551</strong></td>
</tr>
</tbody>
</table>

2. Total expenditures (excluding encumbrances) through September 30, 2008, were $61,733,747.

3. Analysis of Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>7/1/02-3/31/08</th>
<th>4/1/08-6/30/08 ¹</th>
<th>7/1/08-9/30/08</th>
<th>Total ²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$25,116,395</td>
<td>$2,873,247</td>
<td>$5,628,948</td>
<td>$33,618,590</td>
</tr>
<tr>
<td>Architect services</td>
<td>9,932,848</td>
<td>530,353</td>
<td>1,069,103</td>
<td>11,532,304</td>
</tr>
<tr>
<td>Other services and labor</td>
<td>4,480,113</td>
<td>1,557,032</td>
<td>338,137</td>
<td>6,375,282</td>
</tr>
<tr>
<td>Materials and equipment</td>
<td>359,912</td>
<td>1,480</td>
<td>-</td>
<td>361,392</td>
</tr>
<tr>
<td>Land acquisition</td>
<td>9,286,638</td>
<td>-</td>
<td>-</td>
<td>9,286,638</td>
</tr>
<tr>
<td>Operating transfers out</td>
<td>514,526</td>
<td>45,015</td>
<td>-</td>
<td>559,541</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$49,690,432</strong></td>
<td><strong>$5,007,127</strong></td>
<td><strong>$7,036,188</strong></td>
<td><strong>$61,733,747</strong></td>
</tr>
</tbody>
</table>

¹ Revised totals as of June 30, 2008 due to District closing entries including interest accrual and accounts payable.
² Includes Project Management Costs

4. Available uncommitted funds as of September 30, 2008, were $62,248,804.

B. Compliance Summary

1. The General Obligations Bond funds were accounted for separately in the Building Fund of the District.

2. The net proceeds from the sale of the General Obligation Bonds were deposited into the appropriate accounts.

3. All interest earned on the Bond Funds were deposited in the bond accounts.

4. All areas to which we applied our procedures appeared to have appropriate internal controls and procedures in place to protect and control the General Obligation Bond funds.
B. Compliance Summary (Continued)

5. Our review of the expenditures for the period July 1, 2008 through September 30, 2008, revealed no 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 5, 2002.

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

7. Competitive pricing was used for purchases of materials and supplies.

8. Competitive pricing was used for the contracting of labor that was not covered by bid requirements.

C. General Summary

The $61,733,747 to date expenditures of Bond Funds have been expended as intended by the registered voters of the District.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the District's Internal Control System. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the use of the State Center Community College District, and should not be used by those who have not agreed to the procedures and have taken responsibility for the sufficiency of the procedures for their purpose.

Vavrinak, Ohine, Day & Co., LLP

Fresno, California
October 3, 2008