

REPORT OF INDEPENDENT ACCOUNTANTS  
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 September 30, 2012. 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.



Crowe Horwath LLP

Sacramento, California  
October 12, 2012

STATE CENTER COMMUNITY COLLEGE DISTRICT  
BACKGROUND INFORMATION

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**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

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**PROCEDURES PERFORMED**

State Center Community College District provided a list of all Measure E project expenditures (the "List"). A total of 23 warrants were identified representing \$503,568 in expenditures from July 1, 2012 through September 30, 2012. We performed the following procedures to the List of Measure E bond expenditures:

- Verified the mathematical accuracy of the List.
- Selected all 23 expenditures totaling \$503,568. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 100% of the total number of expenditures and 100% 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 23 expenditures tested represented Bond expenditures that were charged to the Bond Project, the location indicated, were coded as to the nature of the Bond 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.

## COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

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, 2012 and for the periods from inception through June 30, 2012 and September 30, 2012 (Attachment III), in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The balance sheet as of September 30, 2012 and the statement of cash flows for the three months ended September 30, 2012 and for the periods from inception through June 30, 2012 and September 30, 2012, have not been presented. Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. Accounting principles generally accepted in the United States of America require that such statements and disclosures be presented when financial statements purport to present results of operations. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's Measure E General Obligation Bond Activity assets, liabilities, equity, revenue and expenses. Accordingly, this financial statement is not designed for those who are not informed about such matters.



Crowe Horwath LLP

Sacramento, California  
October 12, 2012

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

For the Three Months Ended September 30, 2012  
and for the Periods from Inception through June 30, 2012 and September 30, 2012

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	<u>Measure E Activity Since Inception through June 30, 2012</u>	<u>Measure E Activity for the Three Months Ended September 30, 2012</u>	<u>Total Measure E Activity Since Inception through September 30, 2012</u>
Revenues:			
Proceeds from the issuance of General Obligation Bonds	\$ 131,000,000	\$ -	\$ 131,000,000
Interest and investment income	8,863,125	-	8,863,125
Transfer in from General Fund	<u>6,657,440</u>	<u>-</u>	<u>6,657,440</u>
Total revenues	<u>146,520,565</u>	<u>-</u>	<u>146,520,565</u>
Expenditures:			
Construction	101,171,076	90,250	101,261,326
Architectural services	13,327,199	-	13,327,199
Land acquisition	9,286,638	-	9,286,638
Other services and labor	9,697,585	26,751	9,724,336
Materials and equipment	3,685,336	386,567	4,071,903
Operating transfers out	<u>1,359,541</u>	<u>-</u>	<u>1,359,541</u>
Total expenditures	<u>138,527,375</u>	<u>503,568</u>	<u>139,030,943</u>
Net activity	<u>7,993,190</u>	<u>(503,568)</u>	<u>7,489,622</u>
Fund balance:			
Beginning of period	<u>-</u>	<u>7,993,190</u>	<u>-</u>
End of period	<u>\$ 7,993,190</u>	<u>\$ 7,489,622</u>	<u>\$ 7,489,622</u>

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