

AGENDA
Regular Meeting
BOARD OF TRUSTEES
STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon Ave.
Fresno, California 93704
4:30 p.m., January 10, 2012

- I. Call to Order
- II. Pledge of Allegiance
- III. Introduction of Guests
- IV. Approval of Minutes, Meeting of December 6, 2011
- V. Delegations, Petitions, and Communications [see footnote]
- VI. Reports of Chancellor and Staff
 - A. PRESENTATIONS
 - 1. Campus Reports Tony Cantu, FCC
Mitjl Capet, RC
Terry Kershaw, NC
 - 2. Chancellor's Report Deborah G. Blue
 - 3. Academic Senate Report Claudia Habib, FCC
 - 4. Classified Senate Report Melanie Highfill, RC
 - 5. Strategic Conversations Presentation Jothany Blackwood
Diane Clerou
 - B. CONSIDERATION OF CONSENT AGENDA [12-01HR through 12-03HR]
[12-01G through 12-03G]
 - C. HUMAN RESOURCES
 - 1. Public Hearing on SCCCD Peace Officers' Association 2011-12 Initial Bargaining Proposal Presented by Teamsters Local 856 [12-01] Randy Rowe
 - D. GENERAL
 - 1. Consideration to Accept 2010-11 Audit Report [12-02] Ed Eng
 - 2. Retirement Committee (GASB 45) Update and Consideration to Approve Recommendation [12-03] Ed Eng

3. Resolution Authorizing Administration to Seek Opinion from the Attorney General [12-04] Gregory Taylor

VII. Reports of Board Members

VIII. Future Agenda Items

IX. Delegations, Petitions, and Communications [see footnote]

X. Closed Session

- A. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE, Pursuant to Government Code Section, 54957
- B. CONFERENCE WITH LABOR NEGOTIATOR [SCFT Full-Time Bargaining Unit, SCFT Part-Time Bargaining Unit, California School Employees Association Bargaining Unit, and SCCCDC Peace Officers' Association]; Randy Rowe, Pursuant to Government Code Section 54957.6
- C. PUBLIC EMPLOYMENT, Pursuant to Government Code Section 54957
1. Interim Dean of Students, North Centers

XI. Open Session

- A. Consideration to Appoint Interim Dean of Students, North Centers [12-05] Randy Rowe

XII. Adjournment

All supporting documents/materials pertaining to the open session agenda of a regular meeting are available for public inspection by contacting the Office of the Chancellor during the office hours of 8:00 a.m. to 5:00 p.m., Monday – Friday, at (559) 244-5902. Any person with a disability may request this agenda be made available in an appropriate alternative format. A request for a disability-related modification or accommodation may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting to Nina Acosta, Executive Secretary to the Chancellor, 1525 E. Weldon Avenue, Fresno, CA 93704, (559) 244-5902, 8:00 a.m. to 5:00 p.m., Monday – Friday, at least 48 hours before the meeting.

The Board chairperson, under Board Policy 2350, has set a limit of three minutes each for those who wish to address the Board. General comments will be heard under Agenda Section Delegations, Petitions and Communications at the beginning of the meeting. Those who wish to speak to items to be considered in Closed Session will be given the opportunity to do so following the completion of the open agenda and just prior to the Board's going into Closed Session. Individuals wishing to address the Board should fill out a Request Form and file it with the Associate Vice Chancellor–Human Resources, Randy Rowe, at the beginning of the meeting.

CONSENT AGENDA
BOARD OF TRUSTEES MEETING
January 10, 2012

HUMAN RESOURCES

1. Employment, Academic Personnel [12-01HR]
2. Employment, Promotion, Change of Status, Resignation, Classified Personnel [12-02HR]
3. Consideration to Approve a Limited Term International Trade Specialist, Center for International Trade Development [12-03HR]

GENERAL

4. Review of District Warrants and Checks [12-01G]
5. Consideration to Approve Changes to Class Material Fees Schedule, Fresno City College and Reedley College [12-02G]
6. Consideration to Accept Construction Project, Building A ADA Improvements, Fresno City College [12-03G]

Janice Ledgerwood, RC
Brian Speece, SCCC
Gregory Taylor, SCCC
Steven Webb, U.S. Bank
Derek Hansen, U.S. Bank
Maureen Toal, PARS
Cheryl Sullivan, SCCC
Jose Luis Barrage, Fresno Housing Alliance
Brian Calhoun, FCC
Donna Berry, RC
Michael Essweiy, Fresno County Democratic Party
Larry Dickson, FCC
Christine Miktarian, SCCC
Candy Hansen-Gage, SCCC
Cris Bremer, FCC
Patti VanVleet, FCC
Diane Clerou, SCCC
Jeff Ragan, RC
Carolyn Drake, FCC
Michael D. Evans, FCDCC
Michael Yoshikami, YCM
Scott Porteous, FCC

Delegations, Petitions,
and Communications

Dr. Blue introduced Reedley College student Diana Williams and Art 30–Adobe Illustrator instructor Janice Ledgerwood. Ms. Williams provided the design for this year’s district holiday card. Dr. Blue explained that each year the district asks one of the colleges or centers to design the district’s holiday card.

Special Recognition

Ms. Williams’ design was chosen from several entries submitted by the Reedley College art and graphic design departments. Dr. Blue noted that a sample of the card was at each member’s place and presented a supply of cards to Ms. Williams for her portfolio.

Election of Officers,
Representatives, and
Adoption of Board
Calendar
[11-83]

Ms. Dorothy Smith called for the nomination of officers.

President

Mr. Patterson nominated Ron Feaver for the office of president. The nomination was seconded by Mr. Caglia and carried unanimously.

Special Presentation	Newly elected president, Ron Feaver, presented a plaque to outgoing president, Dorothy Smith, in appreciation of her outstanding and dedicated service as board president during 2011.
Vice President	Mr. Patterson nominated William Smith for the office of vice president. The nomination was seconded by Ms. Barreras and carried unanimously.
Secretary	Ms. Barreras nominated Richard Caglia for the office of board secretary. The nomination was seconded by Mr. Nishinaka and carried unanimously.
Nominations of Board Representatives	Mr. Feaver asked for nominations for the board representative positions for 2012. Mr. Nishinaka made a motion and Ms. Barreras seconded the motion to appoint board members to the following representative positions:
Board Voting Representative, Fresno County Committee on School District Organization Election	Richard Caglia will serve as the Board's 2012 voting representative to the Fresno County Committee on School District Organization. Dorothy Smith will serve as an alternate.
Board Representative, Executive Board of the Madera County School Boards Association	Isabel Barreras will serve as the Board's 2012 representative to the executive board of the Madera County School Boards Association. Richard Caglia will serve as an alternate
Legislative Representative	Dorothy Smith will serve as the legislative representative for 2012.
Fresno Area Self-Insured Benefits Organization (FASBO, also known as ED CARE)	William Smith will continue to serve as the 2011 through 2012 Fresno Area Self-Insured Benefits Organization representative.
SCCC Foundation Board	Pat Patterson and Dorothy Smith will continue to serve as the 2011 through 2012 State Center Community College Foundation Board representatives.
Director, Valley Insurance Program JPA	Pat Patterson will continue to serve as a Director of the Valley Insurance Program JPA for 2011 through 2012.
SCCCD Retirement Board	Ron Nishinaka will continue to serve as the Board representative on the Retirement Board for 2012.

Board Calendar

At the request of Trustee Richard Caglia, the Board decided to hold the November meeting on Thursday, November 8, 2012, instead of the customary first Tuesday meeting.

A motion was made by Mr. Caglia and seconded by Mr. Coronado to adopt the 2012 Board of Trustees meeting calendar, as amended.

The motion passed as follows:

- Ayes - 6
- Noes - 1 (Pat Patterson)
- Absent - 0

The meeting dates and locations are as follows:

DATE	MEETING	LOCATION
January 10, 2012	Regular Meeting	SCCCD
February 7, 2012	Regular Meeting	SCCCD
March 6, 2012	Regular Meeting	Reedley College
April 3, 2012	Regular Meeting	Oakhurst Center
April 20 & 21, 2012	Board Retreat	Springhill Suites, Fresno
May 1, 2012	Regular Meeting	Fresno City College, OAB
June 5, 2012	Regular Meeting, Tentative Budget	SCCCD
July 3, 2012	Regular Meeting	SCCCD
August 7, 2012	Regular Meeting	Willow International Center
September 4, 2012	Regular Meeting, Public Hearing and Budget Adoption	SCCCD
October 2, 2012	Regular Meeting	Madera Center
Thursday, November 8, 2012	Regular Meeting	SCCCD
December 11, 2012	Organizational Meeting and Regular Meeting	SCCCD

Delegations, Petitions, and Communications

Dr. Brian Calhoun expressed his concern regarding the selection process for the summer 2013 study abroad program. The study abroad programs are on this meeting agenda for consideration. He stated he was one of ten faculty applicants who submitted a proposal for the program, of which only three were accepted. He is not concerned about not being selected, instead the process by which applicants were selected. Dr. Calhoun requested the following:

- That all ten applicants for the summer 2013 study abroad

Delegations, Petitions,
and Communications
(continued)

- program be provided with detailed information as to why their application or proposal was selected or not selected;
- all applicants be provided with the names of the selection committee;
 - applicants be told why the application process did not spell out clear criteria for judging the proposals;
 - advise the ten applicants why one of the successful applicants had previously led six study abroad programs thus far;
 - recommended cancelling the 2013 study abroad program, the selection process be revised and approved by the Chancellor, and a new selection competition for the 2013 study abroad be initiated as soon as possible.

Dr. Calhoun concluded by saying he has no interest in re-applying for the program.

President Feaver thanked Dr. Calhoun and said the Board will take his concerns under advisement.

Approval of Minutes

The minutes of the regular meeting of November 3, 2011, were presented for approval.

A motion was made by Mr. Nishinaka and seconded by Mr. Smith to approve the minutes of the regular meeting of November 3, 2011, as presented. The motion carried without objection.

GASB 45 Investments
Update

Ed Eng stated that at the October 2011 board meeting, changes to the investments and other post employment benefits irrevocable trust were presented on the recommendation of the retirement board. The Board of Trustees raised several issues during the presentation, and directed staff to consult with another investment provider for their input. Mr. Eng introduced Michael Yoshikami, CEO of YCM Net Advisors, to provide his insights and experience in investing and address the concerns of the Board.

Mr. Patterson said this is an opportunity for the Board and administration to re-assess the district's investment strategy. He wants to be certain the district is investing correctly.

Mr. Yoshikami said the goal for his presentation is to provide structure and a framework to assist the Board in making an assessment for their investment strategy. Mr. Yoshikami stated the current equity allocation is approximately 17 percent. The recommendation is to increase it to 23 percent. Mr. Yoshikami reviewed a variety of investment strategies as they relate to the

GASB 45 Investments
Update
(continued)

current market. He said the Board needs to decide what their time horizon (operational time horizon) is and what they are willing to risk. Mr. Yoshikami stated other foundations invest an average of 20 percent in equities. He looked at the proposal from U.S. Bank and said the investment strategy is reasonable. He said the Board is being asked to change the nature of the product, as well as the equity weighting of the product. Mr. Yoshikami likes the change in the product because it reduces the fee structure.

Mr. Patterson asked if Mr. Yoshikami looked over the proposal. Mr. Yoshikami stated he had, and thinks the proposal is reasonable.

Mr. Smith is concerned that board members are being asked to make an investment decision without having the expertise to do so. Mr. Yoshikami agreed that investment decisions generally should be made by parties who have enough background about investing, so the votes they make have credibility.

Mr. Eng stated the district hired the California School Board Association, who in turn looked for an investment advisor and administrator for the irrevocable trust. They recommended U.S. Bank. Mr. Yoshikami stated that U.S. Bank has a reputation for being very conservative.

Mr. Patterson said it is important to have an independent party look at the proposal.

Campus Reports

Mr. Cantu reported on the following topics from Fresno City College. Copies of the report were provided for the Board and interested attendees.

- The FCC Early Childhood Education and Educator's Club is collecting coats for young children ages 0-12. Distribution of coats will be on December 10 at the FCC CDC.
- Fresno City College, along with the State Center Community College Foundation, hosted over 80 retired faculty and staff in the OAB for lunch on December 3. Of special note, the first ever Alden K. Edgar Distinguished Service Award was given to Gerry and Sherian Eckenrod, both retired deans from the business division. The award is in memory of Mr. Edgar, whose career as a member of the FCC business division faculty spanned 24 years.
- Philosophy instructor Bob Boyd was chosen by his peers to be FCC's nominee for this year's statewide Hayward Award for Excellence in Education. Mr. Boyd's name will be forwarded to the state for consideration. Four recipients, representing

Campus Reports
(continued)

each area of the state, will be announced in January.

- *Hope for the Holidays*, a project that helps students, was a huge success. Mr. Cantu thanked SCCC Foundation board members Chris Morse and Bob Bagdasarian for their generous donations. This year 322 students were awarded food gift cards for local grocery stores.
- Dr. Ashok V. Nainpally, dean of instruction for math, science and engineering, co-authored a book entitled *Lifelong Learning for Engineers and Scientists in the Information Age*.
- The FCC wrestling team will defend its title in the state championships, December 9 and 10, at Santa Rosa Junior College. If FCC wins again, it will give head coach Paul Keyshaw seven state titles, which will be a record. Coach Keyshaw has won three state titles while coaching at Moorpark and three at FCC in 2006, 2008, and 2010.

This season, the Rams football, and the men's and women's soccer teams all claimed their respective conference titles. The FCC football team went 10-1, losing the Northern California championship to City College of San Francisco, 57-13.

Dr. Capet reported on the following topics from Reedley College. Copies of the report were provided for the Board and interested attendees.

- Students in the Forestry Program cut Christmas trees for the cities of Orange Cove, Reedley, and Sanger. The trees are decorated and displayed downtown. Students also assisted in placing the trees on frames that protected branches during the trip to the Central Valley.
- The Reedley College Child Development Center has achieved National Association for the Education of Young Children (NAEYC) Accreditation. This high honor is only achieved by 8% of the child development centers in the country. There will be a reception to celebrate this accomplishment on December 13.
- The website *StateUniversity.com* has ranked Reedley College number three in California for campus safety.
- The annual Reedley College holiday luncheon will be held on December 16.

Dr. Kershaw reported on the following topics from the North Centers. Copies of the report were provided for the Board and interested attendees.

- Willow International student Steven Rowley was the guest speaker at the Clovis Kiwanis Club meeting on November 9. He founded the Veterans' Club and Service Center on the

Campus Reports
(continued)

Willow campus. Mr. Rowley is a veteran, having served one year in Iraq, nine years in the National Guard, and three years in Special Forces, including Afghanistan.

- Madera Center student Joe Torres has won \$500 in a contest from Vista Higher Learning for a video clip he submitted on the importance of learning a foreign language. Joe was one of six winners picked from the nearly 200 entries received from students at other colleges and universities.
- A graduation ceremony for SCCCD Leadership State Center Class XI for classified professionals was held on Friday, December 2 at Fresno City Hall. Congratulations to the North Centers' graduates Steven Estes, Mario Gonzalez, and Dan Hoffman.
- The Willow International Community Choir presented its annual performance on December 2 at the Willow International Center. The Willow Choir will also be performing on December 16 with the choir from Clovis East High School. Dr. Kershaw thanked Trustee Feaver for attending.
- The annual Posada Estudiantil Universitaria event will be held in December at the Madera Center. The event is sponsored by the Aztlán Spanish Club and is open to students, parents, family members, and individuals from the community.
- The Madera Center's Licensed Vocation Nursing (LVN) program will be holding their pinning ceremony on December 15.
- Oakhurst Center coordinator and instructor, Vikki Piper, received a certificate of appreciation from the Oakhurst Area Chamber of Commerce for her dedication, service, and commitment to the Oakhurst community.

Chancellor's Report

Dr. Blue reported the following:

- FCC alum Gary Soto has been selected as one of the 2012 recipients of the American Association of Community Colleges outstanding alumni awards. The award is given annually to former community college students who are making outstanding contributions to their career fields and communities. Mr. Soto has been a tremendous supporter of community colleges and credits his time at FCC for his success as an author, poet and filmmaker. Mr. Soto is the first nominee from SCCCD to receive this prestigious national honor. Mr. Soto will be honored at the gala awards dinner during the annual AACC conference in Orlando on April 23.
- The modernization of the OAB has been recognized by the American Institute of Architects. This merit award was featured in the December 2011 issue of *AIA Newsletter*.

Chancellor's Report
(continued)

Judges comments included in the newsletter: "This is a marvelous Rip Van Winkle story, and we are amazed they were able to revive it. This is obviously a very patient, thoughtful renovation." The time, effort, and generosity of many help make this historic treasure an award-winning showpiece in the Valley.

- Dr. Blue gave an update on "Colleagues in Conversation." She initiated it to keep communication lines open between the campus communities and the chancellor. Informal sessions are held on-site and open to anyone wanting to attend. There is no set agenda and topics are driven by interests of those attending. Two sessions were held last week (FCC and Willow) and Reedley is scheduled for early spring. This is a great opportunity to strengthen relationships, gather input and ideas, and hear what is on people's minds

Academic Senate Report

Bill Turini, Reedley College Academic Senate president, reported the following:

- The senate participated in accreditation related activities during the month of October.
- On a district level, the senate is involved in discussions regarding the revisions of three administrative regulations, the operating agreement for the proposed district strategic planning committee, and the development of a district resource allocation model. He recognized Linda Cooley, Jim Gilmore and Richardson Fleuridor for their work on these committees.
- Mr. Turini attended the state academic senate community college plenary session in San Diego. He attended sessions addressing faculty roles in assessment, local budget challenges, transfer degrees, accreditation, program revitalization, pending legislation and the draft student success taskforce recommendations. The state academic senate adopted 60 resolutions.
- Mr. Turini introduced Jeff Ragan, who was recently elected Reedley College academic senate president. He begins his term in January. Mr. Turini congratulated Dr. Kershaw and Mr. Rowe on their upcoming retirements. He thanked them for their willingness to meet with the academic senate, which made for a productive relationship between the senate and the district.

Classified Senate Report

Ernie Garcia, Fresno City College classified senate president reported the following:

- The senate met to discuss the recent staff development day. The survey results were very positive. He recognized

Classified Senate Report
(continued)

committee members Suzi Nitzel, Kathy Bonilla, Nileen Clark, Debra Hendricks, Phila So, Patricia Gonzalez, Fran Catlapp for their hard work. The guest speaker at the event was Herb Breen, the rugby coach for Roosevelt High School. He was featured in a recent article in the Fresno Bee. The senate made a sizable donation for *Hope for the Holidays*. The next meeting is December 14.

Budget Update

Mr. Ed Eng provided information on the budget forecast. He presented three different possible scenarios, depending on the shortfall predictions. December 15, 2011, will be the date the trigger cuts will be determined.

Consent Agenda
Action

Mr. Feaver announced that consent agenda items 11-140G and the exhibit for item 11-30HR have been amended and copies provided.

Mr. Patterson requested that items 11-146G through 11-151G be pulled for separate discussion.

It was moved by Mr. Patterson and seconded by Mr. Caglia that the Board of Trustees approve consent agenda items 11-140G and 11-30HR, as amended; and 11-31HR and 11-141G through 11-145G, as presented. The motion carried unanimously.

Mr. Patterson stated he is concerned about Mr. Calhoun's statements to the Board. He supports international education but is concerned about the costs to the district and the selection process.

Dr. Blue introduced Mr. Robert Fox, acting associate vice chancellor, who facilitated the process.

Mr. Fox stated the only cost to the district is schedule C. The students cover the costs of the trip. The exception is a \$1,500 cost identified in item 11-150G for an experimental class. Mr. Fox stated the selection process is transparent. The process is faculty driven and the written procedures are underwritten by a committee. It is the same process as previous years. Mr. Fox said Mr. Calhoun's statements are his opinion, not fact.

Ms. Smith stated she expects the process to be transparent. Ms. Barreras asked if this is the same process the district has used in previous years. Mr. Fox replied, "Yes."

Mr. Smith asked that in the future, if it is known that an item is

Consent Agenda
Action
(continued)

going to be challenged, that the district be prepared with rebuttal information.

Mr. Coronado stated that these programs are very important and students look forward to them.

Mr. Patterson stated he does not understand the process. He asked if there was district oversight for all the campuses. He would also like an explanation of the educational benefit for the student and the district. Dr. Blue stated Patty VanVleet is the districtwide coordinator for international education and studies abroad. Mr. Fox oversees the process at the district level. Dr. Blue said administration will provide the board with more clarification of the process.

It was moved by Mr. Smith and seconded by Ms. Barreras that the Board of Trustees approve consent agenda items 11-146G through 11-150G, with the caveat that the Board will come back and look at what the criteria is for selection.

The motion passed as follows:

Ayes - 6
Noes - 1 (Richard Caglia)
Absent - 0

Mr. Paterson had the same concern regarding cost for item 11-151G. Mr. Fox stated the board has already approved the grants for this item. This item is asking for board approval of the contract.

It was moved by Mr. Patterson and seconded by Mr. Smith that the Board of Trustees approve consent agenda item 11-151G

The motion passed as follows:

Ayes - 6
Noes - 1 (Richard Caglia)
Absent - 0

Employment,
Retirement, Academic
Personnel
[11-30HR]
Action

approve academic personnel recommendations, items A through C, as amended

Employment, Change of Status, Transfer, Resignation, Retirement, Classified Personnel [11-31HR]
Action

approve classified personnel recommendations, Items A through H, as presented

Review of District Warrants and Checks [11-140G]
Action

review and sign the warrants register for the following accounts:

<u>Account:</u>	<u>Amount:</u>	<u>For the Period of:</u>
District	\$14,904,986.28	October 19, 2011 to November 28, 2011
Fresno City College Bookstore	161,625.84	October 15, 2011 to November 15, 2011
Reedley College Bookstore	124,511.08	October 15, 2011 to November 15, 2011
Fresno City College Co-Curricular	104,877.34	October 13, 2011 to November 14, 2011
Reedley College Co-Curricular	77,059.43	October 14, 2011 to November 15, 2011
Total:	\$ 15,373,059.97	

Consideration of Report of Investments [11-141G]
Action

accept the Quarterly Performance Review, as provided by the County of Fresno, for the quarter ending September 30, 2011

Consideration to Authorize Agreement with California Community Colleges Chancellor’s Office for Perkins Statewide Advisory Committee for Agriculture and Natural Resources, Reedley College [11-142G]
Action

- a) adopt Resolution No. 2011-24 authorizing the agreement on behalf of Reedley College, with the California Community Colleges Chancellor’s Office to coordinate and participate in the Perkins Statewide Advisory Committee for Agriculture and Natural Resources, with funding in the amount of \$38,000 for the period July 1, 2011, through June 30, 2012;
- b) authorize renewal of the agreement with similar terms and conditions; and
- c) authorize the chancellor or vice chancellor, finance and administration, to sign the agreement on behalf of the district

Consideration to Adopt Resolution Authorizing Agreement with California Department of Education for Child and Adult Care Food Program Promoting Integrity Now, Fresno City College
[11-143G]
Action

- a) adopt Resolution No. 2011-25 authorizing the district, on behalf of the Fresno City College Cal-Pro-NET Center, to enter into an agreement with the California Department of Education, Nutrition Services Division, for the Child and Adult Care Food Program Promoting Integrity Now curricula for the period July 1, 2011, through June 30, 2013, with funding in the amount of \$313,081.78;
- b) authorize renewal of the agreement with similar terms and conditions; and
- c) authorize the chancellor or vice chancellor, finance and administration, to sign the agreement on behalf of the district

Consideration to Approve SCCC Foundation Fundraising Event
[11-144G]
Action

approve the State Center Community College Foundation Board's recommendation to host the *Toasting the Arts* event, including the serving of wine and beer, at the OAB West Courtyard on April 28, 2012

Consideration to Approve Curriculum Proposals, Spring 2012 through Fall 2012, Fresno City College and Reedley College
[11-145G]
Action

approve the Fresno City College and Reedley College curriculum proposals as presented

Consideration to Approve Study Abroad Program, Vietnam and Cambodia, Winter 2012
[11-146G]
Action

approve the offering of the winter 2012 program in Vietnam and Cambodia and approve Dr. Brandy Anglen as the instructor for this program

Consideration to Approve Study Abroad Program, Italy, Summer 2013
[11-147G]
Action

approve the offering of the summer 2013 program in Italy and approve Marcy Davidson and Amanda Taintor as instructors for this program

Consideration to
Approve Study Abroad
Program, Vietnam and
Laos, Summer 2013
[11-148G]
Action

approve the offering of the summer 2013 program in Vietnam and Laos and approve John Cho and Victor Yang as instructors for this program

Consideration to
Approve Study Abroad
Program, Madagascar,
Summer 2013
[11-149G]
Action

approve the offering of the summer 2013 program in Madagascar and approve Rodney Olsen and Brandy Anglen as instructors for this program

Consideration to
Approve Study Abroad
Program, London,
Winter 2013/14
[11-150G]
Action

approve the offering of the winter 2013/14 program in London, England, and approve Ken Zamora as the instructor for this program

Consideration to
Approve Center for
International Trade
Development Proposed
Schedule of Activities
and Travel Expenses
[11-151G]
Action

approve the schedule of activities and related travel expenses to be underwritten by the appropriate funding agencies:

December 31, 2011 – January 12, 2012	The University of Colorado CIBER, Faculty Development Project, China: A New Phase in Economic Growth and Development – Todd McLeod and Dennis Mohle (FCC Faculty) to participate in and travel to China. The CITD is funding each faculty \$2,000 and is applying for scholarships through CIBER.
April 17 – 20, 2012	Specialty Crop Grant Outbound Trade Mission to Singapore – 2 staff members
May 20 – 26, 2012	STEP Grant, Outbound Agricultural Trade Mission to Asia (China & South Korea) – 2 staff members
June 1 – 7, 2012	Specialty Crop Grant, Outbound Trade Mission to Taiwan – 2 staff members
August 20 – 24, 2012	STEP Grant, California Trade Promotion to South Korea and China – 2 staff members

*****End of Consent Agenda*****

Process for
Announcement of Board
of Trustee Appointment
to the Personnel
Commission
[11-84]
Action

Randy Rowe described the background and details of the process for announcement and selection of the Board's appointment to the Personnel Commission. He reported that the administration is recommending a committee comprised of up to three board members plus the associate vice chancellor human resources, the dean of human resources, and a campus vice president of administrative services interview the candidates. This committee would forward two finalists to be interviewed by the chancellor and the board president.

In addition, the appointment procedures in the Ed Code and Personnel Commission rules direct the district to appoint its commissioner during the window between 30 days and 45 days of the announcement. To accommodate this, a special board meeting is scheduled for January 24, 2012, at which an administrative recommendation will be made for the Board's consideration and announcement. The appointment would be made during the March 6, 2012, meeting. The district's current personnel commissioner, Ron Manfredi, will be able to serve until that time.

Mr. Smith said this is different from the previous appointments to the commission. The interviews took place in closed session.

Mr. Taylor said it is his opinion that interviewing in closed session presents Brown Act issues and he advises the board against it. He said the interviews do not fit the Brown Act exception, because personnel commissioners are not public employees. Mr. Patterson said he does not agree with Mr. Taylor's opinion. He is requesting an opinion from the Attorney General's Office.

Ms. Barreras stated she prefers to have three board members and the Chancellor on the committee, who will make a recommendation to the Board for consideration. She does not recommend the additional layer of interviews to include administration.

Ms. Smith stated it is the board's decision who to appoint as commissioner.

Mr. Patterson has concerns that there are privacy issues for the candidates. Dr. Blue said the committee has the opportunity to ask more pointed questions during the interview process. Mr. Patterson stated he does not like the process.

Process for
Announcement of Board
of Trustee Appointment
to the Personnel
Commission
[11-84]
Action
(continued)

A motion was made by Ms. Barreras and seconded by Ms. Smith that the Board approve the committee comprised of three board members and the Chancellor to conduct interviews of the Personnel Commission candidates, and make a recommendation to the Board for consideration.

The motion carried unanimously.
Trustees Barreras, Willie Smith and Dottie Smith will serve on the committee

Public Hearing and
Consideration to Adopt
New Trustee Area
Boundaries
[11-85]
Action

Gregory Taylor and Dr. Jeanne Gobalet of Lapkoff and Gobalet Demographic Research, Inc., presented the draft trustee area boundaries to the Board and recommended the Board conduct a public hearing to solicit comments from interested members of the public. Following the close of the public hearing and the Board's discussion of the draft plans, the administration recommends that the Board adopt a final trustee area plan.

Dr. Gobalet introduced draft plan 4 to the Board.

Mr. Smith asked if anyone from the general public contacted Dr. Gobalet or Mr. Taylor about concerns with plans. Mr. Taylor said he has spoken to Venacio Gayona about the plans in general, but nothing specific.

Public Hearing

At 6:46 p.m. President Feaver opened the public hearing to solicit comments from interested members of the public.

Mr. Gayona renewed his concern about gerrymandering in district 5. He said that deviation is still a concern and would like to see it less than 5 percent. He stated that territories should be more compact. He said that the plans split areas as a community of interest. Compactness, contiguity, community of interest and deviation should be a concern of the Board.

Ms. Smith asked if the plans are within the guidelines of the law. Mr. Taylor said yes, the Board adopted criteria that complied with federal law.

Mr. Feaver closed the public hearing at 6:59 p.m.

A motion was made by Mr. Patterson and seconded by Mr. Smith that the Board adopt trustee area plan # 4.

Mr. Feaver asked for a roll call vote.

Public Hearing and
Consideration to Adopt
New Trustee Area
Boundaries
[11-85]
Action
(continued)

The motion carried by the following roll call vote:

	<u>YES</u>	<u>NO</u>
Isabel Barreras		X
Richard Caglia	X	
Ron Nishinaka	X	
Pat Patterson	X	
Dottie Smith		X
William Smith	X	
Ron Feaver	X	

Public Hearing on
Transfer of Funds for
Flexible Categorical
Programs
[11-86]
Action

Ed Eng reported that the State of California experienced severe drops in revenue during the past several years and has seen an increased demand placed upon the services funded by the state, including the community college system. In an effort to provide assistance, the Legislature sought, in some areas, to provide additional local control and decision making in a small number of programs. In doing so, the Legislature added Section 84043 to the Education Code in order to provide flexibility for districts for some categorical programs for fiscal years 2009-10 to 2014-15. The programs are listed below.

Categorical Program Within the Flexibility Category	Percentage of 2009- 10 Funding Cuts
Academic Senate **	Not Applicable to District
Childcare Tax Bail Out	Not Applicable to District
Equal Employment Opportunity	56% Cut
Economic Development **	50% Cut
Apprenticeship	51% Cut
Part-time Faculty Office Hours	Not Applicable to District
Part-time Faculty Health Insurance	Not Applicable to District
Part-time Faculty Compensation	51% Cut
Transfer Education and Articulation **	100% Cut
Matriculation - credit	51% Cut
Matriculation - non-credit	53% Cut
Physical Plant and Instructional Support	100% Cut

** The chancellor may restrict allocation for these programs provided to support statewide and regional functions.

Public Hearing on
Transfer of Funds for
Flexible Categorical
Programs
[11-86]
Action
(continued)

A summary of the categorical flexibility language is as follows:

1. Districts are allowed to redirect funds from any of the categorical programs listed in this board item to support any other categorical programs funded in the state budget.
2. Before exercising this flexibility, districts are required to discuss the redirection of the funds at a regularly scheduled public meeting and take testimony from the public.
3. Districts exercising this funding flexibility are relieved of all state statutory, regulatory and provisional requirements associated with the 12 programs contained in the flexibility category.
4. For categorical programs in the flexibility category, funding allocations for each district are set at the same amount received by the district in 2008-09, less the 2009-10 cuts. The total funding for the district in 2008-09 was \$5.0 million. It dropped to \$2.2 million in 2009-10 and will continue at this amount through at least 2014-15.

In analyzing both the district's level of budget cuts to these programs and the provisions of the statute that relieve the district of all state statutory, regulatory and provisional requirements associated with the 12 programs contained in the flexibility category, it has been determined redirection of significant amounts of funding away from any of the 12 programs would further diminish the effectiveness of the programs. The analysis further recognizes the importance of the relief from the various mandated requirements of the programs. It is, therefore, recommended State Center Community College District Board of Trustees redirect \$1 from the Apprenticeship Program to the Equal Employment Opportunity Program and hold a public hearing on this redirection of funds to take testimony from the public as required by Education Code Section 84043.

Public Hearing

At 7:01 p.m. President Feaver opened the public hearing on the redirection of \$1 from the Apprenticeship Program to the Equal Employment Opportunity Program, as required by Education Code Section 84043. There being no public comment, Mr. Feaver closed the public hearing at 7:02 p.m.

A motion was made by Ms. Barreras and seconded by Mr. Patterson that the Board authorize the administration to redirect \$1 from the Apprenticeship Program to the Equal Employment Opportunity Program. The motion carried unanimously.

Reports of Board
Members

Reedley College student trustee Kayla Urbano reported the following:

- The annual Veteran’s Day service was held on November 10. Trustee Ron Nishinaka attended the event.
- Reedley College competed against Fresno City College in the Battle for the Pump football game. Reedley College ASB won the “Battle of the Gavel” competition against Fresno City College ASG during halftime.
- During the month of December, ASB and FAST clubs are collecting canned foods for donation. The ASB is also collecting coats for a local social agency.
- Students will be celebrating Santa Lucia Day on December 13.

Fresno City College student trustee Christopher Coronado provided a detailed end of semester written report for the Board and highlighted the following:

- ASG is working with State Student Senate for California Community Colleges as a result of the recommendations from the student success taskforce
- FCC held a town hall meeting on November 13. Over 200 students attended the meeting.
- The survey of students is complete. About 1/3 of the students responded. The primary concern was the increase in student fees.
- Worked with FCC administration to extend the hours of the library through Monday and Tuesday of finals week.
- Congratulated the FCC football team on a great season.
- ASG is working on a grant called “Going the Distance” for a fundraising event in which half the proceeds will go to the Foundation.

Trustee Dottie Smith reported the following:

- Attended the Foundation donor appreciation dinner.
- Attended the classified professional leadership graduation, along with trustee Ron Feaver and Ron Nishinaka.
- Attended the student activities Thanksgiving dinner.
- Attended the diversity conference in Orlando, Florida.

Trustee Isabel Barreras reported the following:

- Attended the first Muro de Honor at Arte Americas. She recognized Dr, Teresa Patterson and the Latino Faculty Association. The honorees were Celia Maldonado, Gary Soto, Frank Quintana. She thanked the board for supporting this important award. Ms. Smith said she regrets not being able to attend the Muro de Honor, due to the conflict with the

Reports of Board
Members
(continued)

Diversity conference.

Mr. Willie Smith reported the following:

- Attended the CCLC conference in San Jose, where he participated in a session presented by Chancellor Blue on effective strategic planning. It was a great session. He also attended a session presented by Coast Community College who developed software to assist with student success. Mr. Smith said one of biggest complaint he hears from students is the lack of counselors available to help them with guidance for career development. It is called coastpathyways.com. Mr. Smith hopes that the district will look into this software to assist our students.

Mr. Ron Nishinaka reported the following:

- Attended the veteran’s ceremonies at both Reedley and Fresno City College
- Attended the Muro de Honor ceremony
- Attended the Leadership State Center graduation ceremony.
- Participated in the Fresno City College presidential search committee
- Attended the Fresno City College classified staff development day luncheon
- Attended the graduation of police academy class 124.
- Attended the Reedley College automotive advisory committee meeting

Future Agenda Items

None

Delegations, Petitions,
and Communications

None

Closed Session

President Feaver stated that in closed session the Board would be discussing:

CONFERENCE WITH LABOR NEGOTIATOR [SCFT Full-Time Bargaining Unit; SCFT Part-Time Bargaining Unit, California School Employees Association Bargaining Unit, and SCCCD Peace Officers Association]; Randy Rowe, Pursuant to Government Code Section 54957.6

Mr. Feaver called a recess at 7:25 p.m.

Open Session

The Board moved into open session at 9:18 p.m.

Report of Closed Session President Feaver stated there was no action to report from closed session.

Adjournment The meeting was adjourned at 9:20 p.m. by the unanimous consent of the Board.

na

Richard Caglia
Secretary, Board of Trustees
State Center Community College District

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Employment, Academic Personnel

ITEM NO. 12-01HR

EXHIBIT: Academic Personnel Recommendations

Recommendation:

It is recommended that the Board of Trustees approve the academic personnel recommendations, Items A through B, as presented.

ACADEMIC PERSONNEL RECOMMENDATIONS

- A. Recommendation to employ the following person:

<u>Name</u>	<u>Campus</u>	<u>Class & Step</u>	<u>Salary</u>	<u>Position</u>
Pollard, Mark L.	FCC	III, 6	\$34,622	Respiratory Care Instructor

(New Hire)

(First Contract – January 11, 2012 through May 18, 2012)

- B. Recommendation to employ the following persons as Training Institute Trainers:

<u>Name</u>	<u>Campus</u>	<u>Classification</u>	<u>Hourly Rate</u>	<u>Date</u>
Baldrice, Diana	FCC	Trainer IV	\$44.69	November 17, 2011
Douty, Doug	FCC	Trainer VI	\$55.86	November 30, 2011

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Employment, Promotion, Change of Status,
Resignation, Classified Personnel

ITEM NO. 12-02HR

EXHIBIT: Classified Personnel Recommendations

Recommendation:

It is recommended that the Board of Trustees approve the classified personnel recommendations, Items A through F, as presented.

CLASSIFIED PERSONNEL RECOMMENDATIONS

A. Recommendation to employ the following persons as probationary:

Name	Location	Classification	Range/Step/Salary	Date
Her, Teng	RC	Network Coordinator Position No. 3132	74-A \$5,983.75	11/28/2011
DeSutter, Cindy	FCC	Instructional Aide (PPT) Position No. 2270	32-A \$12.35/hr.	12/06/2011

B. Recommendation to re-employ the following persons as permanent employees from the 39 month rehire list:

Name	Location	Classification	Range/Step/Salary	Date
Danielyan, Naira	WI	Reg To Go Orientation Assistant Position No. 5034	41-C \$17.00/hr.	12/01/2011

C. Recommendation to employ the following persons as provisional – filling vacant position of permanent full-time or permanent part-time pending recruitment/selection, or replacing regular employee on leave.

Name	Location	Classification	Hourly Rate	Date
Wyrick, Mitti	RC	Cafeteria Attendant Position No. 3098	31-A \$12.02/hr.	11/15/2011
Ferdinandi- Smith, Mary	FCC	Faculty Sign Language Interpreter Position No. 2440	Flat Hourly Rate \$49.00/hr.	11/18/2011
Seneker, Laura	FCC	Department Secretary Position No. 2232	44-A \$16.58/hr.	11/18/2011

D. Recommendation to approve the promotion of the following regular employees:

Name	Location	Classification	Range/Step/Salary	Date
Hutchison, Kelli	DO	Accounting Technician I – Payroll Position No. 1064 to Accounting Technician II – Payroll Position No. 1013	55-E \$5,350.50 to 59-E \$5,887.50	11/23/2011

Classified Personnel Recommendation

Page 2

D. Recommendation to approve the promotion of the following regular employees (cont'd):

Name	Location	Classification	Range/Step/Salary	Date
Davis, James	RC	Instructional Technician - Microcomputer Lab Position No. 3037 to	50-E \$4,054.42 to 63-A	12/12/2011
	MC	Microcomputer Resource Technician Position No. 4010	\$4,572.92	
Naina, Arun	WI	Instructional Technician – Microcomputer Lab (PPT) Position No. 5012 to	50-B \$20.17/hr. to 60-A	12/12/2011
	RC	Microcomputer Specialist Position No. 3046	\$4,251.50	
Schofield, William	DO	Accounting Manager	44-8	12/12/2011
		Position No. 1009 to	\$8,027.25 to	
		Director of Finance	59-1	
		Position No. 1035	\$8,581.00	

E. Recommendation to approve the change of status of the following regular employees:

Name	Location	Classification	Range/Step/Salary	Date
Johnson, Mikki	FCC	Financial Aid Assistant II	60-E	09/08/2011
		Position No. 2102 to	\$5,342.08 to	thru
		Director of Financial Aid	60-E + 15%	10/21/2011
		Position No. 2854	\$6,135.92	
(Additional compensation for working out of class per Article 33, Section 8)				
Carnahan, Amy	WI	Early Childhood Education	53-A	11/11/2011
		Specialist	\$3,580.50 to	
		Position No. 5015 to	38-C	
		Instructional Aide – Child Development Lab Position No. 5039	\$2,738.08	
(Return to regular assignment)				
Anaya, RoseMary	DO	Human Resources Assistant	57-D	12/12/2011
		Position No. 1002 to	\$5,227.17 to	
		Human Resources Technician	51-E	
		Position No. 1051	\$4,728.08	
(Return to regular assignment)				

Classified Personnel Recommendation

Page 3

F. Recommendation to accept the resignation of the following regular employees:

<u>Name</u>	<u>Location</u>	<u>Classification</u>	<u>Date</u>
Tapia, Lorena	RC	Bookstore Seasonal Assistant Position No. 8046	11/22/2011

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Consideration to Approve a Limited Term
International Trade Specialist, Center for
International Trade Development

ITEM NO. 12-03HR

EXHIBIT: None

Background:

The Center for International Trade Development (CITD) has received several new federal and state grants this year. Administration is requesting a limited term international trade specialist position to assist with the implementation of these grants. This limited term international trade specialist position will assist in the development and presentation of cultural components for the rural and introductory export training programs; coordinate faculty professional development projects; and assist with trade mission logistics such as agenda development, scheduling one-on-one meetings, hotel and transportation reservations, recruitment, and outreach to clients for success story development and technical assistance. This position will be funded through three different grants effective January 11, 2012, through July 11, 2012.

Recommendation:

It is recommended that the Board of Trustees approve the limited term international trade specialist position, Center for International Trade Development, effective January 11, 2012, through July 12, 2012.

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Review of District Warrants and Checks

ITEM NO. 12-01G

EXHIBIT: None

Recommendation:

It is recommended the Board of Trustees review and approve the warrants register for the following accounts:

<u>Account:</u>	<u>Amount:</u>	<u>For the Period of:</u>
District	\$12,612,802.84	November 19, 2011 to December 13, 2011
Fresno City College Bookstore	397,520.30	November 15, 2011 to December 12, 2011
Reedley College Bookstore	241,589.59	November 15, 2011 to December 12, 2011
Fresno City College Co-Curricular	98,462.34	November 14, 2011 to December 12, 2011
Reedley College Co-Curricular	81,520.19	November 14, 2011 to December 12, 2011
Total:	<u>\$13,431,895.26</u>	

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Consideration to Approve Changes to
Class Material Fees Schedule, Fresno City
College and Reedley College

ITEM NO. 12-02G

EXHIBIT: Class Material Fees Schedule

Background:

Title 5 of the California Code of Regulations allows districts to charge instructional material fees for materials of continuing value to the students outside of the classroom setting, including, but not limited to, textbooks, tools, equipment, clothing, and those materials necessary for a student's vocational training and employment.

Many of the non-credit courses and various credit courses provide programs appropriate for assessment of an instructional material fee. These programs include such items as woodworking, flower arranging, ceramics, and welding projects. Because these materials are of continuing value to the students, and in most cases are retained by the students, it is appropriate to charge a material fee. It should be noted the fee cannot exceed the actual cost of the material provided and cannot be a prerequisite to taking the available class. In order to provide courses of this nature, the district must rely upon the students paying the expenses for the value of the personal items. Material fee schedules are currently in place for Fresno City College and Reedley College. Fresno City College and Reedley College have requested changes in fees for courses detailed in the exhibit. It is recommended the Board of Trustees adopt changes to the Fresno City College and Reedley College class material fees schedule for the 2012-13 school year, as requested. All other fees will remain unchanged at each of the colleges.

Fiscal Impact:

None

Recommendation:

It is recommended the Board of Trustees adopt changes to the Fresno City College and Reedley College Material Fees Schedule beginning in 2012-13, as presented, with all other current materials remaining unchanged.

FRESNO CITY COLLEGE
CLASS MATERIAL FEES CHANGES
2012-13

Course ID	Title	Prior Fee Amount	New Fee Amount	Reason for Change
AJ269A	Advanced Officer Training	\$ -	\$10 - \$50	Add

REEDLEY COLLEGE
CLASS MATERIAL FEES CHANGES
2012-13

Course ID	Title	Prior Fee Amount	New Fee Amount	Reason for Change
ART 1	ART BASICS	\$ -	\$ 5.00	Add Material Fee to cover clay costs
ART 30	ILLUSTRATOR	\$ 5.00	\$ 10.00	Change to cover increased costs
ART 37A	PHOTOSHOP	\$ 5.00	\$ 10.00	Change to cover increased costs
ART 38	PAINTER	\$ 5.00	\$ 10.00	Change to cover increased costs
ART 43	INDEPENDENT PROJECT STUDY-PHOTOSHOP	\$ 5.00	\$ 10.00	Change to cover increased costs
ART 43	INDEPENDENT PROJECT STUDY-ILLUSTRATOR	\$ 5.00	\$ 10.00	Change to cover increased costs
ART 43	INDEPENDENT PROJECT STUDY-PAINTER	\$ 5.00	\$ 10.00	Change to cover increased costs
AUTOT 10	AUTO TECH	\$ 45.00	\$ -	Remove Material Fee
AUTOT 11	AUTO TECH	\$ 45.00	\$ -	Remove Material Fee
NR 108	INTRO FLD STDY	\$ 50.00	\$ -	Change to Field Trip Fee
NR 109	FOREST FLD STDY I	\$ 50.00	\$ -	Change to Field Trip Fee
NR 110	FORS FLD STDY II	\$ 50.00	\$ -	Change to Field Trip Fee
NR 115	ADV FIELD STDY I	\$ 50.00	\$ -	Change to Field Trip Fee
NR 116	ADV FIELD STDS II	\$ 50.00	\$ -	Change to Field Trip Fee

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Consideration to Accept Construction Project,
Building A ADA Improvements, Fresno City
College

ITEM NO. 12-03G

EXHIBIT: None

Background:

The project for Building A ADA Improvements, Fresno City College, is now substantially complete and ready for acceptance by the Board of Trustees.

Recommendation:

It is recommended the Board of Trustees:

- a) accept the project Building A ADA Improvements, Fresno City College; and
- b) authorize the chancellor or her designee to file a notice of completion with the county recorder.

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Public Hearing on SCCCD Peace Officers' Association 2011-12 Initial Bargaining Proposal Presented by Teamsters Local 856 ITEM NO. 12-01

EXHIBIT: None

Background:

Government Code Section 3547 sets forth the "sunshine" provisions of the Rodda Act. The Board of Trustees is required to hold a public hearing on the initial proposal of the employee group and those of the Board. The SCCCD Peace Officers' Association 2011-12 initial bargaining proposal has been made available for public review since the posting of this agenda. The initial proposal is as follows:

INITIAL BARGAINING PROPOSAL
FROM THE
STATE CENTER COMMUNITY COLLEGE DISTRICT
PEACE OFFICERS' ASSOCIATION
TO THE
STATE CENTER COMMUNITY COLLEGE DISTRICT

January 10, 2012

The State Center Community College District Peace Officers' Association (SCCCD-POA) submits the following proposals for a Collective Bargaining Agreement covering the full-time sworn officers in the rank of officer and/or sergeant. SCCCD-POA intends that this document supersede and replace the document dated December 2, 2012.

1. Term: 2 years (through June 30, 2013)
2. Except as specifically described below, include all applicable terms and conditions of employment as described in the most recent Agreement between the District and the SCCCD-POA.
3. Change pension coverage to PERS public safety plan.

4. Compensation for P.O.S.T. Certificates: monthly stipend of \$100 for bargaining unit employees with an Intermediate P.O.S.T Certificate and \$150 for bargaining unit employees with an Advanced P.O.S.T. Certificate.
5. COLA plus 1%.
6. Special Assignment stipend of 5% for all hours spent serving as an assigned FTO or assigned as Rangemaster.
7. All overtime assignments to be based on seniority: on rotating basis, the same concept as currently followed for holiday assignments.
8. District contribution toward Health and Welfare Benefits to increase in proportion to any increase in plan costs. District/SCCCD-POA form benefits committee.
9. Establish minimum staffing levels of four patrol officers on days and 3 on swing shift, excluding weekends and holidays.

Recommendation:

It is recommended that the Board of Trustees open the meeting for a public hearing. Following the public hearing, no action is required at this time.

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Consideration to Accept 2010-11 Audit Report

ITEM NO. 12-02

EXHIBIT: Audit Report

Background:

Title 5 requires community college districts to conduct an annual independent audit of the district's financial records and compliance issues. The 2010-11 district audit was recently completed by the audit firm of Crowe Horwath. A representative of the audit firm will be present at the board meeting to review the report and respond to questions from board members.

Recommendation:

It is recommended the Board of Trustees accept the 2010-11 audit report, as submitted by the firm of Crowe Horwath.

STATE CENTER COMMUNITY COLLEGE DISTRICT
Fresno, California

FINANCIAL STATEMENTS
June 30, 2011

STATE CENTER COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2011

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STATE CENTER COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
State Center Community College District
Fresno, California

We have audited the accompanying financial statements of the business-type activities of State Center Community College District (the "District") as of and for the year ended June 30, 2011, which comprise the District's basic financial statements 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 did not audit the financial statements of State Center Community College Foundation, a discretely presented component unit. Those statements were audited by other auditors whose report dated October 20, 2011 has been furnished to us, and our opinion, insofar as it relates to the amounts included for State Center Community College Foundation, is based solely on the report of the other auditors.

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. The financial statements of State Center Community College Foundation were not audited in accordance with *Government Auditing Standards*. 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 audits and the report of the other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of State Center Community College District as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2011, on our consideration of the District's internal control over financial reporting and 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 assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT

(Continued)

Management's Discussion and Analysis (MD&A) and the Required Supplementary Information, such as the Schedule of Other Postemployment Benefits Funding Progress, are not required parts of the financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Management's Discussion and Analysis section of the audit provides management the opportunity to review the overall financial condition and activities of State Center Community College District (the District) and discuss important fiscal issues. All information presented in this report will be in a two-year comparative format. Responsibility for the completeness and fairness of this information rests with the District.

USING THIS ANNUAL REPORT

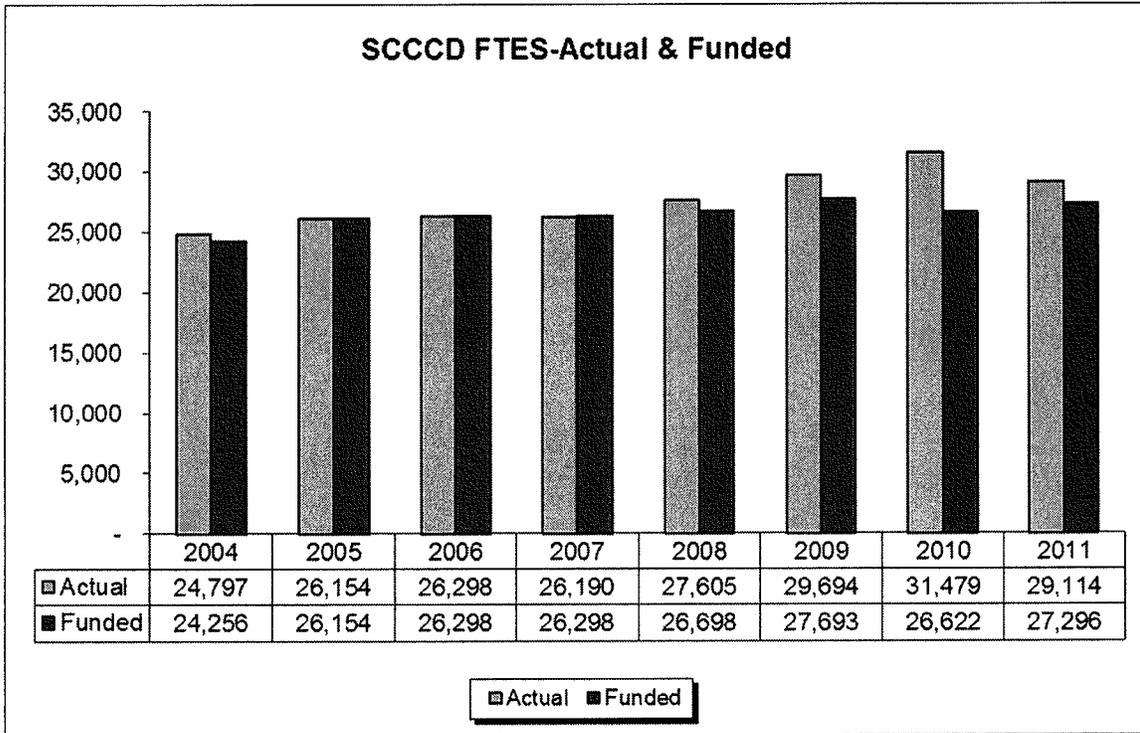
As required by the Governmental Accounting Standards Board (GASB) Codification Section (Cod.Sec.) 2200.101 and GASB Cod.Sec. Co5.101 the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses, and Change in Net Assets; and the Statement of Cash Flows. These statements are prepared using the Business Type Activity (BTA) model, which is in compliance with the California Community College Chancellor's Office recommendation to report in a manner consistent with other California community college districts.

The focus of the Statement of Net Assets is designed to be similar to bottom-line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Change in Net Assets focuses on the costs of the District's operational activities, which are supported mainly by student tuition and fees. Non-operating revenues like property taxes, State apportionment, and grants/contracts make up the primary revenue sources of the District. This approach is intended to summarize and simplify the user's analysis of the sources and costs of various District services to students and the community. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

FINANCIAL HIGHLIGHTS

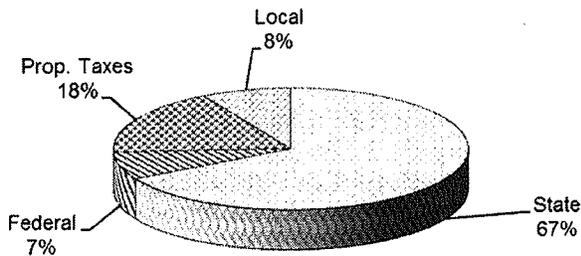
The District's primary funding source is based upon apportionment revenue received from the State of California. The key component of apportionment is the calculation of Full-Time Equivalent Students (FTES). Based on the Annual CCFS 320 report, the District resident FTES reported for the 2010-11 fiscal year was 29,114 – a 7.5% decrease from the prior year. In 2009-10, the community college system was reduced \$192 million in funding or a 3.4% reduction in funded FTES from the prior year. However, for 2010-11 the community college system was provided an unanticipated partial restoration in funding of \$129 million or 2.2% in funded FTES. The District's share of the restoration funding for 2010-11 was approximately \$3.2 million or 683 FTES. With the continuing weak economy and high unemployment rate in the State and Nation, as well as tuition fees increases at the UC and CSU level, enrollment levels for the District and the community college system have continued to exceed available state funding. The lack of funding available to the District and the system has resulted in unfunded FTES of approximately 1,800 and 41,000 respectively as of the second principal apportionment (P2). Due to the limited funding, California Community Colleges are scrutinizing curriculum offerings and focusing on the three core instructional areas of basic skills, transfer, and workforce training.

Even though the District generated 29,114 FTES in 2010-11, the District was paid for only 27,296 FTES due to lack of state funds to pay districts for all earned FTES. Further complicating this issue, the State deficit funded the District approximately \$700,000. In total for 2010-11, the District was underpaid by approximately \$9.1 million in apportionment funding (\$8.4 million in unfunded FTES and \$0.7 million in deficit) based on the second principal apportionment (P2) and the Annual CCFS 320. The graph below demonstrates the historical differences between earned and funded FTES for the District.

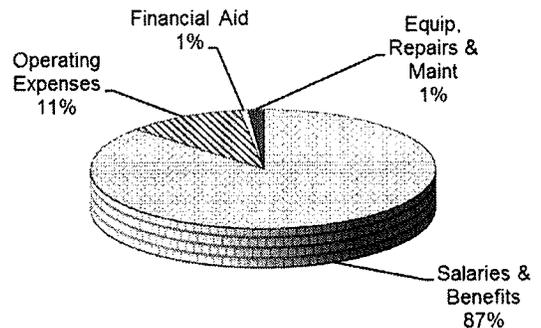


The 2010-11 State budget includes an increased apportionment deferral to the community college system that grew by \$129 million to a total annual deferral of \$832 million. The deferred revenue is accumulated by reducing the following monthly apportionments: January (\$136.5 million), February (\$136.5 million), March (\$76.5 million), April (\$158 million), May (\$103 million), and June (\$221.5 million). Additionally, two intra-year deferrals totaling \$300 million remained in effect for the year (originated in 2009-10). The first is a \$200 million deferral from July to October and the second is a \$100 million deferral from March to May. Due to the deterioration of State revenues and the State's poor credit rating, the State continues to use deferred payments to the Community College System to help balance their cash-flow problems. The District's share of this system-wide inter-year deferral was approximately \$23.9 million and is included in the District's accounts receivable balance at year end. The District relies heavily on state apportionment, property taxes, federal grants, and state categorical programs to function. It is important to understand the sources and uses of these funds. The following two graphs depict the District's major revenue sources and expenditures for the General Fund.

SCCCD General Fund Revenue By Source



SCCCD General Fund Expenditures



Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the basis of accounting used by most private sector institutions. Net assets—the difference between assets and liabilities—is one way to measure the financial health of the District. This data allows readers to determine the assets available to continue the operations of the District. The net assets consist of three major categories: 1) Invested in capital assets—The District's equity in property, plant, and equipment; 2) Restricted net assets - restricted net assets are restricted by use constraints placed by outside parties such as through agreements, laws, regulations of creditors or other governments, or imposed by law through constitutional provisions or enabling legislation; and 3) Unrestricted net assets – The District can use these for any lawful purpose. Although unrestricted, the District's governing board may place internal restrictions on these net assets, but it retains the power to change, remove, or modify these restrictions.

Condensed financial information is as follows:

	As of June 30th (in thousands)	
	2011	2010
CURRENT ASSETS		
Cash, Investments, and Short-Term Receivables	\$74,794	\$70,129
Inventory and Prepaid Expenditures	1,954	2,288
TOTAL CURRENT ASSETS	<u>76,748</u>	<u>72,417</u>
NON-CURRENT ASSETS		
Restricted Cash	28,756	37,795
Capital Assets, Net of Depreciation	289,114	288,029
TOTAL NON-CURRENT ASSETS	<u>317,870</u>	<u>325,824</u>
TOTAL ASSETS	<u>\$ 394,618</u>	<u>\$ 398,241</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 13,239	\$ 16,616
Deferred Revenue	6,523	8,301
Amount Held in Trust on Behalf of Others	583	935
Compensated Absences Payable	3,418	3,441
Long Term Liabilities - Current Portion	3,292	2,897
TOTAL CURRENT LIABILITIES	<u>27,055</u>	<u>32,190</u>
NON-CURRENT LIABILITIES		
Long-Term Liabilities - Non-Current Portion	109,464	111,771
TOTAL LIABILITIES	<u>136,519</u>	<u>143,961</u>
NET ASSETS (Fund Bal)		
Investment in Capital Assets, Net of Related Debt	195,133	196,263
Restricted for Expendable Purposes	22,896	22,142
Unrestricted	40,070	35,875
TOTAL NET ASSETS	<u>258,099</u>	<u>254,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 394,618</u>	<u>\$ 398,241</u>

This schedule has been prepared from the District's Statement of Net Assets on page 10. Cash and short-term investments consist primarily of funds held in the Fresno County Treasury and State apportionment receivable. Overall changes in the cash position are explained in the Statement of Cash Flows on page 14. Net Assets increased by approximately \$3.8 million. Highlights of the major changes include an increase in the General Fund apportionment receivables of \$4.1 million due to the additional state apportionment deferral. Restricted cash from the Measure E bonds decreased by \$8.4 million as construction projects were completed, which also resulted in an increase of \$1.1 million to Capital Assets, net of depreciation. Current liabilities and deferred revenues decreased by \$5.1 million from the prior year. And lastly, overall long-term liabilities decreased by \$1.9 million due to the annual debt payments.

Statement of Net Assets (Continued)

In November 2002, the District passed a \$161 million (Proposition 39) General Obligation Bond to fund capital construction projects over the next 12 years. These funds, when combined with State Educational Capital Bond funds, will provide the District with funds to renovate existing facilities and construct new facilities to meet the enrollment and technology demands of our stakeholders. The District has issued four Series of these General Obligation Bonds totaling \$131 million to date, leaving \$30 million in authorized, but unissued bonds. The remaining \$30 million is to be leveraged with a future State Education Bond (40% local / 60% State) for facilities on the Southeast Site property. Approximately \$136.1 million has been expended as of June 30, 2011 of the four bond series issued totaling \$131 million, plus the \$8.8 million of interest income.

Statement of Revenues, Expenses, and Change in Net Assets

The Statement of Revenues, Expenses, and Change in Net Assets presents the operating results of the District. The purpose of the statement is to present the revenues received by the District, both operating and non-operating, and the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses, received or spent by the District. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Condensed financial information is as follows:

	For the years Ended June 30th (in thousands)	
	2011	2010
OPERATING REVENUES		
Tuition & Fees	\$ 10,519	\$ 11,464
Grants & Contracts, Non-Capital	34,183	39,399
Auxiliary Enterprises & Other Operating Revenues	4,294	5,186
TOTAL OPERATING REVENUES	48,996	56,049
OPERATING EXPENDITURES		
Salaries and Benefits	141,701	143,944
Supplies, Maintenance & Other Operating Expenses	24,632	28,151
Financial Aid	68,539	72,001
Depreciation	7,045	5,926
TOTAL OPERATING EXPENDITURES	241,917	250,022
OPERATING LOSS	(192,921)	(193,973)
NON-OPERATING REVENUES (EXPENSES)		
State Apportionment	99,570	94,875
Property Taxes	37,430	37,972
State Revenues	5,303	4,093
Federal Student Financial Aid	56,921	57,480
Net Interest Income / (Expense)	(4,166)	(3,885)
Other Non-Operating Revenue	(78)	1,005
TOTAL NON-OPERATING REVENUES (EXPENSES)	194,980	191,540
INCOME (LOSS) BEFORE OTHER REV AND EXP	2,059	(2,433)
CAPITAL REVENUE		
Federal, State and Local Capital Income	1,760	2,255
INCREASE (DECREASE) IN NET ASSETS	3,819	(178)
NET ASSETS, BEGINNING	254,280	254,458
NET ASSETS, ENDING	\$ 258,099	\$ 254,280

Statement of Revenues, Expenses, and Change in Net Assets (Continued)

Changes in total net assets on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Change in Net Assets. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire goods and services for our students and stakeholders and to carry out the mission of the District.

The schedule has been prepared from the Statement of Revenues, Expenses, and Change in Net Assets presented on page 12. The Statement of Revenues, Expenses and Change in Net Assets saw an increase in Net Assets of approximately \$3.8 million. Highlights of the significant changes include a decrease in non-capital grants and contracts of \$5.2 million of which \$2.1 million was related to federal direct loans and \$ 2.4 million was various state grants most likely the result of a shrinking state budget. State apportionment funding increased by \$4.7 million due to partial restoration funding, while enrollment fees and property taxes decreased by \$1.5 million. The district also received unanticipated mandated cost payments of \$0.8 million and additional state lottery funds of \$0.7 million. Salary and benefits, supplies, and operating expenses decreased by \$5.8 million due to reductions in the number of classes offered and by reducing operational costs.

Statement of Cash Flows

The Statement of Cash Flows provides additional information about the District’s financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District’s ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first portion is operating cash flows and shows the sources and uses of the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section is cash flows from capital and related financing activities. This section addresses the cash used for the acquisition and construction of capital related items. The fourth section reflects cash flows from investing activities; the cash received and spent for short-term investments along with any interest paid or received on those investments.

Condensed financial information is as follows:

	For the years Ended June 30th (in thousands)	
	2011	2010
Cash provided by (used in)		
Operating activities	\$ (191,623)	\$ (188,669)
Non-capital financing activities	194,375	192,953
Capital financing activities	(13,785)	(4,407)
Investing activities	1,075	918
Net(decrease)/increase in cash	(9,958)	795
Cash, Beginning of Year	79,713	78,918
Cash, End of Year	\$ 69,755	\$ 79,713

Community College Districts in California rely heavily on State General Apportionment and local property taxes to support their programs and services. GASB accounting standards require these sources of revenues be shown as non-operating since they are not derived directly from our primary users of the colleges’ programs and services (students), but rather taxpayers and homeowners.

Cash Receipts from operating activities consist primarily of federal, state, and local grants and contracts. Cash outlays were primarily payments to suppliers and payments to or on behalf of employees.

Statement of Cash Flows (Continued)

General apportionment and property taxes are the primary sources of non-capital financing activities.

The purchase and construction of capital assets is the main use of cash for capital and related financing activities.

Investment activities relate primarily to interest earned on balances in the county treasury.

Economic and Financial Factors Affecting the Future of The District

With the continuing weakness in the State economy, higher than the national average unemployment rate, and depressed housing market, the State of California's General Fund revenue has been significantly impacted. Legislating in these difficult times has left both parties trying to placate their constituency groups with little compromising coming from either party. Under the authority provided by the voters through Proposition 25 passed in November 2010, the Legislature passed the 2011-12 budget bill with a simple majority rather than the required two-thirds vote that had been required for the past several decades. The budget plan solves what was identified in January as a \$26 billion dollar budget gap through major program reductions, borrowing and transfers, and an assumption of major revenue gains beyond what had been estimated earlier. The 2011-12 state budget imposed a workload reduction of \$313 million (or 6.2%) on the community college system. In addition, the state will increase the inter-year deferrals by an additional \$129 million, bringing the total annual deferral to \$961 million. However, this additional \$129 million deferral will not be repaid to the colleges until October of the following year, whereas all previous deferrals have been repaid in July.

The final budget contained a major assumption that an additional \$4 billion in revenue would materialize from a rebounding economy to close the budget gap. However, the Budget Act provides language giving the State Director of Finance authority to reduce appropriations if the revenue target assumptions are not met. Tiered midyear reductions would be "triggered" if revenues are determined to have not met expected levels by Dec 15th. The tiered reductions would be as follows:

- Tier 0 – There will be no midyear cuts if at least \$3 billion of the anticipated \$4 billion of the higher revenues materialize.
- Tier 1 – If only \$2 billion to \$3 billion of the revenues materialize, the California Community College System would see a \$30 million reduction. This reduction would be offset by an enrollment fee increase from \$36 to \$46 per unit; however it would not go into effect until summer 2012 therefore providing no relieve to the system for fiscal year 2011-12. The impact to the District would be approximately \$0.7 million.
- Tier 2 – If less than \$2 billion of the revenues materialized, the California Community College system could receive an additional reduction of up to \$72 million beyond the Tier 1 cuts. The impact to the District would be approximately \$1.8 million, for an overall mid-year reduction of \$2.5 million.

Another area of concern is the retirement pension costs of the two pension systems impacting California Community Colleges: CalPERS (California Public Employees' Retirement System) and CalSTRS (California State Teachers' Retirement System). The two systems each saw significant devaluation in their investment portfolios a few years ago. Although the markets have returned some of those losses, both systems will most likely need increased contributions to meet their future obligation costs. The CalPERS system adjusted their employer contribution rates for 2011-12 up to 10.923%, an increase of 0.216%, which was less than anticipated. The CalSTRS system cannot unilaterally increase employer and employee contribution rates as any rate change requires legislative action. The employer contribution rate for 2011-12 has not changed and remains at 8.25%; however, moving forward it appears the CalSTRS Retirement Program will need to revise their rates for both employees and employers. It is a very political issue, but without increased contribution rates or changes to the plan, the retirement system will have a difficult time meeting its obligations to retirees.

Economic and Financial Factors Affecting the Future of The District (Continued)

The Governor recently released his 12 point pension reform plan which proposes a variety of actions intended to reduce the taxpayer burden for state retiree health care and benefit costs. Some of the plan points would affect current and new employees, while other points would only apply to new employees. The real question will be whether both retirement systems place the financial burden solely on the employers, or will the burden be shared with increased contribution rates by employees as well. There has been considerable discussion of creating a new tier of benefits (lower retiree benefits) for newly hired State employees as well as other adjustments to the pension plans of California public employees as the call for pension reform gains momentum. In any case, there will be much discussion and debate before we see any agreed upon pension reform plan.

Employee health benefit cost increases also continue to be a major concern for the District. The District is part of the Fresno Area Self-Insurance Benefits Organization (FASBO), a self-insured Joint Powers Authority (JPA) with two local K-12 partners for health-related benefits of medical, dental, and vision. Employees may also choose between two other medical providers—Health Net and Kaiser. Over the past few years, industry medical premium increases have been in the double digits due in a large part to escalating medical and prescription costs. The dental and vision premiums have remained stable for several years with minimal changes to rates. The medical premiums, as described, could have seen more significant increases in costs had the District and employee bargaining groups not negotiated to increase co-pays and deductibles in an effort to maintain the medical premiums near the negotiated District maximum contribution. Effective for October 2011, District employees have the option of choosing from 5 different health care plans from the 3 medical providers. All plans with the exception of one Kaiser Plan require employees to pay a portion of their health care premium, ranging from \$17 to \$154 per month.

In summary, the budget outlook for the next few years will continue to be challenging. The economy of California lags behind the nation, revenue projections continue to fall below budget estimates, and expenditures continue to outpace available resources. Although economists claim that we are not in a recession, California continues to be plagued by a depressed housing market and high unemployment. The economic struggle will continue for the next few years and, as a result, the revenue stream to the District from the State will suffer at a time when services are most needed. This is due in a large part to the Legislature's unwillingness to address the real crux of the problem; that being California continues to spend more money than it generates in revenue. For several years, the legislative solution has been to inflate revenue projections, underestimate expenditure projections, defer payments, and decrease funding allocations to education at a time when education is most needed to retrain an unemployed workforce and educate the workforce of the future. The District will need to reflect on its mission and look critically at what level of service it can provide, or what services it needs to provide to an increasing population of students looking for educational opportunities. The Board of Trustees and management have weathered these financial storms in the past and, as always, prudent fiscal management practices will remain in place to ensure the District has adequate reserves to sustain operations during these difficult budget times.

STATE CENTER COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS

Current assets:	
Cash and cash equivalents (Note 2)	\$ 40,998,741
Investments (Note 2)	351
Receivables, net (Note 3)	33,795,343
Prepaid expenses	265,391
Stores inventories	<u>1,688,899</u>
Total current assets	<u>76,748,725</u>
Noncurrent assets:	
Restricted cash and cash equivalents (Note 2)	28,755,885
Depreciable capital assets, net (Note 4)	253,108,056
Non-depreciable capital assets (Note 4)	<u>36,005,617</u>
Total noncurrent assets	<u>317,869,558</u>
Total assets	<u>\$ 394,618,283</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 13,239,090
Deferred revenue (Note 5)	6,523,349
Due to agency funds	582,561
Compensated absences payable (Note 6)	3,417,786
Long-term liabilities - current portion (Note 6)	<u>3,292,424</u>
Total current liabilities	<u>27,055,210</u>
Noncurrent liabilities:	
Long-term liabilities - noncurrent portion (Note 6)	<u>109,464,501</u>
Total liabilities	<u>136,519,711</u>
Commitments and contingencies (Note 11)	

NET ASSETS

Invested in capital assets, net of related debt	195,132,619
Restricted for:	
Capital projects	10,867,013
Educational programs	1,069,637
Self insurance	10,494,544
Other activities	464,790
Unrestricted	<u>40,069,969</u>
Total net assets	<u>258,098,572</u>
Total liabilities and net assets	<u>\$ 394,618,283</u>

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

STATE CENTER COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT -
STATE CENTER COMMUNITY COLLEGE FOUNDATION
(A Nonprofit Organization)

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$	517,356
Pledges receivable, net (Note 3)		40,273
Short term investments (Note 2)		<u>642,869</u>

Total current assets		<u>1,200,498</u>
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Noncurrent assets:

Pledges receivable, net of current portion (Note 3)		9,867
Investments, net of short-term investments (Note 2)		<u>11,293,317</u>

Total noncurrent assets		<u>11,303,184</u>
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Total assets		<u><u>\$ 12,503,682</u></u>
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LIABILITIES

Accounts payable and accrued liabilities	\$	<u>463,506</u>
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NET ASSETS

Net assets:

Unrestricted		204,686
Temporarily restricted		5,688,418
Permanently restricted		<u>6,147,072</u>

Total net assets		<u>12,040,176</u>
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Total liabilities and net assets		<u><u>\$ 12,503,682</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE CENTER COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2011

Operating revenues:	
Tuition and fees	\$ 24,272,746
Less: scholarship discounts and allowances	<u>(13,753,790)</u>
Net tuition and fees	<u>10,518,956</u>
Grants and contracts, non-capital:	
Federal	18,430,753
State	13,444,304
Local	2,307,740
Auxiliary enterprise sales and charges:	
Bookstore	2,519,682
Cafeteria	615,492
Other operating local revenues	<u>1,158,828</u>
Total operating revenues	<u>48,995,755</u>
Operating expenses (Note 13):	
Salaries	108,970,054
Employee benefits (Notes 8 and 9)	32,731,097
Supplies, materials, and other operating expenses and services	22,118,692
Equipment, maintenance and repairs	2,513,900
Student financial aid	68,538,334
Depreciation (Note 4)	<u>7,045,352</u>
Total operating expenses	<u>241,917,429</u>
Loss from operations	<u>(192,921,674)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	99,569,992
Local property taxes (Note 7)	37,430,444
State taxes and other revenues	5,303,459
Pell grants	56,921,091
Investment income, net	1,006,689
Interest expense on capital asset-related debt	(5,664,566)
Interest income on capital related debt	491,483
Other non-operating expenses, net	<u>(78,339)</u>
Total non-operating revenues (expenses)	<u>194,980,253</u>
Income before capital revenues	<u>2,058,579</u>
Capital revenues:	
Local revenues, capital	<u>1,759,516</u>
Increase in net assets	3,818,095
Net assets, July 1, 2010	<u>254,280,477</u>
Net assets, June 30, 2011	<u><u>\$ 258,098,572</u></u>

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

STATE CENTER COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Tuition and fees	\$ 10,518,683
Grants and contracts	32,146,017
Payments of scholarships and grants	(68,538,334)
Payments to suppliers and vendors	(29,409,684)
Payments to and on behalf of employees	(140,737,891)
Auxiliary enterprises sales and charges	3,239,500
Other operating local revenues	<u>1,158,828</u>
Net cash used in operating activities	<u>(191,622,881)</u>
Cash flows from noncapital financing activities:	
State appropriations	95,457,546
Local property taxes	37,430,444
State taxes and other revenues	5,051,479
Pell grants	56,921,091
Other non-operating expenses	<u>(485,052)</u>
Net cash provided by noncapital financing activities	<u>194,375,508</u>
Cash flows from capital and related financing activities:	
State apportionments for capital purposes	698,000
Capital grants received	1,759,516
Purchase of capital assets	(8,129,763)
Principal paid on capital debt and leases	(2,897,424)
Interest paid on capital debt, and leases, net	<u>(5,215,813)</u>
Net cash used in capital and related financing activities	<u>(13,785,484)</u>
Cash flows from investing activities:	
Investment income	1,046,342
Proceeds from investment maturities	<u>28,580</u>
Net cash provided by investing activities	<u>1,074,922</u>
Net decrease in cash and cash equivalents	(9,957,935)
Cash balance, July 1, 2010	<u>79,712,561</u>
Cash balance, June 30, 2011	<u>\$ 69,754,626</u>

(Continued)

STATE CENTER COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
(Continued)
For the Year Ended June 30, 2011

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (192,921,674)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	7,045,352
Changes in assets and liabilities:	
Receivables, net	(1,932,727)
Prepaid expenses	174,560
Inventories	159,728
Accounts payable and accrued liabilities	(3,333,503)
Deferred revenue	(1,777,877)
Other postemployment benefits and compensated absences	<u>963,260</u>
Net cash used in operating activities	<u>\$ (191,622,881)</u>

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

STATE CENTER COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

	<u>Student Trust Funds</u>	<u>OPEB Irrevocable Trust Fund</u>	<u>Student Agency Funds</u>
ASSETS			
Cash and cash equivalents (Note 2)	\$ 140,040		\$ 569,998
Investments (Note 2)		\$ 6,611,190	
Receivables, net	2,022		934
Due from other funds	<u>208,247</u>		<u>374,314</u>
Total assets	<u>\$ 350,309</u>	<u>\$ 6,611,190</u>	<u>\$ 945,246</u>
LIABILITIES			
Accounts payable			\$ 54,488
Deferred revenue	\$ 7,258		
Due to others			<u>890,758</u>
Total liabilities	<u>7,258</u>		<u>945,246</u>
NET ASSETS			
Total net assets held in trust	<u>343,051</u>	<u>\$ 6,611,190</u>	
Total liabilities and net assets	<u>\$ 350,309</u>	<u>\$ 6,611,190</u>	<u>\$ 945,246</u>

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

STATE CENTER COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2011

	<u>Student Trust Funds</u>	<u>OPEB Irrevocable Trust Fund</u>
Additions:		
Net interest income:		
Unrealized and realized gains, net		\$ 393,203
Dividends and interest	\$ 102	210,903
Student fees	14,104	
Other operating revenue	69,340	
Other non-operating revenue	<u>152,787</u>	
Total additions	<u>236,333</u>	<u>604,106</u>
Deductions:		
Administrative costs		44,601
Supplies, materials and other operating costs	101,150	
Equipment, maintenance and repairs	2,443	
Student aid	<u>151,883</u>	
Total deductions	<u>255,476</u>	<u>44,601</u>
Net (decrease) increase	(19,143)	559,505
Net assets held in trust:		
Net assets, July 1, 2010	<u>362,194</u>	<u>6,051,685</u>
Net assets, June 30, 2011	<u>\$ 343,051</u>	<u>\$ 6,611,190</u>

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

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

State Center Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and GASB Cod. Sec. 2100.101 as amended by GASB Cod. Sec. 2100.138. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the State Center Community College Foundation (the "Foundation") as its potential component unit.

The Foundation is a nonprofit, tax-exempt organization dedicated to providing financial benefits generated from fundraising efforts and investment earnings to the District. The funds contributed by the Foundation to the District are significant to the District's financial statements. The District applied the criteria for identifying component units in accordance with GASB Cod. Sec. 2100.138 and therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's financial statements.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective of the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Foundation's financial statements are prepared on the accrual basis of accounting. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statement of Net Assets as unrestricted, temporarily restricted or permanently restricted net assets based on the absence or existence of donor-imposed restrictions.

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The District has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The District has elected to not apply FASB pronouncements issued after that date.

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Fresno County Treasury are considered cash equivalents.

Restricted Cash and Cash Equivalents

Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as noncurrent assets in the statement of net assets.

Fair Value of Investments

The District records its investment in Fresno County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Assets. The fair value of investments, including the Fresno County Treasury external investment pool, at June 30, 2011 approximated their carrying value.

The Foundation's investments are valued at fair value based upon quoted market prices, when available, or estimates of fair value in the Statement of Net Assets and unrealized and realized gains and losses are included in the Statement of Activities.

Fair values of investments in county and state investment pools are determined by the pool sponsor.

Receivables

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The allowance was estimated at \$1,593,093 for the year ended June 30, 2011.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. An allowance for uncollectible pledges receivable is established based upon estimated losses related to specific amounts and is recorded through a provision for bad debt which is charged to expense. The allowance for uncollectible pledges receivable totaled \$78,045 at June 30, 2011. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates commensurate with risks applicable in the years in which those promises are received. As of June 30, 2011, the Foundation has applied an average discount rate of 7% to all contributions expected to be received in future years greater than one year.

Inventory

Inventory consists of stores supplies, cafeteria food, textbooks and educational supplies. Except for bookstore inventories, which are valued using the retail method, inventories are stated at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. For equipment, the District's capitalization policy included all furniture, equipment or vehicles with a unit cost of \$10,000 or more and \$49,000 for buildings and improvements. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 – 50 years depending on asset type.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRS and PERS employees, when the employee retires.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Revenues from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as deferred revenue until earned.

Net Assets

The District's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically first applies the expense toward restricted resources, then to unrestricted resources.

The Foundation's net assets are classified as follows:

Unrestricted: Unrestricted net assets consist of all resources of the Foundation, which have not been specifically restricted by a donor.

Temporarily restricted: Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

Permanently restricted: Permanently restricted net assets are nonexpendable net assets consisting of endowment and similar type funds in which the donor has stipulated as condition of the gift, that the principal be maintained in perpetuity.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

The Foundation's endowment assets consist of individual funds established for the purpose to provide financial support to the Foundation in perpetuity. The endowment assets include donor-restricted endowment funds. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes premium investment grade mutual bond funds and equity securities, that is intended to result in a consistent inflation-protected rate of return. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation uses a method based upon the total return on assets to determine the amounts appropriated for expenditures for endowments under which the organization is the income beneficiary in conformity with UPMIFA. To satisfy its long-term rate-of-return objectives, the Foundation seeks investment returns through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that includes equity and debt investments to achieve its long-term return objectives within prudent risk constraints.

State Apportionments

Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Prior year corrections due to the recalculation in February 2011 will be recorded in the year completed by the state.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Payments

GASB Cod. Sec. 2200.190-.191 requires that direct on-behalf payments for benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement Systems on behalf of all Community Colleges in California. However, a fiscal advisory issued by the California Department of Education instructed districts not to record revenue and expenditures for these on-behalf payments. These payments consist of state general fund contributions to CalSTRS in the amount of \$2,761,380 (4.267% of salaries subject to CalSTRS).

Classification of Revenue

The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, and (3) most Federal, State and local grants and contracts and Federal appropriations.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income.

All contributions received by the Foundation are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

Scholarship Discounts and Allowances

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Change in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. These estimates and assumptions 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 during the reporting period. Accordingly, actual results may differ from those estimates.

Tax Status

The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Interest and penalties on tax assessments are classified as an expense when incurred. For the year ended June 30, 2011, the Foundation did not incur any interest or penalties.

Income tax returns for the Foundation are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments at June 30, 2011, consisted of the following:

	<u>District</u>	<u>Fiduciary</u>
Pooled Funds:		
Cash in County Treasury	\$ 33,309,980	\$ 229,640
Deposits:		
Cash on hand and in banks	7,688,761	480,398
Cash held by Fiscal Agent	<u>28,755,885</u>	<u> </u>
Total cash and cash equivalents	<u>69,754,626</u>	<u>710,038</u>
Less: restricted cash and cash equivalents		
Cash held by Fiscal Agent	<u>28,755,885</u>	<u> </u>
Total restricted cash and cash equivalents	<u>28,755,885</u>	<u> </u>
Net cash and cash equivalents	<u>\$ 40,998,741</u>	<u>\$ 710,038</u>

Foundation cash and cash equivalents at June 30, 2011, totaled \$517,356.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury. The County pools and invests the cash. Those pooled funds are carried at fair value, which approximates cost.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Fresno County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2011.

District investments at June 30, 2011 consisted of the following:

Mutual funds	\$ <u>351</u>
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Investments held within the OPEB trust fund at June 30, 2011 consisted of the following:

Mutual funds	\$ <u>6,611,190</u>
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Cash with Fiscal Agent

Cash with Fiscal Agent of \$28,755,885 is held by a trustee for the improvement of campus facilities and debt service.

Custodial Credit Risk

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to \$250,000 and non-interest bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2011, the carrying amount of the District's cash on hand and in banks, including Fiduciary funds, was \$8,169,159 and the bank balance was \$10,193,433. The bank balance amount insured by the FDIC was \$9,281,981.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

Investments of \$6,611,190 held in the OPEB trust fund are not insured.

At June 30, 2011, the bank balance of the Foundation's cash in banks was \$507,510 of which \$250,000 was insured by the FDIC.

Credit Risk

The table below identifies the investment types authorized for the District by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentrations of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Local Agency Bonds or Notes	5 years	None	None
Registered State Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Joint Power Authority Pools	N/A	None	None

Interest Rate Risk

The District and Foundation's investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2011, the District and Foundation had no significant interest rate risk related to cash and investments held.

Concentration of Credit Risk

The District and Foundation do not place limits on the amount they may invest in any one issuer. At June 30, 2011, the District and Foundation had no concentration of credit risk.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foundation Investments

Foundation investments at June 30, 2011 consisted of the following:

California Local Agency Investment Fund	\$ 642,869
American Funds mutual funds	293,158
YCM Net Advisors mutual funds	<u>11,000,159</u>
Total	11,936,186
Less: short term investments	<u>(642,869)</u>
Noncurrent investments	<u>\$ 11,293,317</u>

Foundation investment income consisted of the following:

Interest and dividend income	\$ 217,347
Realized gain on investments	48,934
Unrealized gain on investments	<u>1,639,928</u>
Total	<u>\$ 1,906,209</u>

Interest and dividends (net of management fees) and realized gains earned on permanently restricted endowments, governed by U.S. Department of Education Title III Regulations, is credited one-half to permanently restricted net assets and the other half is credited to temporarily restricted net assets and available for funding scholarship or student activity needs of the campuses.

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2011, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foundation Investments (Continued)

The Foundation is required or permitted to record the following assets at fair value on a recurring basis:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Bond mutual funds	\$ 4,048,224	\$ 4,048,224		
Equity mutual funds	6,472,358	6,472,358		
Money market funds	<u>1,415,604</u>	<u>1,415,604</u>		
 Total	 <u>\$11,936,186</u>	 <u>\$11,936,186</u>	 <u>\$ -</u>	 <u>\$ -</u>

The Foundation had no non recurring assets and no liabilities at June 30, 2011, which were required to be disclosed using the fair value hierarchy.

3. RECEIVABLES

Receivables

District accounts receivable at June 30, 2011 are summarized as follows:

Federal	\$ 5,176,793
State	26,414,966
Local and other	<u>3,796,677</u>
	35,388,436
Less allowance for doubtful accounts	<u>(1,593,093)</u>
	<u>\$ 33,795,343</u>

Pledges Receivable

Pledges receivable with the Foundation as of June 30, 2011 consist of the following:

Pledges receivable	\$ 128,876
Less: unamortized discount	(691)
Less: allowance for uncollectible pledges	<u>(78,045)</u>
Total	50,140
Less: short term pledges receivable	<u>(40,273)</u>
Pledges receivable, net of current portion	<u>\$ 9,867</u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4. CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2010	Additions and Transfers	Deductions and Transfers	Balance June 30, 2011
Non-depreciable:				
Land	\$ 31,646,516			\$ 31,646,516
Construction in progress	53,147,409	\$ 5,289,671	\$ (54,077,979)	4,359,101
Depreciable:				
Land improvements	20,181,370	1,489,415		21,670,785
Buildings and improvements	230,092,927	53,992,479		284,085,406
Furniture and equipment	10,903,641	1,370,152		12,273,793
Vehicles	<u>2,076,424</u>	<u>66,025</u>		<u>2,142,449</u>
Total	<u>348,048,287</u>	<u>62,207,742</u>	<u>(54,077,979)</u>	<u>356,178,050</u>
Less accumulated depreciation:				
Land improvements	1,116,604	886,354		2,002,958
Buildings and improvements	50,083,087	5,328,498		55,411,585
Furniture and equipment	7,153,944	707,719		7,861,663
Vehicles	<u>1,665,390</u>	<u>122,781</u>		<u>1,788,171</u>
Total	<u>60,019,025</u>	<u>7,045,352</u>		<u>67,064,377</u>
Capital assets, net	<u>\$ 288,029,262</u>	<u>\$ 55,162,390</u>	<u>\$ (54,077,979)</u>	<u>\$ 289,113,673</u>

5. DEFERRED REVENUE

Deferred revenue for the District consisted of the following:

Deferred Federal and State revenue	\$ 1,788,637
Deferred tuition and student fees	4,360,319
Deferred local grant revenue and other	<u>374,393</u>
Total deferred revenue	<u>\$ 6,523,349</u>

6. LONG-TERM LIABILITIES

General Obligation Bonds

In November 2002, the constituents of the District approved Measure E authorizing the District to issue \$161,000,000 in general obligation bonds. As of June 30, 2011, the District has issued \$131,000,000 of Measure E bonds.

During May 2003, the District issued the 2002 General Obligation Bonds, Series 2003A in the amount of \$20,000,000. The bonds mature beginning on August 1, 2004 through August 1, 2027, with interest yields ranging from 2.00 to 5.00 percent. At June 30, 2011, the principal outstanding was \$13,110,000.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual payments required to amortize the 2002 General Obligation Bonds, Series 2003A outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 525,000	\$ 589,638	\$ 1,114,638
2013	550,000	562,763	1,112,763
2014	575,000	534,638	1,109,638
2015	605,000	505,138	1,110,138
2016	635,000	474,138	1,109,138
2017-2021	3,650,000	1,907,669	5,557,669
2022-2026	4,475,000	1,056,625	5,531,625
2027-2028	<u>2,095,000</u>	<u>106,125</u>	<u>2,201,125</u>
	<u>\$ 13,110,000</u>	<u>\$ 5,736,734</u>	<u>\$ 18,846,734</u>

During June 2004, the District issued the 2002 General Obligation Bonds, Series 2004A in the amount of \$25,000,000. The bonds mature beginning on August 1, 2005 through August 1, 2028, with interest yields ranging from 3.00 to 5.25 percent. At June 30, 2011, the principal outstanding was \$15,910,000 and unamortized premium was \$583,631. Premiums are amortized over the life of the bonds as a component of interest expense on the bonds.

The annual payments required to amortize the 2002 General Obligation Bonds, Series 2004A outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 575,000	\$ 799,975	\$ 1,374,975
2013	600,000	776,475	1,376,475
2014	625,000	751,975	1,376,975
2015	650,000	726,475	1,376,475
2016	675,000	695,756	1,370,756
2017-2021	3,945,000	2,893,406	6,838,406
2022-2026	5,095,000	1,719,288	6,814,288
2027-2029	<u>3,745,000</u>	<u>316,113</u>	<u>4,061,113</u>
	<u>\$ 15,910,000</u>	<u>\$ 8,679,463</u>	<u>\$ 24,589,463</u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

During June 2007, the District issued the 2002 General Obligation Bonds, Series 2007A in the amount of \$66,000,000. The bonds mature beginning on August 1, 2008 through August 1, 2031, with interest yields ranging from 4.00 to 5.00 percent. At June 30, 2011, the principal outstanding was \$63,395,000.

The annual payments required to amortize the 2002 General Obligation Bonds, Series 2007A outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 340,000	\$ 3,097,125	\$ 3,437,125
2013	475,000	3,080,825	3,555,825
2014	620,000	3,058,925	3,678,925
2015	775,000	3,031,025	3,806,025
2016	945,000	2,996,625	3,941,625
2017-2021	7,755,000	14,150,488	21,905,488
2022-2026	14,705,000	11,449,625	26,154,625
2027-2031	29,550,000	6,284,750	35,834,750
2032	8,230,000	205,750	8,435,750
	<u>\$ 63,395,000</u>	<u>\$ 47,355,138</u>	<u>\$110,750,138</u>

During July 2009, the District issued the 2002 General Obligation Bonds, Series 2009A in the amount of \$10,000,000. The bonds mature beginning on August 1, 2010 through August 1, 2025, with interest yields ranging from 3.00 to 5.25 percent. At June 30, 2011, the principal outstanding was \$8,295,000.

The annual payments required to amortize the 2002 General Obligation Bonds, Series 2009A outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,820,000	\$ 342,613	\$ 2,162,613
2013	210,000	311,788	521,788
2014	240,000	302,638	542,638
2015	275,000	292,513	567,513
2016	305,000	282,288	587,288
2017-2021	2,100,000	1,141,519	3,241,519
2022-2026	3,345,000	467,487	3,812,487
	<u>\$ 8,295,000</u>	<u>\$ 3,140,846</u>	<u>\$ 11,435,846</u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

During July 2009, the District issued the 2002 General Obligation Bonds, Series 2009B in the amount of \$10,000,000. The Series 2009B bonds are designated "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the U.S. Treasury equal to 35% of the interest payable on the Series 2009B Bonds on or about each interest payment date. The bonds mature beginning on August 1, 2026 through August 1, 2033, with an interest yield of 8.00 percent. At June 30, 2011, the principal outstanding was \$10,000,000.

The annual payments required to amortize the 2002 General Obligation Bonds, Series 2009 B outstanding as of June 30, 2011, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012		\$ 800,000	\$ 800,000
2013		800,000	800,000
2014		800,000	800,000
2015		800,000	800,000
2016		800,000	800,000
2017-2021		4,000,000	4,000,000
2022-2026		4,000,000	4,000,000
2027-2031	\$ 5,555,000	2,954,600	8,509,600
2032-2034	<u>4,445,000</u>	<u>549,800</u>	<u>4,994,800</u>
	<u>\$ 10,000,000</u>	<u>\$ 15,504,400</u>	<u>\$ 25,504,400</u>

Changes in Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2011	Amounts Due Within One Year
General Obligation Bonds	\$ 113,575,000		\$ 2,865,000	\$ 110,710,000	\$ 3,260,000
Premium on General Obligation Bonds	616,055		32,424	583,631	32,424
Other postemployment benefits (Note 9)	476,801	\$ 1,987,867	1,001,374	1,463,294	
Compensated absences	<u>3,441,019</u>		<u>23,233</u>	<u>3,417,786</u>	<u>3,417,786</u>
	<u>\$ 118,108,875</u>	<u>\$ 1,987,867</u>	<u>\$ 3,922,031</u>	<u>\$ 116,174,711</u>	<u>\$ 6,710,210</u>

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessors of the Counties of Fresno, Madera, Tulare and Kings and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

8. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

State Teachers' Retirement System (STRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Active members of the DB Plan are required to contribute 8.00% of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of 4% with the sum of the district and employee contribution always being equal or greater than 8%.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$5,342,314, \$5,511,817 and \$5,554,809, respectively, and equals 100% of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the STRS on behalf of all community colleges in the State. The revenue and expenditures associated with these payments, if any, have not been included in these financial statements.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.00% of their salary and the district is required to contribute an actuarially determined rate. The required employer contribution rate for fiscal year 2010-2011 was 10.707% of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010 and 2009 were \$3,546,497, \$3,089,719 and \$3,012,166, respectively, and equaled 100 percent of the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in CalPERS is a minimum age of 50 and a minimum ten years of continuous service with the District. Benefits are paid until age 65 for retirees with 10-14 years of service, are paid till age 70 for retirees with 15-19 years of service and for life if they have 20 or more years of service. The District has an annual cap on their obligations totaling \$2,400 a year for retirees under age 65. Retirees over age 65 are capped at \$1,600 per year, increasing two percent per year from 2000. An amount totaling \$800 per year is paid to retirees in groups CSEA 1979-84 and CSEA 1984-87. Additional age and service criteria may be required. The eligibility requirement for employees participating in CalSTRS is a minimum age of 55 with ten years of service with the District. Benefits are paid until age 65 for retirees with 10-14 years of service and are paid for the retiree's lifetime if they have 15 or more years of service. The District has an annual cap on their obligations totaling \$2,400 a year for retirees under age 65. Retirees over age 65 are capped at \$1,500 per year, increasing two percent per year from 1987. For the bargaining unit group AFT 1983-84 ERI, the full cost of benefits are paid. An amount totaling \$800 per year is paid to retirees in groups AFT 1981-83 and AFT 1978-79. Additional age and service criteria may be required.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 1,994,296
Interest on net OPEB obligation	23,840
Adjustment to annual required contribution	<u>(30,269)</u>
Annual OPEB cost (expense)	1,987,867
Contributions made	<u>1,001,374</u>
Increase in net OPEB obligation	986,493
Net OPEB liability - beginning of year	<u>476,801</u>
Net OPEB liability - end of year	<u><u>\$ 1,463,294</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB (Asset) Obligation</u>
June 30, 2009	\$ 3,076,964	31.9%	\$ (1,574,040)
June 30, 2010	\$ 3,076,965	33.3%	\$ 476,801
June 30, 2011	\$ 1,987,867	50.4%	\$ 1,463,294

As of July 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$22.5 million, and the actuarial value of assets was \$6.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$16.4 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$83.9 million, and the ratio of the UAAL to the covered payroll was 19.5 percent.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the unprojected Unit Credit cost method was used to value the liability. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 11.0 percent trending down to an ultimate 5.0 percent after six years. A 2.0 percent morbidity assumption was used to increase expected medical claims. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a fifteen-year period. The UAAL is being amortized as a level percentage of projected payroll on an closed basis. The remaining amortization period at June 30, 2011, was 27 years.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10. ENDOWMENT NET ASSETS - FOUNDATION

Changes in endowment net assets for the fiscal year ended June 30, 2011, consisted of the following:

Permanently restricted endowment net assets, beginning of year	\$ 5,219,915
Investment return:	
Interest and dividends, net of expenses	97,401
Realized gain on sale of investments	18,685
Unrealized gain on investments	<u>909,468</u>
Net investment return	<u>1,025,554</u>
Release of endowment earnings for program purposes	<u>(98,397)</u>
Permanently restricted endowment net assets, end of year	<u>\$ 6,147,072</u>

11. COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments

As of June 30, 2011, the District has approximately \$5.9 million in outstanding commitments on construction contracts.

12. JOINT POWERS AGREEMENTS

State Center Community College District participates in public entity risk pool joint power agreements (JPAs), with Valley Insurance Program (VIP) and Fresno Area Self-Insured Benefit Organization (FASBO). The relationship between State Center Community College District and the JPAs is such that the JPAs are not component units of State Center Community College District for financial reporting purposes.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

12. JOINT POWERS AGREEMENTS (Continued)

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. VIP provides workers' compensation insurance and FASBO provides employee medical benefits. State Center Community College District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most recent year available is as follows:

	<u>VIP</u> <u>Sept 30, 2010</u>	<u>FASBO</u> <u>Sept 30, 2010</u>
Total assets	\$ 24,840,239	\$ 6,633,131
Total liabilities	\$ 14,114,823	\$ 3,157,673
Net assets	\$ 10,725,416	\$ 3,475,458
Total revenues	\$ 5,767,977	\$ 17,886,538
Total expenses	\$ 5,749,068	\$ 18,937,833
Change in net asset	\$ 18,909	\$ (1,051,295)

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13. OPERATING EXPENSES

The following schedule details the functional classifications of the operating expenses reported in the statement of revenues, expenses and changes in net assets for the year ended June 30, 2011.

Functional Classifications	Salaries	Employee Benefits	Supplies, Materials, and Other Operating Expenses and Services	Equipment Maintenance, and Repairs	Financial Aid	Depreciation	Total
Instruction	\$ 55,877,570	\$ 14,029,058	\$ 2,706,259	\$ 249,626			\$ 72,862,513
Academic Support	12,134,310	3,885,741	2,043,164	799,820			18,863,035
Student Services	18,461,417	5,709,581	2,386,667	202,524			26,760,189
Operations and Maintenance of Plant	4,654,722	2,270,746	5,743,527	153,417			12,822,412
Institution Support	11,248,499	4,518,985	4,894,897	992,065			21,654,446
Community Support	1,376,380	361,602	1,036,527	16,328			2,790,837
Ancillary Services	5,217,156	1,955,384	3,307,559	100,120		\$ 99,804	10,680,023
Student Aid			92		\$ 68,538,334		68,538,426
Depreciation						6,945,548	6,945,548
	<u>\$ 108,970,054</u>	<u>\$ 32,731,097</u>	<u>\$ 22,118,692</u>	<u>\$ 2,513,900</u>	<u>\$ 68,538,334</u>	<u>\$ 7,045,352</u>	<u>\$ 241,917,429</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2011

Schedule of Funding Progress							
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2008	July 2, 2007	\$ 5,629,227	\$ 31,908,838	\$ 26,279,611	17.6%	\$ 80,961,508	32%
6/30/2009	July 1, 2008	\$ 5,579,224	\$ 31,882,317	\$ 26,303,093	17.5%	\$ 83,646,615	31%
6/30/2010	July 1, 2008	\$ 5,579,224	\$ 31,882,317	\$ 26,303,093	17.5%	\$ 83,790,635	31%
6/30/2011	July 1, 2010	\$ 6,051,686	\$ 22,482,531	\$ 16,430,845	26.9%	\$ 83,936,757	20%

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

STATE CENTER COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULE

A - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

SUPPLEMENTARY INFORMATION

STATE CENTER COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2011

State Center Community College District was established on July 1, 1964, and is comprised of 5,580 square miles located in parts of Fresno, Madera, Tulare, and Kings Counties. There were no changes in the boundaries of the District during the current year. The District operates two colleges, Fresno City College and Reedley College as well as three community centers, Willow International Center, Madera Center and Oakhurst Center. The District's two main colleges are each accredited by the Western Association of Schools and Junior Colleges.

The Governing Board and District Administration for the fiscal year ended June 30, 2011 were composed of the following members:

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Dorothy Smith	President	2014
H. Ronald Feaver	Vice President	2012
Richard M. Caglia	Secretary	2012
Isabel Barreras	Member	2014
Ronald H. Nishinaka	Member	2014
Patrick E. Patterson	Member	2012
William J. Smith	Member	2012

DISTRICT ADMINISTRATION

Dr. Deborah G. Blue
Chancellor

Mr. Tony Cantu
Interim President - Fresno City College

Dr. Barbara A. Hioco
President - Reedley College

Dr. Terral W. Kershaw
Vice Chancellor - North Centers

Mr. Edwin Eng
Vice Chancellor - Finance and Administration

Mr. Randy Rowe
Associate Vice Chancellor - Human Resources

Mr. Robert Fox
Acting Associate Vice Chancellor - Workforce Development and Educational Services

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Education</u>		
<i>Direct Programs:</i>		
Student Financial Aid Cluster:		
Federal Supplemental Educational Opportunity Program (FSEOG)	84.007	\$ 813,521
Federal Family Education Loans	84.032	(558)
Federal Work Study (FWS)	84.033	846,497
Federal Pell Grants (PELL)	84.063	56,921,091
Financial Aid Admin Allowance	84.063	221,382
Federal Direct Student Loans	84.042A	4,946,628
Academic Competitiveness Grant	84.375	<u>182,592</u>
Subtotal Financial Aid Cluster		<u>63,931,153</u>
 <i>Direct Programs:</i>		
TRIO Cluster:		
Student Support Services	84.042A	1,081,479
Talent Search	84.044	50,304
Upward Bound	84.047	<u>1,460,383</u>
Subtotal TRIO Cluster		<u>2,592,166</u>
 <i>Passed through California Department of Rehabilitation:</i>		
Vocational Rehabilitation Cluster:		
Rehabilitation Services - Workability	84.126	171,750
ARRA Rehabilitation Services	84.390	<u>25,795</u>
Subtotal Vocational Rehabilitation Cluster		<u>197,545</u>
 <i>Passed through California Community College Chancellor's Office:</i>		
Career and Technical Education, Title IB	84.048	332,289
Career and Technical Education, Title IC	84.048	1,685,961
ARRA Education Stabilization Fund	84.394	85,349
 <i>Vocational and Applied Technology Education Act (VATEA):</i>		
<i>Passed through California Department of Education:</i>		
VATEA - Distribution Points	84.243	220,000
<i>Passed through California Community College Chancellor's Office:</i>		
VATEA - Tech Prep	84.243	<u>139,416</u>
Subtotal VATEA		<u>359,416</u>
 <i>Passed through University of California, Berkeley:</i>		
Asian Studies Curriculum and Activity Grant	84.015	640
<i>Direct Programs:</i>		
Higher Education Institutional Aid - Science, Technology, Engineering, Math Improvement Projects	84.031C	1,112,434

(Continued)

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education (Continued)</u>		
<i>Direct Programs:</i>		
Higher Education Institutional Aid, Title V - COOP	84.031	\$ 355,059
Minority Science Engineer Improvement Program	84.120	146,750
Trade Assistance Through Business-Academic Linkages	84.153	<u>77,127</u>
Total U.S. Department of Education		<u>70,875,889</u>
<u>U.S. Department of Labor</u>		
WIA Cluster:		
<i>Passed through California Employment Development Department:</i>		
WIA Adult Program - Rural Nursing Distance Education	17.258	155,207
WIA Adult Program, Veteran Employment - Related Assistance Program	17.258	5,000
<i>Passed through California Community College Chancellor's Office:</i>		
WIA Adult Program - Radiological Technology Program	17.258	79,770
WIA Adult Program - Paramedic to RN Bridge Program	17.258	84,292
<i>Passed through Fresno Workforce Development Board:</i>		
WIA Dislocated Workers, Veteran Employment - Related Assistance Program	17.260	<u>21,641</u>
Subtotal WIA Cluster		<u>345,910</u>
<i>Passed through Fresno Workforce Development Board:</i>		
Welfare to Work Grants - Foster Bridge	17.253	107,781
<i>Passed through Los Rios Community College District:</i>		
Community Based Job Training - Health Care Training Grant	17.269	<u>514,250</u>
Total U.S. Department of Labor		<u>967,941</u>
<u>U.S. Department of Health and Human Services</u>		
Child Care Development Fund Cluster:		
<i>Passed through California Department of Education:</i>		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	167,408
Child Care and Development Block Grant - Instructional Materials	93.575	175
Child Care and Development Block Grant - Training Consortium	93.575	32,241
Child Care and Development Block Grant - Early Child Mentor Program	93.575	4,842
<i>Passed through Foundation for California Community Colleges:</i>		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Career Program	93.596	<u>116,026</u>
Subtotal Child Care Development Fund Cluster		<u>320,692</u>

(Continued)

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services (Continued)</u>		
Temporary Assistance for Needy Families (TANF):		
<i>Passed through California Community College Chancellor's Office:</i>		
TANF- CalWORKs	93.558	\$ 232,774
<i>Passed through Madera County Dept. of Social Services:</i>		
TANF - Vocational Training	93.558	128,243
<i>Passed through Tulare County Health & Human Services:</i>		
TANF - Tulare CalWORKs Work Study Program	93.558	11,404
<i>Passed through Fresno County Health & Human Services:</i>		
TANF - CalWORKs Employment & Temporary Assistance	93.558	<u>586,256</u>
Subtotal TANF		<u>958,677</u>
<i>Passed through Fresno County Health & Human Services:</i>		
Chafee Foster Care Independence Program - Independent Living Training/Education	93.674	41,298
<i>Passed through Foundation for California Community Colleges:</i>		
Chafee Foster Care Independence Program - Youth Empowerment Strategies for Success	93.674	27,359
<i>Passed through Los Rios Community College District:</i>		
Information Technology Professionals in Health Care	93.721	127,749
<i>Direct Program:</i>		
Head Start	93.600	<u>370,483</u>
Total U.S. Department of Health and Human Services		<u>1,846,258</u>
<u>U.S. Department of Agriculture</u>		
<i>Passed through California Department of Education:</i>		
Child and Adult Care Food Program - Child Care Food Services	10.558	30,988
Child and Adult Care Food Program - Promoting Integrity NOW (PIN)	10.558	144,764
Child and Adult Care Food Program - Food for Thought Training	10.558	120,034
Child and Adult Care Food Program - Mandatory Training	10.558	164,995
Child and Adult Care Food Program - On-line Trainings	10.558	58,411
Child and Adult Care Food Program - Healthy & Active Preschoolers	10.558	<u>72,660</u>
Subtotal Child and Adult Care Food Program		<u>591,852</u>

(Continued)

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture (Continued)</u>		
<i>Passed through California Department of Education:</i>		
Summer Food Service Program for Children	10.559	\$ 9,147
<i>Passed through California Department of Food and Agriculture:</i>		
Specialty Commodity Opportunity Outlook	10.170	85,627
Specialty Crop Block Grant - COP to Kyoto Protocol	10.170	5,144
Specialty Crop Block Grant - Farm Bill	10.170	131,714
<i>Direct Program:</i>		
CSREES- Partnership in Agriculture	10.223	<u>130,555</u>
Total U.S. Department of Agriculture		<u>954,039</u>
<u>U.S. Agency for International Development</u>		
<i>Passed through Georgetown University:</i>		
SEED (Cycle 06)	98.012	311,295
SEED (Cycle 09)	98.012	<u>243,069</u>
Total U.S. Agency for International Development		<u>554,364</u>
<u>U.S. Department of Housing and Urban Development</u>		
Hispanic Serving Institutions Assisting Communities Program	14.514	<u>109,886</u>
<u>U.S. National Science Foundation</u>		
<i>Direct Programs:</i>		
Biological Sciences - Survey of the Tardigrades at the LT Environmental Sites	47.074	18,243
<i>Passed through Foundation for California State University, Fresno:</i>		
Trans-NSF Recovery Act Research Support - METRO	47.082	<u>18,763</u>
Total U.S. National Science Foundation		<u>37,006</u>
<u>U.S. Department of Veteran Affairs</u>		
Veterans Information and Assistance - Reporting Fees	64.115	<u>6,461</u>
Total Federal Programs		<u>\$ 75,351,844</u>

See accompanying notes to
supplementary information.

STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

For the Year Ended June 30, 2011

	Program Entitlements			Program Revenues			Program Expenditures	
	Prior Year Carry-forward	Current Entitlement	Total Entitlement	Cash Received	Accounts Receivable	Deferred Revenue/Accounts Payable		Total
Basic Skills	\$ 307,012	\$ 673,870	\$ 980,882	\$ 980,882		\$ 565,357	\$ 415,525	\$ 415,525
BFAP	111,304	1,407,704	1,519,008	1,519,008		65,673	1,453,335	1,453,335
CARE	52	188,682	188,734	188,734		1,924	186,810	186,810
Cal Grants		4,034,088	4,034,088	4,112,009		77,921	4,034,088	4,034,088
California High School Exit Exam (CAHSEE)	52,345		52,345	27,650		263	27,387	27,387
CalWORKs		721,160	721,160	721,160		21,662	699,498	699,498
Career Advancement Academy Implementation Grant	543,728		543,728	543,728			543,728	543,728
Center for International Trade (CITD)	69,391		69,391	69,391			69,391	69,391
Community Collaborative Projects	317,838	400,000	717,838	717,838		452,820	265,018	265,018
Disabled Students Services (DSPS)	132,258	1,413,063	1,545,321	1,545,321			1,545,321	1,545,321
Economic Opportunity Programs and Services (EOPS)	23,438	1,677,584	1,701,022	1,700,422		8	1,700,414	1,700,414
Enrollment Growth - Associate Degree Nursing Program	110,863	260,687	371,550	255,220	\$ 108,015		363,235	363,235
Entrepreneurship Career Pathway (ECP)	35,000		35,000	35,000			35,000	35,000
Equal Employment Opportunity Fund		11,254	11,254	11,254			11,254	11,254
Foster Care Education		180,456	180,456	112,974	65,264		178,238	178,238
HUB - CITD	33,937	99,500	133,437	69,937		5,174	64,763	64,763
IDRC - CITD	43,916		43,916	43,916			43,916	43,916
IDRC - Solar Photovoltaic Grant		198,147	198,147	118,888	61,587		180,475	180,475
ICI - Sexual Assault Course		25,572	25,572		16,453		16,453	16,453
Math and Science Teach Initiative Fund (MSTI)	9,000		9,000	9,000		679	8,321	8,321
Matriculation	19,405	797,502	816,907	816,907		200	816,707	816,707
Noncredit Matriculation		10,267	10,267	10,267			10,267	10,267
Peace Officer Standards and Training (POST)		97,155	97,155	8,404	63,480		71,884	71,884
Song Brown		70,001	70,001	52,486	17,515		70,001	70,001

(Continued)

STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

(Continued)

For the Year Ended June 30, 2011

	Program Entitlements			Program Revenues			Program Expenditures	
	Prior Year Carry-forward	Current Entitlement	Total Entitlement	Cash Received	Accounts Receivable	Deferred Revenue/Accounts Payable		Total
Supplemental Funding for CD Training Consortium		\$ 14,860	\$ 14,860	\$ 4,803	\$ 8,090		\$ 12,893	\$ 12,893
Supplemental Funding for Foster Care Classes		10,000	10,000	3,978	5,388		9,366	9,366
Transfer and Articulation	\$ 1,005		1,005	1,005			1,005	1,005
Total State Programs	<u>\$ 1,810,492</u>	<u>\$ 12,291,552</u>	<u>\$ 14,102,044</u>	<u>\$ 13,680,182</u>	<u>\$ 345,792</u>	<u>\$ 1,191,681</u>	<u>\$ 12,834,293</u>	<u>\$ 12,834,293</u>

See accompany notes to supplementary information.

STATE CENTER COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT

Annual Attendance as of June 30, 2011

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2010 only)			
1. Noncredit	96		96
2. Credit	2,634	(1)	2,633
B. Summer Intersession (Summer 2011 - Prior to June 30, 2011)			
1. Noncredit	2		2
2. Credit	23		23
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	22,090	(53)	22,037
b. Daily Census Contact Hours	1,741		1,741
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	390	3	393
b. Credit	787	14	801
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	1,247	1	1,248
b. Daily Census Contact Hours	140		140
c. Noncredit Independent Study/ Distance Education Courses	-		-
D. Total FTES	<u>29,150</u>	<u>(36)</u>	<u>29,114</u>
Supplemental Information:			
E. In-Service Training Courses (FTES)	582		582
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	226		226
b. Credit	1,987	(34)	1,953
<u>CCFS 320 Addendum</u>			
CDCP	-		-
Centers FTES			
a. Noncredit	234	(11)	223
b. Credit	6,898	229	7,127

See accompanying notes to
supplementary information.

STATE CENTER COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

	<u>Student Financial Aid Fund</u>
June 30, 2011 Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ -
To adjust the allowance on student receivables	<u>(503,650)</u>
June 30, 2011 Audit Fund Balance	<u>\$ (503,650)</u>
	<u>Bond Interest and Redemption Fund</u>
June 30, 2011 Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 6,779,167
Adjustment to reverse accrued interest on debt recorded in fund balance	<u>2,370,187</u>
June 30, 2011 Audit Fund Balance	<u>\$ 9,149,354</u>

There were no adjustments proposed to any other funds of the District.

See accompanying notes to
supplementary information.

STATE CENTER COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B - Schedule of State Financial Awards

The accompanying Schedule of Expenditures of State Awards includes State grant activity of the District and is presented on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

D - Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited financial statements.

**INDEPENDENT AUDITORS' REPORT
ON STATE COMPLIANCE REQUIREMENTS**

Board of Trustees
State Center Community College District
Fresno, California

We have audited the compliance of State Center Community College District with the types of compliance requirements described in Section 400 of the California State Chancellor's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2011. Compliance with the requirements of state laws and regulations is the responsibility of State Center Community College District's management. Our responsibility is to express an opinion on State Center Community College District's compliance based on our audit.

We conducted our audit of compliance 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 noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about State Center Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of State Center Community College District's compliance with those requirements.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the *CDAM*:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Gann Limit Calculation
- Enrollment Fee
- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Open Enrollment
- Student Fees-Instructional Materials and Health Fees
- Economic and Workforce Development (EWD)
- Extended Opportunity Programs and Services (EOPS)
- Disabled Student Programs and Services (DSPS)
- Cooperative Agencies Resources for Education (CARE)
- Preference for Veterans and Qualified Spouse for Federally Funded Qualified Training Programs
- To Be Arranged Hours (TBA)

**INDEPENDENT AUDITORS' REPORT
ON STATE COMPLIANCE REQUIREMENTS**

(Continued)

In our opinion, the State Center Community College District complied, in all material respects with the aforementioned requirements for the year ended June 30, 2011. However, we identified a certain deficiency in compliance that we consider to be immaterial as described in the Schedule of Audit Findings and Questioned Costs as Finding 2011-01.

State Center Community College District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, District management, the California Community Colleges Chancellor's Office and the Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 21, 2011

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

Board of Trustees
State Center Community College District
Fresno, California

We have audited the business-type activities and the discretely presented component unit of State Center Community College District as of and for the year ended June 30, 2011, which collectively comprises basic financial statements, and have issued our report thereon dated December 21, 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. We did not audit the financial statements of State Center Community College Foundation, a discretely presented component unit. Those statements were audited by other auditors whose report dated October 20, 2011 has been furnished to us, and our opinion, insofar as it relates to the amounts included for State Center Community College Foundation, is based solely on the report of the other auditors. The financial statements of State Center Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of State Center Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered State Center 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 State Center Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of State Center 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 was not designed to identify all deficiencies in internal control over financial reporting 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 defined above.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether State Center Community College District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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 *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, District management, and the Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 21, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
State Center Community College District
Fresno, California

Compliance

We have audited State Center Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of State Center Community College District's major Federal programs for the year ended June 30, 2011. State Center Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of State Center Community College District's management. Our responsibility is to express an opinion on State Center Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits obtained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about State Center Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on State Center Community College District's compliance with those requirements.

In our opinion, State Center Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of State Center Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered State Center Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of State Center Community College District's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

(Continued)

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information of District management, the Board of Trustees, and the federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 21, 2011

FINDINGS AND RECOMMENDATIONS

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033, 84.063, 84.268, 84.375	Student Financial Aid Cluster
84.243	Vocational and Applied Technology Education Act
17.258, 17.260	WIA Cluster
17.269	Community Job Based Training - Health Care Training Grant
93.558	Temporary Assistance for Needy Families
93.600	Head Start
10.558	Child and Adult Care Food Program
98.012	SEED

Dollar threshold used to distinguish between Type A and Type B programs: \$ 342,621

Auditee qualified as low-risk auditee? Yes No

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS
(Continued)

STATE AWARDS

Internal control over state programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered
to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for
state programs:

Unqualified

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATE CENTER COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2011

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2001-01 ATTENDANCE

Criteria

2010-11 Contracted District Audit Manual, Item No. 424, *State General Apportionment Funding System (Revised)*.

Condition

- District incorrectly claimed an alternative attendance course type as weekly census. Furthermore, the maximum number of units available for the variable unit course were reported and not the actual units completed by the students. Resulting overstatement for the course was 2.26 FTES.
- District incorrectly scheduled courses with partial class hours exceeding 45 minutes resulting in an extrapolated overstatement of 5.42 FTES.

Effect

District overstated FTES on the CCFS-320 Annual.

Cause

Proper internal controls are not in place to mitigate human error in the calculation of contact hours for alternative attendance course types. The District was unaware a partial class hour could not exceed 45 minutes.

Fiscal Impact

Not applicable as District re-submitted the CCFS-320 on October 31, 2011.

Recommendation

The District should implement additional review procedures to ensure contact hours are appropriately calculated and courses are appropriately scheduled.

Corrective Action Plan

The District reviewed all course sections and determined actual overstatement of 39.08 resident credit FTES and understatement of 2.64 resident noncredit FTES. Nonresident FTES were also understated by 4.9 FTES.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

**STATE CENTER COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

Year Ended June 30, 2011

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
2010-01	Implemented.	
The District did not receive verification from the K-12 district that the student can benefit from advanced scholastic education, for six students.		
The District should implement a process to ensure verification is received for all special admit students.		

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Retirement Committee (GASB 45) Update and
Consideration to Approve Recommendation

ITEM NO. 12-03

EXHIBIT: None

Background

In November 2007, administration received Board approval to contract with California School Boards Association's (CSBA) GASB 45 Solutions Program Trust and Plan for Other Post-Employment Benefits (OPEB). In establishing this program, CSBA conducted a thorough search for a firm to provide investment advisory/management services and administrative services for the investments and the Trust respectively. US Bank was selected as the investment advisor/manager and Public Agency Retirement Services (PARS) was selected as the administrator. Both firms have the extensive experience and technical skills needed to manage their respective duties and responsibilities in CSBA's GASB 45 Solutions Program Trust and OPEB program.

At the October 4, 2011, Board of Trustees meeting, administration presented the retirement board's recommendation on the investments of the OPEB Trust. The recommendations were in consultation with US Bank.

Administration, at the direction of the retirement board and in consultation with US Bank, requested authorization to switch from proprietary mutual funds to a multiple manager investment approach, adjust the asset allocation range for the conservative income strategy (the district's current investment strategy/portfolio), and change the fee structure. The changes were recommended based on US Bank's current market outlook and recent comprehensive analysis of all investment strategies. The district's portfolio would have had a broader range of investment types, a slightly higher allocation in equities and a slightly lower allocation in fixed income investments, and could have adjusted fees. After the presentation the Board had several questions and requested for administration to contact Michael Yoshikami for his input.

On December 6, 2011, Mr. Michael Yoshikami presented an analysis of risk and reward for investments, long term vs. short term investing, the prudent investor threshold, asset allocation ranges (20%-25% for equities deemed reasonable), use of ETF/Index (Exchange Traded Funds), and dividend yielding equity investments.

Recommendation:

It is recommended the Board of Trustees:

- 1) approve switching from proprietary mutual funds to ETF/Index;
- 2) approve adjusting the asset allocation range for a slightly higher exposure in equities and a corresponding slightly lower exposure in fixed income;
- 3) approve a reduced fee structure due to the use of EFT/Index investments, and
- 4) authorize the vice chancellor of finance and administration to sign related documents authorizing these changes.

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Resolution Authorizing Administration to
Seek Opinion from the Attorney General

ITEM NO. 12-04

EXHIBIT: Resolution 2012-01

Background:

At the Board of Trustee's regular meeting on December 6, 2011, one trustee expressed a desire to seek an opinion from the state Attorney General on the question of whether the Board could deliberate in closed session on the appointment of a personnel commissioner pursuant to Education Code section 88065.

Government Code section 12519 governs the process for obtaining legal opinions from the Attorney General. A community college district is not a state agency that is entitled by law to obtain an opinion from the Attorney General, but county counsel, legislators, and the State Chancellor's office, which are agencies entitled to Attorney General opinions under section 12519, often pose questions on behalf of local agencies and school boards. Requests from agencies with staff counsel, such as ours, are required to submit their own legal analysis and conclusions on the question. Attorney General opinions are non-binding, but have significant persuasive authority.

The Attorney General has issued guidance stating that requests for opinions from boards must indicate that the request has been authorized by a majority of the board, and that opinion requests from individual members of boards will be declined. The attached resolution would allow the administration to satisfy that requirement.

Recommendation:

If the Board desires to seek an Attorney General opinion on this question, it should adopt the attached Resolution 2012-01.

RESOLUTION NO. 2012-01

**A RESOLUTION OF THE BOARD OF TRUSTEES
AUTHORIZING THE ADMINISTRATION TO SEEK OPINION
FROM THE ATTORNEY GENERAL**

WHEREAS, the State Center Community College District is a merit system district with a personnel commission as defined by Education Code section 88060 *et seq.*; and

WHEREAS, the Board of the State Center Community College District is required by Education Code section 88065 to appoint one of the three commissioners to its personnel commission, and

WHEREAS, the Board is presently in the process of appointing a new commissioner upon the retirement of its previous appointee, and will continue to appoint new commissioners pursuant to Education Code section 88065 from time to time as vacancies occur; and

WHEREAS, the Board is committed to complying with the open meeting requirement of the Ralph M. Brown Act, Government Code section 54950 *et seq.*, in deliberating on this business and in all other matters; therefore

IT IS RESOLVED that

- (1) The Board of Trustees desires the opinion of the Attorney General of the State of California on the following question:

May the board of a community college district meet in closed session to conduct interviews or deliberate on the selection of a candidate for appointment to a personnel commission?

- (2) The Board of Trustees directs the administration to take all necessary steps to obtain the opinion of the Attorney General on the above question.

The foregoing Resolution 2012-01 was adopted upon motion of Trustee _____, and seconded by Trustee _____, at a regular meeting of the Board of Trustees of the State Center Community College District on this 10th day of January 2012 by the following vote, to wit:

AYES:
NOES:
ABSENT:

_____ Ronald Presiden State	_____ Feaver t, Board of Trustees Center Community College District
--------------------------------------	--

STATE CENTER COMMUNITY COLLEGE DISTRICT
1525 E. Weldon
Fresno, California 93704

PRESENTED TO BOARD OF TRUSTEES

DATE: January 10, 2012

SUBJECT: Consideration to Appoint Interim Dean
of Students, North Centers

ITEM NO. 12-05

EXHIBIT: None

Background:

As a result of the reassignment of Doris Griffin to interim vice president, admissions and records, the district conducted an “in-house” search to fill the position of interim dean of students, north centers.

The recommendation is for Dr. Erica Johnson, counselor at the North Centers, to be appointed interim dean of students, North Centers.

Dr. Johnson has served as a counselor at the North Centers since 1996. As the senior counselor for the North Centers, Dr. Johnson provides the North Centers with a comprehensive counseling program, including student retention services, budget management, grant and report writing, counseling and guidance for all students, implementation of all matriculation components, online student services, online and face-to-face instruction, website development, registration-to-go coordination, participation on campus, district, and off campus committees and education enrichment services. Dr. Johnson currently serves as the division representative for the counseling and social science division for the North Centers. Additionally, Dr. Johnson served as interim dean of students, North Centers, for three months during 2008 and as interim associate dean of students, North Centers, during the 2002-2003 academic year. Dr. Johnson received her B.A. in psychology from California State University, Fresno. She also received her M.A. in education counseling student services from California State University, Fresno. She received her Ed.D. in educational leadership through the joint doctoral program in educational leadership California State University, Fresno, and University California, Davis.

Recommendation:

It is recommended that the Board of Trustees appoint Dr. Erica Johnson as the interim dean of students, North Centers, with placement on the management salary schedule at range 62 step 8 (\$11,303/monthly), effective January 11, 2012.