

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROCEEDS AND USE OF
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)

For the Fiscal Year Ended June 30, 2005

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)
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MACIAS GINI & COMPANY^{LLP}

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
North Orange County Community College District
Anaheim, California

We have audited the accompanying schedule of proceeds and use of general obligation bonds (Election of 2002, Series A, 2003B and 2005 Refunding) of the North Orange County Community College District (the District) for the fiscal year ended June 30, 2005. This schedule is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of proceeds and use of general obligation bonds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of proceeds and use of general obligation bonds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of proceeds and use of general obligation bonds. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of proceeds and use of general obligation bonds referred to in the first paragraph presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election of 2002, Series A, 2003B and 2005 Refunding) for the fiscal year ended June 30, 2005, on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of expressing an opinion on the schedule of proceeds and use of general obligation bonds. The supplementary schedules on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the schedule of proceeds and use of general obligation bonds of the District. Such information has not been subjected to the auditing procedures applied in the audit of the schedule of proceeds and use of general obligation bonds, and, accordingly, we did not audit the information and express no opinion on it.

Massar Jini & Company LLP

Certified Public Accountants

Los Angeles, California
November 18, 2005

**NORTH ORANGE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003B AND 2005 REFUNDING)
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Beginning Cash Balance, as of July 1, 2004		\$ 189,739,646
Bond Proceeds:		
Original Issue Premium	\$ 176,036,959	
Deposit to Escrow Account for Advance Refunding	<u>(164,929,972)</u>	
Total Proceeds		11,106,987
Bond Issuance Costs		<u>(1,378,193)</u>
Net Bond Proceeds		9,728,794
Bond Interest Income		<u>3,889,925</u>
Net Bond Proceeds and Interest Income		13,618,719
Project Expenditures:		
Fullerton College:		
Library/Learning Resource Center	2,820,394	
Child Development Center*	(22,905)	
Parking Structures	3,428,560	
Classrooms and Faculty Office Building	1,073,787	
Facility Modernization for Efficiency	312,436	
New Classrooms	518,198	
Campus Commons	1,648,252	
Physical Education Facilities	1,562,353	
Campus Safety Program	869,590	
Cypress College:		
Library/Learning Resource Center	1,866,649	
Child Development Center*	(4,789)	
Piazza/Infrastructure Repair	381,359	
Campus Modernization for Efficiency	1,420,074	
New Classrooms	460,610	
Campus Upgrades	525,769	
Meeting Room	2,821,152	
Maintenance Facility	198,654	
District Education Center:		
Higher Education Center	10,000	
Campus Expansion	19,885	
District Education Center	149,905	
La Habra Site*	(34,118)	
School for Continuing Education	232,369	
General	<u>274,388</u>	
Total Project Expenditures		<u>20,532,572</u>
Ending Cash Balance, as of June 30, 2005		<u><u>\$ 182,825,793</u></u>

* Negative balances represent refunds received by the District on discontinued projects

See accompanying notes to the schedule.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE
OF GENERAL OBLIGATION BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 – BACKGROUND

Measure X, approved by voters in March 2002, provides North Orange County Community College District, which includes Fullerton College, Cypress College, the Anaheim Campus, and the School of Continuing Education, with the improvement and expansion of college and continuing education facilities. This measure authorized the District to issue up to \$239,000,000 of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure under the provisions of Article XIII A of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1 of the Education Code of the State of California (commencing at Section 15100).

The specific projects approved by the District's Board of Trustees to be funded by the bond proceeds include:

Fullerton College:

- Library/Learning Resource Center
- Child Development Center
- Parking Structures
- Classrooms and Faculty Office Building
- Facility Modernization for Efficiency
- New Classrooms
- Campus Commons
- Physical Education Facilities
- Campus Safety Program

Cypress College:

- Library/Learning Resource Center
- Child Development Center
- Piazza/Infrastructure Repair
- Campus Modernization for Efficiency
- New Classrooms
- Campus Upgrades
- Meeting Room
- Maintenance Facility

District Education Center:

- Higher Education Center
- Campus Expansion
- District Education Center
- La Habra Site
- School For Continuing Education

General

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE
OF GENERAL OBLIGATION BONDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, where the receipts of bond proceeds are reported when received and the disbursements of expenses from bond funds are reported when paid.

B. Bond Proceeds

Bond proceeds are recorded net of bond premium and issuance costs.

C. Project Expenditures

Expenditures are recognized when payments for approved projects are made.

NOTE 3 – BONDED DEBT

The Election of 2002 general obligation bond series were sold as follows:

	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2004	Redeemed Current Period	Outstanding June 30, 2005
2002 A	5/21/2002	3.125-5.375%	8/1/2012	\$139,000,000	\$137,835,000	\$118,350,000	\$ 19,485,000
2003 B	12/23/2003	2.000-5.440%	8/1/2028	99,999,001	99,999,001	37,685,000	62,314,001
2005 Refunding	4/6/2005	3.000-5.000%	8/1/2023	164,935,000	-	-	164,935,000
				<u>\$403,934,001</u>	<u>\$237,834,001</u>	<u>\$156,035,000</u>	<u>\$246,734,001*</u>

* The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$11,255,160.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE
OF GENERAL OBLIGATION BONDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 3 – BONDED DEBT (CONTINUED)

The annual debt service requirements to amortize the bonds payable, outstanding as of June 30, 2005, are as follows:

Year Ending June 30,	Principal Payment	Interest Payment	Total
2006	\$ 4,490,000	\$ 8,343,567	\$ 12,833,567
2007	4,120,000	9,675,678	13,795,678
2008	4,775,000	9,555,506	14,330,506
2009	5,490,000	9,404,244	14,894,244
2010	6,255,000	9,215,900	15,470,900
2011-2015	45,630,000	41,115,703	86,745,703
2016-2020	78,155,000	26,649,500	104,804,500
2021-2025	77,564,325	28,374,675	105,939,000
2026-2029	20,254,676	51,205,324	71,460,000
Totals	<u>\$ 246,734,001</u>	<u>\$ 193,540,097</u>	<u>\$ 440,274,098</u>

NOTE 4 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures and interest income between the cash and accrual basis for the year ended June 30, 2005:

Expenditures:

Expenditures - cash basis	\$ 20,532,572
Change in accounts payable	3,934,310
Change in deposits	1,000
Change in due to/from other funds	<u>(89,654)</u>
Expenditures - accrual basis	<u>\$ 24,378,228</u>

Interest income:

Interest income - cash basis	\$ 3,889,925
Change in interest receivable	<u>272,752</u>
Interest income - accrual basis	<u>\$ 4,162,677</u>

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE
OF GENERAL OBLIGATION BONDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 5 – RECONCILIATION OF ENDING CASH TO BOND FUND

Bond Fund cash balance under modified accrual basis, as of June 30, 2005	\$ 181,083,867
Net of the premium and issuance costs recorded in the Bond Interest and Redemption Fund	<u>1,741,926</u>
Ending cash balance under cash basis, as of June 30, 2005	<u><u>\$ 182,825,793</u></u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

A. Bond Fund Compliance

The General Obligation Bonds (Election of 2002, Series A, 2003B and 2005 Refunding) are subject to performance and financial audits. This financial statement and the Independent Auditor’s Report on Compliance, which follows, meet the audit requirements in paragraphs (3) (C) and (D) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.

B. Construction Contracts

The District has outstanding construction commitments of \$39,953,875 at June 30, 2005.



MACIAS GINI & COMPANY_{LLP}

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARTICLE XIII A
OF THE CONSTITUTION OF THE STATE OF CALIFORNIA ON THE
PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003 B AND 2005 REFUNDING)**

The Board of Trustees
North Orange County Community College District
Anaheim, California

We have examined the North Orange County Community College District's (the District's) compliance with Article XIII A of the Constitution of the State of California on the proceeds and use of general obligation bond proceeds Election of 2002, (Series A, 2003B and 2005 Refunding) during the fiscal year ended June 30, 2005. The compliance requirements are as follows:

- The Board of Trustees evaluated the list of specific projects to address the District's needs for safety and information technology.
- Funds were properly expended for the specific projects on the Board of Trustees published list.
- Funds were used for financing the acquisition, construction and modernization of certain property and District facilities, and no funds were used for teacher and administrator salaries and other school operating expenses.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the fiscal year ended June 30, 2005.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, Bond Oversight Committee, and state regulatory officials and is not intended to be and should not be used by anyone other than these specified parties.

Massar Jini & Company LLP

Certified Public Accountants

Los Angeles, California
November 18, 2005

SUPPLEMENTARY INFORMATION

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003B AND 2005 REFUNDING)
SCHEDULE OF 2005-06 ASSESSED VALUATION AND
2004-05 SECURED TAX CHARGE AND DELINQUENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>2005-06 Assessed Valuation</u>			
<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Redevelopment Increment</u>
<u>Orange County Portion</u>			
\$ 72,365,646,919	\$ 31,331,809	\$ 4,354,623,268	\$ 76,751,601,996
<u>Los Angeles County Portion</u>			
\$ 1,804,909,319	\$ 132,075	\$ 10,981,626	\$ 1,816,023,020
<u>Total District</u>			
\$ 74,170,556,238	\$ 31,463,884	\$ 4,365,604,894	\$ 78,567,625,016

2004-05 Secured Tax Charge and Delinquency
(Orange County Portion Only)

<u>Secured Tax Charge (1)</u>	<u>Amount Delinquency June 30</u>	<u>% Delinquency June 30</u>
\$ 42,731,165	\$ 714,062	1.67%

(1) 1% General Fund apportionment.

(2) Source: California Municipal Statistics, Inc.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES A, 2003B AND 2005 REFUNDING)
SCHEDULE OF LARGEST 2005-06 LOCAL SECURED TAXPAYERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Largest 2005-06 Local Secured Taxpayers

Property Owner	Land Use	2005-06 Assessed Valuation	% of Total (1)
1) Walt Disney World	Theme Park and Hotel	\$ 3,208,220,582	4.33%
2) Knotts Berry Farm	Theme Park	251,150,161	0.33%
3) Retail Property Trust	Commercial	192,314,254	0.26%
4) Warland Investments Ltd.	Industrial	172,098,692	0.23%
5) Beckman Instruments Inc.	Industrial	163,594,880	0.22%
6) Kilroy Realty LP	Industrial	129,952,069	0.17%
7) Allstate Life Insurance Co.	Hotel	111,282,151	0.15%
8) Wells Brea	Commercial	95,880,000	0.13%
9) Coventry II DDR Buena Park Place LP	Commercial	94,173,088	0.13%
10) Arden Realty Finance IV LLC	Commercial	87,208,842	0.12%
11) Pan Pacific Retail Properties Inc.	Commercial	86,363,507	0.12%
12) Boeing North American	Industrial	82,682,552	0.11%
13) La Habra Associates LLC	Commercial	79,865,328	0.10%
14) CA-Orange LP	Commercial	74,079,003	0.10%
15) Angeli LLC	Commercial	73,773,239	0.10%
16) Joan M. Schlund	Mobile Home Park	72,414,364	0.10%
17) Corecare III	Skilled Nursing Facility	71,369,723	0.10%
18) Olen Commercial Realty Encumbrance Corp.	Commercial	70,641,382	0.10%
19) Lennar Platinum Triangle	Industrial	70,500,548	0.10%
20) Mitsubishi Motor Sales of America Inc.	Industrial	70,335,702	0.09%
		<u>\$ 5,257,900,067</u>	<u>7.09%</u>

(1) 2005-06 Total Local Secured Assessed Valuation: \$74,170,556,238

(2) Source: California Municipal Statistics, Inc.