

**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, 2006**

**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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## 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, 2006. 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, 2006, 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 9 and 10 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.

*Macias Gini & O'Connell LLP*

Certified Public Accountants

Los Angeles, California  
November 20, 2006

**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, 2006**

Beginning Cash Balance, as of July 1, 2005		\$ 182,825,793
Bond Interest Income		6,527,482
Project Expenditures:		
Fullerton College:		
Library/Learning Resource Center	1,361,828	
Child Development Center*	(14,241)	
Parking Structures	12,381,528	
Classrooms and Faculty Office Building	682,332	
Facility Modernization for Efficiency	841,737	
New Classrooms	31,500	
Campus Commons	1,674,216	
Physical Education Facilities	663,698	
Campus Safety Program	693,583	
Cypress College:		
Library/Learning Resource Center	2,985,055	
Child Development Center*	(1,281)	
Piazza/Infrastructure Repair	722,201	
Campus Modernization for Efficiency	3,127,156	
New Classrooms	101,405	
Campus Upgrades	338,249	
Meeting Room	6,431,750	
Maintenance Facility	3,387,104	
District Education Center:		
Higher Education Center	1,500	
Campus Expansion	73,547	
District Education Center	25,879	
La Habra Site*	(3,333)	
School of Continuing Education	445,297	
General	441,231	
Total Project Expenditures		<u>36,391,941</u>
Ending Cash Balance, as of June 30, 2006		<u>\$ 152,961,334</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, 2006**

**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 of 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, 2006**

**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 and interest are reported when received and the disbursements of expenses from bond funds are reported when paid.

B. 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:

	<b>Date of Issue</b>	<b>Interest Rate %</b>	<b>Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Outstanding July 1, 2005</b>	<b>Redeemed Current Period</b>	<b>Outstanding June 30, 2006</b>
2002 A	5/21/2002	3.125-5.375%	8/1/2012	\$139,000,000	\$19,485,000	\$3,185,000	\$ 16,300,000
2003 B	12/23/2003	2.000-5.440%	8/1/2028	99,999,001	62,314,001	-	62,314,001
2005 Refunding	4/6/2005	3.000-5.000%	8/1/2023	164,935,000	164,935,000	1,305,000	163,630,000
				<u>\$403,934,001</u>	<u>\$246,734,001</u>	<u>\$4,490,000</u>	<u>\$242,244,001</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, 2006**

**NOTE 3 – BONDED DEBT (CONTINUED)**

The annual debt service requirements to amortize the bonds payable, outstanding as of June 30, 2006, are as follows:

Year Ending June 30,	Principal Payment	Interest Payment	Total
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	7,090,000	8,952,744	16,042,744
2012-2016	51,130,000	38,972,084	90,102,084
2017-2021	86,325,000	22,540,375	108,865,375
2022-2026	59,876,496	32,337,504	92,214,000
2027-2029	17,182,505	44,542,495	61,725,000
Totals	<u>\$ 242,244,001</u>	<u>\$ 185,196,530</u>	<u>\$ 427,440,531</u>

**NOTE 4 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS**

The following is a reconciliation of project expenditures and interest income between the cash and modified accrual basis for the year ended June 30, 2006:

Expenditures:

Expenditures - cash basis	\$ 36,391,941
Change in accounts payable	1,241,383
Change in due to/from other funds	<u>(687,294)</u>
Expenditures – modified accrual basis	<u>\$ 36,946,030</u>

Interest income:

Interest income net - cash basis	\$ 6,527,482
Change in interest receivable	<u>155,521</u>
Interest income net – modified accrual basis	<u>\$ 6,683,003</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, 2006**

**NOTE 5 – RECONCILIATION OF ENDING CASH TO BOND FUND**

Bond Fund cash balance under modified accrual basis, as of June 30, 2006	\$ 151,219,408
Net of the premium and issuance costs recorded in the bond interest and redemption fund	1,741,926
Ending cash balance under cash basis, as of June 30, 2006	<u>\$ 152,961,334</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 financial and compliance 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 \$54,774,034 at June 30, 2006.





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**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, 2006. 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, 2006.

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.

*Macias Fini & O'Connell LLP*

Certified Public Accountants

Los Angeles, California  
November 20 2006

## **SUPPLEMENTARY INFORMATION**

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS  
(ELECTION OF 2002, SERIES A, 2003B AND 2005 REFUNDING)  
SCHEDULE OF 2005-2006 ASSESSED VALUATION AND  
2004-05 SECURED TAX CHARGE AND DELINQUENCY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<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 TWENTY LARGEST 2005-2006 LOCAL SECURED TAXPAYERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Property Owner	Land Use	2005-06 Assessed Valuation (2)	% 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%
		\$ 5,257,900,067	7.09%

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

(2) Source: California Municipal Statistics, Inc.