

**NORTH ORANGE COUNTY
COMMUNITY COLLEGE DISTRICT
2002 ELECTION
GENERAL OBLIGATION BONDS**

**FINANCIAL AUDIT
AND
AGREED-UPON PROCEDURES REPORT**

JUNE 30, 2008

**NORTH ORANGE COUNTY
COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS**

FINANCIAL AUDIT

JUNE 30, 2008

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND**

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JUNE 30, 2008**

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INDEPENDENT AUDITORS' REPORT

Governing Board and Citizens' Oversight Committee
North Orange County Community College District
General Obligation Bond
Anaheim, California

We have audited the accompanying financial statements of the General Obligation Bond Construction Fund of the North Orange County Community College District as of the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the North Orange County Community College District's management. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund and do not purport to, and do not, present fairly the financial position of the North Orange County Community College District as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bond Construction Fund of the North Orange County Community College District at June 30, 2008, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 4, 2008

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND**

**BALANCE SHEET
JUNE 30, 2008**

ASSETS

Investments	\$ 67,399,625
Accounts receivable	175,910
Due from other funds	<u>119,789</u>
Total Assets	<u><u>\$ 67,695,324</u></u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 8,877,073
Due to other funds	<u>1,142</u>
Total Liabilities	<u><u>8,878,215</u></u>

FUND EQUITY

Fund balance	
Designated	<u>58,817,109</u>
Total Liabilities and Fund Equity	<u><u>\$ 67,695,324</u></u>

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

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008**

REVENUES

Local revenues \$ 4,111,827

EXPENDITURES

Current Expenditures

Supplies and materials 494,118

Services and operating expenditures 1,050,342

Capital outlay 43,339,234

Total Expenditures 44,883,694

EXCESS OF REVENUES OVER

(UNDER) EXPENDITURES (40,771,867)

FUND BALANCE, BEGINNING OF YEAR

99,588,976

FUND BALANCE, END OF YEAR

\$ 58,817,109

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

NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BOND CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the North Orange County Community College District (the District) General Obligation Bond Construction Fund (the Fund) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The District's General Obligation Bond Construction Fund accounts for financial transactions in accordance with the policies and procedures of the California Community Colleges System's Office *Budget and Accounting Manual*.

Financial Reporting Entity

The audited financial statements include only the General Obligation Bond Construction Fund of the District. This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bonds Election of March 2002. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the General Obligation Bond Construction Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on the general obligation bonds, which are recognized when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

