

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

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FINANCIAL AUDIT  
AND  
AGREED-UPON PROCEDURES REPORT

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**JUNE 30, 2009**

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

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**FINANCIAL AUDIT**

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**JUNE 30, 2009**

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

**TABLE OF CONTENTS  
JUNE 30, 2009**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
General Obligation Bond Construction Fund	
Balance Sheet	2
Statement of Revenues, Expenditures, and Change in Fund Balance	3
Notes to Financial Statements	4
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9
Supplementary Information	
Schedule of 2008-2009 Assessed Valuation and 2007-2008 Secured Tax Charge and Delinquency - (Unaudited)	11
Schedule of Twenty Largest 2008-2009 Local Secured Taxpayers - (Unaudited)	12
AGREED-UPON PROCEDURES REPORT	13



## 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, 2009, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of 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, 2009, 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, 2009, 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 3, 2009

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

**BALANCE SHEET  
JUNE 30, 2009**

**ASSETS**

Investments	\$ 35,237,011
Accounts receivable	<u>121,717</u>
<b>Total Assets</b>	<b><u><u>\$ 35,358,728</u></u></b>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Accounts payable	<u>\$ 2,010,320</u>
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**FUND EQUITY**

Fund balance	
Designated	<u>\$ 33,348,408</u>
<b>Total Liabilities and Fund Equity</b>	<b><u><u>\$ 35,358,728</u></u></b>

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, 2009**

**REVENUES**

Local revenues \$ 1,214,326

**EXPENDITURES**

Current Expenditures

Supplies and materials	396,175
Services and operating expenditures	2,289,454
Capital outlay	<u>23,997,398</u>
<b>Total Expenditures</b>	<u>26,683,027</u>

**EXCESS OF REVENUES OVER  
(UNDER) EXPENDITURES** (25,468,701)

**FUND BALANCE, BEGINNING OF YEAR** 58,817,109  
**FUND BALANCE, END OF YEAR** \$ 33,348,408

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, 2009**

### ***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 College Chancellor'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.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

**Use of 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 that 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. Actual results could differ from those estimates.

**NOTE 2 - INVESTMENTS**

Investments at June 30, 2009, held on behalf of the General Obligation Bond Construction Fund of the District consist of deposits in the County of Orange Treasury:

	Reported Amount	Fair Value
Deposits with the county treasurer	<u>\$ 35,237,011</u>	<u>\$ 35,284,262</u>

Deposits with the county treasurer are maintained in an external investment pool sponsored by the County of Orange. Community colleges are required to deposit receipts and collections of monies with their county treasurer (*Education Code* Section 15146(b)).

Therefore, the District is considered to be an involuntary participant in an external investment pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Receivables at June 30, 2009, consist of the following:

Interest	\$ 41,717
Other	80,000
Total	<u>\$ 121,717</u>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 4 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2009, consist of the following:

Vendor payables	<u>\$ 2,010,320</u>
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**NOTE 5 - FUND BALANCE**

Fund balance is composed of the following element:

Unreserved	
Designated	<u>\$ 33,348,408</u>

**NOTE 6 - BONDED DEBT**

**Description of Debt**

General obligation bonds were approved by a local election in March 2002. The total amount approved by the voters was \$239,000,000 to be used to finance the acquisition, construction, and modernization of certain property and District facilities. At June 30, 2009, \$238,234,011 was outstanding. Interest rates on the bonds range from 2.0 percent to 5.44 percent. The debt is being paid by the District's Bond Interest and Redemption Fund.

A schedule of changes in long-term obligations related to the general obligation bonds for the year ended June 30, 2009, is shown below:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Bonds Payable				
2002A General obligation bonds	\$ 13,305,000	\$ -	\$ 1,950,000	\$ 11,355,000
2003B General obligation bonds	65,970,435	2,258,576	2,580,000	65,649,011
2005 General obligation refunding bonds	162,190,000	-	960,000	161,230,000
Total Bonds Payable	<u>\$ 241,465,435</u>	<u>\$ 2,258,576</u>	<u>\$ 5,490,000</u>	<u>\$ 238,234,011</u>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**General Obligation Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2008	Issued	Accreted Interest Addition	Redeemed	Bonds Outstanding June 30, 2009
2002	2013	3.125%-5.375%	\$ 139,000,000	\$ 13,305,000	\$ -	\$ -	\$ 1,950,000	\$ 11,355,000
2003	2029	2.00%-5.44%	99,999,001	65,970,435	-	2,258,576	2,580,000	65,649,011
2005	2024	3.00%-5.00%	164,935,000	162,190,000	-	-	960,000	161,230,000
				<u>\$ 241,465,435</u>	<u>\$ -</u>	<u>\$ 2,258,576</u>	<u>\$ 5,490,000</u>	<u>\$ 238,234,011</u>

**Debt Service Requirements**

The 2002A General Obligation Bonds mature through 2013 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2010	\$ 2,275,000	\$ 451,825	\$ 2,726,825
2011	2,640,000	346,250	2,986,250
2012	3,020,000	231,400	3,251,400
2013	3,420,000	85,500	3,505,500
Total	<u>\$ 11,355,000</u>	<u>\$ 1,114,975</u>	<u>\$ 12,469,975</u>

The 2003B General Obligation Bonds mature through 2029 as follows:

Fiscal Year	Principal (Including accreted interest to date)	Accreted Interest*	Current Interest to Maturity	Total
2010	\$ 2,825,000	\$ -	\$ 781,069	\$ 3,606,069
2011	3,100,000	-	676,007	3,776,007
2012	3,445,000	-	552,429	3,997,429
2013	3,770,000	-	423,200	4,193,200
2014	4,150,000	-	264,800	4,414,800
2015-2019	4,545,000	-	90,900	4,635,900
2020-2024	13,058,513	13,176,487	-	26,235,000
2025-2029	30,755,498	50,094,502	-	80,850,000
Total	<u>\$ 65,649,011</u>	<u>\$ 63,270,989</u>	<u>\$ 2,788,405</u>	<u>\$ 131,708,405</u>

\* Interest that is accrued at a discount from the face value of the bonds, and no interest payment is made until maturity.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

The 2005 Refunding Bonds mature through 2024 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ 1,155,000	\$ 7,983,006	\$ 9,138,006
2011	1,350,000	7,930,487	9,280,487
2012	1,585,000	7,857,113	9,442,113
2013	1,845,000	7,780,587	9,625,587
2014	5,980,000	7,594,188	13,574,188
2015-2019	66,040,000	30,240,969	96,280,969
2020-2024	83,275,000	9,625,375	92,900,375
Total	<u>\$ 161,230,000</u>	<u>\$ 79,011,725</u>	<u>\$ 240,241,725</u>

***NOTE 7 - COMMITMENTS AND CONTINGENCIES***

As of June 30, 2009, the General Obligation Bond Construction Fund had the following significant construction commitments as defined by the bond documents:

<u>CAPITAL PROJECTS</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<b>Fullerton College Bond Projects</b>		
Physical Education Facilities	<u>\$ 10,228,734</u>	July 2010



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

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

We have audited the financial statements of the General Obligation Bond Construction Fund of the North Orange County Community College District (the District) as of the year ended June 30, 2009, and have issued our report thereon dated December 3, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered North Orange County 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 Bond Construction Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Orange County Community College District's internal control over the Bond Construction Funds' financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Orange County Community College District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's Bond Construction Funds' financial statements that is more than inconsequential will not be prevented or detected by the District's internal controls.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the Bond Construction Funds' financial statements will not be prevented or detected by the District's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Orange Community College District's Bond Construction Funds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 solely for the information and use of the Governing Board, District Management, and the Citizen's Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties.

Venrnik, Trinn, Day & Co., LLP

Rancho Cucamonga, California  
December 3, 2009

## **SUPPLEMENTARY INFORMATION**

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

**(ELECTION OF 2002, SERIES A, 2003B, AND 2005 REFUNDING)  
SCHEDULE OF 2008-2009 ASSESSED VALUATION AND 2007-2008  
SECURED TAX CHARGE AND DELINQUENCY - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>2008-2009 Assessed Valuation</u>			
<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Redevelopment Increment</u>
<u>Orange County Portion</u>			
\$ 89,933,631,049	\$ 13,044,041	\$ 5,006,007,946	\$ 94,952,683,036
<u>Los Angeles County Portion</u>			
\$ 2,235,442,921	\$ -	\$ 16,693,114	\$ 2,252,136,035
<u>Total District</u>			
\$ 92,169,073,970	\$ 13,044,041	\$ 5,022,701,060	\$ 97,204,819,071
<u>2007-2008 Secured Tax Charge and Delinquency</u> (Orange County Portion Only)			
<u>Secured Tax Charge (1)</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>	
\$ 52,659,681	\$ 2,116,104	4.02%	

(1) 1% General Fund apportionment

Source: California Municipal Statistics, Inc.

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

**(ELECTION OF 2002, SERIES A, 2003B, AND 2005 REFUNDING)  
SCHEDULE OF TWENTY LARGEST 2008-2009 LOCAL SECURED  
TAXPAYERS - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2009**

Property Owner	Land Use	2008-2009 Assessed Valuation (2)	% of Total (1)
1. Walt Disney World Co.	Theme Park and Hotel	\$ 3,580,834,464	3.89%
2. Linn Western Operating, Inc.	Oil and Gas Exploration	392,253,576	0.43
3. Maguire Properties	Commercial Building	339,145,570	0.37
4. Knotts Berry Farm	Theme Park	301,702,387	0.33
5. RREEF America REIT II Corp.	Industrial	217,743,622	0.24
6. Lennar Platinum Triangle	Industrial	209,274,196	0.23
7. Retail Property Trust	Commercial Building	201,831,205	0.22
8. Makar Anaheim LLC	Commercial Building	186,280,560	0.20
9. Beckman Instruments Inc.	Industrial	182,687,722	0.20
10. Kilroy Realty LP	Industrial	166,123,418	0.18
11. Prologis California I LLC	Industrial	149,950,754	0.16
12. Bixbybit-Bixby Office Park LLC	Commercial Building	127,500,000	0.14
13. PRI Buena Park Industrial CA LLC	Industrial	124,236,000	0.13
14. Acquiport Brea LP	Commercial Building	121,557,130	0.13
15. PPC Anaheim Apartments LLC	Apartments	106,120,800	0.12
16. Coventry II DDR Buena Park LLC	Commercial	101,830,348	0.11
17. Catellus Operating LP	Industrial	99,929,025	0.11
18. LMI Riverbend LLC	Apartments	97,716,000	0.11
19. Anaheim GW II LLC	Commercial	83,307,759	0.09
20. Angeli LLC	Commercial Building	83,008,064	0.09
		\$ 6,873,032,600	7.46%

(1) 2008-2009 Local Secured Assessed Valuation: \$ 92,169,073,970

(2) Source: California Municipal Statistics, Inc.

**NORTH ORANGE COUNTY  
COMMUNITY COLLEGE DISTRICT**

**2002 ELECTION**

**GENERAL OBLIGATION BONDS**

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**AGREED-UPON PROCEDURES REPORT**

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**JUNE 30, 2009**



**INDEPENDENT ACCOUNTANTS'  
REPORT ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the Agreed-Upon Procedures enumerated in Exhibit A, which were agreed to by the management of North Orange County Community College District (the District) for the purpose of determining compliance with Measure X General Obligation Bond requirements for the period ended June 30, 2009. The District's management is responsible for maintaining compliance with Proposition 39 requirements. This engagement to perform Agreed-Upon Procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the results of findings and recommendations are described within this report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion relating to the matters included in the Agreed-Upon Procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the North Orange County Community College District governing board, Independent Citizens' Oversight Committee, and District administrators and is not intended to be and should not be used by anyone other than those specified parties.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
December 3, 2008

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE X GENERAL OBLIGATION BOND**

**AGREED-UPON PROCEDURES  
JUNE 30, 2009**

- A. Determine District procedures for disbursement of funds related to the voter approved general obligation bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our review.
- B. Verify compliance with expenditure allowances for the 2008-2009 fiscal year within the Measure X Bond Initiative placed on the Local Election Ballot held on March 5, 2002.
- C. Verify appropriateness of Bond expenditures for the 2008-2009 fiscal year to the object code classification within the general ledger.
- D. Analyze the balance of Measure X Bond Funds available at June 30, 2009, for future expenditures.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE X GENERAL OBLIGATION BOND**

**AGREED-UPON PROCEDURES  
JUNE 30, 2009**

**Agreed-Upon Procedure (A)**

Procedure

Determine District procedures for disbursement of funds related to the voter approved general obligation bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our review.

Results

We included 38 percent of all expenditures charged to the Measure X Bond Funds for the 2008-2009 fiscal year in our examination. Based upon our examination of actual invoices and purchase orders, there were no exceptions noted in the District's procedures related to the disbursement of Measure X Bond Funds. The District used formal bid procedures for those contracts over the construction bid level requirements and informal bid procedures for those contracts below the construction bid level to select contractors for the various projects in accordance with Education Code requirements and District policy. Budgets for specific projects have been approved and monitored in accordance with Board requirements.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE X GENERAL OBLIGATION BOND**

**AGREED-UPON PROCEDURES  
JUNE 30, 2009**

**Agreed-Upon Procedure (B)**

Procedure

Verify compliance with expenditure allowances for the 2008-2009 fiscal year within the Measure X Bond Initiative placed on the Local Election Ballot held on March 5, 2002, through review of the ballot language related to various construction, renovation, and repair projects. Specifically, we reviewed expenditures to determine any on-going District charges or administrative charges. The following table notes the total expenditures reported for the 2008-2009 fiscal year and the sample selected for audit.

<u>Category of Expense</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Supplies and materials	\$ 396,175	\$ 46,781	12%
Services and operating expenses	2,289,454	554,683	24%
Capital outlay	23,997,398	9,423,022	39%
Total	<u>\$ 26,683,027</u>	<u>\$ 10,024,486</u>	38%

Results

For all procedures identified in Exhibit A, we noted no exceptions in the expenditures tested of the Measure X Bond Funds. The District has not charged on-going expenditures that are the responsibility of the District to the Measure X Bond Fund, nor has any administrative or indirect cost been charged to the Measure X Bond Fund.

**Agreed-Upon Procedure (C)**

Procedure

Verify appropriateness of Bond expenditures for the 2008-2009 fiscal year to the object code classification within the general ledger.

Results

For all items noted in Agreed-Upon Procedure B, we verified the appropriateness of the expenditures to the object code classification within the general ledger to ensure proper classification and coding. There were no exceptions noted. The expenditures reflected within the general ledger object code classifications were proper and in accordance with provisions of the *Budget and Accounting Manual* issued by the California Community College Chancellor's Office.

**NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE X GENERAL OBLIGATION BOND**

**AGREED-UPON PROCEDURES  
JUNE 30, 2009**

**Agreed-Upon Procedure (D)**

Procedure

Analyze the balance of Measure X Bond Funds available at June 30, 2009, for future expenditures.

Results

As stated in the District's unaudited financial statements (CCFS 311) as of June 30, 2009, the total expenditures from the Measure X Bond Fund were \$26,683,027 for fiscal year 2008-2009, totaling \$242,540,199 to date. Bond proceeds in the amount of \$248,727,795 and additional earnings to date of \$27,160,812 for interest, energy rebates, and legal settlement proceeds provide \$33,348,408 from initial issuance available for future expenditures.