



Financial and Performance Audits
Measure J General Obligation Bond Construction Fund
June 30, 2022

North Orange County Community College District

North Orange County Community College District
Measure J General Obligation Bond Construction Fund

Table of Contents
June 30, 2022

FINANCIAL AUDIT

Independent Auditor’s Report	1
Financial Statements	
Balance Sheet.....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	5
Notes to Financial Statements	6
Independent Auditor’s 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>	12
Other Information	
Schedule of 2021-2022 Assessed Valuation and 2020-2021 Secured Tax Charge and Delinquency (Unaudited).....	14
Schedule of Twenty Largest 2021-2022 Local Secured Taxpayers (Unaudited)	15
Schedule of Findings and Questioned Costs	
Financial Statement Findings	16
Summary Schedule of Prior Audit Findings.....	17
PERFORMANCE AUDIT	
Independent Auditor’s Report on Performance	18
Authority for Issuance and Purpose.....	19
Authority for the Audit	19
Objective of the Audit.....	20
Scope of the Audit.....	20
Methodology.....	20
Conclusion.....	21
Schedule of Findings and Questioned Costs	
Schedule of Findings and Questioned Costs.....	22
Summary Schedule of Prior Audit Findings.....	23



Financial Audit
Measure J General Obligation Bond Construction Fund
June 30, 2022

North Orange County Community College District



Independent Auditor's Report

Board of Trustees and Citizens' Oversight Committee
North Orange County Community College District
Anaheim, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the General Obligation Bond Construction Fund (Measure J) of the North Orange County Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bond Construction Fund (Measure J) of the District, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure J), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of 2021-2022 assessed valuation and 2020-2021 secured tax charge and delinquency and schedule of twenty largest 2021-2022 local secured taxpayers, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the General Obligation Bond Construction Fund (Measure J) of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the General Obligation Bond Construction Fund (Measure J) of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the General Obligation Bond Construction Fund (Measure J) of the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
December 20, 2022

North Orange County Community College District
Measure J General Obligation Bond Construction Fund

Balance Sheet
June 30, 2022

Assets	
Investments	\$ 63,423,575
Receivables	36,205
Due from other funds	<u>1,636,748</u>
Total assets	<u>\$ 65,096,528</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 3,700,003
Due to other funds	<u>2,461,346</u>
Total liabilities	<u>6,161,349</u>
Fund Balance	
Restricted for capital projects	<u>58,935,179</u>
Total liabilities and fund balance	<u>\$ 65,096,528</u>

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2022

Revenues	
Interest income	\$ 405,151
Change in fair market value of investments	<u>(1,207,132)</u>
Total revenues	<u>(801,981)</u>
Expenditures	
Supplies and materials	143,588
Services and other expenditures	99,716
Capital outlay	<u>19,690,778</u>
Total expenditures	<u>19,934,082</u>
Net Change in Fund Balance	<u>(20,736,063)</u>
Fund Balance, Beginning	<u>79,671,242</u>
Fund Balance, End	<u><u>\$ 58,935,179</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the North Orange County Community College District's (the District) General Obligation Bond Construction Fund (Measure J) 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 (AICPA). The North Orange County Community College District's (the District) General Obligation Bond Construction Fund (Measure J) accounts for financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

Financial Reporting

The financial statements include only the General Obligation Bond Construction Fund (Measure J) 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 Bond Election of November 4, 2014. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the General Obligation Bond Construction Fund (Measure J) 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

The General Obligation Bond Construction Fund (Measure J) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

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.

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 lapse at June 30.

Estimates

The preparation of financial statements in accordance 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, and those estimates may be material.

Fund Balance

As of June 30, 2022, the fund balance is classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Note 2 - Investments

Policies and Practices

The District is authorized under California *Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

North Orange County Community College District
 Measure J General Obligation Bond Construction Fund
 Notes to Financial Statements
 June 30, 2022

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which are recorded on the amortized cost basis. The District's investment in the County Treasury is maintained at fair value on a recurring basis which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in the investment pool are not required to be categorized within the fair market hierarchy.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's 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% of base	None
Medium-Term Corporate 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 Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Educational Investment Pool. The District maintains a General Obligation Bond Construction Fund (Measure J) investment of \$63,423,575 with the Orange County Educational Investment Pool, with an average maturity of 287 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Educational Investment Pool is rated AAAM by Standard & Poor's Rating Service.

Note 3 - Receivables

Receivables at June 30, 2022, consisted of accrued interest for a total of \$36,205.

Note 4 - Due from Other Funds

Amounts due from other funds at June 30, 2022, consisted of \$1,636,748 due from the General Fund and Capital Outlay Fund for capital outlay costs paid for by Measure J, but incurred by the other funds.

Note 5 - Due to Other Funds

Amounts due to other funds at June 30, 2022, consisted of \$2,461,346 due to the General Fund and Capital Outlay Fund for capital outlay costs incurred by Measure J, but paid for by the other funds .

Note 6 - Bonded Debt

Description of Debt

General obligation bonds were approved by a local election in November 2014. The total amount approved by the voters was \$574,000,000 to be used to finance the acquisition, construction, modernization and equipping of District sites and facilities. At June 30, 2022, \$150,970,000 was outstanding. Interest rates on the bonds range from 2.00% to 4.00%. The debt is being paid by the District's Bond Interest and Redemption Fund.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Notes to Financial Statements
June 30, 2022

A schedule of changes in long-term liabilities related to the general obligation bonds for the year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Bonds Payable					
2016A General obligation bonds	\$ 36,510,000	\$ -	\$ (665,000)	\$ 35,845,000	\$ 745,000
2019B General obligation bonds	132,860,000	-	(17,735,000)	115,125,000	14,870,000
Unamortized premium	15,367,202	-	(709,731)	14,657,471	-
	<u>\$ 184,737,202</u>	<u>\$ -</u>	<u>\$ (19,109,731)</u>	<u>\$ 165,627,471</u>	<u>\$ 15,615,000</u>

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Redeemed	Bonds Outstanding June 30, 2022
2016	2041	2.00%-4.00%	\$ 100,000,000	\$ 36,510,000	\$ -	\$ (665,000)	\$ 35,845,000
2019	2045	2.63%-4.00%	\$ 150,000,000	132,860,000	-	(17,735,000)	115,125,000
				<u>\$ 169,370,000</u>	<u>\$ -</u>	<u>\$ (18,400,000)</u>	<u>\$ 150,970,000</u>

Debt Service Requirements

The 2016A General Obligation Bonds mature through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	\$ 745,000	\$ 1,199,838	\$ 1,944,838
2024	840,000	1,168,138	2,008,138
2025	935,000	1,132,638	2,067,638
2026	1,040,000	1,093,138	2,133,138
2027	1,155,000	1,049,238	2,204,238
2028-2032	7,595,000	4,533,194	12,128,194
2033-2037	11,205,000	2,978,500	14,183,500
2038-2041	12,330,000	769,047	13,099,047
	<u>\$ 35,845,000</u>	<u>\$ 13,923,731</u>	<u>\$ 49,768,731</u>

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Notes to Financial Statements
June 30, 2022

The 2019B General Obligation Bonds mature through 2045 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2023	\$ 14,870,000	\$ 3,883,588	\$ 18,753,588
2024	1,195,000	3,562,288	4,757,288
2025	1,400,000	3,510,388	4,910,388
2026	1,615,000	3,450,088	5,065,088
2027	1,845,000	3,380,888	5,225,888
2028-2032	13,225,000	15,511,838	28,736,838
2033-2037	21,340,000	12,346,828	33,686,828
2038-2042	31,805,000	8,487,657	40,292,657
2043-2045	<u>27,830,000</u>	<u>1,724,000</u>	<u>29,554,000</u>
Total	<u>\$ 115,125,000</u>	<u>\$ 55,857,563</u>	<u>\$ 170,982,563</u>

Note 7 - Commitments and Contingencies

As of June 30, 2022, the General Obligation Bond Construction Fund (Measure J) had approximately \$11.4 million in commitments with respect to unfinished projects.

Litigation

The District is not currently a party to any legal proceedings related to the General Obligation Bond Construction Fund (Measure J).

Note 8 - Subsequent Events

On September 22, 2022, \$150,000,000 of North Orange County Community College District, Election of 2014, Series 2022C Bonds were issued with a final maturity date of August 1, 2047, and interest rates ranging from 4.00 percent to 5.00 percent, depending on the maturity of the related bonds. Interest is payable semiannually on February 1 and August 1 of each year.



Independent Auditor's Report
June 30, 2022

**North Orange County Community
College District**



**Independent Auditor’s 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***

Board of Trustees and Citizens’ Oversight Committee
North Orange County Community College District
Anaheim, California

We have audited, in accordance with the 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, the financial statements of the General Obligation Bond Construction Fund (Measure J) of the North Orange County Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure J), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s General Obligation Bond Construction Fund (Measure J) financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the General Obligation Bond Construction Fund (Measure J) of the District's 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 20, 2022

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Schedule of 2021-2022 Assessed Valuation and 2020-2021 Secured Tax Charge and Delinquency
(Unaudited)
Year Ended June 30, 2022

2021-2022 Assessed Valuation				
	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
Orange County Portion				
2020-21	\$ 141,383,170,576	\$ 141,362,579	\$ 5,918,473,328	\$ 147,443,006,483
2021-22	150,705,981,136	145,918,764	6,007,150,427	156,859,050,327
Los Angeles County Portion				
2020-21	\$ 3,407,930,309	\$ 22,128	\$ 11,126,898	\$ 3,419,079,335
2021-22	3,630,508,728	22,128	14,854,357	3,645,385,213
Total District				
2020-21	\$ 144,791,100,885	\$ 141,384,707	\$ 5,929,600,226	\$ 150,862,085,818
2021-22	154,336,489,864	145,940,892	6,022,004,784	160,504,435,540

Secured Tax Charge and Delinquency (Orange County Portion Only)			
	<u>Secured Tax Charge (1)</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2020-21	\$ 76,725,206	\$ 519,272	0.68%
2021-22	79,092,621	557,606	0.71%

Secured Tax Charge and Delinquency (Orange County Portion Only)			
	<u>Secured Tax Charge (2)</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2020-21	\$ 45,505,188	\$ 262,032	0.58%
2021-22	42,331,527	283,561	0.67%

(1) 1% General Fund apportionment. Excludes supplemental roll.

(2) District's general obligation debt service levy. Excludes supplemental roll.

Source: California Municipal Statistics, Inc.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Schedule of Twenty Largest 2021-2022 Local Secured Taxpayers (Unaudited)
Year Ended June 30, 2022

	Property Owner	Land Use	2021-2022 Assessed Valuation (2)	% of Total (1)
1.	Walt Disney World Co.	Theme Park	\$ 5,868,726,022	3.80%
2.	Mauerhan Trust	Commercial	385,288,048	0.25%
3.	Knott's Berry Farm	Theme Park	375,019,443	0.24%
4.	Prologis	Industrial	352,054,450	0.23%
5.	Warland Investment Company	Industrial	281,512,098	0.18%
6.	Retail Property Trust	Commercial	249,698,012	0.16%
7.	HHC HA Investments II Inc.	Commercial	227,026,483	0.15%
8.	FJS INC	Commercial	213,487,218	0.14%
9.	Anaheim Concourse ILP LLC	Commercial	205,844,597	0.13%
10.	C3J L P	Commercial	198,622,622	0.13%
11.	PR 1910 Union LLC	Apartments	193,990,000	0.13%
12.	Olen Pointe Brea Corp.	Apartments	182,416,408	0.12%
13.	Rreef America REIT II Corp.	Industrial	181,015,274	0.12%
14.	RAR2 - 200 North Puente LLC	Industrial	180,808,388	0.12%
15.	Irvine Company LLC	Apartments	180,683,228	0.12%
16.	The Source at Beach LLC	Commercial	179,319,459	0.12%
17.	Amazon.com Services LLC	Industrial	165,000,000	0.11%
18.	Comref So Ca Industrial	Industrial	164,521,923	0.11%
19.	Gelt Oasis Exchange LLC	Apartments	146,359,460	0.09%
20.	Centerpoint Properties Trust	Commercial	142,767,921	0.09%
			<u>\$ 10,074,161,054</u>	<u>6.53%</u>

(1) 2021-2022 Local Secured Assessed Valuation: \$ 154,336,489,864

(2) Source: California Municipal Statistics, Inc.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Financial Statement Findings
June 30, 2022

None reported.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Summary Schedule of Prior Audit Findings
June 30, 2022

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Performance Audit
Measure J General Obligation Bond Construction Fund
June 30, 2022

North Orange County Community College District



Independent Auditor's Report on Performance

Board of Trustees and Citizens' Oversight Committee
North Orange County Community College District
Anaheim, California

We were engaged to conduct a performance audit of the General Obligation Bond Construction Fund (Measure J) of the North Orange County Community College District (the District) for the year ended June 30, 2022.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended General Obligation Bond Construction Fund (Measure J) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, Board of Trustees and Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Eide Bailly LLP'.

Rancho Cucamonga, California
December 20, 2022

Authority for Issuance and Purpose

The Measure J General Obligation Bonds (the Bonds) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code*, and other applicable provisions of law. The District received authorization from an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$574,000,000 to finance the acquisition, construction, modernization, and equipping of District sites and facilities. The Measure required approval by at least 55% of the votes cast by eligible voters within the District.

In June 2016, the District issued Election of 2014 General Obligation Bonds, Series 2016A in the amount of \$100,000,000. The Series 2016A Bonds were authorized to be issued by a resolution adopted by the Board of Trustees on May 10, 2016. The Bonds represent the first series of the bonds sold within the Authorization.

In May 2019, the District issued Election of 2014 General Obligation Bonds, Series 2019B in the amount of \$150,000,000. The Series 2019B Bonds were authorized to be issued by a resolution adopted by the Board of Trustees on April 23, 2019. The Bonds represent the second series of the bonds sold within the Authorization.

Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school district, community college districts, or county offices of education for the following: “construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon approval by 55% of the electorate. In addition to reduction of the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.
2. The district must list the specific facilities projects to be funded in the ballot measure, and must certify that the Governing Board has evaluated safety and information technology needs in developing the project list.
3. Requires the district to appoint a citizens’ oversight committee.
4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until after all of the proceeds have been expended.

5. Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objective of the Audit

The objective of our audit is to meet the compliance requirement to perform a “performance audit” as referred to in Proposition 39 and outlined in Subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. Our audit was conducted in accordance with generally accepted standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the District and other procedures we consider necessary to enable us to provide conclusions to our audit objectives.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2021 through June 30, 2022. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the Bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2022, were not reviewed or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2022, for the General Obligation Bond Construction Fund (Measure J). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure J as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2021 through June 30, 2022 from Measure J bond proceeds.
 - c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
 - d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for period starting July 1, 2021 and ending June 30, 2022.
3. Our sample included transactions totaling \$12,221,120. This represents 61% of the total expenditures of \$19,934,082.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund

June 30, 2022

4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.

5. We determined that the District has met the compliance requirement of Measure J if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Expenditures were not used for salaries of administrators or other operating expenses of the District.

Conclusion

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the General Obligation Bond Construction Fund (Measure J) and that such expenditures were made for authorized Bond projects.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Schedule of Findings and Questioned Costs
June 30, 2022

None reported.

North Orange County Community College District
Measure J General Obligation Bond Construction Fund
Summary Schedule of Prior Audit Findings
June 30, 2022

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.