

**REPORT TO THE COMMUNITY AND THE BOARD OF
EDUCATION**

(Pending Board Approval on June 26, 2007)

STOCKTON UNIFIED SCHOOL DISTRICT

**701 N. Madison Street
Stockton, CA**

Citizens' Bond Oversight Committee

Measure C

Stockton Unified School District

Year Ended June 30, 2006

**A report to the Stockton Unified School District Board of Trustees and
the General Public**

June 22, 2007

PURPOSE OF THE COMMITTEE

The purpose of the District's Measure C Citizens' Oversight Committee (the "Committee") is to monitor and report on the expenditure of Measure C bond proceeds.

The Board of Education authorized the formation of the Committee pursuant to Education Code Section 15278 et eq. This legislation also defines the membership categories.

About the Citizens' Bond Oversight Committee

The Committee meets as needed. Meetings are open to the public. Information regarding the committee and reports can be found at: Stockton.K12.CA.US.

Message from the Chair, Mr. Ted Leland

The Bond Oversight Committee is obligated by Proposition 39 to meet and report to the Board of Education on an annual basis. The committee has met 3 times (June 20, 2006; November 21, 2006; & March 27, 2007). This is the committee's report.

SUMMARY

Based upon our review of the District's financial records, the annual independent financial audit, and the auditor's report on applying agreed-upon procedures of the Measure C Bond proceeds, the Citizens' Bond Oversight Committee believes that bond revenues were expended in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and consistent with the District's approved Measure C local bond measure for the twelve month period ending June 30, 2006.

Ted Leland, Chairman

INTRODUCTION

Measure C is a \$120,000,000 General Obligation Bond for the Stockton Unified School District approved by District voters on November 8, 2005. The election was conducted under Proposition 39, which requires the establishment of a Citizens' Bond Oversight Committee. The committee members are appointed by the Board of Trustees; and, as required by law, represent various constituents of the community. The purpose of the Committee shall be to inform the public concerning the expenditure of bond revenues. The Committee reviews and reports on the proper expenditure of taxpayers' money for school construction, as approved by the voters, and assures no funds are used for any other purpose, including teacher and administrator salaries and other school operating expenses.

Members

Ted Leland, Committee Chair	Ronda Finister, Public Member
Venice Holladay, Business Organization	Regina Holt, Public Member
Kitty Ruhstaller, Business Organization	Ron Paoletti, Public Member
Janice Ivey Smith, Senior Citizens Organization	Gene Acevedo, Public Member
Winnie Wong, Senior Citizens Organization	Angel Jimenez, Public Member
Kathy Piper, Public Member	

BACKGROUND

On March 01, 2006, General Obligation Bonds, Series A, were issued in the principal amount of \$60,000,000. of the \$120,000,000. authorized. The funds are available on demand in the San Joaquin County Treasury, and earned interest of \$779,075 through June 30, 2006.

The bond funds are to be used “to acquire, construct, purchase, expand, reconstruct, or improve certain buildings, additions, and structures within the boundaries of the District to enable the District to make optimum and safe use of these improvements for the benefit of the students served by the District and to accommodate new students to be served by the District.” In short, the plan is to:

- Eliminate large middle schools – resulting in a K-8 and 9-12 system.
- Reduce the size of our largest elementary schools, where possible.
- Have all students in the district, in grades K-12, on the same instructional calendar.
- Open more and improve existing magnet schools to provide greater choice for students.
- Provide additional and more intensive assistance to those schools most in need of improvement.

FINANCIAL SUMMARY AS OF June 30, 2006

	Actuals
Total Bond Proceeds & Revenue	\$60,808,988.
Project Management	190,313.
Site Costs	6,535,664.
Arch., Eng., Inspection, Appraisal	7,597,329.
Construction Costs	4,363,379.
Other Fees	156,805.
Total Expenditures	\$18,843,490.
Net Assets @ 6/30/2006	\$41,965,498.

(The District will apply for matching State funds.)

FINANCIAL AUDIT FINDINGS

The required annual, independent financial audit was performed and the auditor's opinion states "the basic financial statements present fairly, in all material respects, the financial position of the Measure C General Obligation bonds of the district as of June 30, 2006, and the changes in financial position for the period from March 06, 2006 (date of inception), through June 30, 2006."

INDEPENDENT AUDITOR'S AGREED-UPON PROCEDURES REPORT FINDINGS

The auditors selected 40 transactions representing approximately 60% of project costs, and tested transactions and records to determine the District's compliance with the following requirements:

- Proceeds are used only on voter approved projects
- Public Contract Code
- Governmental Code

According to the audit, the District complied with the State laws and regulations referenced above for the items tested.