

**BERKELEY UNIFIED SCHOOL DISTRICT**  
**MEASURE A OF 2006**  
**"BERKELEY SCHOOLS EXCELLENCE PROGRAM"**  
**FINANCIAL STATEMENTS**  
June 30, 2011

**BERKELEY UNIFIED SCHOOL DISTRICT**

**MEASURE A OF 2006 FUND**

**For the Year Ended June 30, 2011**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Report of Independent Auditors	1
Financial Section:	
Balance Sheet	2
Statement of Revenues, Expenditures and Change in Fund Balance	3
Notes to Financial Statements	4-7

## REPORT OF INDEPENDENT AUDITORS

Board of Trustees  
Berkeley Unified School District  
Berkeley, California

We have audited the accompanying balance sheet of Measure A of 2006, also referred to as "Berkeley Schools Excellence Program (Measure A of 2006)," of Berkeley Unified School District, as of June 30, 2011, and the related statements of revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the 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 the financial activity of Measure A of 2006 only, and do not purport to, and do not, present the financial position and results of operations of Berkeley Unified School District as a whole, 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 Measure A of 2006 as of June 30, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

  
Crowe Horwath LLP

Sacramento, California  
February 24, 2012

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE A OF 2006 FUND

BALANCE SHEET

June 30, 2011

	Unrestricted General Education Resource 0000	Class Size Reduction Resource 0841	School Discretionary Funds Resource 0852	Visual and Performing Arts Programs Resource 0853	Public Information Planning and Oversight Committee Resource 0854	Professional Development, Educational Program Evaluation and Technology for Schools Resource 0855	Parent Outreach and Translation Services Resource 0857	School Libraries Resource 0860	Total Measure A of 2006
					0856/0862				
<b>ASSETS</b>									
Cash and investments	\$ 819,643	\$ 2,995,864	\$ 936,389	\$ 582,021	\$ 208,124	\$ 726,884	\$ 102,926	\$ 708,847	\$ 7,080,698
Receivables	21,283	745,800	115,825	70,625	23,061	101,700	14,125	81,924	1,174,343
Due from other funds	3,170								3,170
Total assets	\$ 844,096	\$ 3,741,664	\$ 1,052,214	\$ 652,646	\$ 231,185	\$ 828,584	\$ 117,051	\$ 790,771	\$ 8,258,211
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts payable	\$ 71,680	\$ 305,470	\$ 225,557	\$ 119,453	\$ 3,150	\$ 114,228	\$ 4,545	\$ 132,386	\$ 976,469
Due to other funds		2,095,918	137,184	102,328		118,182	18,867	96,047	2,568,526
Total liabilities	71,680	2,401,388	362,741	221,781	3,150	232,410	23,412	228,433	3,544,995
Fund balance - restricted	772,416	1,340,276	689,473	430,865	228,035	596,174	93,639	562,338	4,713,216
Total liabilities and fund balance	\$ 844,096	\$ 3,741,664	\$ 1,052,214	\$ 652,646	\$ 231,185	\$ 828,584	\$ 117,051	\$ 790,771	\$ 8,258,211

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

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE A OF 2006 FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2011

	Unrestricted General Education Resource 0000	Class Size Reduction Resource 0841	School Discretionary Funds Resource 0852	Visual and Performing Arts Programs Resource 0853	Public Information Planning and Oversight Committee Resource 0854	Professional Development, Educational Program Evaluation and Technology for Schools Resource 0855	Parent Outreach and Translation Services Resource 0857	School Libraries Resource 0860	Total Measure A of 2006
Revenues:									
Special taxes	\$ 417,926	\$ 14,836,804	\$ 2,304,201	\$ 1,405,000	\$ 458,776	\$ 2,023,200	\$ 281,000	\$ 1,629,802	\$ 23,356,709
Interest	44,809								44,809
Other local revenue		(12,278,142)		(341,305)		757			757
Contribution to General Fund									(12,619,447)
Total revenues	462,735	2,558,662	2,304,201	1,063,695	458,776	2,023,957	281,000	1,629,802	10,782,828
Expenditures:									
Certificated salaries		1,526,533	693,324	560,327		772,597	4,055	502,373	4,059,209
Classified salaries (project management)			610,629	52,966	247,934	449,258	161,491	451,401	1,973,679
Employee benefits		431,134	392,690	169,811	96,558	378,107	61,605	367,412	1,897,317
Books and supplies			238,981	156,158	5,865	116,190	15,267	174,628	707,089
Contract services	441,914		229,389	104,391	87,661	192,138	34,579	36,030	1,126,102
Capital outlay				17,601					17,601
Total expenditures	441,914	1,957,667	2,165,013	1,061,254	438,018	1,908,290	276,997	1,531,844	9,780,997
Excess of revenues over expenditures	20,821	600,995	139,188	2,441	20,758	115,667	4,003	97,958	1,001,831
Transfer of indirect costs		(891,011)	(135,684)	(86,837)		(118,012)	(17,367)	(96,047)	(1,344,958)
Fund balance, beginning of year	751,595	1,630,292	685,969	515,261	207,277	598,519	107,003	560,427	5,056,343
Fund balance, end of year	\$ 772,416	\$ 1,340,276	\$ 689,473	\$ 430,865	\$ 228,035	\$ 596,174	\$ 93,639	\$ 562,338	\$ 4,713,216

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

# BERKELEY UNIFIED SCHOOL DISTRICT

## MEASURE A OF 2006 FUND

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Measure A of 2006 Fund (the "Fund") of Berkeley Unified School District (the "District") 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 Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

##### Financial Reporting Entity

The financial statements include the financial activity of the Measure A of 2006 Fund only. The Fund was established to account for the revenues and expenditures of Measure A of 2006. These financial statements are not intended to present the financial position and results of operations of Berkeley Unified School District as a whole, in conformity with accounting principles generally accepted in the United States of America. Measure A of 2006 was approved to support the quality of public education. The funds raised are to be used for reducing class sizes, supporting music programs, parent outreach, program evaluation and teacher training, school libraries, as well as reimbursement of administration costs incurred by Berkeley Unified School District. The Measure A of 2006 Fund is generated from a separate property tax levy of 22.80 cents per square foot on residential property and 34.36 cents per square foot on commercial property. These rates may be adjusted for inflation every year.

##### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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.

The financial statements of the Fund are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Using this measurement focus, only current assets and current liabilities are included in the balance sheet. Under the modified accrual basis of accounting, 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.

##### 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/expenses during the reporting period. Actual results could differ from those estimates.

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE A OF 2006 FUND

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS

Cash and investments held on behalf of the Fund of Berkeley Unified School District consist of deposits in the County of Alameda Treasury.

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury. The County pools and invests the cash. these pooled funds are carried at cost which approximates fair value. Interest earned is deposited monthly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Alameda County Treasurer may invest in derivative securities. However, at June 30, 2011, the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2011, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2011, the District had no concentration of credit risk.

**BERKELEY UNIFIED SCHOOL DISTRICT**

**MEASURE A OF 2006 FUND**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. FUND BALANCE**

Fund Balance Classifications

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2011, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2011, no such designation has occurred.



BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE A OF 2006 FUND

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **FUND BALANCE** (Continued)

Fund Balance Classifications (Continued)

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2011, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.