

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE BB OF 2000

FINANCIAL STATEMENTS

June 30, 2011

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE BB OF 2000 FUND

For the Years Ended June 30, 2011

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REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Berkeley Unified School District
Berkeley, California

We have audited the accompanying balance sheet of Measure BB of 2000, of Berkeley Unified School District, as of June 30, 2011, and the related statement 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 BB of 2000 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 BB of 2000 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 BB OF 2000 FUND

BALANCE SHEET

June 30, 2011

ASSETS

Cash and investments	\$ 2,167,319
Receivables	274,019
Due from other funds	<u>4,611</u>
Total assets	<u>\$ 2,445,949</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 244,497
Due to other funds	<u>341,856</u>
Total liabilities	586,353
Fund balance - restricted	<u>1,859,596</u>
Total liabilities and fund balance	<u>\$ 2,445,949</u>

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

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE BB OF 2000 FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2011

Revenues:		
Parcel tax	\$	5,617,286
Interest		10,134
Other local revenue		<u>7</u>
Total revenues		<u>5,627,427</u>
Expenditures:		
Classified salaries		2,286,251
Employee benefits		950,456
Books and services		494,171
Services and other		<u>1,720,472</u>
Total expenditures		<u>5,451,350</u>
Excess of revenues over expenditures		176,077
Other uses:		
Transfers out		<u>(341,800)</u>
Net change in fund balance		(165,723)
Fund balance – beginning		<u>2,025,319</u>
Fund balance – ending	\$	<u><u>1,859,596</u></u>

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

BERKELEY UNIFIED SCHOOL DISTRICT

MEASURE BB OF 2000 FUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Measure BB of 2000 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 BB Fund only. The Fund was established to account for the revenues and expenditures of Measure BB Fund. 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 BB was approved to provide essential maintenance of school building grounds. A property tax levy of 4.5 cents per square foot on residential property and 6.75 cents per square foot on commercial property fund Measure BB activities. Measure BB will last for a period of 12 years, and terminates in the 2012/2013 fiscal year. The rate may be adjusted for inflation every year. The current year's rates for fiscal year ending June 30, 2011 are 6.31 cents per square foot on residential property and 9.46 cents per square foot on commercial property.

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 BB OF 2000 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 BB OF 2000 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 BB OF 2000 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.