

BERKELEY UNIFIED SCHOOL DISTRICT
Berkeley, California

MEASURE BB OF 2000 FUND
FINANCIAL STATEMENTS
June 30, 2013

BERKELEY UNIFIED SCHOOL DISTRICT
Berkeley, California

MEASURE BB OF 2000 FUND
FINANCIAL STATEMENTS
June 30, 2013

CONTENTS

INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL SECTION:

BALANCE SHEET 3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES 4

NOTES TO FINANCIAL STATEMENTS 5

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Berkeley Unified School District
Berkeley, California

Report on the Financial Statements

We have audited the accompanying balance sheet of Measure BB of 2000 of Berkeley Unified School District, as of June 30, 2013, and the related statements of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements, which collectively comprise the District's Measure BB of 2000 financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Measure BB of 2000 as of June 30, 2013, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial activity of Measure BB of 2000, and do not purport to, and do not, present fairly the financial position of Berkeley Unified School District as of June 30, 2013, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Crowe Horwath LLP

Sacramento, California
February 4, 2014

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE BB OF 2000 FUND
BALANCE SHEET
June 30, 2013

ASSETS

Cash (Note 2)	\$ 1,527,532
Receivables	<u>258,541</u>
Total assets	<u>\$ 1,786,073</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 411,492
Due to District	<u>343,386</u>
Total liabilities	754,878
Fund balance – restricted (Note 3)	<u>1,031,195</u>
Total liabilities and fund balance	<u>\$ 1,786,073</u>

See accompanying notes to 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, 2013

Revenues:	
Parcel tax	\$ 5,626,234
Interest	832
Other local revenue	<u>27,626</u>
Total revenues	<u>5,654,692</u>
Expenditures:	
Classified salaries	2,347,648
Employee benefits	941,877
Books and services	507,625
Services and other	<u>1,575,703</u>
Total expenditures	<u>5,372,853</u>
Excess of revenues over expenditures	281,839
Other uses:	
Transfer of indirect costs	<u>(343,325)</u>
Net change in fund balance	(61,486)
Fund balance – beginning	<u>1,092,681</u>
Fund balance – ending	<u>\$ 1,031,195</u>

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE BB OF 2000 FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 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, 2013 are 6.47 cents per square foot on residential property and 9.69 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.

Receivables: Receivables are made up principally of amounts due from the County of Alameda for Measure A parcel taxes. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2013.

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.

NOTE 2 – CASH

At June 30, 2013, cash of \$1,527,532 is held on behalf of the Fund of Berkeley Unified School District, and consists 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.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE BB OF 2000 FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – CASH (Continued)

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, 2013, 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, 2013, 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, 2013, the District had no concentration of credit risk.

NOTE 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, 2013, the District had no committed fund balances.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE BB OF 2000 FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – FUND BALANCE (Continued)

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, 2013, no such designation has occurred.

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, 2013, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.