

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
"BERKELEY SCHOOLS EXCELLENCE PROGRAM"
FINANCIAL STATEMENTS
June 30, 2022

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Berkeley Unified School District
Berkeley, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Measure A of 2006, "Berkeley Schools Excellence Program" ("Measure A of 2006") activity of Berkeley Unified School 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 Measure A of 2006 activity, of Berkeley Unified School 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 Berkeley Unified School 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 financial activity and balances of the Measure A of 2006 activity and do not purport to, and do not, present fairly the financial position of Berkeley Unified School District, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows 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.

(Continued)

Auditor's Responsibility 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 Berkeley Unified School 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2023 on our consideration 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 for the Measure A of 2006 activity. 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 District's internal control over financial reporting or on compliance for the Measure A of 2006 activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Measure A of 2006 activity.

Crowe LLP
Crowe LLP

Sacramento, California
April 18, 2023

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
BALANCE SHEET
June 30, 2022

Supplementary Combining Information

	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 0856/0862	Parent Outreach Resource 0857	School Libraries Resource 0860	Total Measure A of 2006
ASSETS									
Cash in County Treasury (Note 2)	\$ 49,156	\$ 171,144	\$ 187,818	\$ 141,057	\$ 49,456	\$ 71,164	\$ 69,388	\$ 100,730	\$ 839,913
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 317	\$ (1,242)	\$ 5,436	\$ -	\$ -	\$ 7,302	\$ 11,813
Due to the General Fund	-	-	-	4,032	-	-	312	3,750	8,094
Total liabilities	-	-	317	2,790	5,436	-	312	11,052	19,907
Fund balance – restricted (Note 3)	49,156	171,144	187,501	138,267	44,020	71,164	69,076	89,678	820,006
Total liabilities and fund balance	\$ 49,156	\$ 171,144	\$ 187,818	\$ 141,057	\$ 49,456	\$ 71,164	\$ 69,388	\$ 100,730	\$ 839,913

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT
 MEASURE A OF 2006
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 For the Year Ended June 30, 2022

Supplementary Combining Information

	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 0855/0862	Parent Outreach Resource 0857	School Libraries Resource 0860	Total Measure A of 2006
Revenues:									
Interest	\$ 12,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,697
Expenditures:									
Current:									
Classified salaries	-	-	-	-	118,336	-	-	-	118,336
Employee benefits	-	-	-	-	33,785	-	-	-	33,785
Books and supplies	-	-	-	74,386	-	-	183	69,184	143,753
Contract services	5,200	-	-	-	23,610	-	5,574	-	34,384
Total expenditures	5,200	-	-	74,386	175,731	-	5,757	69,184	330,258
Deficiency of revenues under expenditures	7,497	-	-	(74,386)	(175,731)	-	(5,757)	(69,184)	(317,561)
Other financing uses:									
Transfer of indirect costs to the General Fund	-	-	-	(4,032)	-	-	(312)	(3,750)	(8,094)
Net change in fund balance									
Fund balance, beginning of year	41,659	171,144	187,501	216,685	219,751	71,164	75,145	162,612	1,145,661
Fund balance, end of year	\$ 49,156	\$ 171,144	\$ 187,501	\$ 138,267	\$ 44,020	\$ 71,164	\$ 69,076	\$ 89,678	\$ 820,006

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Berkeley Unified School District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California School Districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure A of 2006 are recorded along with other activities in the District's General Fund. The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the financial activity of Measure A of 2006 activity only, which are accounted for within a sub-fund of the District's General 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 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 activity 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 and \$50.00 for unimproved parcels, for a period of 10 years, beginning with the 2007-08 tax year. 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 Measure A of 2006 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.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. Any unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds. During the year ended June 30, 2022, the District transferred \$8,094 from Measure A to the General Fund for indirect cost support, as authorized under Measure A. At June 30, 2022, \$8,094 was outstanding as a payable to the General Fund.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS

Cash and investments held on behalf of Measure A of 2006 consist of deposits in the County of Alameda Treasury.

Cash in County Treasury: 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, 2022, 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, 2022, 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, 2022, the District had no concentration of credit risk.

NOTE 3 – FUND BALANCE CLASSIFICATION

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 are nonspendable, restricted, committed, assigned and unassigned. The fund balance of Measure A of 2006 is restricted for the purposes as authorized by the parcel tax measure.

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.

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, 2022, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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 Education
Berkeley Unified School District
Berkeley, 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 Measure A of 2006, "Berkeley Schools Excellence Program" (the "Measure A of 2006") activity of Berkeley Unified School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's Measure A of 2006 activity financial statements, and have issued our report thereon dated April 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berkeley Unified School District's internal control over Measure A of 2006 activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berkeley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Berkeley Unified School 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 entity's 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkeley Unified School District's Measure A of 2006 activity financial statements are free from material misstatement, we performed tests of the District's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Sacramento, California
April 18, 2023

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

No matters were reported.

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE A OF 2006
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

No matters were reported.