

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Berkeley Unified School District
Berkeley, California

We have conducted a performance audit of the Berkeley Unified School District (the "District") Measure G General Obligation Bond funds for the year ended June 30, 2023.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure G General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Berkeley Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Berkeley Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Berkeley Unified School District expended Measure G General Obligation Bond funds for the year ended June 30, 2023 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
April 22, 2024

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

BERKELEY UNIFIED SCHOOL DISTRICT MEASURE G GENERAL OBLIGATION BONDS

On March 3, 2020, the electorate of Berkeley Unified School District approved the \$380 million "Measure G" General Obligation Bonds with greater than 55% of the qualified votes in favor. The summarized text of the ballot language was as follows:

"To improve school facilities, construct/ modernize classrooms and campuses, complete seismic upgrades, construct science labs/ career technical education facilities, upgrade furnishings, equipment, technology, renovate playgrounds, improve energy efficiency, and qualify for State grants, shall the Berkeley Unified School District adopt a measure authorizing \$380,000,000 in bonds at legal rates, generating approximately \$21,347,300 annually at an average rate of 4.45 cents per \$100 while bonds are outstanding, with independent citizen and auditor oversight and all funds remaining local?"

On November 5, 2020, the District issued General Obligation Bonds Series A under this authorization totaling \$2,200,000. The Series A Bonds bear interest at 0.35% mature on August 1, 2022.

Also on November 5, 2020, the District issued General Obligation Bonds Series B under this authorization totaling \$67,800,000. The Series B Bonds bear interest at rates ranging from 2.0% - 5.0% and are scheduled mature through August 1, 2050.

BERKELEY UNIFIED SCHOOL DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure G General Obligation Bond funds for the year ended June 30, 2023 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure G General Obligation Bond project expenditures for the year ended June 30, 2023. A total of \$27,491,271 in expenditures for the year ended June 30, 2023 were identified.

METHODOLOGY

We performed the following procedures to the list ("the List") of Measure G General Obligation Bond project expenditures for the year ended June 30, 2023:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited Measure G General Obligation Bonds financial statements for the year ended June 30, 2023.
- Selected a sample of 25 expenditures totaling \$6,377,159 from the population of Measure G expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 23% of the total expenditure value. Verified that the sampled expenditures were used for the construction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities and that funds were not spent for salaries or other administrative expenses not authorized by Proposition 39.

CONCLUSIONS

The results of our procedures indicated that, in all significant respects, Berkeley Unified School District expended Measure G General Obligation Bond funds for the year ended June 30, 2023 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.