

**BERKELEY UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2025

BERKELEY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2025

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BERKELEY UNIFIED SCHOOL DISTRICT

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For the Year Ended June 30, 2025

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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*****Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Berkeley Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Berkeley Unified School District's basic 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Berkeley Unified School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinions.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This resulted in a restatement of beginning governmental activities net position of \$23,599,944. Our opinions are 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.

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(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Berkeley Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities 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 opinions. 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Berkeley Unified School District's ability to continue as a going concern for a reasonable period of time.

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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 15 and the General Fund Budgetary Comparison Schedule, Child Development Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 55 to 61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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(Continued)

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Berkeley Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Information**

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026 on our consideration of Berkeley Unified School 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. 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 Berkeley Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berkeley Unified School District's internal control over financial reporting and compliance.

  
Crowe LLP

Sacramento, California  
March 13, 2026

# BERKELEY UNIFIED SCHOOL DISTRICT

2020 Bonar Street, Berkeley, California 94702

www.berkeley.net

## Management's Discussion and Analysis For the Year Ended June 30, 2025

The Management's Discussion and Analysis Section of the audit report is District management's view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board of Trustees and the public. Accounting rules require this discussion and analysis, which makes reporting of finances similar to that of private business.

### Financial Reports

Two government-wide financial reports are included in the financial statements, the Statement of Net Position and the Statement of Activities, which begin on page 18. These two statements present the District-wide financial condition and activities. The individual fund statements which focus on reporting the District's operations in more detail begin on page 20.

### Overview of the Financial Statements

This annual report consists of three parts—Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explain and support the financial statements with a comparison of the District's budget for the year.

Figure A-1 on the next page summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. This overview section is the Management's Discussion and Analysis and highlights the structure and contents of each of the statements.

Figure A-1. Major Features of the District-Wide and Fund Financial Statements

Statement Type	District-wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
	<ul style="list-style-type: none"> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Revenues, Expenses &amp; Change in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; Standard's funds do not currently contain non-financial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## District-wide Statements

The District-wide statements report information about the District’s financial position as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Position reports the difference between the District’s assets and liabilities and can be used to measure the District’s financial health or position.

Over time, increases or decreases in the District’s net position is an indicator of whether its financial position is improving or deteriorating. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

The District ended the year with a Net Position of \$62,901,630, a decrease of \$14,695,795 compared to prior year (after consideration of the restatement from the implementation of GASB Statement No 101 totaling \$23,599,944), which is a decrease of ~19%. Despite an increase in completed construction projects, the overall net decrease in net position was impacted by the liability incurred from issuing authorized General Obligation bonds.

### Statement of Net Position

ASSETS	<u>Governmental Activities</u>		Percentage Change <u>2024-25</u>
	<u>2024</u>	<u>2025</u>	
Current and other assets	\$ 149,175,273	\$ 289,864,245	
Capital Assets	<u>461,615,698</u>	<u>522,188,702</u>	
Total assets	<u>610,790,971</u>	<u>812,052,947</u>	33%
<b>DEFERRED OUTFLOWS</b>			
Deferred outflow of resources - pensions and OPEB	81,996,498	76,949,814	
Deferred loss from refunding of debt	<u>2,813,135</u>	<u>2,159,692</u>	
	<u>84,809,633</u>	<u>79,109,506</u>	-7%
<b>LIABILITIES</b>			
Long-term debt outstanding	302,287,404	555,857,473	
Net pension liability	168,780,000	158,831,000	
Other liabilities	<u>120,827,188</u>	<u>84,676,783</u>	
Total liabilities	<u>591,894,592</u>	<u>799,365,256</u>	35%
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions and OPEB	<u>26,108,587</u>	<u>28,895,568</u>	11%
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	169,542,113	174,167,243	
Restricted	74,998,927	72,116,109	
Unrestricted	<u>(166,943,615)</u>	<u>(183,381,722)</u>	
Total net position	<u>\$ 77,597,425</u>	<u>\$ 62,901,630</u>	-19%

## Statement of Activities

All current year revenues and expenses are recognized in the Statement of Activities, irrespective of the timing of cash receipt or disbursement. This statement encompasses the majority of the District's core services, including, but not limited to, regular and special education, transportation, and administration. These activities are primarily financed by property taxes and state revenues. A comparison to the previous year indicates an increase in revenues from property taxes and other sources, alongside a decrease in Federal and state aid. The net effect was an approximate \$11 million increase in total revenues, which was subsequently offset by a \$22.1 million rise in expenses, notably within the areas of instruction, plant services, and interest.

### Governmental Activities

	<u>2024</u>	<u>2025</u>	<u>Percentage</u> <u>2024-25</u>
<b>REVENUES</b>			
<b>Program Revenues:</b>			
Charges for Services	\$ 1,102,067	\$ 3,816,176	
Operating Grants	58,995,077	57,141,971	
Capital Grants			
<b>General Revenues:</b>			
Property Taxes	144,958,588	153,987,702	
Federal and State Aid	50,751,626	46,130,624	
Other	<u>4,579,810</u>	<u>10,029,579</u>	
Total Revenues	<u>260,387,168</u>	<u>271,106,052</u>	4%
<b>EXPENSES</b>			
Instruction	148,029,038	153,015,889	
Instruction Related Services	34,186,758	31,349,842	
Pupil Services	26,482,797	28,269,802	
Ancillary Services	1,072,861	1,363,282	
Community Services	307,678	385,398	
General Administration	19,077,792	18,175,610	
Plant Services	26,478,516	40,243,092	
Enterprise Services	323,057	413,505	
Interest	7,753,345	12,577,325	
Other and Other Outgo	<u>11,990</u>	<u>8,102</u>	
Total Expenses	<u>263,723,832</u>	<u>285,801,847</u>	8%
Increase (Decrease) in Net Position	(3,336,664)	(14,695,795)	
Net Position - Beginning	<u>104,534,033</u>	<u>77,597,425</u>	
Net Position - Ending, Originally Stated	<u>101,197,369</u>	<u>62,901,630</u>	
Cumulative effect of GASB 101 Implementation	<u>(23,599,944)</u>	<u>-</u>	
Net Position - Ending	<u>\$ 77,597,425</u>	<u>\$ 62,901,630</u>	-19%

## Capital Assets

At year-end, the District's capital assets had a net increase of \$60.6 million over the prior year. This represents a 13% increase over last year's total capital assets, and was primarily due to work in process for projects initiated since last year.

The following table summarizes the District's capital assets, net of accumulated depreciation:

	Governmental Activities		Percentage
	<u>2024</u>	<u>2025</u>	<u>Change</u> <u>2024-25</u>
Land	\$ 6,908,949	\$ 6,908,949	
Improvement of sites	8,248,160	7,606,950	
Buildings	351,986,664	354,818,141	
Equipment	2,286,843	2,684,231	
Work in Process	<u>92,185,082</u>	<u>150,170,431</u>	
Total	<u>\$ 461,615,698</u>	<u>\$ 522,188,702</u>	13%

Land is accounted for at purchase value, not market value, and is not depreciated. Many of our school sites have low values for today's market because the District acquired the land many decades ago. We have determined the value of school buildings to be the depreciated cost of modernization unless the building is less than 25 years old. The increase in the value of Work in Progress is primarily due to the initiation of projects districtwide net of depreciation. Once projects are completed, costs are transferred from Work in Process to Buildings.

## District Indebtedness

At year-end, the district has \$762.5 million of long-term debt which is an increase of 45% over last year. Of total long-term debt, approximately \$505.7 million relates to the issuance of General Obligation Bonds, which are secured by property tax increases voted on by local residents. General Obligation Bonds are a long-term obligation issued in order to borrow up-front funds for bond measures until property tax proceeds are received from Berkeley residents. In 2024-25 BUSD issued \$227.5 million in GO bonds while refunded and redeemed \$13.8 million.

	Governmental Activities		Percentage
	<u>2024</u>	<u>2025</u>	<u>Change</u> <u>2024-25</u>
Compensated absences (restated for GASB 101)	\$ 28,791,615	\$ 31,710,813	
General obligation bonds	292,000,000	505,670,000	
Premiums on General Obligation Bonds	10,287,404	13,310,598	
Net pension liability	168,780,000	158,831,000	
Total OPEB liability	<u>50,455,439</u>	<u>52,965,970</u>	
Total	<u>\$ 550,314,458</u>	<u>\$ 762,488,381</u>	39%

The District also implemented GASB 101, which resulted in additional liabilities reported for paid leave offered by the District. Compensated absences represent amounts owed for vacations and sick leave which have been earned which have not been taken or paid out. The total OPEB liability represents the total unfunded liability estimated to be paid for the future healthcare benefits of district retirees. The balance totaling \$53.0 million for the total OPEB liability at year end is based on an actuarial study.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*— The District's General Operating, Special Revenue and Capital Projects Funds are included in the governmental funds. Special Revenue Funds include the Adult Education, Child Development, Cafeteria, Pupil Transportation Equipment and Special Reserve Funds. The Capital Projects Funds include the Building and County School Facilities Funds. The District also has the Bond Interest and Redemption Fund for purposes of debt service. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*—Services the District funds by making a contribution based on a percentage of payroll expenditures are reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's Self Insurance Fund used to account for the District's Workers' Compensation program transactions is a proprietary fund.

## Financial Condition of the General Fund

The District's Unaudited Actuals demonstrate the District is fiscally solvent and has met the 3% reserve required by the State of California. The State of California requires all districts reserve 3% of their total expenditures (including transfers out) for economic uncertainties. The District's 3% state reserve requirement of \$6.4 million is partially maintained in the Special Reserve for Other Than Capital Outlay Projects Fund, which is included with the General Fund for financial reporting purposes.

As of June 30, 2025, the District ended the year with \$1.0 million in excess of the 3% state reserve requirement in its Unrestricted General Fund 01, after Assignments of \$0.4 million. The supplemental grant LCAP reserves accounts for \$1.0 million of the assignments.

The State revenue incorporated in the District's financials is based on the Local Control Funding Formula (LCFF) and consists of Base and Supplemental funding. Supplemental funding is the allocation that increases or improves services as part of the District's Local Control Accountability Plan (LCAP) for English Learners, pupils eligible for free and reduced-price meals, and Foster Youth pupils.

**Financial Condition of the General Fund (Continued)**

The following table summarizes total General Fund financial statements:

	General Fund		Percentage
	<u>2024</u>	<u>2025</u>	<u>Change</u> <u>2024-25</u>
Total Revenues	\$ 216,686,245	\$ 220,947,248	2%
Total Expenditures	224,013,184	232,818,187	4%
Other financing sources (uses), net	<u>586,023</u>	<u>631,363</u>	8%
Change in fund balance	<u>\$ (6,740,916)</u>	<u>\$ (11,239,576)</u>	67%

Revenues increased by \$3.8 million or 2% compared to last year due to higher local revenues despite lower federal and state revenues. An increase of \$8.6 million or 4% in expenditures is due to an increase in salaries and benefits due to a negotiated salary increase of 2%.

**Cost of General Fund Operations (Funds 01-04)**

A deeper analysis of the expenditures reflects the year over year variance by major expenditure categories. At year-end, the General Fund’s total cost of operations was \$231.9 million which is an increase of \$8.6 million over the previous year due mainly to increases in certificated and classified salaries and benefits from a 2% negotiated salary increase and contracted services.

	General Fund		Percentage
	<u>2024</u>	<u>2025</u>	<u>Change</u> <u>2024-25</u>
Certificated salaries	\$ 88,937,401	\$ 91,426,088	3%
Classified salaries	38,426,642	39,856,484	4%
Employee benefits	51,844,880	54,476,426	5%
Books and supplies	4,397,784	4,144,480	-6%
Contract services and operating expenditures	39,931,204	42,382,929	6%
Capital outlay	<u>463,271</u>	<u>514,654</u>	11%
Subtotal	\$ 224,001,182	\$ 232,801,062	4%
Indirect Cost	<u>(714,190)</u>	<u>(865,922)</u>	21%
Total	<u>\$ 223,286,992</u>	<u>\$ 231,935,140</u>	

**Budget to Actual Analysis – General Fund (Funds 01-04)**

The District develops its budget pursuant to the Governor’s proposals. Throughout the year, the budget is adjusted primarily due to new or adjusted funding levels. A comparison of the General Fund Budget to Actual Revenues and Expenditures is as follows:

	Final Budget <u>2025</u>	Actual <u>2025</u>	Percentage Variance
<b>Revenues</b>			
Local Control Funding Formula	\$ 111,958,154	\$ 111,100,766	
Federal Revenues	5,145,845	4,162,990	
State Revenues	22,552,464	23,585,086	
Local Revenues	<u>80,689,990</u>	<u>81,430,271</u>	
Total Revenues	<u>\$ 220,346,453</u>	<u>\$ 220,279,113</u>	-0.03%
<b>Expenditures</b>			
Salaries & Benefits	187,488,960	185,758,998	
Books & Supplies	8,418,544	4,144,480	
Services & Other Operating	44,179,366	42,382,929	
Capital Outlay & Other Outgo & Indirect Ccost	<u>749,484</u>	<u>(351,268)</u>	
Total Expenditures	<u>\$ 240,836,354</u>	<u>\$ 231,935,140</u>	-3.70%

When comparing budget to actual revenues, the district accurately projected LCFF revenues, but projected Federal and State revenues at higher levels. Expenditures were lower by \$8.9 million mainly due to lower spending on books and supplies. Unspent balances will be rolled forward as carryover to be spent in the following year.

**Cost of General Fund Operations (Fund 01 - Unrestricted)**

The Unrestricted General fund excludes revenue from the District’s parcel taxes. At year-end, the cost of operations in the Unrestricted General Fund 01 was \$119.0 million. This was \$1.5 million more than the previous year primarily due to higher spendings in services and operating expenses.

	Final Budget <u>2025</u>	Actual <u>2025</u>	
<b>Revenues</b>			
LCFF Funding	\$ 111,089,616	\$ 111,100,766	
State Revenues	3,821,533	4,050,052	
Local Revenues	<u>2,253,054</u>	<u>2,503,033</u>	
Total Revenues	<u>\$ 117,164,203</u>	<u>\$ 117,653,851</u>	0.4%
Certificated salaries	57,862,431	57,960,168	
Classified salaries	18,174,152	18,976,164	
Employee benefits	27,260,414	27,180,831	
Books and supplies	1,202,590	1,139,451	
Contract services and operating expenditures	13,362,786	13,734,397	
Capital outlay	<u>21,617</u>	<u>18,731</u>	
Total	<u>\$ 117,883,990</u>	<u>\$ 119,009,743</u>	0.95%

**Budget to Actual Analysis – Unrestricted General Fund (Fund 01)**

The District develops its budget pursuant to the Governor’s proposals. Throughout the year, the budget is adjusted primarily due to new or adjusted funding levels. A comparison of the General Fund Budget to Actual Revenues and Expenditures is as follows:

	<u>2024</u>	<u>2025</u>	Percentage Change <u>2024-25</u>
<b>Expenditures</b>			
Certificated salaries	\$ 57,857,243	\$ 57,960,168	
Classified salaries	18,961,052	18,976,164	
Employee benefits	26,739,244	27,180,831	
Books and supplies	1,290,396	1,139,451	
Contract services and operating expenditures	12,486,045	13,734,397	
Capital outlay	<u>218,716</u>	<u>18,731</u>	
Total	<u>\$ 117,552,696</u>	<u>\$ 119,009,743</u>	1.24%

The variance between the budget and actual revenues and expenses was less than 1%, so projections were very accurate.

**Economic Factors and Subsequent Budgets**

Interim budget reports provide a picture of a district’s financial condition during the fiscal year. The Governing Board of a school district certifies the district’s financial condition to the county office of education through these reports. The First Interim Report is from July 1<sup>st</sup> through October 31<sup>st</sup>, and projects financial activity through June 30<sup>th</sup>. Illustrated below is a summary of the State budget and budget guidelines as provided by the county office of education, Business & Administration Steering Committee (BASC), School Services of California, and other professional organizations. In addition, the First Interim Report contains summarized and detailed budget information, multi-year projections, and estimated cash flow reports.

Governor Gavin Newsom signed an on-time budget on June 27, 2025 along with several budget bills that maintained a majority of May Revision proposals while solving an \$11.8 billion general fund deficit for 2025-26. The enacted budget incorporates the following:

- A mandatory withdrawal from the Public School System Stabilization Account (PSSSA) of \$455 million in fiscal 2025-26:
  - \$405.3 million will be used to fund LCFF in 2025-26.
  - The mandatory withdrawal will exhaust the balance of the reserve account in 25-26
- A deferral of LCFF apportionments from June to July 2026
  - The amount deferred is the lesser of \$1.9 billion or the entire June apportionment, which is estimated to be approximately 2.9% of state aid disbursed through the principal apportionment.

While revised estimates of general fund revenues result in updated Proposition 98 guarantee levels of \$119.9 billion for 24-25 and \$114.6 billion for 25-26, the 25-26 budget appropriates the 24-25 level at \$118 billion (\$1.9 billion below the most recent calculation) in order to protect core program funding due to uncertainty in revenue estimates. Therefore, the enacted state budget provides a balanced fiscal plan with reductions in growth in state spending while maintaining key programs.

## Local Control Funding Formula Factors

Illustrated below is a comparison of projected statutory Cost-of-Living-Adjustments (COLAs) for the current budget year and two subsequent years:

Description	25-26	26-27	27-28
LCFF COLAs (24-25 Enacted Budget)	2.93%	3.08%	3.30%
LCFF COLAs (25-26 Gov. Proposal)	2.43%	3.52%	3.63%
LCFF COLAs (25-26 May Revision)	2.30%	3.02%	3.42%
LCFF COLAs (25-26 Enacted Budget)	2.30%	3.02%	3.42%

The enacted state budget fully funds the 2025-26 Local Control Funding Formula (LCFF) COLA of 2.30%.

## Routine Restricted Maintenance Account

Per Education Code Section 17070.75, school districts are required to deposit into the account a minimum amount equal to or greater than three percent (3%) of the total general fund expenditures and other financing uses for that fiscal year. Illustrated below are the primary compliance components:

- The 3% contribution is calculated on total general fund expenditures, including other financing uses (i.e. transfers out, debt issuances relating to the general fund)
- Total general fund expenditures for RRMA purposes do not include STRS on-behalf (Resource 7690) expenditures.
- The final 3% contribution is based on year-end actual data; therefore, while it is developed based on the budget, it must be trued-up using actual expenditures.
- The actual contribution will be audited as part of the School Facility Program Bond Audit
- This paragraph applies only to the following school districts:
  - (i) High school districts with an average daily attendance greater than 300 pupils.
  - (ii) Elementary school districts with an average daily attendance greater than 900 pupils.
  - (iii) Unified school districts with an average daily attendance greater than 1,200 pupils.
- The District has met the 3% reserve for routine maintenance and does not require additional contributions.

## District Reserve Requirements

The 2014 State Budget Act and the passage of Proposition 2 in November 2014 established a hard cap on district reserves, if all the following conditions are met:

1. Proposition 98 must be funded based on Test 1
2. Full repayment of the maintenance factor prior to 2014-15
3. Proposition 98 provides sufficient funds to support pupil attendance growth and the statutory COLA
4. Capital gains exceed 8% of general fund revenues

Prior law specified that in any fiscal year immediately following a year in which a transfer of any amount is made to the Public School System Stabilization Account, a district's assigned or unassigned fund balance (including Fund 01 and Fund 17) may not exceed two times the reserve for economic uncertainty (three times the reserve for economic uncertainty for districts with more than 400,000 ADA).

## District Reserve Requirements (Continued)

However, Senate Bill (SB) 751 which became effective January 1, 2018 made changes to the school district reserve cap law in the following manner:

- It requires that the reserve cap is triggered in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds three percent of the combined total of general fund revenues appropriated for school districts and allocated local proceeds of taxes (Proposition 98 funding), as specified, for that fiscal year.
- Adjusts the reserve cap from a combined assigned and unassigned ending fund balance based on the size of the district to a combined assigned or unassigned ending balance, in the General Fund (01) and the Special Reserve Fund for Other Than Capital Outlay (17), of 10% of those Funds for all districts.
- Reserves would be capped at 10% as long as the amount in the Public School System Stabilization Account remained at 3% or greater of the Proposition 98 amount in each preceding year.
- Basic aid school districts and districts with fewer than 2,501 average daily attendance are exempt from the reserve cap requirement.

Since the Public School System Stabilization Account (PSSSA) has a balance of \$455 million in 2024-25, far below the 3% threshold, the 10% reserve cap will not be in effect for the 2025-26 fiscal year.

## 2025-26 Berkeley School District Budget - Unrestricted General Fund

The District identified a target of \$7.6 million for 2025-26 and an additional \$.2 million for 2026-27, which is the ongoing budget adjustments needed to balance the budget and meet increasing costs.

The First Interim Budget includes \$6 million of board approved balancing solutions, which is \$1.6 million short of the target and is impacting the ability of the District to have a balanced budget. The District is unable to set aside the supplement grant in accordance with board policy, due to insufficient funds.

A summary of budget balance solutions is below, and shows that \$.5 million are one time solutions, which do not benefit the subsequent two years.

	2025-26		
	Ongoing	One Time	Total
Target at 24-25 Second Interim - No Change	\$ 7,600,000		\$7,600,000
<b>Budget Balancing Solutions</b>			
Revised Phase 1 (May 7)	\$ (878,000)		\$ (878,000)
Phase 2 - presented Feb 26	\$ (2,676,459)		\$ (2,676,459)
Revised Phase 3 - May 28	\$ (809,100)	\$ (331,640)	\$ (1,140,740)
Board Vote - June 4 (Furloughs)		\$ 647,640	\$ 647,640
Phase 3 after Board Vote	\$ (809,100)	\$ 316,000	\$ (493,100)
Phase 4 - presented April 23	\$ (1,020,776)		\$ (1,020,776)
Phase 5 - presented May 14	\$ (165,500)	\$ (771,000)	\$ (936,500)
<b>Total Budget Balancing Solutions</b>	\$ (5,549,835)	\$ (455,000)	\$ (6,004,835)
<b>Budget Balancing Solutions Needed</b>	\$ 2,050,165	\$ (455,000)	\$ 1,595,165

## 2025-26 Berkeley School District Budget - Unrestricted General Fund (Continued)

The following assumptions were used to develop the budget:

- ❖ Enrollment and Average Daily Attendance (ADA) reflect revised projections for 2025-26. The ratio of CALPADS enrollment to ADA is consistent with the ratio at the 2025-26 P-1 reporting period. The district is no longer benefiting from state ADA mitigating measures, and the funded ADA is the same as the projected ADA in the Adopted budget.
- ❖ The district’s estimated unduplicated pupil count and percentage for supplemental and concentration funding has been updated to reflect current projections. The unduplicated pupil count is 2,917 which is a reduction of 71 students from the prior year and the percentage, based on a rolling average in the LCFF Calculator, is 31.03% for 2025-26
- ❖ Lottery revenue is estimated to be \$190 per ADA for unrestricted purposes and \$82 per ADA for restricted purposes.
- ❖ Transitional Kindergarten (TK) ratio “add-on” is \$5,545 which is an increase of \$2,397 per TK ADA.
- ❖ Mandated Cost Block Grant is \$39.09 for K-8 ADA and \$76.48 for 9-12 ADA.

The District’s 2025-26 Unrestricted General Fund reflects revenues and transfers in exceeding expenditures and transfers out which results in a surplus of \$863,845, and an ending fund balance of \$2.3 million. However, the amount set-aside for board directed and other mandated expenditures is \$2.3 million which leaves a negative undesignated ending fund balance of \$(6,514).

The district will not be able to assume additional financial commitments without identified budget balancing solutions during the 2025-26 fiscal year.

### Multi-Year Projections

The Multi-Year projections for the Unrestricted General Fund reflect the following balances for each year:

	2025-26	2026-27	2027-28
Deficit Spending	-	\$0.4 Million	-
Surplus	\$0.7 million	-	\$1.2 million
Undesignated Ending Fund Balance	\$(6,513)	\$(224,282)	\$1.4 Million

Negative ending fund balances will be reported with the Parcel Tax funds; therefore, the General Fund total ending fund balance will remain positive, thus preserving the District’s positive certification. However, this should be viewed as a temporary measure which must be addressed promptly.

### Conclusion

Despite current year and future projected deficit spending, the projected budget and multi-year projections show the District will be able to meet its financial obligations for the current and subsequent two years after making significant budget adjustments.

## **BASIC FINANCIAL STATEMENTS**

BERKELEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2025

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 274,553,874
Receivables	15,245,319
Stores inventory	65,052
Non-depreciable capital assets (Note 4)	157,079,380
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>365,109,322</u>
Total assets	<u>812,052,947</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pensions (Notes 7 and 8)	59,834,138
Deferred outflows of resources - OPEB (Note 9)	17,115,676
Deferred loss from refunding of debt	<u>2,159,692</u>
Total deferred outflows of resources	<u>79,109,506</u>
<b>LIABILITIES</b>	
Accounts payable	24,161,639
Self-insurance claims liability (Note 10)	6,800,000
Unearned revenue	5,915,238
Long-term liabilities (Note 5):	
Due within one year	25,472,161
Due after one year	<u>737,016,218</u>
Total liabilities	<u>799,365,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions (Notes 7 and 8)	16,212,000
Deferred inflows of resources - OPEB (Note 9)	<u>12,683,567</u>
Total deferred inflows of resources	<u>28,895,567</u>
<b>NET POSITION</b>	
Net investment in capital assets	174,167,243
Restricted:	
Legally restricted programs	25,182,740
Capital projects	19,838,184
Debt service	24,586,511
Self-insurance	2,508,674
Unrestricted	<u>(183,381,722)</u>
Total net position	<u>\$ 62,901,630</u>

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 153,015,889	\$ 716,797	\$ 29,506,335	\$ -	\$(122,792,757)
Instruction-related services:					
Supervision of instruction	15,329,707	181,152	5,009,588	-	(10,138,967)
Instructional library, media and technology	3,657,736	-	386,883	-	(3,270,853)
School site administration	12,362,399	4,469	1,699,403	-	(10,658,527)
Pupil services:					
Home-to-school transportation	6,044,233	168	553	-	(6,043,512)
Food services	6,402,074	4,189	5,990,208	-	(407,677)
All other pupil services	15,823,495	100,683	2,275,056	-	(13,447,756)
General administration:					
Data processing	3,122,312	-	-	-	(3,122,312)
All other general administration	15,053,298	155,110	2,094,134	-	(12,804,054)
Plant services	40,243,092	5,142	1,002,251	-	(39,235,699)
Ancillary services	1,363,282	984	751,600	-	(610,698)
Community services	385,398	-	-	-	(385,398)
Enterprise services	413,505	-	-	-	(413,505)
Interest on long-term liabilities	12,577,325	-	-	-	(12,577,325)
Other outgo	8,102	2,647,482	8,425,960	-	11,065,340
Total governmental activities	\$ 285,801,847	\$ 3,816,176	\$ 57,141,971	\$ -	(224,843,700)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					69,884,857
Taxes levied for debt service					23,365,006
Taxes levied for other specific purposes					60,737,839
Federal and state aid not restricted to specific purposes					46,130,624
Interest and investment earnings					8,235,066
Miscellaneous					1,794,513
Total general revenues					210,147,905
Change in net position					(14,695,795)
Net position, July 1, 2024					101,197,369
Restatement for GASB 101 implementation (Note 1)					(23,599,944)
Net position, July 1, 2024, restated					77,597,425
Net position, June 30, 2025					\$ 62,901,630

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Child Development Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments:					
Cash in County Treasury	\$ 35,804,547	\$ 7,100,197	\$ 172,495,234	\$ 48,437,502	\$ 263,837,480
Cash on hand and in banks	189,623	161,088	-	1,045,248	1,395,959
Cash in revolving fund	100,000	-	-	-	100,000
Cash with Fiscal Agent	135,000	-	-	2	135,002
Receivables	11,544,092	90,622	1,009,734	2,552,603	15,197,051
Due from other funds	1,948,502	-	-	-	1,948,502
Stores inventory	-	-	-	65,052	65,052
Total assets	<u>\$ 49,721,764</u>	<u>\$ 7,351,907</u>	<u>\$ 173,504,968</u>	<u>\$ 52,100,407</u>	<u>\$ 282,679,046</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 11,342,423	\$ 185,764	\$ 4,705,523	\$ 503,741	\$ 16,737,451
Unearned revenue	1,889,298	4,025,940	-	-	5,915,238
Due to other funds	242,661	399,215	-	1,544,287	2,186,163
Total liabilities	<u>13,474,382</u>	<u>4,610,919</u>	<u>4,705,523</u>	<u>2,048,028</u>	<u>24,838,852</u>
Fund balances:					
Nonspendable	100,000	-	-	65,052	165,052
Restricted	16,814,068	2,740,988	168,799,445	49,987,327	238,341,828
Committed	8,818,779	-	-	-	8,818,779
Assigned	2,220,330	-	-	-	2,220,330
Unassigned	8,294,205	-	-	-	8,294,205
Total fund balances	<u>36,247,382</u>	<u>2,740,988</u>	<u>168,799,445</u>	<u>50,052,379</u>	<u>257,840,194</u>
Total liabilities and fund balances	<u>\$ 49,721,764</u>	<u>\$ 7,351,907</u>	<u>\$ 173,504,968</u>	<u>\$ 52,100,407</u>	<u>\$ 282,679,046</u>

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
For the Year Ended June 30, 2025

Total fund balances - Governmental Funds		\$ 257,840,194
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$722,801,467 and the accumulated depreciation is \$200,612,765 (Note 4).		
		522,188,702
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2025 consisted of (Note 6):		
General Obligation Bonds	\$ (505,670,000)	
Unamortized premiums	(13,310,596)	
Net pension liability (Notes 7 and 8)	(158,831,000)	
Total OPEB liability (Note 9)	(52,965,970)	
Compensated absences	<u>(31,710,813)</u>	(762,488,379)
In governmental funds, losses on the refunding of debt are recognized as expenditure in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding debt.		
		2,159,692
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 7, 8 and 9)		
Deferred outflows of resources relating to OPEB	17,115,676	
Deferred inflows of resources relating to OPEB	(12,683,567)	
Deferred outflows of resources relating to pensions	59,834,138	
Deferred inflows of resources relating to pensions	<u>(16,212,000)</u>	48,054,247
Internal service funds are used to conduct certain activities or which costs are charged to other funds on a full cost recovery basis. Net position of Self-Insurance Fund not included in the governmental activities - statement of net position:		
		2,508,674
In governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		
		<u>(7,361,500)</u>
Total net position - governmental activities		<u><u>\$ 62,901,630</u></u>

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2025

	General Fund	Child Development Fund	Building Fund	formerly major County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>							
Local Control							
Funding Formula (LCFF):							
State apportionment	\$ 42,080,572	\$ -	\$ -			\$ -	\$ 42,080,572
Local sources	69,884,857	-	-			-	69,884,857
Total LCFF	<u>111,965,429</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>111,965,429</u>
Federal sources	4,162,989	828,033	-			3,027,439	8,018,461
Other state sources	22,720,423	5,633,367	-			8,097,054	36,450,844
Other local sources	82,098,407	620,209	4,495,118			30,397,872	117,611,606
Total revenues	<u>220,947,248</u>	<u>7,081,609</u>	<u>4,495,118</u>			<u>41,522,365</u>	<u>274,046,340</u>
<b>Expenditures:</b>							
Current:							
Certificated salaries	91,426,088	1,727,617	-			2,448,891	95,602,596
Classified salaries	39,856,483	1,726,611	563,201			3,729,671	45,875,966
Employee benefits	54,476,437	1,661,875	253,814			2,479,592	58,871,718
Books and supplies	4,144,479	78,061	2,772,028			5,024,826	12,019,394
Contract services and operating expenditures	42,391,944	350,854	3,807,427			693,725	47,243,950
Other outgo	8,102	-	-			-	8,102
Capital outlay	514,654	-	63,199,887			11,338,325	75,052,866
Debt service:							
Principal retirement	-	-	-			13,830,000	13,830,000
Interest	-	-	-			10,433,330	10,433,330
Total expenditures	<u>232,818,187</u>	<u>5,545,018</u>	<u>70,596,357</u>			<u>49,978,360</u>	<u>358,937,922</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(11,870,939)</u>	<u>1,536,591</u>	<u>(66,101,239)</u>			<u>(8,455,995)</u>	<u>(84,891,582)</u>
<b>Other financing sources (uses):</b>							
Transfers in	874,024	-	-			-	874,024
Transfers out	(242,661)	(398,215)	-			(475,809)	(1,116,685)
Proceeds from bonds issuance	-	-	227,500,000			-	227,500,000
Debt issuance premiums	-	-	-			4,348,284	4,348,284
Total other financing sources (uses)	<u>631,363</u>	<u>(398,215)</u>	<u>227,500,000</u>			<u>3,872,475</u>	<u>231,605,623</u>
Net change in fund balances	(11,239,576)	1,138,376	161,398,761			(4,583,520)	146,714,041
Fund balances, July 1, 2024	<u>47,486,958</u>	<u>1,602,612</u>	<u>7,400,684</u>	<u>\$ 24,866,953</u>	<u>\$ 19,788,428</u>	<u>9,980,518</u>	<u>111,126,153</u>
Change within the District	-	-	-	(24,866,953)	(19,788,428)	44,655,381	-
Fund balances, July 1, 2024, adjusted	<u>47,486,958</u>	<u>1,602,612</u>	<u>7,400,684</u>	<u>-</u>	<u>-</u>	<u>54,635,899</u>	<u>111,126,153</u>
Fund balances, June 30, 2025	<u>\$ 36,247,382</u>	<u>\$ 2,740,988</u>	<u>\$ 168,799,445</u>			<u>\$ 50,052,379</u>	<u>\$ 257,840,194</u>

See accompanying notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025

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Net change in fund balances - Total Governmental Funds	\$ 146,714,041
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	71,695,479
Depreciation of capital assets is an expense that is not recorded in governmental funds (Note 4).	(10,962,168)
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(160,307)
In governmental funds, losses incurred through the refunding of debt are recognized as expenditure in the period incurred. In the statements, they are deferred and amortized over the shortened life of the refunded or refunding debt.	(653,443)
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities.	(227,500,000)
Repayment of principal on long-term liabilities is an expenditure in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	13,830,000
In governmental funds, premiums on debt issuance is recognized as revenue. In government-wide statements, premiums as reported as adjustments to the related debt (Note 5).	(3,023,192)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual employer contributions was:	4,520,795
In governmental funds, expenses for OPEB are recognized when the employer contributions are made. In the statement of activities, OPEB expense is recognized on the accrual basis of accounting (Notes 5 and 9).	(4,915,990)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.	(2,815,644)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(2,919,198)
The Self-Insurance Fund is used to conduct certain activities for the benefit of governmental activities for which costs are charged to other funds on a full cost-recovery basis. Self-Insurance Fund activities are reported with governmental activities in the statement of activities.	1,493,832
Change in net position of governmental activities	\$ <u><u>(14,695,795)</u></u>

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See notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
SELF-INSURANCE FUND  
June 30, 2025

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**ASSETS**

Cash and investments:

Cash in County Treasury	\$ 8,641,558
Cash with Fiscal Agent	443,875
Receivables	48,268
Due from other funds	<u>242,661</u>

Total current assets 9,376,362

**LIABILITIES**

Current liabilities:

Self-insurance claims liability - current portion	1,500,000
Accounts payable	62,688
Due to other funds	<u>5,000</u>

Total current liabilities 1,567,688

Self-insurance claims liability - less current portion 5,300,000

Total liabilities 6,867,688

**NET POSITION**

Restricted for self-insurance \$ 2,508,674

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See notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN NET POSITION - PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2025

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<b>Operating revenues:</b>	
In-district contributions	\$ 3,747,069
<b>Operating expenses:</b>	
Classified salaries	284,722
Employee benefits	129,759
Claims and claims adjustment expense	<u>2,374,787</u>
Total operating expense	<u>2,789,268</u>
Operating income	957,801
<b>Non-operating revenues:</b>	
Interest income	<u>293,370</u>
Income before transfers	1,251,171
Transfer from other District fund	<u>242,661</u>
Change in net position	1,493,832
Net position, July 1, 2024	<u>1,014,842</u>
Net position, June 30, 2025	<u><u>\$ 2,508,674</u></u>

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See notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2025

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Cash flows from operating activities:	
Cash received for in-district contributions	\$ 3,601,656
Cash paid to employees for services	(414,481)
Cash paid for insurance claims	<u>(2,474,787)</u>
Net cash provided by operating activities	<u>712,388</u>
Cash flows from non-capital financing activities:	
Transfer from other funds	<u>242,661</u>
Cash flows from investing activities:	
Interest income	<u>293,370</u>
Change in cash and investments	1,248,419
Cash and investments, July 1, 2024	<u>7,837,014</u>
Cash and investments, June 30, 2025	<u><u>\$ 9,085,433</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 957,801
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in receivables	(17,622)
Increase in due from other funds	(102,504)
Decrease in accounts payable	(27,787)
Increase in self-insurance claims liabilities	(100,000)
Decrease in due to other funds	<u>2,500</u>
Total adjustments	<u>(245,413)</u>
Net cash provided by operating activities	<u><u>\$ 712,388</u></u>

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See notes to financial statements.

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Berkeley Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

**Reporting Entity:** The Board of Trustees is the level of government which has governance responsibilities over all activities related to public elementary school education in Berkeley Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

**Basis of Presentation - Financial Statements:** The financial statements include a Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

**Basis of Presentation - Government-Wide Financial Statements:** The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

**Program revenues:** Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

**Allocation of indirect expenses:** The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

**Basis of Presentation - Fund Accounting:** The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**A - Major Funds**

**General Fund -** The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The activity of the Special Reserve for Other than Capital Outlay Projects Fund and the Special Reserve for Postemployment Benefits Fund are included with the General Fund for financial reporting purposes.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Child Development Fund* - The Child Development Fund is a special revenue fund used to account for the resources of the District's Child Development program and related grant activity.

*Building Fund* - The Building Fund is a capital projects fund used to account for resources used for the acquisition of capital facilities by the District.

**B - Other Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This classification includes the Student Activity, Adult Education, Cafeteria, and Pupil Transportation Equipment Funds.

Capital Projects Fund are used to account for resources restricted for new school facilities construction, modernization projects, facility hardship grants, developer fees, or acquisition of capital facilities of the District. This classification includes the Capital Facilities and County School Facilities Funds.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This classification includes the Bond Interest and Redemption and Tax Override Funds.

The Self-Insurance Fund is an internal service fund which is used to account for activities of the District's workers compensation and property and liability programs.

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 the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Operating Revenues: Operating revenues are those revenues that are generated directly from the primary activity of the District's proprietary fund, the Self-Insurance Fund. For the District, this includes Insurance Premiums recorded on a cost-reimbursement basis from other funds of the District. All revenues not meeting this definition within the internal service fund are reported as non-operating revenues.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2025.

Stores Inventory: Stores inventory is recorded using the consumption method, in that inventory acquisitions are initially recorded in the inventory asset account, and then charged to expenditure when used. Inventory reserves are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net position.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding of its long-term liabilities, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized deferred outflows of resources related to the recognition of its net pension liability and total OPEB liability.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and total OPEB liability.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers’ Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP’s and PERF B’s fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value.

The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 38,819,470	\$ 21,014,668	\$ 59,834,138
Deferred inflows of resources	<u>\$ 12,330,000</u>	<u>\$ 3,882,000</u>	<u>\$ 16,212,000</u>
Net pension liability	<u>\$ 88,250,000</u>	<u>\$ 70,581,000</u>	<u>\$ 158,831,000</u>
Pension expense	<u>\$ 16,858,471</u>	<u>\$ 11,767,133</u>	<u>\$ 28,625,604</u>

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences: Compensated absences benefits in the amount of \$31,710,813 are recorded as a long-term liability of the District. The liability represents earned by unused vacation and other leave balances which are more likely than not to be paid or used. In accordance with the provisions of both STRP and PERF B, when an employee retires, all unused sick leave is added to the creditable service period for the calculation of the employee's retirement benefits.

Unearned Revenue: Revenues from federal, state, and local special projects and programs are recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs revenues represents the portion of net position restricted to specific program expenditures. The restrictions for capital projects and debt service represents the portion of net position restricted for capital projects and the retirement of debt. The restriction for self-insurance represents the portion of net position restricted for self-insured programs and activities. It is the District's policy to first use restricted net position when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 position as reported in the government-wide 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.

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. While the Board of Trustees has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2025 no formal designation of assignment authority has occurred and the Board of Trustees retains ultimate authority for assigning fund balance.

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, 2025, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Alameda bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Accounting Pronouncements: In June 2022, the GASB issued GASB Statement No. 101, Compensated Absences, and made effective for fiscal years beginning after December 15, 2023. GASB Statement No. 101 requires recognition of a liability for leave when earned if it is attributable to services already rendered and is expected to be paid. The liability includes vacation, sick leave, and other forms of paid time off that accumulate and vest or are expected to be used in future periods. Based on the implementation of GASB Statement No. 101, the District restated its beginning net position of governmental activities and beginning long-term liabilities for a total of \$23,599,944.

**NOTE 2 - CASH AND INVESTMENTS**

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. These estimates and assumptions 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 during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and investments at June 30, 2025, consisted of the following:

	Governmental Activities		
	Governmental Funds	Proprietary Funds	Total
Pooled funds:			
Cash in County Treasury	\$ 263,837,480	\$ 8,641,558	\$ 272,479,038
Deposits:			
Cash in revolving fund	100,000	-	100,000
Cash on hand and in banks	1,395,959	-	1,395,959
Cash with fiscal agent	135,002	443,875	578,877
Total cash and investments	\$ 265,468,441	\$ 9,085,433	\$ 274,553,874

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Alameda County Treasurer's Pooled Investment Fund. The District is an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2025, the carrying amount of the District's accounts was \$1,495,959 and the bank balances were \$1,880,000. Of the bank balances, \$967,528 was FDIC insured and \$920,473 remained uninsured but fully collateralized.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2025

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Cash with Fiscal Agent: Cash with Fiscal Agent in the General Fund and Self-Insurance Fund represent security deposits held by a third party.

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, 2025, 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, 2025, the District had no concentration of credit risk.

**NOTE 3 - INTERFUND TRANSACTIONS**

Interfund Activity: Transactions between funds of the District for goods and services are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and from other funds.

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2025 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 1,948,502	\$ 242,661
Child Development	-	399,215
Non-Major Funds:		
Adult Education	-	1,230,633
Cafeteria	-	313,654
Proprietary Fund:		
Self-Insurance	<u>242,661</u>	<u>5,000</u>
Totals	<u>\$ 2,191,163</u>	<u>\$ 2,191,163</u>

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 3 - INTERFUND TRANSACTIONS** (Continued)

Transfers: Transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2024-25 fiscal year were as follows:

Transfer from the General Fund to the Self-Insurance Fund to provide required reserves for property and liability insurance.	\$ 242,661
Transfer from the Adult Education Fund to the General Fund for indirect costs support.	218,633
Transfer from the Child Development Fund to the General Fund for indirect costs support.	398,215
Transfer from the Cafeteria Fund to the General Fund for indirect cost support.	<u>257,176</u>
	<u>\$ 1,116,685</u>

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 4 - CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2025, is shown below:

	Balance July 1, <u>2024</u>	<u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2025</u>
Non-depreciable:				
Land	\$ 6,908,949	\$ -	\$ -	\$ 6,908,949
Work-in-process	92,185,082	70,787,664	(12,802,315)	150,170,431
Depreciable:				
Improvement of sites	21,266,962	-	-	21,266,962
Buildings	515,682,151	-	12,642,008	528,324,159
Equipment	<u>15,223,151</u>	<u>907,815</u>	<u>-</u>	<u>16,130,966</u>
Totals, at cost	<u>651,266,295</u>	<u>71,695,479</u>	<u>(160,307)</u>	<u>722,801,467</u>
Less accumulated depreciation:				
Improvement of sites	(13,018,802)	(641,210)	-	(13,660,012)
Buildings	(163,695,487)	(9,810,531)	-	(173,506,018)
Equipment	<u>(12,936,308)</u>	<u>(510,427)</u>	<u>-</u>	<u>(13,446,735)</u>
Total accumulated depreciation	<u>(189,650,597)</u>	<u>(10,962,168)</u>	<u>-</u>	<u>(200,612,765)</u>
Capital assets, net	<u>\$ 461,615,698</u>	<u>\$ 60,733,311</u>	<u>\$ (160,307)</u>	<u>\$ 522,188,702</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 6,536,367
Supervision of instruction	528,647
Instructional library, media and technology	156,177
School site administration	624,559
Home-to-school transportation	316,189
Food services	282,488
All other pupil services	397,790
Ancillary services	20,016
Community services	17,271
Enterprise activities	215,427
All other general administration	645,943
Centralized data processing	104,745
Plant services	<u>1,116,549</u>
Total depreciation expense	<u>\$ 10,962,168</u>

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 5 - LONG-TERM LIABILITIES**

General Obligation Bonds: On May 10, 2011, the District issued General Obligation Bonds, Election of 2010, Series B totaling \$25,000,000 for the purpose of financing renovations and modernization projects of school facilities. The 2010 Series A General Obligation Bonds bear interest at rates ranging from 3.50% to 5.50% and are scheduled to mature through May 1, 2026.

On May 19, 2016, the District issued 2016 General Obligation Refunding Bonds totaling \$17,905,000. The proceeds were used to refund, on a current basis, a portion of the outstanding balance of the Election of 2000, Series 2007 Bonds. The 2016 General Obligation Refunding Bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through August 1, 2031.

On April 25, 2017, the District issued 2017 General Obligation Refunding Bonds (2017 Refunding) totaling \$23,965,000. The proceeds refunded the outstanding balance, on an advanced crossover basis, the Election of 2000 - Series 2009 bonds (2009 GO Bonds), Election of 2010 - Series 2011 bonds (2011 GO Bonds), and to pay interest on the 2017 Refunding until the crossover dates. The 2017 Refunding bears interest at rates ranging from 3.375% to 5.0% and mature through August 1, 2035. The 2009 GO Bonds and 2011 GO Bonds reached their respective crossover dates, and therefore are considered defeased and no longer reported as a liability of the District.

On August 23, 2018 the District issued General Obligation Bonds, Election of 2010, Series E totaling \$85,000,000, for the purpose of financing the acquisition and construction of educational facilities. The Series E General Obligation Bonds bear interest at rates ranging from 3.125% to 5.0% and are scheduled to mature through August 1, 2048.

On July 8, 2019, the District issued 2019 General Obligation Refunding Bonds totaling \$29,465,000. The proceeds were used to refund, on a current basis, all remaining maturities of the 2011 General Obligation Refunding Bonds and 2013 General Obligation Refunding Bonds. The 2019 General Obligation Refunding Bonds bear interest at 5.0% and are scheduled to mature through August 1, 2027.

On November 5, 2020, the District issued General Obligation Bonds, Election of 2020, Series B totaling \$67,800,000 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, and improve energy efficiency. The 2020 Series B General Obligation Bonds bear interest at rates ranging from 2.0% - 5.0% and are scheduled mature through August 1, 2050.

Also on November 5, 2020, the District issued 2020 General Obligation Refunding Bonds totaling \$10,275,000. The proceeds were used to refund, on a current basis, all of the outstanding maturities of the 2013 General Obligation Refunding Bonds, Series A. The 2020 General Obligation Refunding Bonds bear interest at 5.0% and are scheduled to mature through August 1, 2029.

On September 21, 2021, the District issued 2021 General Obligation Refunding Bonds totaling \$96,055,000. The proceeds were used to refund, on a current basis, all of the outstanding maturities of the Election of 2010, Series C and Series D general obligation bonds. The 2021 General Obligation Refunding Bonds bear interest at rates ranging from 0.196% - 2.798% and are scheduled to mature through August 1, 2045.

On August 7, 2024 the District issued General Obligation Bonds, Election of 2020, Series C totaling \$3,000,000, for the purpose of financing specific construction, reconstruction, rehabilitation, or replacement projects, including the purchase of technology equipment. The Series C General Obligation Bonds bear interest at 5.0% and are scheduled to mature through August 1, 2025.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

On August 7, 2024 the District issued General Obligation Bonds, Election of 2020, Series D totaling \$74,500,000, for the purpose of financing specific construction, reconstruction, rehabilitation, or replacement projects, including the purchase of technology equipment. The Series D General Obligation Bonds bear interest at rates ranging from 4.0% - 5.0% and are scheduled to mature through August 1, 2054.

On April 23, 2025 the District issued General Obligation Bonds, Election of 2020, Series E totaling \$2,500,000, for the purpose of financing specific construction, reconstruction, rehabilitation, or replacement projects, including the purchase of technology equipment. The Series E General Obligation Bonds bear interest at 5.0% and are scheduled to mature through August 1, 2026.

On April 23, 2025 the District issued General Obligation Bonds, Election of 2020, Series F totaling \$147,500,000, for the purpose of financing specific construction, reconstruction, rehabilitation, or replacement projects, including the purchase of technology equipment. The Series F General Obligation Bonds bear interest at 5.0% and are scheduled to mature through August 1, 2054.

A summary of General Obligation Bonds payable and outstanding is shown below:

Issue Date	Original Maturity Date	Interest Rate %	Original Issue	Outstanding July 1, 2024	Issued	Refunded and Redeemed	Outstanding June 30, 2025
05/10/11	05/01/26	3.50% - 5.50%	\$ 25,000,000	\$ 7,640,000	\$ -	\$ 2,530,000	\$ 5,110,000
07/09/15	08/01/24	2.00% - 5.00%	23,665,000	815,000	-	815,000	-
05/19/16	08/01/31	2.00% - 5.00%	17,905,000	10,570,000	-	1,215,000	9,355,000
04/25/17	08/01/35	3.375% - 5.00%	23,965,000	20,750,000	-	915,000	19,835,000
08/23/18	08/01/48	3.125% - 5.00%	85,000,000	81,500,000	-	-	81,500,000
07/08/19	08/01/27	5.00%	29,465,000	11,925,000	-	4,150,000	7,775,000
11/05/20	08/01/50	2.00% - 5.00%	67,800,000	58,585,000	-	320,000	58,265,000
11/05/20	08/01/29	5.00%	10,275,000	7,260,000	-	1,065,000	6,195,000
09/21/21	08/01/45	0.196% - 2.798%	96,055,000	92,955,000	-	2,820,000	90,135,000
08/07/24	08/01/25	5.00%	3,000,000	-	3,000,000	-	3,000,000
08/07/24	08/01/54	4.00% - 5.00%	74,500,000	-	74,500,000	-	74,500,000
04/23/25	08/01/26	5.00%	2,500,000	-	2,500,000	-	2,500,000
04/23/25	08/01/54	5.00%	147,500,000	-	147,500,000	-	147,500,000
				<u>\$ 292,000,000</u>	<u>\$ 227,500,000</u>	<u>\$ 13,830,000</u>	<u>\$ 505,670,000</u>

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 5 - LONG-TERM LIABILITIES** (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding is shown below:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 17,120,000	\$ 17,398,961	\$ 34,518,961
2027	15,095,000	18,328,602	33,423,602
2028	20,100,000	17,612,709	37,712,709
2029	18,685,000	16,826,864	35,511,864
2030	12,275,000	16,242,953	28,517,953
2031-2035	56,175,000	76,851,803	133,026,803
2036-2040	66,205,000	67,290,268	133,495,268
2041-2045	91,370,000	52,497,617	143,867,617
2046-2050	97,730,000	34,498,441	132,228,441
2051-2055	110,915,000	13,505,750	124,420,750
	<u>\$ 505,670,000</u>	<u>\$ 331,053,968</u>	<u>\$ 836,723,968</u>

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 5 - LONG-TERM LIABILITIES** (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2025, is shown below:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Impact of</u> <u>GASB 101</u> <u>Implementation</u>	<u>Restated</u> <u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Debt:</u>							
General Obligation Bonds	\$ 292,000,000	\$ -	\$ 292,000,000	\$ 227,500,000	\$ 13,830,000	\$ 505,670,000	\$ 17,120,000
Unamortized premiums	10,287,404	-	10,287,404	4,348,284	1,325,092	13,310,596	1,408,029
<u>Other Long-Term Liabilities:</u>							
Net pension liability (Notes 7 and 8)	168,780,000	-	168,780,000	-	9,949,000	158,831,000	-
Total OPEB liability (Note 9)	50,455,439	-	50,455,439	5,358,848	2,848,317	52,965,970	1,078,661
Compensated absences	<u>5,191,671</u>	<u>23,599,944</u>	<u>28,791,615</u>	<u>2,919,198</u>	<u>-</u>	<u>31,710,813</u>	<u>5,865,471</u>
	<u>\$ 526,714,514</u>	<u>\$ 23,599,944</u>	<u>\$ 550,314,458</u>	<u>\$ 240,126,330</u>	<u>\$ 27,952,409</u>	<u>\$ 762,488,379</u>	<u>\$ 25,472,161</u>

Payments towards the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments towards the net pension liability and total OPEB liability are made from the funds for which the related employee worked.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 6 - FUND BALANCES**

Fund balances, by category, at June 30, 2025 consisted of the following:

	General Fund	Child Development Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Stores inventory	-	-	-	65,052	65,052
Subtotal nonspendable	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>65,052</u>	<u>165,052</u>
Restricted:					
Legally restricted:					
Grants	16,814,068	-	-	-	16,814,068
Student activities	-	-	-	536,728	536,728
Child development	-	2,740,988	-	-	2,740,988
Other programs	-	-	-	5,025,904	5,025,904
Capital projects	-	-	168,799,445	19,838,184	188,637,629
Debt service	-	-	-	24,586,511	24,586,511
Subtotal restricted	<u>16,814,068</u>	<u>2,740,988</u>	<u>168,799,445</u>	<u>49,987,327</u>	<u>238,341,828</u>
Committed:					
Measure H Parcel Tax	<u>8,818,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,818,779</u>
Assigned:					
OPEB	<u>2,220,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,220,330</u>
Unassigned:					
Designated for economic uncertainty	6,999,540	-	-	-	6,999,540
Undesignated	<u>1,294,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,294,665</u>
Subtotal unassigned	<u>8,294,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,294,205</u>
Total fund balances	<u>\$ 36,247,382</u>	<u>\$ 2,740,988</u>	<u>\$ 168,799,445</u>	<u>\$ 50,052,379</u>	<u>\$ 257,840,194</u>

(Continued)

## NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN

### *General Information about the State Teachers' Retirement Plan*

Plan Description: Employees of the District performing creditable services are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan with CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at CalSTRS' website.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

*CalSTRS 2% at 60* - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to a factor of 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is the member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

*CalSTRS 2% at 62* - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

All CalSTRS 2% at 62 members' final compensation is based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2025

**NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)**

Contributions: Required member, employer and State contribution rates are set by the California Legislature and the Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan are as follows:

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.250% of applicable member earnings for fiscal year 2023-24.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% annually. Based on the June 30, 2023, actuarial valuation adopted by the CalSTRS Board in May 2024, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2024.

*Employers* – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the CalSTRS Board to adjust the employer supplemental contribution rate up or down by a maximum of 1% annually for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the CalSTRS Board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year June 30, 2025 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2024-25 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2024	8.250%	10.850%	19.100%
July 1, 2025 to June 30, 2046	8.250% <sup>(1)</sup>	<sup>(1)</sup>	
July 1, 2046	8.250%	AB1469 rate increase ends for 2046-47 and beyond	

(1) The CalSTRS Funding Plan authorizes the Board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$16,892,470 to the STRP during the fiscal year ended June 30, 2025.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN** (Continued)

*State* – The State is required to contribute 10.828% of the members' creditable compensation from the two fiscal years prior.

The State is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the State also has a supplemental contribution rate, which the Board can increase by no more than 0.5% each fiscal year to help eliminate the State's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the CalSTRS Board voted to keep the State supplemental contribution rate at 6.311% for fiscal year 2024–25.

The total State contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the State's General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954.

The CalSTRS State contribution rates effective for fiscal year 2024-25 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding<sup>(1)</sup></u>	<u>Total</u>
July 01, 2024	2.017%	6.311%	2.50%	10.828%
July 01, 2025 to				
June 30, 2046	2.017%	(1)	2.50%	(1)
July 01, 2046	2.017%	(2)	2.50%	(2)

- (1) The CalSTRS Board has limited authority to adjust the State contribution rate annually through June 2046 to eliminate the remaining unfunded actuarial obligation. The CalSTRS Board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (2) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 88,250,000
State's proportionate share of the net pension liability associated with the District	<u>40,490,000</u>
<b>Total</b>	<b><u><u>\$ 128,740,000</u></u></b>

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)**

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the STRP relative to the contributions of all participating contributing employers and the State. At June 30, 2025, the District's proportion was 0.131%, which was an increase of 0.005% from its proportion at June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$16,858,471 and revenue of \$5,503,874 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,982,000	\$ 3,859,000
Changes of assumptions	386,000	6,027,000
Net differences between projected and actual earnings on investments	-	356,000
Changes in proportion and differences between District contributions and proportionate share of contributions	11,559,000	2,088,000
Contributions made subsequent to measurement date	<u>16,892,470</u>	<u>-</u>
Total	<u>\$ 38,819,470</u>	<u>\$ 12,330,000</u>

\$16,892,470 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ (5,257,333)
2027	8,525,667
2028	1,580,667
2029	1,857,667
2030	2,725,165
2031	165,167

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)**

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per the CalSTRS Funding Plan. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear.

Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was calculated using a building-block approach. This method involves developing best-estimate ranges of 20- to 30-year geometrically linked expected future real rates of return for each major asset class. These expected returns are net of pension plan investment expenses and inflation. The best estimate ranges were created using capital market assumptions provided by CalSTRS investment staff and investment consultants.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38.0%	5.25%
Real Estate	15.0	4.05
Private Equity	14.0	6.75
Fixed Income	14.0	2.45
Risk Mitigating Strategies	10.0	2.25
Inflation Sensitive	7.0	3.65
Cash / Liquidity	2.0	0.05

\* 20- to 30-year geometric average

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2025

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**NOTE 7 - NET PENSION LIABILITY - STATE TEACHERS' RETIREMENT PLAN (Continued)**

Mortality: CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale issued by the Society of Actuaries.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	Decrease <u>(6.10%)</u>	Discount Rate <u>(7.10%)</u>	Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 156,968,000</u>	<u>\$ 88,250,000</u>	<u>\$ 30,868,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS annual comprehensive financial report available at the CalSTRS website.

**NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B**

*General Information about the Public Employer's Retirement Fund B*

Plan Description: The schools' cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at CalPERS' website.

Benefits Provided: The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

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(Continued)

**NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B** (Continued)

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

The Public Employees' Pension Reform Act of 2013 (PEPRA) became effective in January 2013 and changed how benefits are applied as well as placed compensation limits on certain members as listed below. Members which do not fall into the definitions below, are generally be considered "classic" members in PERF B:

- Members joining on or after January 1, 2013, with no prior membership in another California public retirement system.
- Members joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.
- Members joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2025 were as follows:

*Members* - The classic member contribution rate was 7.0% of applicable member earnings for fiscal year 2024-25. The PEPRA member contribution rate was 8.0% of applicable member earnings for fiscal year 2024-25.

*Employers* - The employer contribution rate was 27.05% of applicable member earnings for fiscal year 2024-25.

The District contributed \$10,795,668 to the plan for the fiscal year ended June 30, 2025.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2025, the District reported a liability of \$70,581,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the PERF B plan relative to the contributions of all participating school districts. At June 30, 2025 the District's proportion was 0.197%, which was a decrease of 0.005% from its proportion at June 30, 2024.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B** (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$11,767,133. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,917,000	\$ 505,000
Changes of assumptions	1,560,000	-
Net differences between projected and actual earnings on investments	2,742,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	3,377,000
Contributions made subsequent to measurement date	<u>10,795,668</u>	<u>-</u>
Total	<u>\$ 21,014,668</u>	<u>\$ 3,882,000</u>

\$10,795,668 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ 1,610,167
2027	5,142,167
2028	452,166
2029	(867,500)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B** (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to the actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10</u> <sup>(1, 2)</sup>
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period

(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2025

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**NOTE 8 - NET PENSION LIABILITY - PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease <u>(5.90%)</u>	Current Discount Rate (6.90%)	1% Increase <u>(7.90%)</u>
District's proportionate share of the net pension liability	<u>\$ 104,848,000</u>	<u>\$ 70,581,000</u>	<u>\$ 42,273,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS**

*General Information about the Other Postemployment Benefits (OPEB) Plan*

Plan Description: In addition to the benefits described in Notes 7 and 8, the District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment health care plan (the "Plan"). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical and dental insurance coverage. The Board of Trustees has the authority to establish or amend the benefit terms offered by the Plan and retains the authority to establish the requirements for paying for the Plan's benefits as they come due. As of June 30, 2025, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability, and the plan does not issue separate financial statements

Benefits Provided: In accordance with contracts between the District and the respective employee groups, eligible employees are entitled to receive certain medical and dental benefits through the Plan. The maximum amount paid by the District for medical and dental benefits is same as the District cap for active employee benefits.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS** (Continued)

Eligibility requirements and the length of time that benefits are provided through the Plan vary depending on employee group, hire date, and years of service to the District:

*Certificated Employees* - For certificated employees hired after July 1, 2005, who retire after having reached age 55 with at least 15 years of participation in CalSTRS, the District provides medical and dental coverage to the employee and spouse, until the employee reaches age 65. Certificated employees hired on or before June 30, 2005, only require 10 years of participation in CalSTRS to receive these benefits. Certificated employees who retire from the District after having achieved 30 years of service to the District may receive employee-only benefits up to age 67.

*Classified and Other Non-Certificated Employees* - For classified and other non-certificated employees who retire after having reached age 55 with at least 10 years of service to the District, the District provides medical and dental coverage to the employee and spouse, until the employee reaches age 65. Classified and other non-certificated employees who retire from the District after having achieved 20 years of service to the District may receive employee-only benefits up to age 67.

Employees Covered by Benefit Terms: The following is a table of plan participants in the June 30, 2023 actuarial valuation:

	<u>Number of Participants</u>
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	259
Active employees	<u>1,253</u>
Total	<u><u>1,512</u></u>

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. Contributions to the Plan from the District were \$1,078,661 for the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan. Contributions by the District to the plan are voluntary.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2024, determined on an actuarial valuation as of June 30, 2023.

Actuarial Assumptions: The total OPEB liability in the District's actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date</u>	June 30, 2023
<u>Measurement Date</u>	June 30, 2024
<u>Actuarial Method</u>	Entry Age Actuarial Cost Method.
<u>Discount Rate</u>	3.93%, per the Bond Buyer 20 Bond Index.
<u>Health Care Increases</u>	4.00% per annum.
<u>Mortality Rates</u>	2021 CalPERS OPEB Assumptions Model (for classified and other non-certificated members) and from the 2020 CalSTRS Mortality (for certificated members).
<u>Retirement Rates</u>	2021 CalPERS Retirement Rates for classified and other non-certificated members. 2020 CalSTRS Retirement Rates were used for certificated employees.
<u>Turnover Rates</u>	2021 CalPERS Termination Rates for School Employees (for classified and other non-certificated members) and from the 2020 CalSTRS Termination Rates (for certificated members).
<u>Spouse Prevalence</u>	80% of Plan members were assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.
<u>Inflation Rate</u>	2.50% per year
<u>Salary Increases</u>	2.75% per year

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Changes in Total OPEB Liability*

	<u>Total OPEB Liability</u>
Balance at July 1, 2024	\$ 50,455,439
Changes for the year:	
Service cost	3,415,897
Interest	1,885,330
Changes in assumptions	(1,769,656)
Differences in experience	57,621
Benefit payments	<u>(1,078,661)</u>
Net change	<u>2,510,531</u>
Balance at June 30, 2025	<u>\$ 52,965,970</u>

The changes in assumptions primarily comprised of a change in the discount rate from 3.65% in the prior valuation, to 3.93% in the current valuation. There were no changes between the measurement date and the year ended June 30, 2025 which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Total OPEB liability	<u>\$ 59,459,709</u>	<u>\$ 52,965,970</u>	<u>\$ 47,584,329</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>(3.00%)</u>	Healthcare Cost Trend Rates Rate <u>(4.00%)</u>	1% Increase <u>(5.00%)</u>
Total OPEB liability	<u>\$ 45,169,499</u>	<u>\$ 52,965,970</u>	<u>\$ 62,552,005</u>

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2025

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2025, the District recognized OPEB expense of \$6,040,264. At June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 3,810,748	\$ 9,213,539
Differences in experience	12,226,267	3,470,028
Contributions subsequent to measurement date	<u>1,078,661</u>	<u>-</u>
Totals	<u>\$ 17,115,676</u>	<u>\$ 12,683,567</u>

\$1,078,661 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended <u>June 30,</u>	
2026	\$ 739,037
2027	739,037
2028	739,037
2029	739,037
2030	1,956
Thereafter	395,344

Deferred outflows related to differences in experience and changes of assumptions are netted and amortized over a period of 11.1 years.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

**NOTE 10 - RISK MANAGEMENT**

Workers' Compensation: The District's workers' compensation program activities are recorded in the District's Self-Insurance Fund. The program accounts for the risk financing activities of the District but does not constitute a transfer of risk from the District.

Property and Liability: The District is exposed to various risks of loss related to its assets, errors and omissions, injuries to employees, and natural disasters. The District has contracted with Alliance of Schools for Cooperative Insurance Program (ASCIP) for excess property and liability insurance over the self-insured retention of \$25,000 per occurrence, up to \$250,000. The District has also contracted with Schools Excess Liability Fund (SELF) for excess property and liability insurance coverage of claims over \$250,000. The property and liability program activities are recorded in the District's Internal Service Fund. The liability program accounts for the risk financing activities of the District but does not constitute a transfer of risk from the District.

Settled claims resulting from the programs above have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

<u>Insurance Program / Provider Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Berkeley Unified School District Workers' Compensation Insurance Program	Workers' Compensation	Statutory Limit
Berkeley Unified School District	General Liability	\$25,000
Alliance of Schools for Cooperative Insurance Program (ACSIP)	Excess Property and Liability	\$250,000
Schools Excess Liability Fund (SELF)	Excess Property and Liability	Limits depend on type of loss

Claims Liabilities: The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities: The Self-Insurance Fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses, developed through both the workers compensation and property and liability programs. The self-insurance program was initiated on January 1, 2004. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2023 to June 30, 2025:

<u>Self-Insurance Programs</u>	
Liability balance, July 1, 2023	\$ 6,275,000
Claims and changes in estimates	2,627,262
Claims payments	<u>(2,002,262)</u>
Liability balance, June 30, 2024	6,900,000
Claims and changes in estimates	2,374,787
Claims payments	<u>(2,474,787)</u>
Liability balance, June 30, 2025	<u>\$ 6,800,000</u>

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025

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**NOTE 11 - JOINT POWERS AUTHORITIES**

The District is a member with other school districts in two Joint Powers Authorities, Public Risk Innovation, Solutions and Management (PRISM) and Alliance of Schools for Cooperative Insurance Program (ASCIP), for the operation of a common risk management and insurance program for property and liability coverage. PRISM and ASCIP are governed by Governing Boards consisting of representatives from each member district. The Boards control the operations of PRISM and ASCIP, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed audited financial information for PRISM and ASCIP for the year ended June 30, 2024 (the most recent information available):

	<u>PRISM</u>	<u>ASCIP</u>
Total assets	\$ 1,447,905,143	\$ 550,695,288
Deferred outflows of resources	4,372,357	2,545,556
Total liabilities	1,226,661,370	370,006,514
Deferred inflows of resources	<u>4,005,637</u>	<u>29,912</u>
Total net position	<u>\$ 221,610,493</u>	<u>\$ 183,204,418</u>
Total revenues	\$ 2,033,100,970	\$ 372,822,767
Total expenditures	<u>2,075,317,896</u>	<u>363,615,619</u>
Change in net position	<u>\$ (42,216,926)</u>	<u>\$ 9,207,148</u>

The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not considered to be component units of the District for financial reporting purposes.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received state and federal funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the financial position or results of operations of the District.

As of June 30, 2025, the District has approximately \$45.6 million in outstanding commitments on construction contracts.

**REQUIRED SUPPLEMENTARY INFORMATION**

BERKELEY UNIFIED SCHOOL DISTRICT  
GENERAL FUND BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2025

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 43,206,312	\$ 39,395,248	\$ 42,080,572	\$ 2,685,324
Local sources	69,174,618	72,562,906	69,884,857	(2,678,049)
Total LCFF	<u>112,380,930</u>	<u>111,958,154</u>	<u>111,965,429</u>	<u>7,275</u>
Federal sources	4,953,265	5,145,845	4,162,989	(982,856)
Other state sources	22,874,460	22,552,464	22,720,423	167,959
Other local sources	<u>73,893,723</u>	<u>80,689,990</u>	<u>82,098,407</u>	<u>1,408,417</u>
Total revenues	<u>214,102,378</u>	<u>220,346,453</u>	<u>220,947,248</u>	<u>600,795</u>
<b>Expenditures:</b>				
Current:				
Certificated salaries	89,960,586	92,953,736	91,426,088	1,527,648
Classified salaries	37,533,642	38,768,676	39,856,483	(1,087,807)
Employee benefits	56,316,137	55,766,548	54,476,437	1,290,111
Books and supplies	5,808,001	8,418,544	4,144,479	4,274,065
Contract services and operating expenditures	29,840,741	44,179,366	42,391,944	1,787,422
Other outgo	-	-	8,102	(8,102)
Capital outlay	<u>297,819</u>	<u>749,484</u>	<u>514,654</u>	<u>234,830</u>
Total expenditures	<u>219,756,926</u>	<u>240,836,354</u>	<u>232,818,187</u>	<u>8,018,167</u>
Deficiency of revenues under expenditures	<u>(5,654,548)</u>	<u>(20,489,901)</u>	<u>(11,870,939)</u>	<u>8,618,962</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	874,024	874,024
Transfers out	<u>(250,000)</u>	<u>(569,980)</u>	<u>(242,661)</u>	<u>327,319</u>
Total other financing sources (uses)	<u>(250,000)</u>	<u>(569,980)</u>	<u>631,363</u>	<u>1,201,343</u>
Net change in fund balance	(5,904,548)	(21,059,881)	(11,239,576)	9,820,305
Fund balance, July 1, 2024	<u>47,486,958</u>	<u>47,486,958</u>	<u>47,486,958</u>	<u>-</u>
Fund balance, June 30, 2025	<u>\$ 41,582,410</u>	<u>\$ 26,427,077</u>	<u>\$ 36,247,382</u>	<u>\$ 9,820,305</u>

See note to required supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
CHILD DEVELOPMENT FUND BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2025

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 1,515,699	\$ 1,515,699	\$ 828,033	\$ (687,666)
Other state sources	5,660,536	5,827,152	5,633,367	(193,785)
Other local sources	870,666	1,080,742	620,209	(460,533)
<b>Total revenues</b>	<b>8,046,901</b>	<b>8,423,593</b>	<b>7,081,609</b>	<b>(1,341,984)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Certificated salaries	2,489,730	2,534,051	1,727,617	806,434
Classified salaries	1,761,823	1,870,687	1,726,611	144,076
Employee benefits	2,166,584	2,246,295	1,661,875	584,420
Books and supplies	381,368	425,415	78,061	347,354
Contract services and operating expenditures	447,432	505,867	350,854	155,013
Capital outlay	257,575	257,575	-	257,575
<b>Total expenditures</b>	<b>7,504,512</b>	<b>7,839,890</b>	<b>5,545,018</b>	<b>2,294,872</b>
<b>Excess of revenues over expenditures</b>	<b>542,389</b>	<b>583,703</b>	<b>1,536,591</b>	<b>952,888</b>
<b>Other financing uses:</b>				
Transfers out	(542,389)	(505,818)	(398,215)	107,603
<b>Net change in fund balance</b>	<b>-</b>	<b>77,885</b>	<b>1,138,376</b>	<b>1,060,491</b>
Fund balance, July 1, 2024	1,602,612	1,602,612	1,602,612	-
<b>Fund balance, June 30, 2025</b>	<b>\$ 1,602,612</b>	<b>\$ 1,680,497</b>	<b>\$ 2,740,988</b>	<b>\$ 1,060,491</b>

See note to required supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY  
For the Year Ended June 30, 2025

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB liability								
Service cost	\$ 2,029,967	\$ 2,085,791	\$ 2,044,795	\$ 4,021,382	\$ 5,208,263	\$ 3,231,624	\$ 2,528,555	\$ 3,415,897
Interest	712,604	853,424	911,528	1,283,919	1,053,959	967,010	1,424,746	1,885,330
Changes of assumptions	-	(649,150)	1,092,771	6,519,222	(1,852,759)	(7,645,230)	(1,070,187)	(1,769,656)
Differences in experience	-	-	9,752,587	347,551	(5,863,152)	510,798	9,232,652	57,621
Benefit payments	(686,277)	(713,728)	(1,877,785)	(1,547,599)	(1,002,062)	(1,087,315)	(1,078,661)	(1,078,661)
Net change in total OPEB liability	2,056,294	1,576,337	11,923,896	10,624,475	(2,455,751)	(4,023,113)	11,037,105	2,510,531
Total OPEB liability, beginning of year	19,716,196	21,772,490	23,348,827	35,272,723	45,897,198	43,441,447	39,418,334	50,455,439
Total OPEB liability, end of year	\$ 21,772,490	\$ 23,348,827	\$ 35,272,723	\$ 45,897,198	\$ 43,441,447	\$ 39,418,334	\$ 50,455,439	\$ 52,965,970
Covered employee payroll	\$ 80,292,099	\$ 82,700,862	\$ 83,693,272	\$ 84,697,592	\$ 85,713,963	\$ 86,742,530	\$ 87,783,441	\$ 88,836,842
Total OPEB liability as a percentage of covered-employee payroll	27.12%	28.23%	42.15%	54.19%	50.68%	45.44%	57.48%	59.62%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. All years prior to 2018 are not available.

See note to required supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2025

State Teachers' Retirement Plan  
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.123%	0.118%	0.104%	0.120%	0.117%	0.111%	0.110%	0.114%	0.126%	0.131%
District's proportionate share of the net pension liability	\$ 82,985,000	\$ 95,395,000	\$ 95,921,000	\$110,639,000	\$105,667,000	\$107,152,000	\$ 50,148,000	\$ 79,197,000	\$ 95,734,000	\$ 88,250,000
District's proportionate share of the net pension liability associated with the District	<u>43,890,000</u>	<u>54,312,000</u>	<u>56,747,000</u>	<u>63,346,000</u>	<u>57,649,000</u>	<u>58,558,000</u>	<u>29,837,000</u>	<u>44,764,000</u>	<u>45,869,000</u>	<u>40,490,000</u>
Total net pension liability	<u>\$126,875,000</u>	<u>\$149,707,000</u>	<u>\$152,668,000</u>	<u>\$173,985,000</u>	<u>\$163,316,000</u>	<u>\$165,710,000</u>	<u>\$ 79,985,000</u>	<u>\$123,961,000</u>	<u>\$141,603,000</u>	<u>\$128,740,000</u>
District's covered payroll	\$ 57,212,000	\$ 58,780,000	\$ 54,972,000	\$ 64,081,000	\$ 63,956,000	\$ 62,266,000	\$ 60,323,000	\$ 65,057,000	\$ 80,226,000	\$ 88,213,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	145.05%	162.29%	174.49%	172.65%	165.22%	172.09%	83.13%	121.73%	119.33%	100.04%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2025

Public Employer's Retirement Fund B  
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.216%	0.209%	0.203%	0.202%	0.197%	0.203%	0.221%	0.217%	0.202%	0.197%
District's proportionate share of the net pension liability	\$ 31,837,000	\$ 41,254,000	\$ 48,528,000	\$ 53,820,000	\$ 57,286,000	\$ 62,134,000	\$ 44,933,000	\$ 74,536,000	\$ 73,046,000	\$ 70,581,000
District's covered payroll	\$ 23,912,000	\$ 25,060,000	\$ 25,918,000	\$ 26,624,000	\$ 27,951,000	\$ 29,595,000	\$ 31,727,000	\$ 30,270,000	\$ 35,205,000	\$ 38,666,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	133.14%	164.62%	187.24%	202.15%	204.95%	209.95%	141.62%	246.24%	207.49%	182.54%
Plan fiduciary net position as a percentage of the total pension liability	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See note to required supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2025

State Teachers' Retirement Plan  
 Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 6,307,138	\$ 6,915,419	\$ 9,246,888	\$ 10,412,096	\$ 11,288,785	\$ 11,521,682	\$ 12,425,898	\$ 15,323,142	\$ 16,848,597	\$ 16,892,470
Contributions in relation to the contractually required contribution	<u>(6,307,138)</u>	<u>(6,915,419)</u>	<u>(9,246,888)</u>	<u>(10,412,096)</u>	<u>(11,288,785)</u>	<u>(11,521,682)</u>	<u>(12,425,898)</u>	<u>(15,323,142)</u>	<u>(16,848,597)</u>	<u>(16,892,470)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 58,780,000	\$ 54,972,000	\$ 64,081,000	\$ 63,956,000	\$ 62,266,000	\$ 60,323,000	\$ 65,057,000	\$ 80,226,000	\$ 88,213,000	\$ 88,442,000
Contributions as a percentage of covered payroll	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15**	16.92%***	19.10%	19.10%	19.10%

\* This rate reflects the original employer contribution rate of 18.13 percent under AB 1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB90.

\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB 1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB90.

\*\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB 1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB90.

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2025

Public Employer's Retirement Fund B  
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 2,968,813	\$ 3,600,061	\$ 4,134,707	\$ 5,048,515	\$ 5,836,134	\$ 6,567,414	\$ 6,934,941	\$ 8,931,397	\$ 10,316,133	\$ 10,795,668
Contributions in relation to the contractually required contribution	<u>(2,968,813)</u>	<u>(3,600,061)</u>	<u>(4,134,707)</u>	<u>(5,048,515)</u>	<u>(5,836,134)</u>	<u>(6,567,414)</u>	<u>(6,934,941)</u>	<u>(8,931,397)</u>	<u>(10,316,133)</u>	<u>(10,795,668)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,060,000	\$ 25,918,000	\$ 26,624,000	\$ 27,951,000	\$ 29,595,000	\$ 31,727,000	\$ 30,270,000	\$ 35,205,000	\$ 38,666,000	\$ 39,910,000
Contributions as a percentage of covered payroll	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%	27.05%

See note to required supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
 June 30, 2025

**NOTE 1 - PURPOSE OF SCHEDULES**

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund and Child Development Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rates used for the total OPEB liability were 3.80, 3.80, 3.50, 2.20, 2.16, 3.54, 3.65 and 3.93 percent for the June 30, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024 measurements, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

Assumption	Measurement Periods									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

The following are the assumptions for the State Teachers' Retirement Plan:

Assumption	Measurement Periods									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

BERKELEY UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - ALL NON-MAJOR FUNDS  
 June 30, 2025

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Pupil Trans- portation Equipment Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total
<b>ASSETS</b>									
Cash and investments:									
Cash in County Treasury	\$ -	\$ 314,071	\$ 3,972,216	\$ 10,885	\$ 7,674,313	\$ 12,074,759	\$ 24,329,474	\$ 61,784	\$ 48,437,502
Cash on hand and in banks	536,728	450,431	58,089	-	-	-	-	-	1,045,248
Cash with Fiscal Agent	-	-	-	-	-	-	2	-	2
Receivables	-	1,264,899	969,539	62	41,817	81,035	195,251	-	2,552,603
Stores inventory	-	-	65,052	-	-	-	-	-	65,052
Total assets	<u>\$ 536,728</u>	<u>\$ 2,029,401</u>	<u>\$ 5,064,896</u>	<u>\$ 10,947</u>	<u>\$ 7,716,130</u>	<u>\$ 12,155,794</u>	<u>\$ 24,524,727</u>	<u>\$ 61,784</u>	<u>\$ 52,100,407</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ 133,738	\$ 336,263	\$ -	\$ 33,740	\$ -	\$ -	\$ -	\$ 503,741
Due to other funds	-	1,230,633	313,654	-	-	-	-	-	1,544,287
Total liabilities	<u>-</u>	<u>1,364,371</u>	<u>649,917</u>	<u>-</u>	<u>33,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,048,028</u>
Fund balances:									
Nonspendable	-	-	65,052	-	-	-	-	-	65,052
Restricted	536,728	665,030	4,349,927	10,947	7,682,390	12,155,794	24,524,727	61,784	49,987,327
Total fund balance	<u>536,728</u>	<u>665,030</u>	<u>4,414,979</u>	<u>10,947</u>	<u>7,682,390</u>	<u>12,155,794</u>	<u>24,524,727</u>	<u>61,784</u>	<u>50,052,379</u>
Total liabilities and fund balances	<u>\$ 536,728</u>	<u>\$ 2,029,401</u>	<u>\$ 5,064,896</u>	<u>\$ 10,947</u>	<u>\$ 7,716,130</u>	<u>\$ 12,155,794</u>	<u>\$ 24,524,727</u>	<u>\$ 61,784</u>	<u>\$ 52,100,407</u>

See accompanying notes to supplementary information

BERKELEY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS  
 For the Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Pupil Trans- portation Equipment Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Tax Override Fund	Total
<b>Revenues:</b>									
Federal sources	\$ -	\$ 524,342	\$ 2,183,117	\$ -	\$ -	\$ -	\$ 319,980	\$ -	\$ 3,027,439
Other state sources	-	4,082,332	3,925,335	-	-	-	89,387	-	8,097,054
Other local sources	748,362	172,635	248,057	597	3,976,302	1,008,901	24,241,978	1,040	30,397,872
Total revenues	<u>748,362</u>	<u>4,779,309</u>	<u>6,356,509</u>	<u>597</u>	<u>3,976,302</u>	<u>1,008,901</u>	<u>24,651,345</u>	<u>1,040</u>	<u>41,522,365</u>
<b>Expenditures:</b>									
<b>Current:</b>									
Certificated salaries	-	2,448,891	-	-	-	-	-	-	2,448,891
Classified salaries	-	1,053,990	2,675,681	-	-	-	-	-	3,729,671
Employee benefits	-	1,107,042	1,372,550	-	-	-	-	-	2,479,592
Books and supplies	-	133,528	1,963,933	-	-	2,927,365	-	-	5,024,826
Contract services and operating expenditures	718,636	291,094	(340,492)	-	24,487	-	-	-	693,725
Capital outlay	-	-	-	-	545,630	10,792,695	-	-	11,338,325
<b>Debt service:</b>									
Principal retirement	-	-	-	-	-	-	13,830,000	-	13,830,000
Interest	-	-	-	-	-	-	10,433,330	-	10,433,330
Total expenditures	<u>718,636</u>	<u>5,034,545</u>	<u>5,671,672</u>	<u>-</u>	<u>570,117</u>	<u>13,720,060</u>	<u>24,263,330</u>	<u>-</u>	<u>49,978,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,726</u>	<u>(255,236)</u>	<u>684,837</u>	<u>597</u>	<u>3,406,185</u>	<u>(12,711,159)</u>	<u>388,015</u>	<u>1,040</u>	<u>(8,455,995)</u>
<b>Other financing (uses) sources:</b>									
Transfers out	-	(218,633)	(257,176)	-	-	-	-	-	(475,809)
Debt issuance premiums	-	-	-	-	-	-	4,348,284	-	4,348,284
Total other financing (uses) sources	<u>-</u>	<u>(218,633)</u>	<u>(257,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,348,284</u>	<u>-</u>	<u>3,872,475</u>
Net change in fund balances	29,726	(473,869)	427,661	597	3,406,185	(12,711,159)	4,736,299	1,040	(4,583,520)
Fund balances, July 1, 2024	507,002	1,138,899	3,987,318	10,350	4,276,205	-	-	60,744	9,980,518
Change within the District	-	-	-	-	-	24,866,953	19,788,428	-	44,655,381
Fund balances, July 1, 2024, adjusted	507,002	1,138,899	3,987,318	10,350	4,276,205	24,866,953	19,788,428	60,744	54,635,899
Fund balances, June 30, 2025	<u>\$ 536,728</u>	<u>\$ 665,030</u>	<u>\$ 4,414,979</u>	<u>\$ 10,947</u>	<u>\$ 7,682,390</u>	<u>\$ 12,155,794</u>	<u>\$ 24,524,727</u>	<u>\$ 61,784</u>	<u>\$ 50,052,379</u>

See accompanying notes to supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 June 30, 2025

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	<u>Second Period Report</u>	<u>Annual Report</u>
Certificate Number:	1829FB37	2980D231
Elementary:		
Transitional Kindergarten through Third	2,468	2,475
Fourth through Sixth	1,852	1,857
Seventh and Eighth	1,223	1,225
Special Education	23	23
	5,566	5,580
Subtotal Elementary		
Secondary:		
Ninth through Twelfth	3,032	3,022
Special Education	32	31
Continuation Education	43	41
	3,107	3,094
Subtotal Secondary		
District Total	8,673	8,674

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See accompanying notes to supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2025

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<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2024-2025 Actual Minutes</u>	<u>Number of Days</u>	<u>Status</u>
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	53,315	180	In Compliance
Grade 2	50,400	53,315	180	In Compliance
Grade 3	50,400	53,315	180	In Compliance
Grade 4	54,000	55,360	180	In Compliance
Grade 5	54,000	55,360	180	In Compliance
Grade 6	54,000	56,075	180	In Compliance
Grade 7	54,000	58,104	180	In Compliance
Grade 8	54,000	58,104	180	In Compliance
Grade 9	64,800	65,645	180	In Compliance
Grade 10	64,800	65,645	180	In Compliance
Grade 11	64,800	65,645	180	In Compliance
Grade 12	64,800	65,645	180	In Compliance

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See accompanying notes to supplementary information.

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2025

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education</u>			
Special Education Cluster:			
84.027	Special Ed: Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 2,002,627
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School Individual Service Plans (ISPs)	10115	32,394
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	26,226
84.027A	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	108,800
	Subtotal: Special Education Cluster		<u>2,170,047</u>
Adult Education Programs:			
84.002A	Adult Education: Adult Basic Education & ESL	14508	362,599
84.002	Adult Education: Adult Secondary Education	13978	83,343
84.002A	Adult Education: English Literacy and Civics Education	14109	78,400
	Subtotal: Adult Education Programs		<u>524,342</u>
COVID-19: Education Stabilization Fund (ESF) Programs:			
84.425	COVID-19: After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Summer Learning	15652	104,762
84.425	COVID-19: ARP Homeless Children and Youth II (ARP HCY II)	15566	25,280
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER III State Reserve Emergency Needs	15620	180,449
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	15618	8,247
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant GEER II	15619	8,448
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	15621	112,829
	Subtotal: COVID-19: ESF Programs		<u>440,015</u>
Title I Programs:			
84.010	ESSA: Title I, Part A, Basic Grants Low Income and Neglected	14329	883,900
84.010	ESSA: School Improvement (CSI) Funding for LEAs	15438	56,501
	Subtotal: Title I Programs		<u>940,401</u>
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	58,038
84.126	Department of Rehab: Workability II, Transition Partnership	10006	169,104
84.365	ESSA: Title III, English Learner Student Program	14346	142,636
84.424	ESSA: Title IV, Part A, Student Support and Academic Enrichment	15396	78,139
84.367	NCLB: Title II, Part A, Teacher Quality	14341	164,609
	Total U.S. Department of Education		<u>4,687,331</u>

(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2025

<u>Assistance Listing (AL) Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.575	Child Dev: Federal Child Care, Center-based - CCDF Cluster	15136	\$ 670,226
	Total U.S. Department of Health and Human Services		<u>670,226</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs	13390	2,169,601
10.555	Child Nutrition: Local Food For Schools	15708	<u>13,516</u>
	Subtotal Child Nutrition Cluster		<u>2,183,117</u>
10.558	Child Nutrition: Child Care Food Program (CCFP)	13393	<u>157,807</u>
	Total U.S. Department of Agriculture		<u>2,340,924</u>
	Total Federal Programs		<u>\$ 7,698,481</u>

See accompanying notes to supplementary information

BERKELEY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
June 30, 2025

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There were no adjustments proposed to any funds of the District.

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See accompanying notes to supplementary information

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2025  
(UNAUDITED)

	(Budget) <u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 230,277,858	\$ 221,821,272	\$ 217,412,425	\$ 218,491,634
Expenditures	231,121,797	232,818,187	224,013,184	203,900,674
Other uses and transfers out	550,000	242,661	140,157	301,133
Total outgo	231,671,797	233,060,848	224,153,341	204,201,807
Change in fund balance	\$ (1,393,939)	\$ (11,239,576)	\$ (6,740,916)	\$ 14,289,827
Ending fund balance	\$ 34,853,443	\$ 36,247,382	\$ 47,486,958	\$ 54,227,874
Available reserves	\$ 7,000,715	\$ 8,294,205	\$ 8,311,224	\$ 11,771,582
Designated for economic uncertainties	\$ 6,896,086	\$ 6,999,540	\$ 6,762,490	\$ 6,122,515
Undesignated fund balance	\$ 104,629	\$ 1,294,665	\$ 1,548,734	\$ 5,649,067
Available reserves as percentages of total outgo	<u>3.0%</u>	<u>3.6%</u>	<u>3.7%</u>	<u>5.8%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ 737,016,218	\$ 762,488,379	\$ 526,714,514	\$ 515,489,437
Average daily attendance at P-2	8,826	8,673	8,602	8,663

The fund balance of the General Fund has decreased by \$3,690,665 over the past three fiscal years. The District projects a decrease of \$1,393,939 for the year ending June 30, 2026. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out. For the fiscal year ended June 30, 2025, the District has met this requirement. For the purposes of calculating the District's available reserves, the ending fund balance of the Special Reserve for Other Than Capital Projects Fund is included as designated for economic uncertainties.

The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during 2025-2026 fiscal year.

Total long-term liabilities have increased by \$246,998,942 over the past two years.

Average daily attendance has increased by 15 over the past two years. The District anticipates an increase of 148 ADA during the fiscal year ending June 30, 2026.

See accompanying notes to supplementary information

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2025

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Included in District  
Financial Statements, or  
Charter Schools Chartered by District

Separate Report

The District does not sponsor any charter schools.

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See accompanying notes to supplementary information

BERKELEY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2025

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**NOTE 1 - PURPOSE OF SCHEDULES**

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and notes to supplementary information whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Berkeley Unified School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis (Unaudited): This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2025-26 fiscal year, as required by the State Controller's Office. The information in the schedule has been derived from audited information.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2025, the District did not adopt such a program.

## **OTHER INFORMATION**

BERKELEY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2025

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Berkeley Unified School District was established in 1879 and is comprised of an area of approximately 19 square miles located in Alameda County. The District was unified in 1936 with the combining of the elementary and high school districts then in existence in the area of the current district boundaries. There were no changes in the District's boundaries in the current year. The District is currently operating eleven elementary schools and three intermediate schools, one high school, one continuation school, and an independent study program. In addition, the District operates an adult school program.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mike Chang	President	2026
Jennifer Corn	Vice President	2028
Jennifer Shanoski	Clerk	2026
Ana Vasudeo	Director	2028
Ka'Dijah Brown	Director	2026

**ADMINISTRATION**

Enikia Ford Morthel  
Superintendent

Pauline Follansbee, CPA  
Assistant Superintendent, Business Services

Jill Hoogendyk  
Associate Superintendent, Educational Services

Samantha Tobias-Espinosa  
Assistant Superintendent, Human Resource

John Calise  
Assistant Superintendent, Facilities Division

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees  
Berkeley Unified School District  
Berkeley, California

**Report on Compliance*****Opinion on State Compliance***

We have audited Berkeley Unified School District's (the District) compliance with the requirements specified in the State of California *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

***Basis for Opinion on Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements noted in the table below.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements noted in the table below and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

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(Continued)

## **Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. 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, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements noted in the table below is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District’s compliance with the compliance requirements noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<u>2024-25 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	Yes
E. Continuation Education	N/A, see below
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools or Programs	N/A, see below
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes

(Continued)

2024-25 K-12 Audit Guide Procedures (continued)

Procedures  
Performed

*School Districts, County Offices of Education, and Charter Schools:*

T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes

*Charter Schools:*

AA. Attendance	N/A, see below
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

Continuation Education ADA is below the minimum required for audit procedures; therefore, we did not perform any procedures related to Continuation Education.

We did not perform any procedures related to Early Retirement Incentive Programs because the District did not offer this program in the audit year.

We did not perform any procedures related to Juvenile Court Schools because the District does not operate this program.

We did not perform any procedures related to Middle or Early College High Schools or Programs because the District did not operate any qualifying Middle or Early College High Schools or Programs in the audit year.

We did not perform any procedures related to Apprenticeship - Related and Supplemental Instruction because the District did not report attendance hours for applicable Apprenticeship courses in the audit year.

We did not perform any procedures related to District of Choice because the District was not identified as a District of Choice by the California Department of Education in the audit year.

We did not perform any procedures related to Independent Study-Course Based because the District did not report ADA generated from Independent Study - Course Based in the audit year.

The District does not include any charter schools in this report; therefore, we did not perform any procedures related to Charter Schools, noted as sections AA through FF in the schedule above.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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(Continued)

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance regarding School Accountability Report Cards and After/Before School Education and Safety Program, which is described in the accompanying Schedule of Audit Findings and Questioned Costs as Findings 2025-001 and 2025-002.

*Government Auditing Standards* require the auditor to perform limited procedures on Berkeley Unified School District's responses to the noncompliance findings identified in our audit, as described in the accompanying schedule of audit findings and questioned costs. Berkeley Unified School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California  
March 13, 2026

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 Trustees  
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 governmental activities, each major fund, and the aggregate remaining fund information of Berkeley Unified School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Berkeley Unified School District's basic financial statements, and have issued our report thereon dated March 13, 2026.

### 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 financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berkeley Unified School District's financial statements are free from material misstatement, we performed tests of its 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

Sacramento, California  
March 13, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Berkeley Unified School District  
Berkeley, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Berkeley Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Berkeley Unified School District's major federal programs for the year ended June 30, 2025. Berkeley Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, Berkeley Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Berkeley Unified School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Berkeley Unified School District's federal programs.

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(Continued)

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Berkeley Unified School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Berkeley Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we,

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Berkeley Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Berkeley Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Berkeley Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California  
March 13, 2026

## **FINDINGS AND RECOMMENDATIONS**

BERKELEY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2025

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X _____	No
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**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X _____	No
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Programs
10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

**STATE AWARDS**

Type of auditors' report issued on compliance for state programs: Unmodified

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2025

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2025

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2025

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2025-001 DEFICIENCY – STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)**

Criteria: Education Code Section 33126(b)(8) requires that school accountability report cards shall include, but are not limited to, assessment of the following school conditions: (8) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089. School accountability report cards must agree to underlying supporting schedules and other data.

Condition: At two district sites sampled for testing of School Accountability Report Cards, the selected school accountability reports card were not consistent with the supporting documentation provided by management with respect to facilities conditions.

Effect: The District is out of compliance with Education Code 33126(b)(8).

Cause: The inconsistencies were the result of clerical errors in the preparation of the school accountability report cards.

Fiscal Impact: Not applicable.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should establish or reinforce internal controls over compliance to ensure all sites' school accountability report cards are completed appropriately and agree to the underlying supporting documentation as required by Ed Code 33126(b)(8).

Views of Responsible Officials and Planned Corrective Action: The District concurs with the auditor's recommendation and will work to ensure that the school accountability report cards are completed appropriately for future fiscal periods.

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(Continued)

BERKELEY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2025

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**2025-002 DEFICIENCY – STATE COMPLIANCE – AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000)**

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421(b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State of California.

Condition: Each of the sites selected for testing of attendance reporting of the After School component of the After/Before School Education and Safety Program resulted in differences between the supporting documentation of pupil counts when compared to the reported totals. The net impact was an overstatement of 94 days of individual student attendance for the ASES program.

Context: We performed the audit procedures enumerated in the State of California 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting and identified the finding described above.

Effect: The District is out of compliance with state requirements.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact: Not applicable.

Identification of Repeat Finding: Yes, prior year finding 2024-003.

Recommendation: The District's management team should implement or reinforce internal controls to ensure accurate accounting for attendance for the ASES program.

Views of Responsible Officials and Planned Corrective Action: The District concurs with the auditor's recommendation and will work to ensure that student sign in/out sheets and student counts are completed appropriately for future fiscal periods.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

BERKELEY UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2025

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**2024-001 DEFICIENCY - STATE COMPLIANCE - ATTENDANCE (10000)**

Condition: At two school sites tested for Attendance, one student per site was improperly claimed for apportionment, resulting in a total cumulative overstatement of two days' attendance. The total calculated effect of this finding is an overstatement of 0.02 ADA.

Recommendation: Management should establish or reinforce necessary internal controls to ensure accurate accounting for attendance.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2024-002 DEFICIENCY - STATE COMPLIANCE - INDEPENDENT STUDY (40000)**

Condition: For two of the twenty-five pupils selected for testing of traditional ("long-term") independent study, the teacher's signature was not included on the corresponding independent study agreement; however, ADA was claimed. For one of five pupils selected for testing of short-term independent study, the independent study agreement did not contain all relevant information as required by Education Code 51747, however, ADA was claimed.

Recommendation: The District's management team should establish or reinforce internal controls over compliance to ensure that independent Study agreements contain all necessary elements, and are signed by all parties, as required by the Education Code 51747. For agreements which do not contain required elements, or which are not signed by all parties, the District may not claim average daily attendance apportionment for these pupils during their participation in independent study.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2024-003 DEFICIENCY - STATE COMPLIANCE - AFTER/BEFORE SCHOOL EDUCATION AND SAFETY (40000)**

Condition: At both sites selected for testing of After School Education and Safety Program attendance reporting, differences were identified between the supporting documentation of pupil counts, versus totals reported. The net impact for all differences at both sites was an understatement of 116 days of attendance for the After School Education and Safety Program.

Recommendation: The District's management team should implement or reinforce internal controls to ensure accurate accounting for attendance for the ASES program.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with the finding and agrees with the auditor's recommendations. Further, management will provide additional training for staff at the school sites who are responsible for attendance reporting of the After School Education and Safety Program.

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2025-002.

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