



## BayRICS 2016 Annual Report

### BayRICS Authority

**Barry Fraser, General Manager**

**March 1 2017**

#### Background

The *Bay Area Regional Interoperable Communications System Joint Powers Authority* (BayRICS) was established in August 2011 to oversee advanced public safety communications projects, such as FirstNet. Members of BayRICS include the City and County of San Francisco, City of Oakland, City of San Jose, Counties of Alameda, Contra Costa, Marin, San Mateo, Santa Clara, Sonoma, and “hub” cities in the East Bay and South Bay. Each member jurisdiction has appointed a representative to the BayRICS Board of Directors.

The BayRICS General Manager is tasked with monitoring the progress of FirstNet, keeping members up-to-date on the status and timeline of network deployment, developing policies and procedures for regional governance, and providing recommendations to members regarding adoption and usage of FirstNet services when they become available.

This Report is a summary of the major accomplishments completed by BayRICS during calendar year 2016.

#### Sources of Funding and Major Expenses

BayRICS programs and activities received financial support from two sources in 2016: 1) Funding from the UASI 2015 Grant referenced as Regional Broadband/LMR Planning/Governance, awarded to the BayRICS Authority through the County of Alameda, CA (\$59,000) and 2) BayRICS member fees collected in 2016 (\$84,000).

The primary expense incurred by BayRICS in 2016 was for management and administration (\$106,130). BayRICS activities were managed by a general manager through an existing contract with BayRICS for General Management Services. The general manager billed for 1,013 hours over the 12-month period between January 1 and December 31, 2016. The general manager’s hours were allocated among the major tasks identified in Table 1.

***Table 1: BayRICS General Manager Tasks and Allocations***

ACTIVITY	GENERAL MANAGER HOURS	PERCENTAGE
1. BayRICS Board/Committee Administration	108	11%
2. Budget, Financial and Record-Keeping	112	11%
3. Manage Web Site/Publish Digest Reports	156	15%
4. Attend Meetings Related to FirstNet	223	22%

5. Track FirstNet Activities and Progress	98	<b>10%</b>
6. California FirstNet Planning/Data Collection	74.5	<b>7%</b>
7. BayRICS Member Outreach	112	<b>11%</b>
8. Oversee Regional Advisory Groups	120.5	<b>12%</b>
9. Other Misc. Tasks	9	<b>1%</b>
<b>TOTAL PAID HOURS</b>	<b>1,013</b>	<b>100%</b>

Audited Financial Statements for FY 2015-2016 are attached as Appendix One.

**Major Accomplishments and Deliverables Completed During 2016**

The work accomplished by BayRICS in 2016 is categorized according the following four objectives:

**(1) Develop and share essential Bay Area needs and requirements for FirstNet State Consultation:**

- a. Discuss & analyze California Data Collection with CalFRN Board (Initial data on Bay Area needs and requirements submitted on Sept. 30, 2015.
- b. Attend bi-monthly CalFRN meetings;
- c. Meet with FirstNet Government Affairs and Consultation Team about Bay Area consultation needs; and plan and conduct Bay Area stakeholder meetings in July & November 2016;
- d. Held Bay Area Stakeholder Planning Meeting #1 with FirstNet Officials and EBRCSA
- e. Participate in State Consultation Task Team meetings on Quality of Service, Priority and Preemption (QPP)
- f. Appointed Chair of CalFRN State Plan Advisory Committee; develop evaluation criteria and Request for Information (RFI) for alternative plans to FirstNet

**(2) Educate agencies about benefits and options for using the FirstNet network when it becomes available:**

- a. Published 74 Blog Reports (See <http://www.bayrics.net/news-and-notes-blog>); sent weekly email digest to stakeholders
- b. Conducted 39 stakeholder outreach meetings/conference calls
- c. Established FirstNet Request for Proposals (RFP) Online Information Resource - <http://www.bayrics.net/firstnet-rfp.html>
- d. Published three Summary Documents on FirstNet RFP (Objectives, Pricing, Coverage), <http://www.bayrics.net/firstnet-rfp.html>
- e. Published a summary of FirstNet subscriber fee structure
- f. Published analysis of three proposals submitted in response to FirstNet RFP
- g. Develop BayRICS Frequently Asked Questions
- h. Published reports on FirstNet and CalFRN meetings and major activities
- i. Planned and hosted three FirstNet “Metro Consultation” Outreach events

**(3) Position Bay Area as an “early-build” project by leveraging the strong support from regional stakeholders and significant work accomplished on BayWEB:**

- a. Finalized “Business Case” Findings and Recommendations from BayWEB and presented to FirstNet and CalFRN

- b. Attend FirstNet Public Safety Advisory Committee (PSAC) in-person meeting/FirstNet Board Meeting – meet with FirstNet Chair Sue Swenson and President TJ Kennedy to discuss Bay Area’s potential as an early builder
- c. Appointed Chair of FirstNet PSAC Local Control Task Team leveraging work from BayWEB -- conducted 12 conference calls and one in-person meeting of the Task Team in Boulder CO, reported out on Local Control Task Team at PSAC in-person meeting in San Diego, submitted Local Control Task Team final report to PSAC;
- d. Presentation on BayWEB Lessons Learned at IWCE Conference and other national conferences.
- e. Participate on PSAC User Profiles Task Team

**(4) Coordinate Bay Area Land Mobile Radio (LMR) Interoperability:**

- a. Held 10 P25 Operators Meetings
  - i. Revised system key exchange process
  - ii. Facilitated Super Bowl 50 coordination and de-brief;
  - iii. Fleetmap Revision: changes proposed, discussed, incorporated and new version distributed
  - iv. Encrypted mutual aid talk group (SECURE) pilot proposed, finalized and added to Fleetmap
  - v. 2016 Urban Shield radio interoperability tests designed, conducted and after-action report published
  - vi. Begin planning for regional system key exchange event in January 2017

Table 2 on the following page provides a monthly summary of work completed during the 2016 calendar year. Detailed weekly logs are available on Request.

**Table 2: Deliverables Summary by Month**

<b>TASK</b>	<b>JAN 2016</b>	<b>FEB 2016</b>	<b>MAR 2016</b>	<b>APR 2016</b>	<b>MAY 2016</b>	<b>JUN 2016</b>
(1) State Consultation & Planning for FirstNet State Plans	Attend CalFRN meeting; identified Consultation objectives for 2016			Attend CalFRN meeting; progress report from FirstNet; launch Consultation Task Team process		Met with FirstNet Government Affairs and Consultation Team about Bay Area consultation needs; & Bay Area stakeholder meetings in July & November 2016
(2) Educate agencies about benefits and options for using the FirstNet network when available	Published 6 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 4 stakeholder outreach meetings Established FirstNet RFP Online Information Resource - <a href="http://www.bayrics.net/firstnet-rfp.html">http://www.bayrics.net/firstnet-rfp.html</a>	Published 8 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 1 stakeholder outreach meeting Published 3 Summary Documents on FirstNet RFP <a href="http://www.bayrics.net/firstnet-rfp.html">http://www.bayrics.net/firstnet-rfp.html</a>	Published 9 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 4 stakeholder outreach meetings	Published 9 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 3 stakeholder outreach meetings	Published 5 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 3 stakeholder outreach meetings Published a summary of FirstNet subscriber fee structure	Published 3 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 2 stakeholder outreach meetings Published analysis of three proposals submitted in response to FirstNet RFP
(3) Position Bay Area as an potential early adopter of FirstNet	Appointed Chair of FirstNet PSAC Local Control Task Team, leveraging work from BayWEB	Conducted 5 conference calls of Local Control Task Team Presentation on BayWEB Lessons Learned at IWCE Conference	Conducted 3 conference calls of Local Control Task Team and one in-person meeting in Boulder CO PSAC webinar – reported out on Local Control Task Team	Conducted 1 conference call of Local Control Task Team	Conducted 3 conference calls of Local Control Task Team	Conducted 1 conference call of Local Control Task Team  PSAC in-person meeting in San Diego – reported out on Local Control Task Team
(4) Coordinate Bay Area Land Mobile Radio (LMR) Interoperability	Held P25 Operators Meeting – SB 50 coordination	Held P25 Operators Meeting – SB 50 de-brief; Fleetmap changes proposed	Held P25 Operators Meeting --- Fleetmap changes discussed; encrypted mutual aid talkgroups proposed	Fleetmap changes incorporated/ new version distributed; encrypted mutual aid talkgroups pilot developed	Held P25 Operators Meeting -- encrypted mutual aid talkgroups pilot finalized and added to Fleetmap	Held P25 Operators Meeting – 2016 Urban Shield radio interoperability tests proposed

TASK	JULY 2016	AUG 2016	SEPT 2016	OCT 2016	NOV 2016	DEC 2016
(1) State Consultation & Planning for FirstNet State Plans	Attend CalFRN Meeting – Launched State Plan Evaluation Process Advisory Group  Participate in State Consultation Task Team meeting on QPP	Attend CalFRN Meeting – Develop State Plan Evaluation Criteria and Request for Information (RFI) on Alternative Plans	Attend two CalFRN Meetings – Review State Plan Evaluation Criteria and Request for Information (RFI) on Alternative Plans	Attend CalFRN Meeting – Final Review State Plan Evaluation Criteria and Request for Information (RFI) on Alternative Plans	Attend CalFRN two Meetings – Release and Request for Information (RFI) on Alternative Plans	Attend CalFRN Meeting – Launch State Plan Review Process, Evaluation Process and Review Team Roles and Responsibilities
(2) Educate agencies about benefits and options for using the FirstNet network when available	Published 3 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ;  Conducted 4 stakeholder outreach meetings Developed comprehensive analysis of NTIA Notice on Process for "Opt Out" States	Published 7 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ;  Conducted 6 stakeholder outreach meetings/calls  Bay Area Stakeholder Meeting #1: Meet with FirstNet Officials and EBRCSA	Published 6 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ;  Conducted 4 stakeholder outreach meetings  Speak at NATOA Conference on PSAC activity	Published 6 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ;  Conducted 4 stakeholder outreach meetings  Updated BayRICS FAQ and Web Site "About" page	Published 4 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ; Conducted 1 stakeholder outreach meeting and 3 FirstNet Metro Consultation events	Published 7 Blog Reports <a href="http://www.bayrics.net/news-and-notes-blog">http://www.bayrics.net/news-and-notes-blog</a> ;
(3) Position Bay Area as an potential early adopter of FirstNet	Submitted final report for PSAC Local Control Task Team		PSAC State and Local Work Group Call  Attend PSAC Webinar		4 PASC User Profiles Task Team Conference Calls	1 PASC User Profiles Task Team Conference Call and 1 in-person meeting in Sacramento  Attend FirstNet Board Meeting and PSAC in-person Meeting in Sacramento
(4) Coordinate Bay Area Land Mobile Radio (LMR) Interoperability	Held P25 Operators Meeting – 2016 Urban Shield radio interoperability tests proposed	Held P25 Operators Meeting – 2016 Urban Shield radio interoperability tests final planning	Held P25 Operators Meeting – 2016 Urban Shield radio interoperability tests conducted	Held P25 Operators Meeting – 2016 Urban Shield radio interoperability tests de-brief	Held P25 Operators Meeting – planning for regional system key exchange in Jan. 2017  Urban Shield radio interoperability tests after action report	

**APPENDIX ONE**

**Audited Financial Statements for FY 2015-2016**

---

---

**BAY AREA REGIONAL INTEROPERABLE  
COMMUNICATIONS SYSTEMS**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

---

---

# BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
BOARD OF DIRECTORS	1
ORGANIZATION CHART	2
MEMBERS	3
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR'S REPORT	5 - 6
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	7 - 10
FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Basic Financial Statements	14 - 18
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 <i>GOVERNMENT AUDITING STANDARDS</i>	19 - 20
SCHEDULE OF FINDINGS AND RESPONSES	21
STATUS OF PRIOR YEAR FINDINGS	22



## **Introductory Section**

# **BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**

## **BOARD OF DIRECTORS**

### ***State Representative***

Karen Wong, Vice Chair, State of California

### ***County Representatives***

Richard Lucia, Chair, Alameda County  
Candace Anderson, Contra Costa County  
Lee Ann Magoski, Marin County  
Emily Harrison, Santa Clara County  
Anne Kronenberg, San Francisco County  
Chris Flatmoe, San Mateo County  
Dennis Smiley, Sonoma County

### ***City Representatives***

Renee' Domingo, City of Oakland  
Greg Suhr, City of San Francisco  
Michelle McGurk, City of San Jose

### ***Special District Representatives***

Joe Calabrigo, East Bay Hub  
Dan Winter, South Bay Hub

## **Management Personnel**

### ***General Manager***

Barry Fraser

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**

**ORGANIZATION CHART**



# BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

## MEMBERS

BayRICS currently has 16 member agencies. Participating agencies include:

### *Counties*

Alameda County  
Contra Costa County  
Marin County  
Santa Clara County  
San Francisco County  
San Mateo County  
Sonoma County

### *Cities*

City of Oakland  
City of San Francisco  
City of San Jose

### *Special Districts*

East Bay Hub (East Bay Regional Communications System Authority)  
South Bay Hub (City of Monte Sereno, City of Santa Clara, City of Sunnyvale, and the Town of Los Gatos)

### *State*

California Emergency Management Agency

## **Financial Section**

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Bay Area Regional Interoperable Communications Systems  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and major fund of Bay Area Regional Interoperable Communications Systems (the Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special District*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund of the Authority as of June 30, 2016, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the Authority'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 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 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 the Authority's internal control over financial reporting and compliance.

**Patel & Associates, LLP**  
**Certified Public Accountants**

*Patel & Associates, LLP*

**Oakland, California**  
**December 27, 2016**

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

This section of the financial statements for the Bay Area Regional Interoperable Communications Systems (the Authority) presents a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2016. This information is presented in conjunction with the audited basic financial statements, which follows this section.

**Financial Highlights**

- The Authority's total assets exceeded its total liabilities by \$245,311 (net position) as of June 30, 2016 and total net position increased by \$1,074 compared to fiscal year 2015.
- During fiscal year 2016, the Authority received membership fees of \$91,000.
- The Authority received grant revenues of \$196,408 to offset the costs to monitor and maintain the BayLOOP microwave system as well as administrative expenses.

**Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority reports financial statements under the enterprise fund type as it is used to report activities for which fees are charged to external users for goods and services. As such, the Authority's financial statements are prepared on an accrual basis in accordance with Generally Accepted Accounting Principles.

**Required Financial Statements**

The Authority's financial information is presented in the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Statement of Net Position includes all the Authority's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The Statement of Revenues, Expenses, and Changes in Net Position identify the Authority's revenues and expenses and can be used to determine whether the Authority has successfully recovered all its costs through membership fees. The Statement of Cash Flows provides information on the Authority's cash receipts, cash disbursements, and net changes in cash resulting from operations, investments, and financing activities.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.



**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Financial Analysis of the Authority**

Statement of Net Position

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. A summarized comparison of the Authority's assets, liabilities, and net position as of June 30, 2016 and June 30, 2015 is shown below:

**Table 1: Condensed Statement of Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets:		
Current assets	\$ <u>284,691</u>	\$ <u>277,598</u>
Total Assets	<u>284,691</u>	<u>277,598</u>
Liabilities:		
Current liabilities	<u>39,380</u>	<u>33,361</u>
Total Liabilities	<u>39,380</u>	<u>33,361</u>
Net Position:		
Unrestricted	<u>245,311</u>	<u>244,237</u>
Total Net Position	<u>\$ 245,311</u>	<u>\$ 244,237</u>

In fiscal year 2016, total assets increased by \$7,093 or 2.56 percent. This was due to a increase in cash of \$16,688, and a decrease in grant receivable of \$9,531 and decrease in prepaid expense of \$64.

Total liabilities for fiscal year 2016 increased by \$6,019. This was due to an increase in unearned revenues of \$29,750 and a decrease in accounts payable of \$23,731.

Total net position increased by \$1,074 compared to a \$161,655 decrease in the prior year due to significant decreases in administration and maintenance expenses.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position reflect how the Authority's net position changed during the current fiscal year as compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. A summary of the Statement of Revenues, Expenses and Changes in Net Position is as follows:

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Table 2: Changes in Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Operating revenues:</b>		
Membership fees	\$ <u>91,000</u>	\$ <u>91,000</u>
Total operating revenues	<u>91,000</u>	<u>91,000</u>
<b>Operating expenses:</b>		
Administration	125,748	224,395
Audit	5,830	5,830
Insurance	9,231	9,437
Legal	9,110	12,700
Maintenance	137,652	211,129
Miscellaneous	<u>1,694</u>	<u>1,694</u>
Total operating expenses	<u>287,571</u>	<u>465,185</u>
<b>Non-operating revenues:</b>		
Grants	196,408	211,129
Interest	<u>1,237</u>	<u>1,401</u>
Total non-operating revenues	<u>197,645</u>	<u>212,530</u>
Change in net position	1,074	(161,655)
Net position – beginning of year	<u>244,237</u>	<u>405,892</u>
Net position – end of year	<u>\$ 245,311</u>	<u>\$ 244,237</u>

The Authority's change in net position increased by \$162,729 during the fiscal year ended June 30, 2016. The increase was due to a \$98,647 significant reduction in administration expenses and a significant decrease of \$73,477 in maintenance expenses.

**Economic Factors and Next Year's Budgets and Rates**

According to the U.S. Department of Labor, the unemployment rate for the San Francisco metropolitan area was 4.2 percent in June 2016, compared to the rate of 4.3 percent in June 2015. The San Jose metropolitan area had an unemployment rate of 4.1 percent in June 2016, compared to the rate of 4.2 percent in June 2015. The State's unemployment rate was 5.4 percent in June 2016, compared to the rate of 6.2 percent in June 2015.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2016**

Spending for goods and services throughout the state and the country showed signs of improvements as unemployment rates, as indicated above, began to decrease. According to the U.S. Department of Commerce, the gross domestic product for the State of California decreased to 2.0 percent in the first quarter of 2016 from 2.7 percent in the fourth quarter of 2015. By comparison, the national gross domestic product decreased to 1.2 percent in the first quarter of 2016 from 1.7 percent in the fourth quarter of 2015.

All of the above factors were considered in preparing the Authority's budget for fiscal year 2016.

The Authority adopted its fiscal year 2017 budget on April 14, 2016.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, and members with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Below is the contact information for questions about this report or requests for additional financial information.

Bay Area Regional Interoperable Communications Systems  
Alameda County Office of Homeland Security and Emergency Services  
4985 Broder Boulevard, Dublin, CA 94568  
Website: [www.bayrics.net](http://www.bayrics.net)

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

<b>Assets:</b>	
Cash and cash equivalents (Note 3)	\$ 263,247
Grant receivable (Note 5)	19,750
Prepaid expenses	<u>1,694</u>
Total assets	<u>284,691</u>
<b>Liabilities:</b>	
Accounts payable (Note 6)	9,630
Unearned revenue	<u>29,750</u>
Total liabilities	<u>39,380</u>
<b>Net Position</b>	
Unrestricted	<u>245,311</u>
Total net position	<u><u>\$ 245,311</u></u>

The accompanying notes are an integral part of these financial statements

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Operating revenues:</b>	
Membership fees	\$ <u>91,000</u>
<b>Total operating revenues</b>	<u>91,000</u>
<b>Operating expenses:</b>	
Administration	125,748
Audit	5,830
Insurance	9,231
Legal	9,110
Maintenance	<u>137,652</u>
<b>Total operating expenses</b>	<u>287,571</u>
<b>Operating income/(loss)</b>	<u>(196,571)</u>
<b>Nonoperating revenues:</b>	
Grants	196,408
Interest	<u>1,237</u>
<b>Total nonoperating revenues</b>	<u>197,645</u>
Change in net position	1,074
Net position – beginning of year	<u>244,237</u>
Net position – end of year	<u>\$ <u>245,311</u></u>

The accompanying notes are an integral part of these financial statements

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Cash flows from operating activities:</u>	
Receipts from members	\$ 127,750
Payments to suppliers and service providers	<u>(318,238)</u>
Net cash used by operating activities	<u>(190,488)</u>
 <u>Cash flows from noncapital financing activities:</u>	
Grants received	<u>205,939</u>
Net cash provided by noncapital financing activities	<u>205,939</u>
 <u>Cash flows from investing activities:</u>	
Interest and dividends	<u>1,237</u>
Net cash provided by investing activities	<u>1,237</u>
Net increase/(decrease) in cash and cash equivalents	16,688
Cash and cash equivalents – beginning of year	<u>246,559</u>
Cash and cash equivalents – end of year	<u>\$ 263,247</u>
 Reconciliation of operating income/(loss) to net cash used by operating activities:	
Operating loss	\$ <u>(196,571)</u>
Changes in assets and liabilities:	
Prepaid expenses	64
Accounts payable	(23,731)
Unearned revenue	<u>29,750</u>
Total adjustments	<u>6,083</u>
Net cash used by operating activities	<u>\$ (190,488)</u>

The accompanying notes are an integral part of these financial statements

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1: GENERAL INFORMATION**

The Bay Area Regional Interoperable Communications Systems (the Authority) was officially created on May 2, 2011 with the formation of a Joint Powers Authority (JPA). Per California State Statute, a JPA is viewed as an independent government agency with powers that accrue to one of the member agencies. The intent of the Authority is to establish a regional, interoperable public safety broadband communications system and other advanced information systems for interoperable public communications services. Currently there are 16 member agencies consisting of 7 counties, 7 cities and towns, 1 special district, and the California Emergency Management Agency.

BayRICS is governed by the Board of Directors (Board) comprised of one representative from each member and the Governor of the State of California plus a Seat at Large to be determined by the Board. Each member has one vote and is also encouraged to designate an alternate to serve in the absence of its regular representative. The Board elects a President and a Vice-President to hold office for a one-year term, except as otherwise provided in the agreement. The officers for fiscal year 2016 were:

President	Rich Lucia	Alameda County
Vice-President	Karen Wong	State of California
Secretary	D.Marie Smith	Alameda County
Treasurer	Emily Harrison	Santa Clara County

The Board has powers and functions to establish priorities in the performance of services, to conduct all business on behalf of BayRICS, and to adopt bylaws for the conduct of its business consistent with the agreement and all applicable laws.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Scope of Financial Reporting Entity**

The Authority is legally separate from the seven counties, and is governed by a Board of Directors made up of 16 elected and appointed officials from each member agency. The Authority's financial activities are reported under the JPA BayRICS Fund in the County of Alameda and funds are held by the Treasurer of the County of Alameda and with a trustee. The books and records for the Authority are maintained by the County of Alameda, Auditor-Controller Agency's Specialized Accounting Unit.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Authority are presented as those of an enterprise fund under the broad category of funds called proprietary funds.

Enterprise funds account for business-like activities that are financed primarily by user charges and use the *economic resources measurement focus* and the accrual basis of accounting similar to the private sector. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

The financial statements are presented in accordance with the pronouncements of the Government Accounting Standards Board (GASB). According to GASB Statement 34, enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services.

**C. Cash and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The Authority maintains its cash with the County of Alameda Treasurer.

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted funds, which are generally held by outside custodians and classified as "Cash and investments with fiscal agents" within its financial statements. The fair value of the Treasurer's pool is determined on a quarterly basis. The adjustment to the cash balance of all participants in the pool is based on the cash balance at the valuation date. The change in the fair value of the investments is recognized in the year in which the change occurred.

**D. Capital Assets**

Capital assets, which include land, construction in progress, structures and improvements, machinery and equipment, software, and infrastructure, are valued at historical cost. The Authority capitalizes equipment and computer software with minimum cost of \$5,000 and \$250,000, respectively, and an estimated useful life in excess of one year. Structures and improvements and infrastructure with a value of at least \$250,000 are capitalized. Donated capital assets are recorded at estimated fair value at the date of donation. The Authority has no capital assets as of June 30, 2016.

**E. Net Position**

*Net Investment in Capital Assets*

This category of net position groups all capital assets into one component. Accumulated depreciation and the outstanding balances of debt, excluding unexpended bond proceeds, related to the acquisition, construction, or improvement of the capital assets reduce the balance in this category. The Authority has no net investment in capital assets as of June 30, 2016.

*Restricted Net Position*

Restricted net position are those assets, net of their related liabilities, that have constraints placed on their use by creditors, grantors, contributors, or by enabling legislation. Accordingly, restricted assets may include unspent grant revenues, certain fees and charges and restricted tax revenues. The Authority has no restricted net position as of June 30, 2016.

**F. Cash Flows**

A statement of cash flows is presented for proprietary fund types. Cash and cash equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the County's Treasury represent monies in a cash management pool. Such accounts are similar in nature to demand deposits.



**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3: CASH AND INVESTMENTS**

**A. Deposits**

As of June 30, 2016 the Authority's cash and deposits were as follows:

Cash and cash equivalents	\$ 263,247
---------------------------	------------

*Custodial Credit Risk – Deposits*

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. The Authority's investment policy requires that deposits in banks must meet the requirements of the California Government Code. As required by California Government Code Section 53652, the market value of the pledged securities must equal at least 110 percent of the Authority's deposits, with the exception of mortgage-backed securities, which must equal at least 150 percent.

**B. Investments**

*County of Alameda Treasurer's Investments*

The Authority is considered to be a voluntary participant in an external investment pool as the Authority deposits all receipts and collections, except those required to be deposited with the trustee, with the County of Alameda Treasurer.

Funds with the County Treasurer are invested pursuant to the annual investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institution in which the County deposits funds, the types of investment instruments and the percentage of the portfolio, which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include U.S. Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds that invest in authorized securities, and mortgage-backed securities.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rate will affect the fair value of an investment. In accordance with the investment policy, the County Treasurer manages the risk exposure by limiting the weighted average maturity of its investment portfolio to not more than two years at any time.

**NOTE 4: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority participates in the Alliant Insurance Services, Inc. government crime policy. The policy provides for coverage for faithful performance/employee dishonesty, money and securities, forgery or alteration, computer fraud, robbery and safe burglary, and money order and counterfeit paper currency. The Authority's deductibles and maximum coverage as of June 30, 2016 are as follows:

Coverage Description	Deductible	Insurance Coverage
Government Crime	\$ 2,500	\$ 15,000,000

The Authority has had no settled claims resulting from these risks that exceeded the Authority's insurance coverage in any of the past three years.

**NOTE 5: GRANTS RECEIVABLE**

Grants receivable as of June 30, 2016, was comprised of the following:

<u>Source</u>	
City of Monte Sereno	\$ 1,750
UASI 2014	<u>18,000</u>
	<u>\$ 19,750</u>

**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2016, was comprised of the following:

<u>Vendor</u>	
Barry Fraser	\$ 3,800
County of Alameda	530
Patel & Associates, LLP	<u>5,300</u>
	<u>\$ 9,630</u>

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7: ADMINISTRATIVE SERVICES AGREEMENT**

On August 1, 2015, the Authority entered into a service agreement with Barry Fraser (The contractor) for the General Manager services. The contractor shall perform the duties such as scheduling of meetings, recommending & administering the yearly budget along with managing the authority's finances, obtaining & maintaining insurance, representing authority on various local, state and federal government committees & working groups, working to get federal & state grants, negotiating and administering all contracts, developing & maintaining authority's website in a professional manner etc. Authority will pay Barry Fraser (Contractor) within thirty (30) days, upon receipt of invoice. Compensation at the rate of One Hundred Dollars (\$100) per hour will be paid for the work performed. The Contractor will not bill for more than 960 hours per 12-month period without express approval by the Authority's Board of Directors.

**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***

The Board of Directors  
Bay Area Regional Interoperable Communications Systems  
Oakland, 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 business-type activities and major fund of Bay Area Regional Interoperable Communications Systems as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Bay Area Regional Interoperable Communications Systems' basic financial statements, and have issued our report thereon dated December 27, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Bay Area Regional Interoperable Communications Systems' internal control over financial reporting (internal control) to determine the 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 the Bay Area Regional Interoperable Communications Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of the Bay Area Regional Interoperable Communications Systems' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Bay Area Regional Interoperable Communications Systems' 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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bay Area Regional Interoperable Communications Systems' 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 determination of financial statement amounts. 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 Bay Area Regional Interoperable Communications Systems' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bay Area Regional Interoperable Communications Systems' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Patel & Associates, LLP**  
**Certified Public Accountants**

*Patel & Associates, LLP*

**Oakland,**  
**California**  
**December 27, 2016**

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

No matters were reported.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

There were no findings in the prior year.