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**BAY AREA REGIONAL INTEROPERABLE  
COMMUNICATIONS SYSTEMS**

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

**FOR THE YEAR ENDED JUNE 30, 2021**

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# BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

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## **Introductory Section**



# **BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**

## **BOARD OF DIRECTORS**

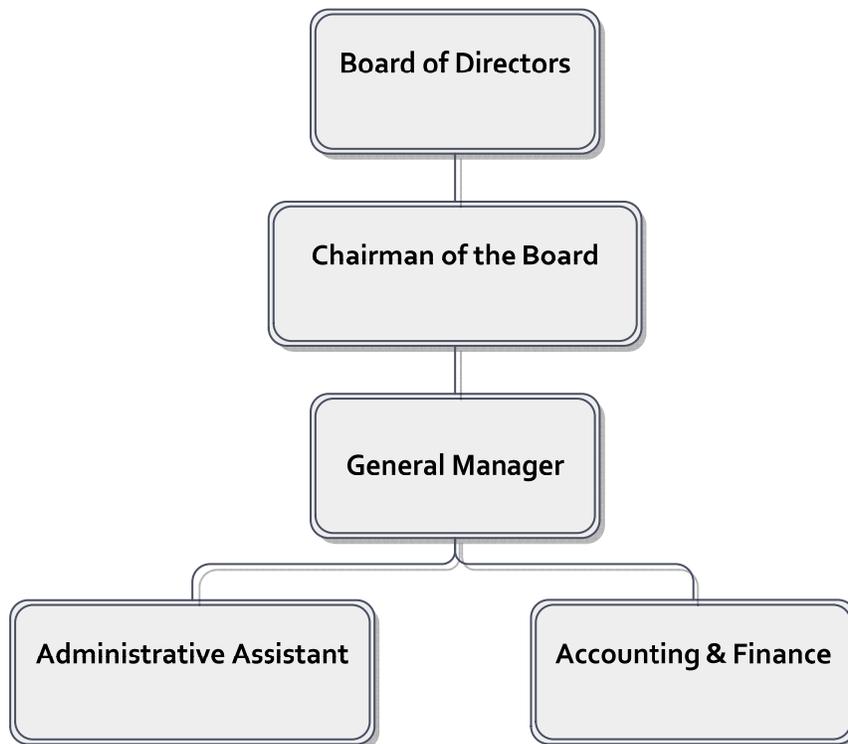
<b>Member</b>	<b>Director</b>	<b>Alternate</b>
Alameda County	Richard T. Lucia (Chair)	Tom Madigan
Contra Costa County	Mike Casten	Thomas Chalk
Marin County	Andrew LeBlanc	Chris Reilly
San Francisco County	William "Bill" Scott	Michael Deely
San Mateo County	Sean Thakkar	Albert David
Santa Clara County	Michael Gokey	Trisha Adock
Sonoma County	Russel Holmes	Justin Riedel
City of Oakland	Nick Luby	Ametrius Sydney
City of San Francisco	Mary Ellen Carroll	Michelle Geddes (Vice Chair)
City of San Jose	Judith Torrico	Steve Forman
East Bay Hub	Ernest "Marc" Roberts	vacant
South Bay Hub	Dan Winter	Jeffrey Hunter

## **MANAGEMENT PERSONNEL**

**General Manager**  
Corey Reynolds

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**

**ORGANIZATION CHART**



# **BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**

## **MEMBERS**

BayRICS currently has 12 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 Regional Communications System Authority  
Silicon Valley Regional Inoperability Authority

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## **Financial Section**





Michael R. Blanks CPA  
Accountancy Corporation

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Bay Area Regional Interoperable Communications Systems  
Dublin, CA

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

We have audited the accompanying financial statements of the business-type activities of the Bay Area Regional Interoperable Communications Systems (the Authority), as of and for the year ended June 30, 2021, 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 an opinion 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2021, and the changes in financial position, and cash flows thereof for the year then ended in conformity 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to above 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 October 1, 2021, 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, 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 the 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.

*Michael R. Blanks CPA Accountancy Corporation*

Oakland, CA

October 1, 2021.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 \$235,997 (net position) as of June 30, 2021 and total net position decreased by \$53,738 compared to fiscal year 2019-2020. Net position is unrestricted, and may be used to meet the Authority's ongoing obligations.
- The Authority received membership fees of \$84,000 in fiscal year 2020-2021, which is consistent with membership fees earned in fiscal year 2019-2020 as membership fees did not change.
- The Authority received operating grant revenues of \$52,000 in fiscal year 2020-2021 compared to \$69,000 in fiscal year 2019-2020. Grant revenues are determined by the award of Urban Area Security Initiative grants awarded to the Authority and the amount of reimbursable expenses available to claim against the grants.

**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.

**Enterprise Fund 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, 2021**

**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, 2021 and June 30, 2020 is shown below:

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

<b>Condensed Statement of Net Position</b>				
<b>June 30, 2021 and 2020</b>				
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	
<b>Assets:</b>				
Current assets	\$ 255,547	\$ 300,508	\$ (44,961)	-15.0%
Total Assets	<u>255,547</u>	<u>300,508</u>	<u>(44,961)</u>	<u>-15.0%</u>
<b>Liabilities:</b>				
Current liabilities	<u>19,550</u>	<u>10,773</u>	<u>8,777</u>	<u>81.5%</u>
Total Liabilities	<u>19,550</u>	<u>10,773</u>	<u>8,777</u>	<u>81.5%</u>
<b>Net Position:</b>				
Unrestricted	<u>235,997</u>	<u>289,735</u>	<u>(53,738)</u>	<u>-18.5%</u>
Total Net Position	<u>\$ 235,997</u>	<u>\$ 289,735</u>	<u>\$ (53,738)</u>	<u>-18.5%</u>

In fiscal year 2020-2021, total assets decreased by \$44,961 or 15 percent. This was due to a decrease in cash of \$70,068 plus a decrease in dues receivable of \$7,000 offset by an increase in grants receivable of \$27,400.

Total liabilities for fiscal year 2020-2021 increased by \$8,777 or 81.5 percent. This was due to an increase in accounts payable due to the accrual of the Executive Director's contract costs.

Total net position decreased in fiscal year 2021 compared to fiscal year 2020 by \$53,738 or 18.5 percent.

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, 2021**

**Table 2: Changes in Net Position**

**Condensed Statement of Changes in Net Position  
For the Years Ended June 30, 2021 and 2020**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	
<b>Operating revenues:</b>				
Membership fees	\$ 84,000	\$ 84,000	\$ 0	0.0%
Total operating revenues	<u>84,000</u>	<u>84,000</u>	<u>0</u>	<u>0.0%</u>
<b>Operating expenses:</b>				
Administration	115,000	122,258	(7,258)	-5.9%
Other operating expenses	<u>77,697</u>	<u>29,879</u>	<u>47,818</u>	<u>160.0%</u>
Total operating expenses	<u>192,697</u>	<u>152,137</u>	<u>40,560</u>	<u>26.7%</u>
<b>Non-operating revenues:</b>				
Grants	52,000	69,000	(17,000)	-24.6%
Interest	<u>2,959</u>	<u>5,670</u>	<u>(2,711)</u>	<u>-47.8%</u>
Total non-operating revenues	<u>54,959</u>	<u>74,670</u>	<u>(19,711)</u>	<u>-26.4%</u>
Change in net position	(53,738)	6,533	(60,271)	-922.6%
Net position – beginning of year	<u>289,735</u>	<u>283,202</u>	<u>6,533</u>	<u>2.3%</u>
Net position – end of year	<u>\$ 235,997</u>	<u>\$ 289,735</u>	<u>\$ (53,738)</u>	<u>-18.5%</u>

The Authority's change in net position decreased by \$53,738 or 922.6 percent during the fiscal year ended June 30, 2021. The decrease was due to a \$40,560 increase in expenses and a \$17,000 decrease in grant funding. The increase in expenses is primarily due to a \$49,121 increase in professional services to support mobile software development, offset by a \$10,199 decrease in legal fees and a \$7,258 decrease in administration due to the expiration of the Board Secretary contract. The \$17,000 decrease in grant revenues was due to a decrease in grant allocation and reimbursable expenses.

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

The Authority's budget uses charges for services to recover costs associated with its operation. The Authority charges its members an annual membership of \$7,000. The board of directors sets the rate for the membership and reviews it annually.

The Authority adopted its fiscal year 2022 budget on June 10, 2021.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021**

**Assets:**

Cash and cash equivalents (Note 2)	\$ 178,391
Receivables (Note 4)	75,129
Prepaid expenses	<u>2,027</u>
<b>Total assets</b>	<u><u>255,547</u></u>

**Liabilities:**

Accounts payable	<u>19,550</u>
<b>Total liabilities</b>	<u><u>19,550</u></u>

**Net Position**

Unrestricted	<u>235,997</u>
<b>Total net position</b>	<u><u>\$ 235,997</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, 2021**

<b>Operating revenues:</b>	
Membership fees	\$ 84,000
<b>Total operating revenues</b>	<u>84,000</u>
<b>Operating expenses:</b>	
Administration	115,000
Audit	8,193
Insurance	11,508
Legal	1,729
Miscellaneous	1,146
Professional services	55,121
<b>Total operating expenses</b>	<u>192,697</u>
<b>Operating income/(loss)</b>	<u>(108,697)</u>
<b>Nonoperating revenues:</b>	
Grant	52,000
Interest income	2,959
<b>Total nonoperating revenues</b>	<u>54,959</u>
Change in net position	(53,738)
Net position - beginning of year	<u>289,735</u>
Net position - end of year	<u>\$ 235,997</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, 2021**

<b>Cash flows from operating activities:</b>	
Receipts from members	\$ 77,000
Payments to suppliers and service providers	(184,032)
<b>Net cash provided by (used in) by operating activities</b>	<u>(107,032)</u>
<b>Cash flows from noncapital financing activities:</b>	
Operating grants	<u>33,350</u>
<b>Net cash provided by capital and related financing activities</b>	<u>33,350</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends	<u>3,614</u>
<b>Net cash provided by investing activities</b>	<u>3,614</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(70,068)
Cash and cash equivalents - beginning of year	<u>248,459</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 178,391</u>
<b>Reconciliation of operating income/(loss) to net cash provided by (used in) operating activities:</b>	
Operating income	<u>\$ (108,697)</u>
Changes in assets and liabilities:	
Accounts receivable	(7,000)
Prepaid expenses	(112)
Accounts payable	<u>8,777</u>
Total adjustments	<u>1,665</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (107,032)</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, 2021**

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

**A. Scope of Financial Reporting Entity**

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). By definition, a JPA is two or more contracted public agencies jointly exercising any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment, or tax, even though one or more of the contracting agencies may be located outside the state.

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 12 member agencies consisting of 7 counties, 3 cities and towns, and 2 special districts.

The Authority is legally separate from the seven counties, and is governed by a Board of Directors made up of 12 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. The books and records for the Authority are maintained by the County of Alameda, Auditor-Controller Agency's Financial Reporting 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.

The financial statements are presented in accordance with the pronouncements of the Governmental 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.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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.

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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments is determined using the fair value hierarchy defined by GASB Statement No. 72, *Fair Value Measurement and Application*.

The Treasurer’s Pool is audited annually by independent auditors. In order to obtain a copy of the most recent report, contact the Office of the Alameda County Treasurer – Tax Collector at 1221 Oak Street, Room 131, Oakland, CA 94612.

**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 their acquisition value at the date of donation. The Authority has no capital assets as of June 30, 2021.

**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, 2021.

*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, 2021.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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.

**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 2: CASH AND INVESTMENTS**

**A. Deposits**

As of June 30, 2021 the Authority's cash and deposits were as follows:

Cash and cash equivalents	<u>\$ 178,391</u>
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*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.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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.

*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. The weighted average maturity of the County Treasurer’s pool at June 30, 2021 was 593 days.

**NOTE 3: 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, 2021 are as follows:

<u>Coverage Description</u>	<u>Deductible</u>	<u>Insurance Coverage</u>
Government Crime	\$2,500	\$15,000,000
Personal Injury	\$5,000	\$5,000,000
Automobile Liability	\$5,000	\$1,000,000
Public Officials Errors and Omissions	\$5,000	\$5,000,000

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.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4: RECEIVABLES AND RELATED PARTY TRANSACTIONS**

Members will be users of the Authority’s communications systems once operational. The Authority currently provides members with updates on the status and timeline of network deployment, develops policies for regional governance, and provides recommendations to members regarding adoption and usage of services when they become available. Members support these activities through annual membership fees, which totaled \$84,000 for the year ended June 30, 2021. In addition, the Authority uses the County of Alameda Treasurer’s Pool for investment management as disclosed in Note 2 above.

The Authority bills membership fees annually. The County of Alameda Treasurer’s Pool posts interest income at the end of each quarter with interest credited to the Authority subsequent to each quarter-end.

Receivables as of June 30, 2021, was comprised of the following:

<u>Source</u>		
Accounts Receivable		
City of Monte Sereno	\$	1,750
County of Alameda		7,000
County of San Mateo		7,000
EBRCSA		<u>7,000</u>
Total Accounts Receivable	\$	22,750
Interest Receivable		379
Grants Receivable		<u>52,000</u>
	\$	<u>75,129</u>

**NOTE 5: ADMINISTRATIVE SERVICES AGREEMENT**

The Authority entered into an agreement with the Executive Director where he provides the Authority with general manager services. For these services, the Authority pays a rate of \$115 per hour, not to exceed \$115,000. This agreement is effective from July 1, 2020 and shall run through June 30, 2021. The Authority and the Executive Director may extend the term for additional periods by mutual agreement.

**NOTE 6: EVALUATION OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 1, 2021, the date which financial statements were available to be issued. No events require adjustment or disclosure in the financial statements.



Michael R. Blanks CPA  
Accountancy Corporation

**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  
Dublin, CA

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 of the Bay Area Regional Interoperable Communications Systems (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report dated October 1, 2021

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 over financial reporting 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 the Authority's financial statements are free of 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

*Michael R. Blanks CPA Accountancy Corporation*

Oakland, CA  
October 1, 2021

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

No matters were reported.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2021**

There were no findings in the prior year.