
**BAY AREA REGIONAL INTEROPERABLE
COMMUNICATIONS SYSTEMS**

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

FOR THE YEAR ENDED JUNE 30, 2020

BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

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Introductory Section

BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

BOARD OF DIRECTORS

County Representatives

Richard T. Lucia, Chair, Alameda County
Mike Casten, Contra Costa County
Chris Reilly (alternate), Marin County
Michael Gokey, Santa Clara County
William “Bill” Scott, San Francisco County
Jon Walton, San Mateo County
Russel Holmes, Sonoma County

City Representatives

Nick Luby, City of Oakland
Mary Ellen Carroll, City of San Francisco
Judith Torrico, City of San Jose

Special District Representatives

Ernest “Marc” Roberts, East Bay Hub
Dan Winter, South Bay Hub

Management Personnel

General Manager

Corey Reynolds

BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

ORGANIZATION CHART



BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS

MEMBERS

BayRICS currently has 15 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 Monte Sereno
City of Oakland
City of San Francisco
City of Santa Clara
City of San Jose
City of Sunnyvale
Town of Los Gatos

Special Districts

East Bay Regional Communications System 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, 2020, 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, 2020, 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 30, 2020, 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 30, 2020.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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 \$289,735 (net position) as of June 30, 2020 and total net position increased by \$6,533 compared to fiscal year 2018-2019. 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 2019-2020, which is consistent with membership fees earned in fiscal year 2018-2019 as membership fees did not change.
- The Authority received operating grant revenues of \$69,000 in fiscal year 2019-2020 compared to \$79,900 in fiscal year 2018-2019. 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, 2020**

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, 2020 and June 30, 2019 is shown below:

Table 1: Condensed Statement of Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	
Assets:				
Current assets	\$ 300,508	\$ 319,911	\$ (19,403)	-6.1%
Total Assets	<u>300,508</u>	<u>319,911</u>	<u>(19,403)</u>	<u>-6.1%</u>
Liabilities:				
Current liabilities	10,773	36,709	(25,936)	-70.7%
Total Liabilities	<u>10,773</u>	<u>36,709</u>	<u>(25,936)</u>	<u>-70.7%</u>
Net Position:				
Unrestricted	289,735	283,202	6,533	2.3%
Total Net Position	<u>\$ 289,735</u>	<u>\$ 283,202</u>	<u>\$ 6,533</u>	<u>2.3%</u>

In fiscal year 2019-2020, total assets decreased by \$19,403 or 6.1 percent. This was due to a decrease in cash of \$23,260 offset by an increase in dues receivable by \$7,000 and a decrease in grants receivable of \$3,266.

Total liabilities for fiscal year 2019-2020 decreased by \$25,936 or 70.7 percent. This was due to a decrease in unearned revenues of \$21,000 and a decrease in accounts payable of \$4,936. This was due to accruing one less month of the Executive Director's salary. The decrease in unearned revenues was a result of less members paying dues in advance.

Total net position increased in fiscal year 2020 compared to fiscal year 2019 by \$6,533 or 2.3 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, 2020**

Table 2: Changes in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	
Operating revenues:				
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>
Operating expenses:				
Administration	122,258	121,367	891	0.7%
Other operating expenses	<u>29,879</u>	<u>18,755</u>	<u>11,124</u>	<u>59.3%</u>
Total operating expenses	<u>152,137</u>	<u>140,122</u>	<u>12,015</u>	<u>8.6%</u>
Non-operating revenues:				
Grants	69,000	79,900	(10,900)	-13.6%
Interest	<u>5,670</u>	<u>4,766</u>	<u>904</u>	<u>19.0%</u>
Total non-operating revenues	<u>74,670</u>	<u>84,666</u>	<u>(9,996)</u>	<u>-11.8%</u>
Change in net position	6,533	28,544	(22,011)	-77.1%
Net position – beginning of year	<u>283,202</u>	<u>254,658</u>	<u>28,544</u>	<u>11.2%</u>
Net position – end of year	<u>\$ 289,735</u>	<u>\$ 283,202</u>	<u>\$ 6,533</u>	<u>2.3%</u>

The Authority's change in net position decreased by \$22,011 or 77.1 percent during the fiscal year ended June 30, 2020. The decrease was due to a \$12,015 increase in expenses and a \$10,900 decrease in grant funding. The increase in expenses is primarily due to a \$2,981 increase in legal fees and a \$6,468 increase in audit fees. The 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 fee from \$1,750 to \$7,000. The board of directors sets the rate for the membership and reviews it annually.

The Authority adopted its fiscal year 2021 budget on May 14, 2020.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS
STATEMENT OF NET POSITION
JUNE 30, 2020

Assets:

Cash and cash equivalents (Note 2)	\$ 248,459
Receivables (Note 4)	50,134
Prepaid expenses	<u>1,915</u>
Total assets	<u>300,508</u>

Liabilities:

Accounts payable (Note 5)	<u>10,773</u>
Total liabilities	<u>10,773</u>

Net Position

Unrestricted	<u>289,735</u>
Total net position	<u>\$ 289,735</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, 2020**

Operating revenues:	
Membership fees	\$ 84,000
Total operating revenues	<u>84,000</u>
Operating expenses:	
Administration	122,258
Audit	6,468
Insurance	10,492
Legal	11,928
Miscellaneous	991
Total operating expenses	<u>152,137</u>
Operating income/(loss)	<u>(68,137)</u>
Nonoperating revenues:	
Grant	69,000
Interest income	5,670
Total nonoperating revenues	<u>74,670</u>
Change in net position	6,533
Net position - beginning of year	<u>283,202</u>
Net position - end of year	<u>\$ 289,735</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, 2020

Cash flows from operating activities:

Receipts from members	\$ 56,000
Payments to suppliers and service providers	<u>(157,196)</u>
Net cash provided by operating activities	<u>(101,196)</u>

Cash flows from noncapital financing activities:

Operating grants	<u>73,300</u>
Net cash provided (used) by capital and related financing activities	<u>73,300</u>

Cash flows from investing activities:

Interest and dividends	<u>4,636</u>
Net cash provided (used) by investing activities	<u>4,636</u>

Net increase/(decrease) in cash and cash equivalents	(23,260)
Cash and cash equivalents - beginning of year	<u>271,719</u>
Cash and cash equivalents - end of year	<u>\$ 248,459</u>

Reconciliation of operating income/(loss) to net cash provided (used) by operating activities:

Operating income	<u>\$ (68,137)</u>
Changes in assets and liabilities:	
Accounts receivable	(7,000)
Prepaid expenses	(123)
Accounts payable	(4,936)
Unearned revenues	<u>(21,000)</u>
Total adjustments	<u>(33,059)</u>
Net cash provided in operating activities	<u>\$ (101,196)</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, 2020

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 15 member agencies consisting of 7 counties, 7 cities and towns, and 1 special district.

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 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.

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, 2020

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, 2020.

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, 2020.

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, 2020.

BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020 the Authority's cash and deposits were as follows:

Cash and cash equivalents	<u>\$ 248,459</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, 2020

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, 2020 was 674 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, 2020 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, 2020

NOTE 4: 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, 2020. 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, 2020, was comprised of the following:

<u>Source</u>	
City of Monte Sereno	\$ 1,750
County of San Mateo	7,000
City of Oakland	7,000
Other non-related parties	34,384
	\$ 50,134

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 \$117,300. This agreement is effective from July 1, 2019 and shall run through June 30, 2020. The Authority and the Executive Director may extend the term for additional periods by mutual agreement.



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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report dated October 30, 2020

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 over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audits 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 30, 2020

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

No matters were reported.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2020**

There were no findings in the prior year.