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**BAY AREA REGIONAL INTEROPERABLE  
COMMUNICATIONS SYSTEMS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
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**JUNE 30, 2019**

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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  
Ethan Simpson, 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

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

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

I have audited the accompanying financial statements of the business-type activities of Bay Area Regional Interoperable Communications Systems (the Authority), as of and for the year ended June 30, 2019, 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2019, 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 6 through 9 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My 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, I do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 30, 2019 on my consideration of the Authority's internal control over financial reporting and on my 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 my 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*

**Oakland, California  
October 30, 2019**

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 \$283,202 (net position) as of June 30, 2019 and total net position increased by \$28,544 compared to fiscal year 2018. 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.
- The Authority received operating grant revenues of \$79,900 in fiscal year 2019 compared to \$38,100 in fiscal year 2018. The increase in grant revenues was a result of the timing of the reimbursement requests. The grant revenues earned in the current fiscal year were used to offset 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.

**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, 2019**

**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, 2019 and June 30, 2018 is shown below:

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	
<b>Assets:</b>				
Current assets	\$ <u>319,911</u>	\$ <u>297,200</u>	\$ <u>22,711</u>	<u>7.6 %</u>
Total Assets	<u>319,911</u>	<u>297,200</u>	<u>22,711</u>	<u>7.6 %</u>
<b>Liabilities:</b>				
Current liabilities	<u>36,709</u>	<u>42,542</u>	<u>(5,833)</u>	<u>(13.7)%</u>
Total Liabilities	<u>36,709</u>	<u>42,542</u>	<u>(5,833)</u>	<u>(13.7)%</u>
<b>Net Position:</b>				
Unrestricted	<u>283,202</u>	<u>254,658</u>	<u>28,544</u>	<u>11.2 %</u>
Total Net Position	<u>\$ 283,202</u>	<u>\$ 254,658</u>	<u>\$ 28,544</u>	<u>11.2 %</u>

In fiscal year 2019, total assets increased by \$22,711 or 7.6 percent. This was due to an increase in cash of \$3,314 and in receivables of \$19,350. The increase was because of the timing of the receipts of grant reimbursements and member dues.

Total liabilities for fiscal year 2019 decreased by \$5,833. This was due to a decrease in unearned revenues of \$8,750 offset by an increase in accounts payable of \$2,917. The decrease in unearned revenues was a result of less members paying dues in advance.

Total net position increased in fiscal year 2019 compared to fiscal year 2018 by \$28,544 or 11.2 percent. The reasons for this increase are discussed in the next section.

**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, 2019**

**Table 2: Changes in Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	
<b>Operating revenues:</b>				
Membership fees	\$ 84,000	\$ 84,000	\$ -	- %
Total operating revenues	<u>84,000</u>	<u>84,000</u>	<u>-</u>	<u>-</u> %
<b>Operating expenses:</b>				
Administration	121,367	107,646	13,721	12.7 %
Other operating expenses	18,755	23,937	(5,182)	(21.6)%
Total operating expenses	<u>140,122</u>	<u>131,583</u>	<u>8,539</u>	<u>6.5</u> %
<b>Non-operating revenues:</b>				
Grants	79,900	38,100	41,800	109.7 %
Interest	<u>4,766</u>	<u>2,901</u>	<u>1,865</u>	<u>64.3</u> %
Total non-operating revenues	<u>84,666</u>	<u>41,001</u>	<u>43,665</u>	<u>106.5</u> %
Change in net position	28,544	(6,582)	35,126	533.7 %
Net position – beginning of year	<u>254,658</u>	<u>261,240</u>	<u>(6,582)</u>	<u>(2.5)%</u>
Net position – end of year	<u>\$ 283,202</u>	<u>\$ 254,658</u>	<u>\$ 28,544</u>	<u>11.2</u> %

The Authority's change in net position increased by \$35,126 during the fiscal year ended June 30, 2019. The increase was due to a \$5,182 decrease in other operating expenses and a \$41,800 increase in grant revenues offset by a \$13,721 increase in administration expenses. The decrease in other operating expenses is due to the scope of services recognized during the current fiscal year. The increase in grant revenues was a result of the timing of reimbursement requests. The increase in administration expenses was due to the transition in the general manager role during the fiscal year.

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 of \$7,000. The board of directors sets the rate for the membership and reviews it annually.

The above factor was considered in preparing the Authority's budget for fiscal year 2020

The Authority adopted its fiscal year 2020 budget on August 13, 2019.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019**

**ASSETS**

Cash and cash equivalents (Note 2)	\$ 271,719
Receivables (Note 4)	46,400
Prepaid expenses	<u>1,792</u>
Total assets	<u>319,911</u>

**LIABILITIES**

Accounts payable (Note 5)	15,709
Unearned revenue	<u>21,000</u>
Total liabilities	<u>36,709</u>

**NET POSITION**

Unrestricted	<u>283,202</u>
Total net position	<u><u>\$ 283,202</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, 2019**

<b><i>OPERATING REVENUES</i></b>	
Membership fees	\$ <u>84,000</u>
Total operating revenues	<u>84,000</u>
<b><i>OPERATING EXPENSES</i></b>	
Administration	121,367
Insurance	9,807
Legal	<u>8,948</u>
Total operating expenses	<u>140,122</u>
Operating income/(loss)	<u>(56,122)</u>
<b><i>NONOPERATING REVENUES</i></b>	
Grant	79,900
Interest income	<u>4,766</u>
Total nonoperating revenues	<u>84,666</u>
Change in net position	28,544
Net position - beginning of year	<u>254,658</u>
Net position - end of year	<u><u>\$ 283,202</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, 2019**

**Cash flows from operating activities:**

Receipts from members	\$ 71,750
Payments to suppliers and service providers	<u>(137,252)</u>
Net cash provided (used) in operating activities	<u>(65,502)</u>

**Cash flows from noncapital financing activities:**

Operating grants	<u>64,050</u>
Net cash provided (used) by capital and related financing activities	<u>64,050</u>

**Cash flows from investing activities:**

Interest and dividends	<u>4,766</u>
Net cash provided (used) by investing activities	<u>4,766</u>

Net increase/(decrease) in cash and cash equivalents	3,314
Cash and cash equivalents - beginning of year	<u>268,405</u>
Cash and cash equivalents - end of year	<u>\$ 271,719</u>

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

Operating loss	\$ <u>(56,122)</u>
Changes in assets and liabilities:	
Accounts receivable	(3,500)
Prepaid expenses	(47)
Accounts payable	2,917
Unearned revenue	<u>(8,750)</u>
Total adjustments	<u>(9,380)</u>
Net cash used in operating activities	<u>\$ (65,502)</u>

The accompanying notes are an integral part of these financial statements.



**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 15 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 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.

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.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**C. Cash and Investments - Cont'd**

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, 2019.

**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, 2019.

*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, 2019.

**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.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**A. Deposits**

As of June 30, 2019 the Authority's cash and deposits were as follows:

Cash and cash equivalents	\$ 271,719
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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.

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, 2019 was 420 days.

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019 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
Broadcaster's Liability	\$ 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.

**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, 2019. 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, 2019, were comprised of the following:

<u>Source</u>	<u>Amount</u>
City of Monte Sereno	\$ 1,750
County of San Mateo	7,000
Other non-related parties	<u>37,650</u>
	<u>\$ 46,400</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 \$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.

## **COMPLIANCE SECTION**

**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, California

I 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 Bay Area Regional Interoperable Communications Systems (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated October 30, 2019.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 Authority'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Patel & Associates*

**Oakland, California  
October 30, 2019**

**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019**

No matters were reported.



**BAY AREA REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEMS  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2019**

There were no findings in the prior year.