

**EAST BAY REGIONAL
COMMUNICATIONS SYSTEM AUTHORITY**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009
AND
FOR THE PERIOD FROM
SEPTEMBER 11, 2007 TO JUNE 30, 2008**

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------|
| FINANCIAL SECTION: | |
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3-11 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Assets | 12 |
| Statement of Activities | 13-14 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 16 |
| Notes to the Financial Statements | 17-22 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Statement of Revenues and Expenditures – Budget and Actual | 23 |
| FEDERAL AWARD COMPLIANCE SECTION | |
| Schedule of Expenditures of Federal Awards | 24 |
| OTHER INDEPENDENT AUDITOR'S REPORTS | |
| REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 25-26 |
| REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 | 27-28 |
| FINDINGS AND RECOMMENDATIONS | |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 29 |

**FINANCIAL
SECTION**



C. G. UHLENBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

ROBERT E. BARSANTI, C.P.A. (RETIRED) PEGGY H. CHEN, C.P.A. JEFFREY J. IRA, C.P.A. KATHERINE CHAO, C.P.A. JULIE T. LIN, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Bay Regional Communications System Authority
Dublin, California

We have audited the accompanying financial statements of the governmental activities of East Bay Regional Communications System Authority ("Authority") as of June 30, 2009 and 2008 and for the year then ended June 30, 2009 and the period from September 11, 2007 to June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority as of June 30, 2009 and June 30, 2008, and the respective changes in financial position thereof for the two year then ended June 30, 2009 and the period from September 11, 2007 to June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2009, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 23, are not a required part of the basic financial statements but are supplementary



information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

C. D. Ahlberg LLP

October 28, 2009

Redwood City, California

Management's Discussion and Analysis

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

As management of the East Bay Regional Communications System Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2009 and June 30, 2008.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the fiscal year 2009 and 2008 by \$1,215,713 and \$583,811, respectively.
- The total net assets increased during the first two fiscal years of its existence. The Authority is a new joint powers authority, and there are no beginning net assets, as of September 11, 2007.
- As of June 30, 2009 and 2008, the Authority's governmental fund reported an ending fund balance of \$1,215,713 and \$583,811, respectively. The main source of the fund is from radio subscription fees contributed from member cities and agencies in Alameda County and Contra Costa County.
- At the close of the fiscal years, the entire general fund balance was unreserved and available for spending at the Authority's discretion.
- The Authority recognized federal funds in the amount of \$944,058 in its second year of operation. These funds were used for consulting services and project administration.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the East Bay Regional Communications System Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus,

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected fees and expenses pertaining to owed but unpaid services received.

Both of the government-wide statements distinguish functions of the Authority that are principally supported by federal grants from other functions that are intended to recover a significant portion of their costs through user fees such as radio subscription revenue contributed by various cities and special districts from Alameda County and Contra Costa County. The governmental activities of the Authority are entirely related to the development of an interoperable radio system for the two county areas.

The government-wide financial statements are located on pages 12, 13 and 14 of this report.

Fund financial statements. Fund financial statements are designed to report information about groupings of related amounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund currently used by the Authority is the general fund, which is considered a governmental fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These governmental fund statements, however, focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. The focus, therefore, is on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Authority maintains only one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balance for the general fund. These fund statements can be found on pages 15 and 16 of this report. The Authority adopts an annual budget (a two-year budget for the first two years of operation) for its general fund. A budgetary comparison has been provided for the general fund to demonstrate compliance with this budget.

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 22 of this report.

Government-wide Financial Analysis

Analysis of net assets

The Authority was established in 2007. This is the first time the Authority presents its financial statements, and it will do so under the new reporting model required by the Governmental Accounting Standards Board Statement No.34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. Since fiscal year 2008 was the first year of operation, and since that fiscal year was not audited separately, the following is a comparison of the first two fiscal years of operation. In future years, when prior-year audited information is available, a comparative analysis of audited government-wide data will be included in this report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceed liabilities by \$1,215,713 and \$583,811 at June 30, 2009 and 2008, respectively.

East Bay Regional Communication System Authority's Net Assets

| | <u>2009</u> | <u>2008</u> | <u>Change</u> |
|--------------------------|---------------------|-------------------|-------------------|
| Assets: | | | |
| Current and other assets | \$ 1,259,282 | \$ 608,081 | \$ 651,201 |
| Total assets | <u>1,259,282</u> | <u>608,081</u> | <u>651,201</u> |
| Liabilities: | | | |
| Other liabilities | 43,569 | 24,270 | 19,299 |
| Total liabilities | <u>43,569</u> | <u>24,270</u> | <u>19,299</u> |
| Net assets: | | | |
| Unrestricted | 1,215,713 | 583,811 | 631,902 |
| Total net assets | <u>\$ 1,215,713</u> | <u>\$ 583,811</u> | <u>\$ 631,902</u> |

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

East Bay Regional Communication System Authority's Changes in Net Assets

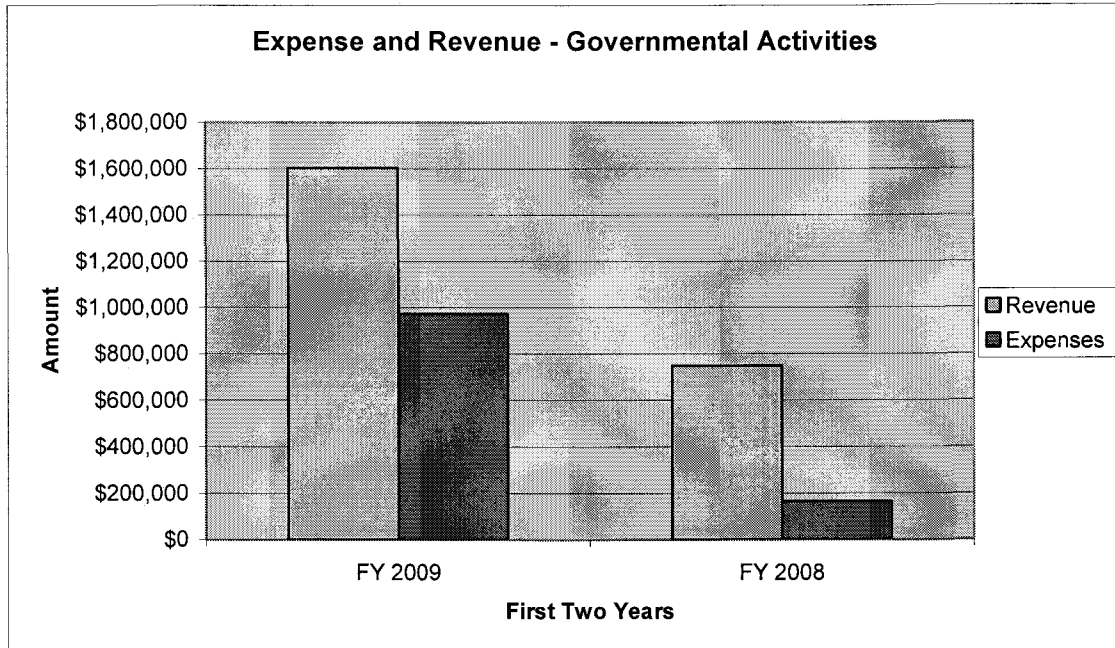
| | <u>2009</u> | <u>2008</u> | <u>Change</u> |
|---------------------------------------|-------------------------|-----------------------|-----------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Operating Grants and Contributions | \$ 944,058 | \$ - | \$ 944,058 |
| General revenues: | | | |
| Radio subscription fees | 645,600 | 741,600 | (96,000) |
| Interest revenue | 14,634 | 8,420 | 6,214 |
| Total revenues | <u>1,604,292</u> | <u>750,020</u> | <u>854,272</u> |
| Expenses: | | | |
| Administrative and operating expenses | 972,390 | 166,209 | 806,181 |
| Total expenses | <u>972,390</u> | <u>166,209</u> | <u>806,181</u> |
| Increase in net assets | 631,902 | 583,811 | 48,091 |
| Net assets - beginning | 583,811 | - | 583,811 |
| Net assets - ending | <u>\$ 1,215,713</u> | <u>\$ 583,811</u> | <u>\$ 631,902</u> |

Governmental Activities. The activities of the East Bay Regional Communications System Authority increased its net assets by \$631,902 in fiscal year 2009 and by \$583,811 in fiscal year 2008. Key elements of this increase are listed as follow:

- As mentioned above, this is the second fiscal year of the Authority's operations. This financial report covers the first two years of operation. There is no prior year beginning balance for net assets.
- The main source of revenues for Authority in the first fiscal year was from radio subscription fees from cities and districts in Alameda County and Contra Costa County. Second year revenues included grant revenue as well as radio subscription fees.
- During the second year (July 2008 through June 2009), the Authority received reimbursements from federal grants. Expenses for project costs were approximately equal to these project revenues.
- Other revenues include interest earned from deposits with the Treasurer.

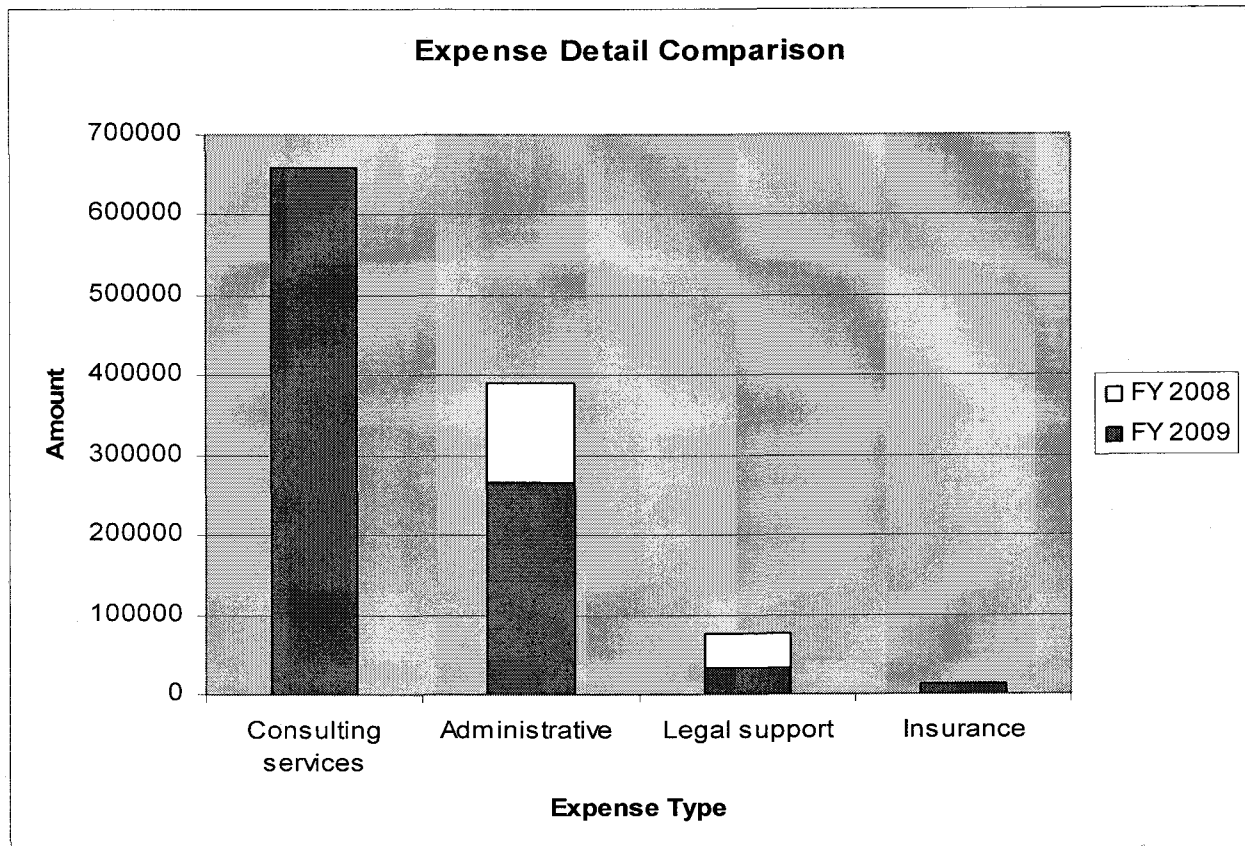
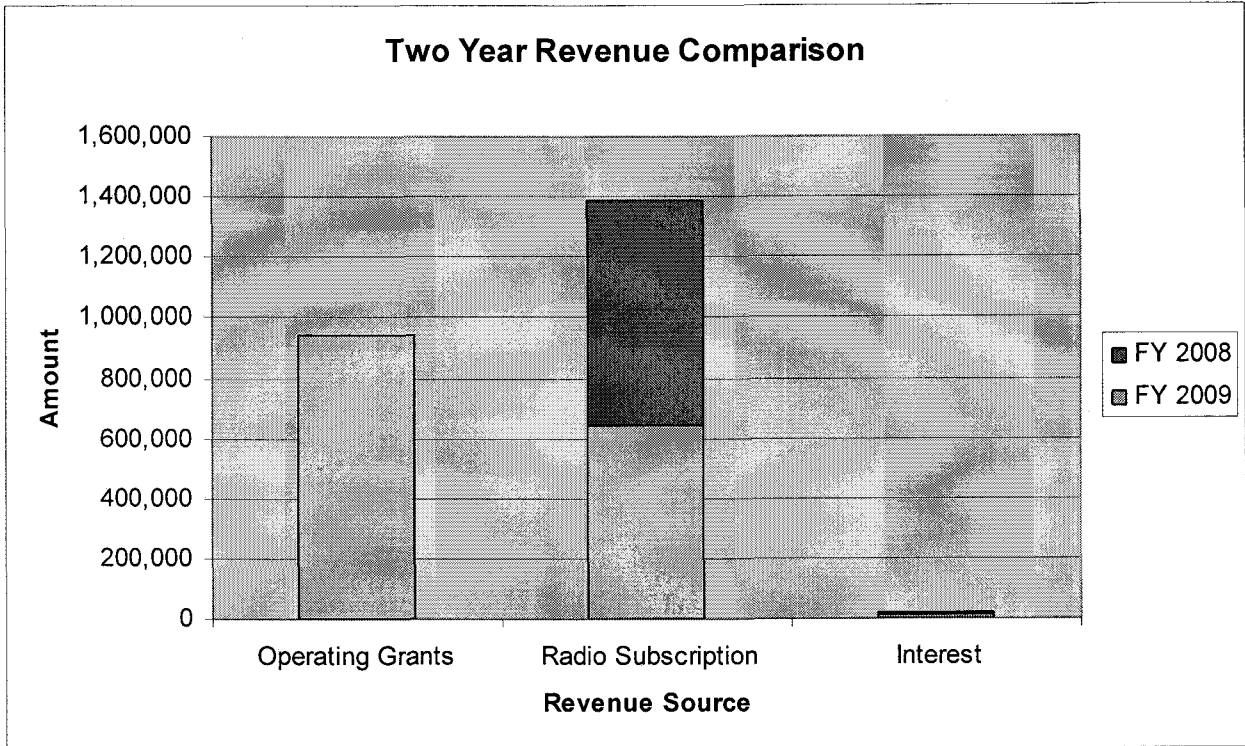
**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

The Authority revenues exceeded expenses in both fiscal years due to the collection of radio subscription fees and the reimbursement of project expenses from federal grants.



The two charts on the following page show the different revenue and expenses for fiscal years 2009 and 2008. Revenues reflect grant revenue, radio subscription fees, and interest on trust fund balances. Expenses are grouped into consulting services, administrative, legal support, and insurance.

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**



**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

Financial Analysis of the Government's Fund

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Authority's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal years June 30, 2009 and 2008, the Authority's governmental fund reported an ending balance of \$1,215,713 and \$583,811 respectively, an increase of \$631,902 in comparison with the fiscal year 2008. The entire fund balance constitutes *unreserved, undesignated fund balance*, which is available for spending at the Authority's discretion.

The general fund is the only operating fund of the Authority. As of the end of the fiscal years June 30, 2009 and 2008, unreserved, undesignated fund balances of the general fund were \$1,215,713 and \$583,811. Since the general fund is the only fund, total fund balances also totaled \$1,215,713 and \$583,811 as of June 30, 2009 and 2008. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balances represent 125 percent and 350 percent of the total general fund expenditures of the fiscal years 2009 and 2008, while total fund balances represent 125 and 350 percent of those same amounts.

As stated above, the fund balance of the Authority increased by \$631,902 and \$583,811 during the fiscal years 2009 and 2008. Key factors in this growth are as follows:

- The Authority collected radio subscription fees from its members for the second consecutive year. These funds are intended primarily as seed money and the majority of the Authority's expenses were allowable as claims against federal grants.
- Although the Authority incurred significant project costs, most of the costs were reimbursed by various grantors by the end of the fiscal year.
- Much of the procurement and accounting costs were provided by the counties.

Revenues for the governmental fund totaled \$1,604,292 for the fiscal year 2009 and \$750,020 in the fiscal year ended June 30, 2008. Expenditures for the Authority total \$972,390 for the year ended June 30, 2009 and \$166,209 for the period ended June 30, 2008. Revenue exceeded expenditures by \$631,902 for the year ended June 30, 2009, primarily due to the fact that most project expenditures were reimbursed by grantors, while the Authority continued to collect radio subscription fees. In the fiscal year ended June 30, 2008, revenue for the governmental fund exceeded expenditures by approximately \$583,811. This is mainly due to the recognition of approximately \$741,600 of Radio revenue for fiscal year 2008 with minimal expenditures.

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

General Fund Budgetary Highlights

The Authority adopted a two-year budget in February 2008 for the fiscal years 2009 and 2008 combined. Below is a comparison of that budget to the actual results for the two years.

| | 2-Years Budget 2009 & 2008 | 2-Years Actuals 2009 & 2008 | Variance from Budget for two years |
|--------------------------------|---|--|---|
| Revenues: | | | |
| Operating grants | \$ 12,642,578 | \$ 944,058 | \$ (11,698,520) |
| Radio subscription fees | 1,540,000 | 1,387,200 | (152,800) |
| Interest | - | 23,054 | 23,054 |
| Total revenue | <u>14,182,578</u> | <u>2,354,312</u> | <u>(11,828,266)</u> |
| Expenses: | | | |
| Capital construction | 11,000,000 | - | 11,000,000 |
| Radio engineering consultant | 1,000,000 | 658,526 | 341,474 |
| General and administrative | 335,000 | 402,169 | (67,169) |
| Operational and matching | 1,741,666 | - | 1,741,666 |
| Legal support | 25,000 | 75,882 | (50,882) |
| Travel and miscellaneous | - | 2,022 | (2,022) |
| Total expense | <u>14,101,666</u> | <u>1,138,599</u> | <u>12,963,067</u> |
| Excess of revenue over expense | <u>\$ 80,912</u> | <u>\$ 1,215,713</u> | <u>\$ 1,134,801</u> |

The two-year budget was developed prior to the start of the radio-engineering contract. It was not known at that time how long it would take to begin building the infrastructure for the communications system. Capital construction did not begin until the start of fiscal year 2010, therefore, the revenue for the fiscal years 2009 and 2008 over estimated the capital funding needs for those years.

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND JUNE 30, 2008**

Requests for Information

This financial report is designed to provide our citizens, taxpayers, and customers 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 for questions about this report or requests for additional financial information.

East Bay Regional Communications System Authority
Alameda County Office of Homeland Security and Emergency Services
4985 Broder Blvd., Dublin, CA 94568

Basic Financial Statements

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2009 AND JUNE 30, 2008

| | <u>Governmental Activities</u> | |
|------------------------|--------------------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| Assets: | | |
| Current assets: | | |
| Cash | \$ 934,099 | \$ 601,081 |
| Accounts receivable | 325,183 | 7,000 |
| Total assets | <u>1,259,282</u> | <u>608,081</u> |
| Liabilities: | | |
| Accounts Payable | 43,569 | 22,270 |
| Unearned Revenue | - | 2,000 |
| Total liabilities | <u>43,569</u> | <u>24,270</u> |
| Net Assets: | | |
| Unrestricted | <u>1,215,713</u> | <u>583,811</u> |
| Total net assets | <u>\$ 1,215,713</u> | <u>\$ 583,811</u> |

The accompanying notes are an integral part of these financial statements

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
STATEMENT OF ACTIVITIES
JUNE 30, 2009

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense)</u> |
|--------------------------------------|-------------------|-------------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Revenue and Changes in Net Assets</u> |
| Governmental activities: | | | | | |
| General government | \$ 972,390 | \$ - | \$ 944,058 | \$ - | \$ (28,332) |
| Total governmental activities | <u>\$ 972,390</u> | <u>\$ -</u> | <u>\$ 944,058</u> | <u>\$ -</u> | <u>\$ (28,332)</u> |

General revenues:

| | |
|-------------------------|---------------------|
| Radio subscription fees | \$ 645,600 |
| Interest revenues | <u>14,634</u> |
| Total general revenues | <u>660,234</u> |
| Change in net assets | 631,902 |
| Net assets - beginning | <u>583,811</u> |
| Net assets - Ending | <u>\$ 1,215,713</u> |

The accompanying notes are an integral part of these financial statements

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
STATEMENT OF ACTIVITIES
SEPTEMBER 11, 2007 TO JUNE 30, 2008**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|--------------------------------------|-------------------|-------------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental activities: | | | | | |
| General government | \$ 166,209 | \$ - | \$ - | \$ - | \$ (166,209) |
| | | | | | |
| Total governmental activities | <u>\$ 166,209</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (166,209)</u> |
| | | | | | |
| General revenues: | | | | | |
| Radio subscription fees | | | | | \$ 741,600 |
| Interest revenues | | | | | <u>8,420</u> |
| Total general revenues | | | | | <u>750,020</u> |
| Change in net assets | | | | | 583,811 |
| Net assets - Beginning | | | | | <u>-</u> |
| Net assets - Ending | | | | | <u><u>\$ 583,811</u></u> |

The accompanying notes are an integral part of these financial statements

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2009 AND JUNE 30, 2008**

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|-------------------|
| Assets: | | |
| Cash | \$ 934,099 | \$ 601,081 |
| Accounts Receivable | 325,183 | 7,000 |
| Total assets | <u>\$ 1,259,282</u> | <u>\$ 608,081</u> |
| Liabilities: | | |
| Accounts Payable | \$ 43,569 | \$ 22,270 |
| Unearned Revenue - Radio Subscription Fee | - | 2,000 |
| Total liabilities | <u>43,569</u> | <u>24,270</u> |
| Fund Balance: | | |
| Unreserved | 1,215,713 | 583,811 |
| Total Fund Balances | <u>1,215,713</u> | <u>583,811</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,259,282</u> | <u>\$ 608,081</u> |

The accompanying notes are an integral part of these financial statements

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
AND
FOR THE PERIOD FROM SEPTEMBER 11, 2007 TO JUNE 30, 2008

| | 2009 | 2008 |
|---|---------------------|-------------------|
| Revenues | | |
| Grants | | |
| SUASI | \$ 812,901 | \$ - |
| SHSGP | 131,157 | - |
| Radio Subscription Fees | 645,600 | 741,600 |
| Interest Revenue | 14,634 | 8,420 |
| Total Revenues | 1,604,292 | 750,020 |
| Expenditures | | |
| General & Administration | | |
| Administrative Secretary | 21,332 | 14,562 |
| Executive Director | 235,800 | 87,000 |
| Legal Support | 33,735 | 42,147 |
| Website Development | 7,639 | 22,500 |
| Consulting Services-CTA Communications | 658,526 | - |
| Liability Insurance | 13,077 | - |
| Membership Fees | 259 | - |
| Miscellaneous | 665 | - |
| Travel and Entertainment | 1,357 | - |
| Total General & Admin Expenses | 972,390 | 166,209 |
| Total Expenditures | 972,390 | 166,209 |
| Excess (deficiency) of revenue over (under) expenditures | 631,902 | 583,811 |
| Net change in Fund balance | 631,902 | 583,811 |
| Fund balance - beginning | 583,811 | - |
| Fund balance - ending | \$ 1,215,713 | \$ 583,811 |

Note: SUASI = Super Urban Area Security Initiative
SHSGP = State Homeland Security Grant Program

The accompanying notes are an integral part of these financial statements

Notes to the Basic Financial Statements

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008

NOTE 1: GENERAL INFORMATION

The East Bay Regional Communications System Authority (the Authority) was officially created on September 11, 2007 with the formation of a Joint Powers Authority (JPA). In California State Statute, a JPA is viewed as an independent government agency with powers that accrue to one of the member agencies. Currently there are 35 member agencies consisting of 2 counties, 29 cities, and 4 special districts. The Board of Directors consists of 23 representatives consisting of Elected Officials, Police Chiefs, Fire Chiefs, and City Managers who will be responsible for the overall development, operations and funding of the system.

Representatives from both counties have been working together on this project for over 4 years using Homeland Security grants funds from the Bay Area Super Urban Area Security Initiative (SUASI), Urban Area Security Initiative (UASI), and State Homeland Security grant programs (SHSGP) to fund infrastructure build out while the JPA formation process moved forward. The project is estimated to cost \$70 million to build the infrastructure. Since 2004, the two counties have received \$26 million in Federal Homeland Security grants to build out the infrastructure. An additional \$8 million is in process as of June 2009.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority is legally separate from the two Counties, and is governed by a Board of Directors made up of 23 elected and appointed officials from the Counties of Alameda and Contra Costa and 33 cities and districts within those counties. The Authority's financial activities are reported under the JPA Radio Interoperability 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 JPA Accountant.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Authority. The financial statements are reported as *governmental activities* rather than *business-type activities* here because the Authority's revenue is currently represented by intergovernmental sources.

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008

The statement of activities presents a comparison between direct expenses and program revenues for the Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. *Program revenues* generally include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are prepared using the *economic resources measurement focus* and the accrual basis of accounting. 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 as soon as all eligibility requirements imposed by the provider have been met.

This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, normally include a reconciliation section with brief explanations to better identify the relationship between the government-wide statements and the statements for the government funds.

Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grant revenue and interest associated with the current period are considered to be subject to accrual and so have been recognized as revenues of the current fiscal period.

Fund financial statements report detailed information about the Authority. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The Authority follows accounting principles generally accepted in the United States of America issued by the GASB, which includes accounting principles issued by the FASB on or before November 30, 1989.

D. Assets, liabilities, net assets or equity and revenue

1. Deposits 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 all its cash with the County of Alameda Treasurer. The County pools these funds with those of other Departments in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, and mutual funds.

2. Receivables

Claims presented to the federal government for grant-related expenditures incurred prior to July 1, 2009 and 2008 are expected to be available to the Authority within 180 days of the end of the fiscal year. These amounts are reflected as accounts receivable as of June 30, 2009.

4. Restricted assets

If grant awards from the federal government had been received but not yet expended as of the end of the fiscal year they would be considered restricted assets. The Authority, however, expends money for grant purposes using other available funds, and then claims for reimbursement. The assets of the Authority are, therefore, available to pay ongoing expenses.

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008

5. Capital assets

The capitalization threshold for acquisition of equipment costing more than \$5,000, and modular shelters costing greater than \$10,000 are considered capital items and are not expensed in the year acquired. The Authority did not have any qualifying capital asset at June 30, 2009 and 2008.

6. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Authority, other than an accounts payable of \$43,569 and \$22,270 as of June 30, 2009 and 2008, does not have any restrictions or designations against its equity.

7. Radio Subscription Fees

Radio Subscription Fees represents amounts assessed against the members of the Authority.

8. Indirect Cost Allocation

In the fiscal year ended June 30, 2009 and the period from September 11, 2007 to June 30, 2008, the County did not allocate indirect cost to the East Bay Regional Communications System Authority.

The Authority follows accounting principles generally accepted in the United States of America issued by the GASB, which includes accounting principles issued by the FASB on or before November 30, 1989.

E. Budgets and Budgetary Accounting

Alameda County as well as the Authority prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund on the budgetary basis to provide a meaningful basis of accounting and GAAP is that encumbrances are recorded as expenditures under the budgetary basis.

These budgets can be revised by the Authority's governing body during the year to consider unanticipated income and expenditures. The original and final revised

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008**

budgets are presented for the General Fund in the financial statements. For the two-year budget for the period ending June 30, 2009 there were no amendments to the budget.

NOTE 3: CASH

Cash as of June 30, 2009 and 2008 are classified in the accompanying financial statements as follows:

| | 2009 | 2008 |
|-------------------------|------------|------------|
| Cash in County Treasury | \$ 934,099 | \$ 601,081 |
| Total | \$ 934,099 | \$ 601,081 |

The Authority is considered to be a involuntary participant in an external investment pool as the Authority is required to deposit all receipts and collections of monies with Alameda County Treasurer. The fair value of the Authority's investment in the pool is reported in the accounting financial statements at amounts based upon the District's prorata share of the fair value provided by the Alameda County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Alameda County Treasurer, which is recorded on the amortized cost basis.

The Authority is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

The Authority has no investment policy or other formal policies on managing interest rate, credit risk and concentration of credit risk. However, the Authority manages these risks by participating in the County's pool. These risks are described below: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND JUNE 30, 2008**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it.

NOTE 4: ACCOUNTS RECEIVABLE

As of June 30, 2009 and 2008, the Authority's receivables consist of radio subscription fees from the members of the Authority and grants reimbursement from Contra Costa County – SUASI. This receivable had been recorded as radio subscription fees and program revenue. The radio subscription fees and grants reimbursement was accrued as revenue because it is expected to be received within 180 days from the end of the fiscal years. The following table shows the summary of accounts receivable for fiscal year 2009 and the period from September 11, 2007 to June 30, 2008.

| | 2009 | 2008 |
|-----------------------------|-------------|-------------|
| Radio Subscription Fees | \$ - | \$ 7,000 |
| Contra Costa County - SUASI | 325,183 | - |
| | \$ 325,183 | \$ 7,000 |

NOTE 5: CAPITAL ASSETS AND DEPRECIATION

There was no capital asset as of June 30, 2009 or June 30, 2008. The Authority initiated an acquisition for two shelters to house certain system equipment in June 2009, but the materials had not been delivered prior to June 30, 2009.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
REVENUES AND EXPENDITURES BUDGET VS. ACTUAL
September 11, 2007 THROUGH JUNE 30, 2009

| | Actual Sept 11, 2007 to June 30, 2008 | Actual FY 2009 As of 06/30/09 | Two Years Total | Approved Two Year Budget | Variance Fav/(Unfav) |
|---|---|-------------------------------------|---------------------|--------------------------------|-------------------------|
| Revenues | | | | | |
| Radio Subscription | | | | | |
| Member Agency Radio Fees 07/08 | \$ 741,600 | \$ - | \$ 741,600 | \$ 770,000 | \$ (28,400) |
| Member Agency radio Fees 08/09 | - | 645,600 | 645,600 | 770,000 | (124,400) |
| Total Radio Subscription | <u>741,600</u> | <u>645,600</u> | <u>1,387,200</u> | <u>1,540,000</u> | <u>(152,800)</u> |
| Grants | | | | | |
| COPS | - | - | - | 2,000,000 | (2,000,000) |
| Federal Earmark | - | - | - | 808,000 | (808,000) |
| PSIC | - | - | - | 4,966,666 | (4,966,666) |
| SHSGP 2007 | - | 131,157 | 131,157 | 2,267,912 | (2,136,755) |
| SUASI 2007 | - | 812,901 | 812,901 | 2,600,000 | (1,787,099) |
| Total Grants | - | <u>944,058</u> | <u>944,058</u> | <u>12,642,578</u> | <u>(11,698,520)</u> |
| Interest Revenue | 8,420 | 14,634 | 23,054 | - | 23,054 |
| Total interest Revenue | <u>8,420</u> | <u>14,634</u> | <u>23,054</u> | <u>-</u> | <u>23,054</u> |
| Total Revenues | <u>750,020</u> | <u>1,604,292</u> | <u>2,354,312</u> | <u>14,182,578</u> | <u>(11,828,266)</u> |
| Expenditures | | | | | |
| Capital Construction | | | | | |
| Site Development | - | - | - | 11,000,000 | 11,000,000 |
| Total Capital Construction | - | - | - | <u>11,000,000</u> | <u>11,000,000</u> |
| General & Admin Expenses | | | | | |
| Administrative Secretary | 14,562 | 21,332 | 35,894 | 55,000 | 19,106 |
| Executive Director | 87,000 | 235,800 | 322,800 | 200,000 | (122,800) |
| Legal Services | 42,147 | 33,735 | 75,882 | 25,000 | (50,882) |
| Website Development/Maintenance | 22,500 | 7,639 | 30,139 | 30,000 | (139) |
| Total General & Admin Expenses | <u>166,209</u> | <u>298,506</u> | <u>464,715</u> | <u>310,000</u> | <u>(154,715)</u> |
| Operational Expenses | | | | | |
| COPS Match | - | - | - | 500,000 | 500,000 |
| PSIC Match | - | - | - | 1,241,666 | 1,241,666 |
| Radio Engineering Consultant | - | 658,526 | 658,526 | 1,000,000 | 341,474 |
| Total Operational Expenses | - | <u>658,526</u> | <u>658,526</u> | <u>2,741,666</u> | <u>2,083,140</u> |
| Other Expenses | | | | | |
| Travel Expense | - | 1,357 | 1,357 | - | (1,357) |
| Miscellaneous Expense | - | 665 | 665 | - | (665) |
| Liability Insurance | - | 13,077 | 13,077 | 50,000 | 36,923 |
| Membership Fees | - | 259 | 259 | - | (259) |
| Total Other Expenses | - | <u>15,358</u> | <u>15,358</u> | <u>50,000</u> | <u>34,642</u> |
| Total Expenditures | <u>166,209</u> | <u>972,390</u> | <u>1,138,599</u> | <u>14,101,666</u> | <u>12,963,067</u> |
| Excess of revenues over expenditures | <u>\$ 583,811</u> | <u>\$ 631,902</u> | <u>\$ 1,215,713</u> | <u>\$ 80,912</u> | <u>\$ 1,134,801</u> |

Note: COPS=Community Oriented Policing Services
PSIC=Public Safety Interoperable Communications
SHSGP=State Homeland Security Grant Program
SUASI=Super Urban Area Security Initiative

**FEDERAL AWARD
COMPLIANCE SECTION**

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

| | <u>Federal CFDA No.</u> | <u>FY 2009 Federal Expenditures</u> |
|--|---------------------------------|---|
| U.S. Department of Homeland Security | | |
| Passed through the City and County of San Francisco | | |
| Urban Area Security Initiative | | |
| Urban Area Security Initiative Program Grant | | |
| Subtotal 97.008 | 97.008 | \$ 504,790 |
| Passed through the County of Alameda, Sheriff's Office | | |
| Homeland Security Grant Program | | |
| FY 2007-2008 Homeland Security Grant Program | | |
| Subtotal 97.067 | 97.067 | <u>451,509</u> |
| Total for U.S. Department of Homeland Security | | <u><u>\$ 956,299</u></u> |

**OTHER INDEPENDENT
AUDITOR'S REPORTS**



C. G. UHLENBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

ROBERT E. BARSANTI, C.P.A. (RETIRED) PEGGY H. CHEN, C.P.A. JEFFREY J. IRA, C.P.A. KATHERINE CHAO, C.P.A. JULIE T. LIN, C.P.A.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Directors
East Bay Regional Communications System Authority

We have audited the financial statements of East Bay Regional Communications System Authority ("Authority") as of June 30, 2009 and June 30, 2008 and for the year then ended June 30, 2009 and the period from September 11, 2007 to June 30, 2008, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 28, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

C. D. Uhlenberg LLP

October 28, 2009
Redwood City, California



C. G. UHLENBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

ROBERT E. BARSANTI, C.P.A. (RETIRED) PEGGY H. CHEN, C.P.A. JEFFREY J. IRA, C.P.A. KATHERINE CHAO, C.P.A. JULIE T. LIN, C.P.A.

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
East Bay Regional Communications System Authority

Compliance

We have audited the compliance of East Bay Regional Communications System Authority ("Authority"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, East Bay Regional Communications System Authority, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Easy Bay Regional Communications System Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and



performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 26, 2009

Redwood City, California

**FINDING AND
RECOMMENDATIONS**

**EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section I – Summary of Auditor’s Results

Financial Statements

| | |
|---|--------------------------------|
| Type of auditor’s report issued: | Unqualified |
| Internal Control over financial reporting: | |
| Material weakness (es) identified? | ___ yes <u>X</u> no |
| Significant deficiency (ies) identified that are not considered to be material weaknesses? | ___ yes <u>X</u> none reported |
| Noncompliance material to financial statement noted? | ___ yes <u>X</u> no |

Federal Awards

| | |
|--|--------------------------------|
| Type of auditor’s report issued on compliance for major programs: | Unqualified |
| Internal control over major programs: | |
| Material weakness (es) identified? | ___ yes <u>X</u> no |
| Significant deficiency (ies) identified that are not considered to be material weakness (es)? | ___ yes <u>X</u> none reported |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | ___ yes <u>X</u> no |

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 97.008 | URBAN Area Security Initiative Program Grant |
| 97.067 | FY 2007-2008 Homeland Security Grant Program |

| | |
|---|------------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | <u>X</u> yes ___ no |

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted