

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

ANNUAL FINANCIAL REPORT

**FOR THE YEARS ENDED
JUNE 30, 2014 AND JUNE 30, 2013**

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Monterey County Regional Tax Authority
Monterey, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Monterey County Regional Tax Authority (Authority), as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' 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. Those standards require that we plan and perform the audit 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 respective financial position of the Authority as of June 30, 2014 and June 30, 2013, and the respective changes in financial position and cash flows thereof for the years 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, 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
January 9, 2015

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND JUNE 30, 2013

The following narrative provides an overview and analysis of the financial activities of the Monterey County Regional Taxi Authority (the Authority) for the years ended in June 30, 2014 and June 30, 2013, respectively. It is provided in order to enhance the information in the financial audit and should be reviewed with the audit report.

Agency Profile

The Authority was formed on August 9, 2010 as a Joint Powers Authority (JPA). The members of the JPA are currently the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Monterey, City of Pacific Grove, City of Salinas, City of Sand City, City of Seaside, Monterey Peninsula Airport District and County of Monterey. The Authority was formed to provide services of providing taxi permits. Monterey-Salinas Transit (MST) provides administrative, licensing and inspection services to the Authority. The Authority is governed by a nine-person board comprised of one elected official from each member jurisdiction. MST contracts with the City of Monterey Police Department to provide services related to taxi driver permitting and taxi vehicle inspections.

Financial Highlights

The assets of the Authority consist of cash in banks which increased by \$47,602 from 2013 to 2014. Startup costs totaling \$15,000 were provided by the original 8 member agencies upon its inception. An additional \$1,875 was provided by the County of Monterey when it joined the RTA in February of 2011. Monterey Salinas Transit (MST) provides administrative services for the Authority. During the course of the 2014 and 2013, MST paid for the operating expenses of the Authority in the amount of \$30,701 and \$35,588, respectively. The balance of the Due-To-MST increased to \$178,419 in 2014 from \$143,977 in 2013. In order to fully retire the Due-To-MST balance, the member agencies voted in April 2013 to assess themselves additional funds in the amount of \$108,505 to be collected in fiscal year 2014. These start-up fees would subsequently be reimbursed to member agencies through future permit revenues.

Economic Factors and the Next Year's Budget

As was predicted in the FY 2013 audit, the Authority has become a self-sustaining agency in which revenues now exceed the expenses in the current fiscal year. In 2012 the Authority paid extraordinary legal and other administrative costs that are not expected to recur in subsequent years, which resulted in expenses exceeding revenues by \$49,713. However, in 2013 operating revenues exceeded expenses by \$4,686, demonstrating that the Authority can be self sustaining when normal expenditures and revenues occur. In FY 2014, the Authority's net position increased by \$48,339, and, for the first time since its inception in the beginning of FY 2011, assets exceeded liabilities. It is expected that in FY 2015, the authority would be able to repay all liabilities due to Monterey-Salinas Transit, and a payment plan for those member jurisdictions seeking reimbursement for start-up fees would be initiated.

Contacting the Monterey County Regional Taxi Authority Financial Management

This financial report is designed to provide JPA's customers, stakeholders and other interested parties with an overview of JPA's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Assistant General Manager for Finance and Administration at One Ryan Ranch Road, Monterey, California 93940-5795.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

**STATEMENT OF NET POSITION
JUNE 30, 2014 AND JUNE 30, 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash in banks	\$ 167,807	\$ 120,205
Accounts Receivable	30,354	-
Prepaid items	4,825	-
Total Assets	<u>202,986</u>	<u>120,205</u>
 LIABILITIES		
Due to Monterey-Salinas Transit	<u>178,419</u>	<u>143,977</u>
 NET POSITION - UNRESTRICTED	<u>\$ 24,567</u>	<u>\$ (23,772)</u>

See accompanying notes to the financial statement.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Taxi permit revenue	\$ 73,225	\$ 40,274
OPERATING EXPENSES		
Salaries and benefits	3,611	5,235
Contracted services	5,829	7,538
General expenses	21,261	22,815
Total Operating Expenses	<u>30,701</u>	<u>35,588</u>
OPERATING INCOME	<u>42,524</u>	<u>4,686</u>
NON-OPERATING REVENUES		
Member contributions	<u>5,815</u>	<u>98,969</u>
Total Non-Operating Revenues	<u>5,815</u>	<u>98,969</u>
INCREASE/(DECREASE) IN NET POSITION	48,339	103,655
NET POSITION, BEGINNING OF YEAR	(23,772)	(127,427)
NET POSITION, END OF YEAR	<u>\$ 24,567</u>	<u>\$ (23,772)</u>

See accompanying notes to the financial statement.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from taxi permits	\$ 73,225	\$ 40,274
Cash paid to employees	(3,611)	(5,235)
Cash paid to suppliers for goods and services	(27,827)	(66,711)
Net Cash Provided by (Used for) Operating Activities	<u>41,787</u>	<u>(31,672)</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Member contributions	<u>5,815</u>	<u>98,969</u>
Net Cash Provided by Non-Capital Financing Activities	<u>5,815</u>	<u>98,969</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	47,602	67,297
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>120,205</u>	<u>52,908</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 167,807</u>	<u>\$ 120,205</u>
 RECONCILIATION OF OPERATING NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 42,524	\$ 4,686
Adjustments to reconcile operating net income to net cash provided by operating activities:		
(Increase) decrease in due to accounts receivable	(30,354)	-
(Increase) decrease in due to prepaid items	(4,825)	-
Increase (decrease) in due to Monterey-Salinas Transit	<u>34,442</u>	<u>(36,358)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING AND NON- OPERATING ACTIVITIES	<u>\$ 41,787</u>	<u>\$ (31,672)</u>

See accompanying notes to the financial statement.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2014, AND JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Monterey Regional Taxi Authority (“the Authority”) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Description of the Organization

The Authority was formed on August 9, 2010 as a Joint Powers Authority (JPA). The members of the JPA are currently the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Monterey, City of Pacific Grove, City of Salinas, City of Sand City, City of Seaside, Monterey Peninsula Airport District and County of Monterey. The Authority was formed to provide services of providing taxi permits. Monterey-Salinas Transit (MST) provides administrative, licensing and inspection services to the Authority. The Authority is governed by a nine-person board comprised of one elected official from each member jurisdiction. MST contracts with the City of Monterey Police Department to provide services related to taxi driver permitting and taxi vehicle inspections.

Basis of presentation and Basis of Accounting

The accounts of the Authority are organized on the basis of fund accounting. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses. The Authority utilizes a proprietary-type fund to account for its activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The Authority applies all GASB pronouncements as applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash equivalents consisted of cash in banks in the amount of \$167,807 and \$120,205 for the fiscal years ended June 30, 2014 and June 30, 2013, respectively, all of which are FDIC insured.

NOTE 3 – DUE TO MST

The expenses of the Authority are paid for by MST. During the fiscal years ended June 30, 2014 and 2013, respectively, MST made payments of all the expenses on behalf of the Authority in the amount of \$30,701 and \$35,588. The Due To MST balances were \$178,419 and \$143,977 for the fiscal years ended June 30, 2014 and June 30, 2013, respectively.

NOTE 4 – NET POSITION

The surplus in net position represents equity of the members of the JPA. Generally, there is no accounting for individual member's equity on the books of the Authority. As of June 30, 2014 and June 30, 2013, respectively, the Authority had net position in the amount of \$24,567 and \$(23,772).