MONTEREY COUNTY
REGIONAL TAXI AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

MONTEREY COUNTY
REGIONAL TAXI AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Monterey County Regional Taxi Authority
Monterey, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Monterey County Regional Taxi Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements as of and for the year ended June 30, 2023, were audited by other auditors, who expressed an unmodified opinion in their report dated June 19, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2025, 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 solely 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 effectiveness of the Authority's 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 2, 2025

The following narrative provides an overview and analysis of the financial activities of the Monterey County Regional Taxi Authority (Authority) for the years ended in June 30, 2024 and 2023. 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. The members of the Authority are currently the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Salinas, City of Sand City, City of Seaside, Monterey Peninsula Airport District, and the County of Monterey. The Authority was formed to provide the services of issuing taxi permits. Monterey-Salinas Transit (MST) provides administrative, licensing, and inspection services to the Authority. The Authority is governed by a ten-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

MST provides administrative services for the Authority. During the course of 2024 and 2023, MST paid for the operating expenses of the Authority in the amount of $26,702 and $24,735, respectively. The payable to MST increased to $52,242 in 2024 from $49,794 in 2023. The payable to MST decreased to $49,794 in 2023 from $58,178 in 2022. The assets of the Authority consist mostly of cash in banks which increased to $76,456 from $76,147 between 2023 to 2024 which is sufficient to liquidate its current amount payable to MST. Cash in banks decreased to $76,147 from $90,767 between 2022 to 2023. Prepaid items remained consistent between 2024 and 2023. Prepaid items increased to $9,110 from $8,306 between 2023 and 2022. Prepaid items are mainly related to prepaid insurance.

A condensed summary of net position at June 30 is shown below:

	2024	2023	2022
Assets			
Current and Other Assets	$ 91,506	$ 85,257	$ 99,637
Total Assets	91,506	85,257	99,637
Liabilities			
Current Liabilities	25,540	50,268	58,178
Noncurrent Liabilities	26,702	-	-
Total Liabilities	52,242	50,268	58,178
Net Position			
Unrestricted	39,264	34,989	41,459
Total Net Position	$ 39,264	$ 34,989	$ 41,459

		2024		2023		2022
Operating Revenues	$	30,977	$	18,265	$	20,399
Operating Expenses		(26,702)		(24,735)		(22,899)
Operating Income (Loss)		4,275		(6,470)		(2,500)
Change in Net Position		4,275		(6,470)		(2,500)
Net Position - Beginning		34,989		41,459		43,959
Net Position - Ending	$	39,264	$	34,989	$	41,459

Economic Factors and Next Year's Budget

The Authority had been self-sustaining up until fiscal year 2020, and since then had realized a negative change in net position due to a shortfall between permit revenues and operating costs mainly due to the decline in the total number of valid operating vehicles as compared to previous years, the financial strain that the taxi industry has experienced with the influx of Transportation Network Companies (TNCs - Uber, Lyft, etc.), and the added impact of the COVID-19 pandemic and costs required to implement a new ordinance. Given prior taxi industry challenges, the Authority board approved previous budgets which did not increase the per vehicle fee until the fiscal year 2024 budget which included a 22.5% per vehicle increase needed to help lessen the ongoing deficits. This increase, in combination with an increase in taxi's serving the community as compared to the prior fiscal year, resulted in a surplus in the fiscal year 2024.

The Authority is expected to achieve a break-even financial outcome during the upcoming fiscal year, with revenues projected to meet or slightly exceed total expenses. Consequently, it is anticipated that cash reserves will not be needed to cover any operational shortfall. During fiscal year 2025, the Authority issued owner permits to three additional taxi companies. However, the total number of valid operating vehicles declined by 6% compared to the previous year. This decline occurred despite the increase in permitted companies, as the additional permits resulted in a redistribution of vehicles among operators rather than a net increase in fleet size. To address the impact on permit fees caused by these shifts, the Authority implemented a fair and equitable recalculation. This included waiving charges for some companies while applying an additional prorated rate to others. This adjustment is intended to prevent disproportionate financial burdens on companies adversely impacted by the redistribution.

The local taxi industry continues to face financial challenges, including increased competition from Transportation Network Companies (TNCs) such as Uber and Lyft, and economic uncertainties stemming from the global pandemic and ongoing market volatility. Due to these factors, staff anticipate that permit fees may need to be increased incrementally in the future. This measure would help recover the Due-To-MST balance and accommodate potential increases in the Authority's operating expenses. In the event of projected shortfalls, existing cash reserves will be utilized as needed. However, staff will continue to analyze financial trends and propose actions to the Authority board, aiming to reduce dependency on cash reserves to cover shortfalls.

Contacting the Authority's Financial Management

This financial report is designed to provide the Authority's customers, stakeholders, and other interested parties with an overview of the Authority'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 Deputy Chief Executive Officer at 19 Upper Ragsdale Drive, Suite 200, Monterey, California 93940.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash in banks	$ 76,456	$ 76,147
Accounts receivable	5,940	-
Prepaid items	9,110	9,110
Total Assets	91,506	85,257
LIABILITIES		
CURRENT LIABILITIES		
Payable to Monterey-Salinas Transit	25,540	49,794
Advanced revenue received	-	474
Total Current Liabilities	25,540	50,268
NONCURRENT LIABILITIES		
Payable to Monterey-Salinas Transit	26,702	-
Total Noncurrent Liabilities	26,702	-
Total Liabilities	52,242	50,268
NET POSITION		
NET POSITION		
Unrestricted	39,264	34,989
Total Net Position	$ 39,264	$ 34,989

See Notes to Financial Statements.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Taxi permit revenue	$ 30,977	$ 18,265
Total Operating Revenues	30,977	18,265
OPERATING EXPENSES:		
Salaries and benefits	-	296
Contracted services	757	731
General expenses	25,945	23,708
Total Operating Expenses	26,702	24,735
Change in Net Position	4,275	(6,470)
Net Position - Beginning	34,989	41,459
Net Position - Ending	$ 39,264	$ 34,989

See Notes to Financial Statements.

MONTEREY COUNTY REGIONAL TAXI AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from taxi permits	$ 25,037	$ 19,303
Cash paid to MST for expense reimbursement	(24,728)	(33,923)
Net Cash Provided (Used) by Operating Activities	309	(14,620)
Net Increase (Decrease) in Cash and Cash Equivalents	309	(14,620)
Cash and Cash Equivalents - Beginning of Year	76,147	90,767
Cash and Cash Equivalents - End of Year	$ 76,456	$ 76,147
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net position	$ 4,275	$ (6,470)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(5,940)	564
(Increase) in prepaid items	-	(804)
Increase (decrease) in due to MST	2,448	(8,384)
Increase (decrease) in advanced revenue received	(474)	474
Net Cash Provided (Used) by Operating Activities	$ 309	$ (14,620)

See Notes to Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Monterey County Regional Taxi Authority (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:

A. Description of the Organization

The Authority was formed on August 9, 2010, as a Joint Powers Authority. The members of the Authority are the City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Salinas, City of Sand City, City of Seaside, Monterey Peninsula Airport District, and the County of Monterey. The Authority was formed to provide the services of issuing taxi permits. Monterey-Salinas Transit (MST) provides administrative, licensing, and inspection services to the Authority. The Authority is governed by a ten-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.

B. 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 balancing accounts that are comprised of assets, liabilities, net position, 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.

C. Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, producing, and delivering goods in connection with a proprietary fund's principal ongoing operations. The Authority's operating revenues are charges to the member agencies for taxi permits. The operating expenses for the Authority are the costs of running the program including salaries and benefits for the employees who are engaged in the program. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for the same purpose, the Authority's policy is to use all available restricted resources first before unrestricted resources are utilized.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash equivalents consisted of cash in banks in the amount of $76,456 and $76,147 for the fiscal years ended June 30, 2024 and 2023, respectively, all of which is Federal Deposit Insurance Corporation (FDIC) insured.

NOTE 3 – PAYABLE TO MST

The expenses of the Authority are paid by MST. During the fiscal years ended June 30, 2024 and 2023, MST made payments of all the expenses on behalf of the Authority in the amount of $26,702 and $24,735, respectively. The payable to MST balances were $52,242 and $49,794 for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 4 – NET POSITION

The surplus in net position represents the equity of the members of the Authority. Generally, there is no accounting for individual members' equity balances on the books of the Authority. As of June 30, 2024 and 2023, the Authority had net position in the amount of $39,264 and $34,989, respectively.

NOTE 5 – RELATED PARTY

MST provides administrative, licensing, and inspection services to the Authority. These transactions occur in the normal course of operations and are measured at the agreed-upon terms between the parties. As of June 30, 2024 and 2023, there was outstanding balance payables to MST amounting to $52,242 and $49,794, respectively, reported as payable to MST. This amount is non-interest bearing, unsecured, and due on demand.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 2, 2025, the date these financial statements were available to be issued.

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*

Governing Board
Monterey County Regional Taxi Authority
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Monterey County Regional Taxi Authority (Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise MST's basic financial statements, and have issued our report thereon dated June 2, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
June 2, 2025