



Financial Statements
June 30, 2022 and 2021

Monterey County Regional Taxi Authority

Monterey County Regional Tax Authority

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Independent Auditor's Report

Governing Board
Monterey County Regional Taxi Authority
Monterey, California

Report on the Financial Statements

Opinion

We have audited the financial statements of the Monterey County Regional Taxi Authority (Authority) as of and for the years ended June 30, 2022 and June 30, 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022 and June 30, 2021, 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 (GAAS). 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 opinion.

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.

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 opinion. 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 GAAS 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 GAAS, 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 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 GAAS, 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.

Eide Bailly LLP

Menlo Park, California
March 5, 2024

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, 2022 and 2021, 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. 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 2022 and 2021, MST paid for the operating expenses of the Authority in the amount of \$22,899 and \$32,696, respectively. The payable to MST decreased to \$58,178 in 2022 from \$63,322 in 2021. The payable to MST increased to \$63,322 in 2021 from \$51,432 in 2020. The assets of the Authority consist mostly of cash in banks which decreased to \$90,767 from \$100,330 between 2021 to 2022 which is sufficient to liquidate its current amount payable to MST. Cash in banks increased to \$100,330 from \$98,102 between 2020 to 2021. Prepaid items increased to \$8,306 from \$6,951 between 2022 and 2021. Prepaid items increased to \$6,951 from \$5,596 between 2021 and 2020. Prepaid items are mainly related to prepaid insurance.

Economic Factors and Next Year's Budget

The Authority had been self-sustaining up until fiscal year 2020, which since 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.

It is anticipated that next year's operating results will absorb the continued shortfall with cash reserves. Staff is projecting an increase in the total number of valid operating vehicles as compared to recent previous years resulting in an overall increase in operating revenues. Given prior taxi industry challenges, the Authority board approved previous budgets which did not increase the per vehicle fee. Fiscal year 2023 budget includes a 22.5% per vehicle increase to help lessen the ongoing deficits. The vehicle fee is used to pay for the operating expenses needed to maintain the Authority, but projected shortfalls will be absorbed with existing cash reserves. Staff will need to analyze and offer actions for the Authority board to consider and adopt to mitigate having to regularly rely on the Authority cash reserves to make up the shortfall.

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 Assistant General Manager for Finance and Administration at 19 Upper Ragsdale Drive, Suite 200, Monterey, California 93940.

Monterey County Regional Taxi Authority
Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash in banks	\$ 90,767	\$ 100,330
Accounts receivable	564	-
Prepaid items	8,306	6,951
	<u>99,637</u>	<u>107,281</u>
Current Liabilities		
Payable to Monterey-Salinas Transit	58,178	63,322
	<u>58,178</u>	<u>63,322</u>
Net Position - Unrestricted	<u>\$ 41,459</u>	<u>\$ 43,959</u>

Monterey County Regional Taxi Authority
 Statements of Revenues, Expenses and Changes in Net Position
 Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues		
Taxi permit revenue	\$ 20,399	18,182
Total operating revenues	20,399	18,182
Operating Expenses		
Salaries and benefits	734	3,856
Contracted services	979	7,358
General expenses	21,186	21,482
Total operating expenses	22,899	32,696
Change in Net Position	(2,500)	(14,514)
Net Position, Beginning of Year	43,959	58,473
Net Position, End of Year	\$ 41,459	\$ 43,959

Monterey County Regional Taxi Authority

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Cash received from taxi permits	\$ 19,835	\$ 24,389
Cash paid to MST for expense reimbursement	(29,398)	(22,161)
Net cash provided by (used for) operating activities	(9,563)	2,228
Net Increase/Decrease in Cash and Cash Equivalents	(9,563)	2,228
Cash and Cash Equivalents, Beginning of Year	100,330	98,102
Cash and Cash Equivalents, End of Year	\$ 90,767	\$ 100,330
Reconciliation of Operating Net Income to		
Net Cash Provided by (used for) Operating Activities		
Operating loss	\$ (2,500)	\$ (14,514)
Adjustments to reconcile operating net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	(564)	6,207
(Increase) decrease in prepaid items	(1,355)	(1,355)
Increase (decrease) in due to MST	(5,144)	11,890
Net Cash Provided by (used for) Used for Operating Activities	\$ (9,563)	\$ 2,228

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:

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.

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.

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.

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 \$90,767 and \$100,330 for the fiscal years ended June 30, 2022 and June 30, 2021, respectively, all of which are 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, 2022 and 2021, respectively, MST made payments of all the expenses on behalf of the Authority in the amount of \$22,899 and \$32,696. The payable to MST balances were \$58,178 and \$63,322 for the fiscal years ended June 30, 2022 and June 30, 2021, 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, 2022 and June 30, 2021, respectively, the Authority had net position in the amount of \$41,459 and \$43,959.