



Financial Statements  
June 30, 2023 and 2022

# Monterey County Regional Taxi Authority

Monterey County Regional Tax Authority

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June 30, 2023 and 2022

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## Independent Auditor's Report

Governing Board  
Monterey County Regional Tax Authority  
Monterey, California

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of the Monterey County Regional Tax Authority (Authority) as of and for the years ended June 30, 2023 and June 30, 2022, 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, 2023 and June 30, 2022, and the respective changes in financial position, and its cash flows for the years 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  
June 19, 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, 2023 and 2022, 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 2023 and 2022, MST paid for the operating expenses of the Authority in the amount of \$24,735 and \$22,899, respectively. The payable to MST decreased to \$49,794 in 2023 from \$58,178 in 2022. The payable to MST decreased to \$58,178 in 2022 from \$63,322 in 2021. The assets of the Authority consist mostly of cash in banks which decreased to \$76,147 from \$90,767 between 2022 to 2023 which is sufficient to liquidate its current amount payable to MST. Cash in banks decreased to \$90,767 from \$100,330 between 2021 to 2022. Prepaid items increased to \$9,110 from \$8,306 between 2023 and 2022. Prepaid items increased to \$8,306 from \$6,951 between 2022 and 2021. 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. 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.

It is anticipated that next year's operating results will absorb the continued shortfall with cash reserves. Staff is projecting a decrease in the total number of valid operating vehicles as compared to recent previous years resulting in an overall decrease in operating revenues along with continued increases in General Liability and Directors and Officers Insurance Premiums. 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 continue 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash in banks	\$ 76,147	\$ 90,767
Accounts receivable	-	564
Prepaid items	<u>9,110</u>	<u>8,306</u>
Total assets	<u>85,257</u>	<u>99,637</u>
Current Liabilities		
Payable to Monterey-Salinas Transit	49,794	58,178
Advanced revenue received	<u>474</u>	<u>-</u>
Total Liabilities	<u>50,268</u>	<u>58,178</u>
Net Position - Unrestricted	<u>\$ 34,989</u>	<u>\$ 41,459</u>



**Monterey County Regional Taxi Authority**  
 Statements of Revenues, Expenses and Changes in Net Position  
 Years Ended June 30, 2023 and 2022

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	2023	2022
Operating Revenues		
Taxi permit revenue	\$ 18,265	\$ 20,399
Total operating revenues	18,265	20,399
Operating Expenses		
Salaries and benefits	296	734
Contracted services	731	979
General expenses	23,708	21,186
Total operating expenses	24,735	22,899
Change in Net Position	(6,470)	(2,500)
Net Position, Beginning of Year	41,459	43,959
Net Position, End of Year	\$ 34,989	\$ 41,459

# Monterey County Regional Tax Authority

## Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from taxi permits	\$ 19,303	\$ 19,835
Cash paid to MST for expense reimbursement	(33,923)	(29,398)
Net Cash Used for Operating Activities	(14,620)	(9,563)
Net decrease in Cash and Cash Equivalents	(14,620)	(9,563)
Cash and Cash Equivalents, Beginning of Year	90,767	100,330
Cash and Cash Equivalents, End of Year	\$ 76,147	\$ 90,767
Reconciliation of operating net loss to net cash used for operating activities		
Operating loss	\$ (6,470)	\$ (2,500)
Adjustments to reconcile operating net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	564	(564)
(Increase) decrease in prepaid items	(804)	(1,355)
Increase (decrease) in due to MST	(8,384)	(5,144)
Increase (decrease) in advanced revenue received	474	-
Net Cash Used for Operating Activities	\$ (14,620)	\$ (9,563)

## **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 \$76,147 and \$90,767 for the fiscal years ended June 30, 2023 and June 30, 2022, 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, 2023 and 2022, respectively, MST made payments of all the expenses on behalf of the Authority in the amount of \$24,735 and \$22,899. The payable to MST balances were \$49,794 and \$58,178 for the fiscal years ended June 30, 2023 and June 30, 2022, 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, 2023 and June 30, 2022, respectively, the Authority had net position in the amount of \$34,989 and \$41,459.