



Financial Statements
June 30, 2021 and 2020

Monterey County Regional Tax Authority

Monterey County Regional Tax Authority

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Independent Auditor's Report

Governing Board
Monterey County Regional Tax Authority
Monterey, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Monterey County Regional Tax Authority (Authority), as of and for the years ended June 30, 2021 and June 30, 2020 and the related notes to the 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.

Auditor's Responsibility

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 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 financial position of the Authority as of June 30, 2021 and June 30, 2020 and the 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 response 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California

June 15, 2022

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, 2021 and 2020, 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 2021 and 2020, MST paid for the operating expenses of the Authority in the amount of \$32,696 and \$29,139 respectively. The payable to MST increased to \$63,322 in 2021 from \$51,432 in 2020. The payable to MST increased to \$51,432 in 2020 from \$48,835 in 2019. The assets of the Authority consist mostly of cash in banks which increased to \$100,335 from \$98,102 between 2020 to 2021 which is sufficient to liquidate its current amount payable to MST. Cash in banks decreased to \$98,102 from \$104,741 between 2019 to 2020. Prepaid items increased to \$6,951 from \$5,596 between 2021 and 2020. Prepaid items increased to \$5,596 from \$5,335 between 2020 and 2019. 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 realized a negative change in net position due to a shortfall between permit revenues and operating costs mainly due to the costs required to implement a new ordinance. The ordinance requires all RTA Taxicab Drivers to become Taxi Americans with Disabilities Act Certified (TACT) and install a contactless fare payment device made available to RTA customers while operating in RTA's jurisdiction.

It is anticipated that next year's operating results will absorb the continued shortfall with cash reserves. This is 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. Given these taxi industry challenges, the RTA board approved the fiscal year 2022 budget which does not increase the per vehicle fee. The vehicle fee is used to pay for the operating expenses needed to maintain the Authority but will absorb the projected shortfall with existing cash reserves. Staff will need to analyze and offer actions for the RTA board to consider and adopt to mitigate having to regularly rely on the RTA 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 Tax Authority
Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash in banks	\$ 100,330	\$ 98,102
Accounts receivable	-	6,207
Prepaid items	6,951	5,596
	<u>107,281</u>	<u>109,905</u>
Current Liabilities		
Payable to Monterey-Salinas Transit	<u>63,322</u>	<u>51,432</u>
	<u>63,322</u>	<u>51,432</u>
Net Position - Unrestricted	<u>\$ 43,959</u>	<u>\$ 58,473</u>

Monterey County Regional Taxi Authority
 Statements of Revenues, Expenses and Changes in Net Position
 Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Taxi permit revenue	\$ 18,182	26,748
Total operating revenues	18,182	26,748
Operating Expenses		
Salaries and benefits	3,856	4,192
Contracted services	7,358	3,693
General expenses	21,482	21,254
Total operating expenses	32,696	29,139
Change in Net Position	(14,514)	(2,391)
Net Position, Beginning of Year	58,473	60,864
Net Position, End of Year	\$ 43,959	\$ 58,473

Monterey County Regional Taxi Authority

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash received from taxi permits	\$ 24,389	\$ 20,165
Cash paid to MST for expense reimbursement	<u>(22,161)</u>	<u>(26,804)</u>
Net cash provided by (used for) operating activities	<u>2,228</u>	<u>(6,639)</u>
Net In/Decrease in Cash and Cash Equivalents	2,228	(6,639)
Cash and Cash Equivalents, Beginning of Year	<u>98,102</u>	<u>104,741</u>
Cash and Cash Equivalents, End of Year	<u>\$ 100,330</u>	<u>\$ 98,102</u>
Reconciliation of Operating Net Income to		
Net Cash Provided by Operating Activities		
Operating loss	\$ (14,514)	\$ (2,391)
Adjustments to reconcile operating net income to net		
cash provided by operating activities:		
(Increase) decrease in accounts receivable	6,207	(6,207)
(Increase) decrease in prepaid items	(1,355)	(261)
Increase (decrease) in due to MST	11,890	2,597
Increase (decrease) in advanced revenue received	<u>-</u>	<u>(377)</u>
Net Cash Used for Operating Activities	<u>\$ 2,228</u>	<u>\$ (6,639)</u>

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 \$100,335 and \$98,102 for the fiscal years ended June 30, 2021 and June 30, 2020, 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, 2021 and 2020, respectively, MST made payments of all the expenses on behalf of the Authority in the amount of \$32,696 and \$29,139. The payable to MST balances were \$63,322 and \$51,432 for the fiscal years ended June 30, 2021 and June 30, 2020, 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, 2021 and June 30, 2020, respectively, the Authority had net position in the amount of \$43,959 and \$58,473.