



missoula parking commission

(A Component Unit of the City of Missoula)

FINANCIAL REPORT

June 30, 2021



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MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
BOARD MEMBERS AND MANAGEMENT

<u>Member</u>	<u>Business</u>	<u>Term Expires</u>
Pat Corrick	Downtown Business	April 30, 2023
JR Casillas	Downtown Business	April 30, 2023
Joe Easton	Jackson Contractor Group	April 30, 2024
Peter Walker-Keleher	Green Building Services	April 30, 2025
Glenda Bradshaw	Downtown Business	April 30, 2022

Director

Ian Ortlieb

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Missoula Parking Commission
Missoula, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Missoula Parking Commission (a Component Unit of the City of Missoula, Montana) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Missoula Parking Commission's 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Missoula Parking Commission as of June 30, 2021, and its changes in financial position and its cash flows thereof for the year 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 on pages 5 through 8, the schedule of changes in other post employment benefits liability and related ratios for the last ten fiscal years on page 37, the schedule of proportionate share of PERS net pension liability for the last ten fiscal years on page 38, and the schedule of contributions for the last ten fiscal years on page 39 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 audits 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Missoula Parking Commission's basic financial statements. The accompanying schedule of coverage for the Series 2014 bonds on page 42 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of coverage for the Series 2014 bonds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of coverage for the Series 2014 bonds is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of the Missoula Parking Commission'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 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 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 Missoula Parking Commission's internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co., P.C.

Missoula, Montana
December 23, 2021

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

The financial statements of the Missoula Parking Commission (the Commission) (MPC) are based on information provided by the Missoula County Treasurer and the City of Missoula Finance Office. The Commission's records are reconciled with the information prepared and maintained by the City of Missoula.

Our discussion and analysis of the Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2021 and 2020. It should be read in conjunction with the Commission's financial statements, which begin on page 9.

FINANCIAL REPORTING

The Commission has issued a complete set of financial statements for the fiscal year ended June 30, 2021, in accordance with U.S. generally accepted accounting principles. These financial statements are designed to provide readers with a broad view of the Commission's finances in a manner similar to a private sector business. While this document contains information about the funds used by the Commission to provide services to our citizens, the view of the Commission as a whole looks at all financial transactions and asks the question, "How did we do financially during the year?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2021

Condensed Financial Information

The following tables summarize financial condition and operating results for 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current assets	\$ 1,925,765	\$ 1,834,015	\$ 91,750
Capital assets	16,892,058	17,492,258	(600,200)
Other assets	<u>2,857,903</u>	<u>3,038,359</u>	<u>(180,456)</u>
Total assets	<u>21,675,726</u>	<u>22,364,632</u>	<u>(688,906)</u>
Deferred outflows of resources	<u>167,080</u>	<u>85,897</u>	<u>81,183</u>
Total assets and deferred outflows of resources	<u>\$ 21,842,806</u>	<u>\$ 22,450,529</u>	<u>\$ (607,723)</u>
Current liabilities	\$ 817,100	\$ 780,673	\$ 36,427
Long-term liabilities	<u>6,764,449</u>	<u>7,270,900</u>	<u>(506,451)</u>
Total liabilities	<u>7,581,549</u>	<u>8,051,573</u>	<u>(470,024)</u>
Deferred inflows of resources	<u>143,629</u>	<u>179,048</u>	<u>(35,419)</u>
Net position			
Net investment in capital assets	10,265,521	10,211,445	54,076
Restricted for debt service	720,454	720,454	-
Unrestricted	<u>3,131,653</u>	<u>3,288,009</u>	<u>(156,356)</u>
Total net position	<u>14,117,628</u>	<u>14,219,908</u>	<u>(102,280)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 21,842,806</u>	<u>\$ 22,450,529</u>	<u>\$ (607,723)</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
OPERATING REVENUES			
Parking and ticket revenues	<u>\$ 2,378,187</u>	<u>\$ 2,648,397</u>	<u>\$ (270,210)</u>
OPERATING EXPENSES			
Personnel	728,229	677,063	51,166
Contract - City of Missoula	223,160	216,950	6,210
Depreciation and amortization	635,194	646,773	(11,579)
Repairs, maintenance and supplies	167,886	177,804	(9,918)
Other operating expenses	<u>598,186</u>	<u>676,167</u>	<u>(77,981)</u>
Total operating expenses	<u>2,352,655</u>	<u>2,394,757</u>	<u>(42,102)</u>
Operating income	25,532	253,640	(228,108)
Net nonoperating expense	<u>(127,812)</u>	<u>(176,249)</u>	<u>48,437</u>
Change in net position	(102,280)	77,391	(179,671)
Net Position			
Beginning of year	<u>14,219,908</u>	<u>14,142,517</u>	<u>77,391</u>
End of year	<u>\$ 14,117,628</u>	<u>\$ 14,219,908</u>	<u>\$ (102,280)</u>

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2021

Discussion of Financial Results

Fiscal Year 2021 (FY21) was a full year of operations during the COVID-19 pandemic. It was a year of uncertainty about Downtown Missoula's current and future parking landscape. Still, during this period of unknown, the Missoula Parking Commission (the Commission) continued to operate to ensure public safety and financial security while still meeting the needs of Downtown Missoula parkers. In anticipation of continued operations in a pandemic, the Commission remained relatively static in projecting revenues. The Commission also actively managed and controlled expenses in this period of uncertainty.

FY20 was a very positive year in revenue generation until the pandemic hit in late March 2020. In comparing FY21 with FY20, the Commission started slow, with recent historical lows in citation issuance, lease revenue, and meter and short-term revenue. This trend continued month over month, and in late FY21, the Commission's revenue began to approach pre-pandemic levels.

In reviewing the financial highlights from an operational perspective, the overall operating revenue and operating expenses resulted in a net operating income of \$25,532. The operating revenue represents short-term parking, long-term parking, and parking fine revenues.

Short-term parking which includes meter parking and short-term parking in our garages, was down by approximately \$194,738 compared to FY20. This reduction in revenue can be attributed to reduced visitors to the downtown area due to the COVID-19 pandemic. In a month-to-month comparison of FY20, the Commission realized a decrease in short-term parking revenue in the first nine months of the fiscal year. In continuing a month-to-month analysis, the Commission was up in revenue each month from April 2021 through June 2021 due to the pandemic impact of the previous year.

Lease revenue was down by approximately \$64,562 compared to FY20. While FY20 had nearly nine months of pre-pandemic operations, FY21 was a full year in the COVID-19 environment. The Commission experienced a decline in lease revenue during the first six months of FY21. In FY20, the Commission had a large deposit of \$69,960 for spaces in the Riverside parking lot to accommodate the construction project of the Higgins Bridge. Much like other revenue categories, lease revenue began to reflect pre-pandemic levels in the last quarter of the fiscal year.

Parking fine revenue was also affected by the COVID-19 pandemic, with revenues down approximately \$28,069 compared to FY20. During July 2020 through February 2021, the Commission experienced a decline in fine revenue month over month, with the last four months of FY21 showing an increase over FY20. Citation issuance decreased by 7,162 citations, with the difference attributed to the first nine months of the fiscal year. Analyzing ticket issuance in the first eight months of the year, FY20 averaged 4,075 tickets per month, and in FY21, that per month average was at 2,515. The Commission was also down one full-time Parking Enforcement Officer for the first eleven months of FY21.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2021

Discussion of Financial Results (Continued)

General operating expenses were down \$42,102 in comparison to FY20. The Commission experienced increases in personnel and the City of Missoula contract, but a decrease in other operating expense categories. With the uncertainty of the COVID-19 pandemic, the Commission actively worked on managing operating expenses throughout the year. At year's end, the Commission's net position decreased by \$102,280 to an overall end of year position of \$14,117,628.

Due to the COVID-19 pandemic, the Commission operated with expected lowered revenues and tightly managed expenses throughout FY21. As the uncertainty of the COVID-19 pandemic remains, the Commission will continue to keep a close eye on revenues and expenses while still providing a high level of service and ensuring bond compliance. Staff continues to work toward improving the parking system, finding and implementing solutions to maximize efficiencies and reduce waste. The Commission will also be analyzing occupancy data, continuing to improve utilization in our parking lots and exploring and implementing services to enhance customer service and eliminate current administrative burdens.



Missoula Parking Commission
Ian Ortlieb
Parking Services Director

FINANCIAL STATEMENTS

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
STATEMENT OF NET POSITION
June 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 1,540,177
Investments	16,336
Other receivables	155,916
Current portion of prepaid expenses	99,336
Current portion of note receivable	<u>114,000</u>
Total current assets	<u>1,925,765</u>

NONCURRENT ASSETS

Capital assets, net	16,892,058
Restricted cash and investments	720,454
Note receivable, net of current portion	2,126,000
Prepaid expenses, net of current portion	11,379
Other assets	<u>70</u>
Total noncurrent assets	<u>19,749,961</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB contributions and adjustments	21,917
Pension contributions and adjustments	<u>145,163</u>
Total deferred outflows of resources	<u>167,080</u>

Total assets and deferred outflows of resources	<u>\$ 21,842,806</u>
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The Notes to Financial Statements are an integral part of this statement.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND
NET POSITION**

CURRENT LIABILITIES

Accounts payable	\$ 48,276
Accrued liabilities	109,839
Accrued bond interest	56,541
Advance from other governments	87,690
Current portion of compensated absences	42,054
Current portion of revenue bonds payable	285,000
Current portion of capital lease obligations	<u>187,700</u>
Total current liabilities	<u>817,100</u>

LONG-TERM LIABILITIES

Net pension liability	559,074
Other postemployment benefits (OPEB) liability	137,639
Compensated absences, less current portion	3,257
Revenue bonds payable, less current portion	5,315,000
Capital lease obligations, less current portion	<u>749,479</u>
Total long-term liabilities	<u>6,764,449</u>

Total liabilities	<u>7,581,549</u>
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DEFERRED INFLOWS OF RESOURCES

Pension adjustments	15,985
OPEB adjustments	38,286
Gain on refunding of debt	<u>89,358</u>
Total deferred inflows of resources	<u>143,629</u>

NET POSITION

Net investment in capital assets	10,265,521
Restricted for debt service	720,454
Unrestricted	<u>3,131,653</u>
Total net position	<u>14,117,628</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 21,842,806</u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended June 30, 2021

OPERATING REVENUES	
Parking revenues	\$ 2,137,754
Ticket revenues	<u>240,433</u>
Total operating revenues	<u>2,378,187</u>
OPERATING EXPENSES	
Personnel	728,229
Contract - City of Missoula	223,160
Depreciation and amortization	635,194
Repairs, maintenance and supplies	167,886
Other operating expenses	<u>598,186</u>
Total operating expenses	<u>2,352,655</u>
Operating income	<u>25,532</u>
NONOPERATING REVENUE (EXPENSE)	
Investment earnings	129,618
Bond interest	<u>(257,430)</u>
Total nonoperating revenue (expense)	<u>(127,812)</u>
Change in net position	(102,280)
Net Position	
Beginning of year	<u>14,219,908</u>
End of year	<u>\$ 14,117,628</u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
STATEMENT OF CASH FLOWS
 For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 2,365,189
Cash payments to suppliers	(926,299)
Cash payments to employees	<u>(636,230)</u>
Net cash flows from operating activities	<u>802,660</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Revenue bond principal paid	(280,000)
Purchases of fixed assets	(34,994)
Payments on capital lease	(368,319)
Revenue bond interest	<u>(267,441)</u>
Net cash flows from capital and related financing activities	<u>(950,754)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments, net	6,181
Collections on note receivable	112,000
Investment earnings	<u>129,618</u>
Net cash flows from investing activities	<u>247,799</u>
Net change in cash and cash equivalents	99,705
Cash and cash equivalents, beginning of year	<u>1,440,472</u>
Cash and cash equivalents, end of year	<u>\$ 1,540,177</u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
STATEMENT OF CASH FLOWS (CONTINUED)
 For the Year Ended June 30, 2021

RECONCILIATION OF OPERATING INCOME	
TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 25,532
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	635,194
Changes in operating assets and liabilities:	
Other receivables	(12,998)
Prepaid expenses	83,228
Pension contributions and adjustments	67,149
OPEB contributions and adjustments	774
Advance from other governments	1,680
Accounts payable	(20,439)
Accrued liabilities	22,540
Net cash flows from operating activities	<u>\$ 802,660</u>
SUPPLEMENTAL DISCLOSURE OF	
NONCASH ACTIVITIES	
Change in net pension liability	<u>\$ 145,068</u>
Change in OPEB liability	<u>\$ 33,500</u>

The Notes to Financial Statements are an integral part of this statement.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Missoula Parking Commission (the Commission) was established in 1971 by the City of Missoula (the City) as a separate legal entity in accordance with state parking commission laws (Section 7-14-4601, MCA). The five-member governing board is appointed by the Mayor and approved by City Council. Due to the control exercised by the City, the Commission is considered a component unit of the City.

Parking Operations, Facilities, and Rates

The Commission manages approximately 134 multi-space parking meters kiosks that are located both on-street and in various off-street lots throughout Missoula's downtown. The Commission also manages approximately 1,125 off-street leased parking spaces and 134 on-street leased parking spaces utilized mainly by downtown employees. The Commission also operates four parking structures (Central Park, Park Place, ROAM, and the Bank Street Structure) that offer both short-term and long-term parking. The Commission's jurisdiction extends beyond the Central Business District and includes a Residential Parking Permit Program adjacent to The University of Montana with approximately 820 on-street parking spaces. For the year ended June 30, 2021, the approximate percentage of revenues from all sources was as follows:

Leased spaces	40%
Parking meters	40
Parking tickets	9
Other sources	4
Parking structures	<u>7</u>
	<u>100%</u>

For the year ended June 30, 2021, on-street hourly parking fees were based on an escalating rate structure as follows: .25 hour \$.25, .5 hour \$.50, 1 hour \$1.00, 2 hours \$2.00, 3 hours \$3.50, 4 hours \$5.50, 5 hours \$8.00, 6 hours \$11.00, 7 hours \$14.50, and 8 hours \$18.50. The short-term parking fees for the parking structures were as follows for the year ended June 30, 2021: in Park Place, Roam, and Central Park, first hour free and \$1.00/hr. for each subsequent hour. Bank Street, New Park, and East Front lots are \$1.00/hr. Lease rates range from \$35.00 to \$85.00 per month. The average lease rate for the lots and structures was \$60.00 per month.

Basis of Accounting

The Commission's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, and follow proprietary fund reporting. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The Commission's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Commission's financial statements are presented using the "economic resources" measurement focus and the accrual basis of accounting.

Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues for the Commission are charges to customers for parking.

Budgets

Although not statutorily required, the Commission legally adopts an annual budget based primarily on the cash basis. Information related to budget development procedures and budget and actual information is available in the City of Missoula's Annual Comprehensive Financial Report (ACFR).

Classification of Net Position

The Commission classifies its net position as follows:

Net Investment in Capital Assets

The Commission's investment in property and equipment, net of depreciation and related outstanding debt.

Restricted

Resources that are not expendable due to bond agreements are reported as restricted net assets. Restricted net assets are principally amounts that are restricted for debt service.

Unrestricted

Resources over which the governing board has discretionary control.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Investments and Investment Income

The Commission's cash and investments are held by the City Treasurer and pooled with other City cash and investments. Interest earned on pooled investments is distributed to each contributing entity and fund on a pro-rata basis. Authorized investments allowed by Section 7-6-206, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program. Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market funds if the funds meet certain conditions. Investments held by the Commission are reported at fair value.

The Commission categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets (these investments are valued using prices in active markets); Level 2 inputs are significant other observable inputs (these investments are valued using matrix pricing); Level 3 inputs are significant unobservable inputs (these investments are valued using consensus pricing). Investments include certificates of deposit that are valued as Level 2 at amortized cost, which approximates fair value.

For purposes of the statements of cash flows, the Commission considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Certain cash and investments are restricted for debt service.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Capital Assets and Depreciation

Capital assets are recorded at cost including capitalization of interest cost during construction. Nondepreciable capital assets consist of land used principally for parking facilities. Straight-line depreciation is calculated based on the following useful lives:

Parking structures	40 years
Parking lot improvements	5–15 years
Machinery, equipment and vehicles	5–15 years
Furniture, fixtures and computers	5–15 years

Maintenance and repairs are charged to expense as incurred and betterments costing more than \$10,000 are capitalized.

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Under terms of state law, Commission employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for all accumulated vacation leave and 25% of accumulated sick leave. Compensated absences to be funded from future resources are reflected in accrued expenses to the extent they are vested.

Restricted Assets

Restricted assets are assets set aside to meet externally imposed legal and contractual obligations. Restricted assets are used in accordance with their requirements. Where both restricted and unrestricted resources are available for use, restricted resources are used first, and then unrestricted resources as they are needed.

Other Receivables

Receivables consist of amounts owed to the Commission for leased spaces and amounts owed from other governments, including Federal interest subsidies. Based on historical trends, management has determined that an allowance for doubtful accounts is not considered necessary.

Other Postemployment Benefits

The Commission recognizes and reports its postemployment health care benefits in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Commission's portion of underlying cash and investments of the City's investment pool at June 30, 2021, consists of the following:

Cash on hand	\$ 1,245
Demand deposits	2,259,386
Certificates of deposit	<u>16,336</u>
Total cash and cash equivalents and investments	2,276,967
Less restricted cash held for debt service reserves	<u>(720,454)</u>
Net cash and cash equivalents and investments	<u>\$ 1,556,513</u>

The City's investment pool does not have a credit rating. Investment in the pool exposes the Commission to interest rate risk due to the underlying investments in government securities. This risk is managed by the City.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Information regarding insurance coverage or collateralization, interest rate risk, and investment in derivatives and similar instruments for the investment in the City's investment pool is available in the City's ACFR. There is no regulatory oversight for the City's investment pool, and participants' equity in the pool approximates the fair value of the underlying investments.

NOTE 3. NOTE RECEIVABLE

In December 2010, Missoula Redevelopment Agency (MRA) agreed to fund \$3,000,000 of the Series 2010B bonds issued to construct the Park Place parking structure. These bonds were later refunded with the Series 2014 refunding bonds. MRA has committed to paying 40% of the principal and interest for the life of the bonds. Under the terms of the agreement, MRA will transfer \$133,425 to the Commission on March 15 and September 14 of each year. The difference between MRA's transfer and the actual debt service will be refunded back to MRA on October 15 of each year. As of June 30, 2021, the Commission has recorded a liability of \$87,690 which reflects the difference between MRA's transfer and the actual debt service amount.

The expected payments to maturity on the MRA note receivable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 114,000	\$ 91,470	\$ 205,470
2023	118,000	86,910	204,910
2024	122,000	83,370	205,370
2025	128,000	78,490	206,490
2026	130,000	73,370	203,370
2027-2031	736,000	283,392	1,019,392
2032-2036	<u>892,000</u>	<u>118,435</u>	<u>1,010,435</u>
Total	<u>\$ 2,240,000</u>	<u>\$ 815,437</u>	<u>\$ 3,055,437</u>

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 4. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Parking lots and land	\$ 3,587,760	\$ -	\$ -	\$ 3,587,760
Total capital assets not being depreciated	<u>3,587,760</u>	<u>-</u>	<u>-</u>	<u>3,587,760</u>
Capital Assets Being Depreciated				
Parking structures	15,847,670	-	-	15,847,670
Furniture, fixtures and computers	1,388,031	34,994	-	1,423,025
Machinery, equipment and vehicles	287,424	-	-	287,424
Parking lot improvements	<u>2,265,473</u>	<u>-</u>	<u>-</u>	<u>2,265,473</u>
	19,788,598	34,994	-	19,823,592
Less accumulated depreciation and amortization	<u>(5,884,100)</u>	<u>(635,194)</u>	<u>-</u>	<u>(6,519,294)</u>
Total capital assets being depreciated, net	<u>13,904,498</u>	<u>(600,200)</u>	<u>-</u>	<u>13,304,298</u>
Capital Assets, Net	<u>\$ 17,492,258</u>	<u>\$ (600,200)</u>	<u>\$ -</u>	<u>\$ 16,892,058</u>

NOTE 5. LONG-TERM LIABILITIES

Revenue Bonds – Direct Placement

Long-term debt at June 30, 2021 consists of:

\$7,160,000 Series 2014 refunding bonds, 2% to 4.35%, due in varying amounts to October 2035	\$ 5,600,000
Less current portion	<u>(285,000)</u>
Revenue bonds payable, less current portion	<u>\$ 5,315,000</u>

Upon issuance of the bonds, the Commission recorded a gain on the refunding of debt of \$131,057 which is being amortized as a component of interest expense in accordance with GASB 65, *Items Previously Reported as Assets and Liabilities*.

The Commission's outstanding debt from the above direct placement contains a provision that in an event of default, outstanding amounts become immediately due. The bonds are secured by a pledge of operating revenues derived from the operations of the Commission's on-street and off-street parking facilities, after payment of all necessary operation and maintenance expenses and from service tax increment revenues received by the City of Missoula.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Revenue Bonds – Direct Placement (Continued)

Debt service requirements to maturity on the bonds at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 285,000	\$ 222,975	\$ 507,975
2023	295,000	212,850	507,850
2024	305,000	202,325	507,325
2025	320,000	189,825	509,825
2026	325,000	176,925	501,925
2027 - 2031	1,840,000	670,934	2,510,934
2032 - 2036	<u>2,230,000</u>	<u>248,422</u>	<u>2,478,422</u>
Total	<u>\$ 5,600,000</u>	<u>\$ 1,924,256</u>	<u>\$ 7,524,256</u>

Capital Leases

In 2015, the Commission entered into a capital lease purchase agreement with First Security Bank to finance the purchase of parking meters. The lease has a one-year term with seven annual, one-year renewal options exercisable by the Commission with an interest component of 2.25%. First Security Bank's interest in the meters will terminate upon the Commission's payment of \$1,400,000 in principal and interest on the lease obligation. As of June 30, 2021, the Commission has capitalized \$1,038,445 in meter costs with an associated accumulated depreciation balance of \$571,146.

Annual lease payment requirements as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 102,000	\$ 3,483	\$ 105,483
2023	<u>207,600</u>	<u>3,510</u>	<u>211,110</u>
Total	<u>\$ 309,600</u>	<u>\$ 6,993</u>	<u>\$ 316,593</u>

In 2018, the Commission entered into a capital lease purchase agreement with First Security Bank to finance the purchase of parking access and revenue control equipment, license plate recognition technology, and one electric scooter. The lease has a one-year term with seven annual, one-year renewal options exercisable by the Commission with an interest component of 3.00%. First Security Bank's interest in the assets will terminate upon the Commission's payment of \$1,195,400 in principal and interest on the lease obligation. As of June 30, 2021, the Commission has capitalized \$1,092,786 in total assets related to this capital lease with an associated accumulated depreciation balance of \$243,161.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 5. LONG-TERM LIABILITIES (CONTINUED)

Annual lease payment requirements as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 85,700	\$ 20,094	\$ 105,794
2023	175,275	14,952	190,227
2024	180,573	9,654	190,227
2025	186,031	4,196	190,227
Total	<u>\$ 627,579</u>	<u>\$ 48,896</u>	<u>\$ 676,475</u>

The changes in long-term liabilities for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Revenue bonds	\$ 5,880,000	\$ -	\$ 280,000	\$ 5,600,000	\$ 285,000
Capital lease obligations	1,305,498	-	368,319	937,179	187,700
Compensated absences	48,221	23,472	26,382	45,311	42,055
Total	<u>\$ 7,233,719</u>	<u>\$ 23,472</u>	<u>\$ 674,701</u>	<u>\$ 6,582,490</u>	<u>\$ 514,755</u>

NOTE 6. DESIGNATED NET POSITION

The Commission's board has designated \$3,099,007 of unrestricted net position as of June 30, 2021, for the acquisition of parking lots, facilities, and equipment.

NOTE 7. RELATED PARTY TRANSACTIONS

The Commission paid \$223,160 to the City of Missoula for the year ended June 30, 2021, for administrative services.

NOTE 8. RETIREMENT PLAN

Summary of Significant Accounting Policies

Montana Public Employee Retirement Administration (MPERA) prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the net pension liability; deferred outflows of resources and deferred inflows of resources related to pensions; pension expense; the fiduciary net position; and additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Public Employees' Retirement System (PERS)

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System and school districts. Benefits are established by state law and can only be amended by Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; Any age, 30 years of membership service.
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Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.
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MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Plan Description (Continued)

Summary of Benefits (Continued)

Early Retirement

Hired prior to July 1, 2011: Age 50, 5 years of membership service; or
Any age, 25 years of membership service.

Hired on or after July 1, 2011: Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employer or PERS service)

1) Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:

- A refund or member's contributions plus return interest (currently 2.02% effective July 1, 2018).
- No service credit for second employment;
- Start the same benefit amount the month following termination; and
- Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.

2) Retired before January 1, 2016 and accumulate at least 2 years of additional service credit:

- A recalculated retirement benefit based on provisions in effect after the initial retirement; and
- GABA starts on the recalculation benefit in January after receiving the new benefit for 12 months.

3) Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:

- The same retirement as prior to the return to service;
- A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
- GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Plan Description (Continued)

Summary of Benefits (Continued)

Compensation Cap

Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

Monthly Benefit Formula

1) Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

2) Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

Contributions

The state legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Special Funding

The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employees who received special funding are all participating employees.

Not Special Funding

Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

Overview of Contributions

Member and employer contribution rates are shown in the table below.

Fiscal Districts Year Employer	Member State	Member		State & Universities	Local Government		School
		Hired < 07/01/11	Hired > 07/01/11	Employer	Employer	State	
2021	7.900%	7.900 %	8.870 %	8.770%	0.100 %	8.500%	0.370%
2020	7.900%	7.900 %	8.770 %	8.670%	0.100 %	8.400%	0.370%
2019	7.900%	7.900 %	8.670 %	8.570%	0.100 %	8.300%	0.370%
2018	7.900%	7.900 %	8.570 %	8.470%	0.100 %	8.200%	0.370%
2017	7.900%	7.900 %	8.470 %	8.370%	0.100 %	8.100%	0.370%
2016	7.900%	7.900 %	8.370 %	8.270%	0.100 %	8.000%	0.370%
2015	7.900%	7.900 %	8.270 %	8.170%	0.100 %	7.900%	0.370%
2014	7.900%	7.900 %	8.170 %	8.070%	0.100 %	7.800%	0.370%
2012 – 2013	6.900%	7.900 %	7.170 %	7.070%	0.100 %	6.800%	0.370%
2010 – 2011	6.900%		7.170 %	7.070%	0.100 %	6.800%	0.370%
2008 – 2009	6.900%		7.035 %	6.935%	0.100 %	6.800%	0.235%
2000 - 2007	6.900%		6.900 %	6.800%	0.100 %	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

MISSOULA PARKING COMMISSION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions (Continued)

2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of PERS-DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non Employer Contributions
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The State contributed a Statutory Appropriation from the General Fund of \$33,951,150.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

GASB 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's total pension liability (TPL). The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll-forward procedures. The roll-forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll-forward procedure will include the effects of any assumption changes and legislative changes. The updated procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The TPL minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2020, and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The Commission recorded a liability of \$559,074 and the Commission's proportionate share was 0.02119 percent.

	Net Pension Liability as of 6/30/2020 <u>Measurement Date</u>	Net Pension Liability as of 6/30/2019 <u>Measurement Date</u>	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019	Change in Percent of Collective NPL
Commission Proportionate Share	\$ 559,074	\$ 414,006	0.02119%	0.01981%	0.00138%
State of Montana Proportionate Share associated with Employer	<u>176,255</u>	<u>134,874</u>	<u>0.00668%</u>	<u>0.00645%</u>	<u>0.00023%</u>
Total	<u>\$ 735,329</u>	<u>\$ 548,880</u>	<u>0.02787%</u>	<u>0.02626%</u>	<u>0.00161%</u>

Changes in Actuarial Assumptions and Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was lowered from 7.65% to 7.34%.
2. The investment rate of return was lowered from 7.65% to 7.34%.
3. The inflation rate was reduced from 2.75% to 2.40%

Changes in Benefit Terms

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share

There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have a unique circumstance that will impact the employer's proportionate share of the collective net position. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

MISSOULA PARKING COMMISSION
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Expense

At June 30, 2020, the Commission recognized \$100,907 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$28,825 for the state of Montana proportionate share of the pension expense associated with the Commission.

	<u>Pension Expense as of 6/30/2020 Measurement Date</u>	<u>Pension Expense as of 6/30/2019 Measurement Date</u>
Commission's Proportionate Share of PERS	\$ 100,907	\$ 79,876
State of Montana Proportionate Share associated with the Commission	<u>28,825</u>	<u>9,156</u>
Total	<u>\$ 129,732</u>	<u>\$ 89,032</u>

Recognition of Deferred Inflows and Outflows

As of the June 30, 2020 measurement date, the Commission reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 9,025	\$ 15,985
Changes in assumptions	38,714	-
Difference between projected and actual earnings on pension plan investments	48,411	-
Changes in proportion differences between Commission contributions and proportionate share of contributions	9,235	-
Contributions paid to PERS subsequent to the measurement date	<u>39,778</u>	<u>-</u>
Total	<u>\$ 145,163</u>	<u>\$ 15,985</u>

MISSOULA PARKING COMMISSION
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 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Recognition of Deferred Inflows and Outflows (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the measurement year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2021	\$ 22,695
2022	37,694
2023	16,915
2024	12,095

Actuarial Assumptions

The TPL in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

- Investment Return (net of admin expense) 7.34%
- Admin Expense as % of Payroll 0.30%
- General Wage Growth* 3.50%
- *includes Inflation at 2.40%
- Merit Increases 0% to 4.80%
- Postretirement Benefit Increases:
 1. Guaranteed Annual Benefit Adjustment (GABA) each January
 - After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.
 - 3% for members hired prior to July 1, 2007
 - 1.5% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013:
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) The 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%;
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality

- Mortality assumptions among contributing members, service retired members and beneficiaries were based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
- Mortality assumptions among disabled members are based on RP-2000 Combined Mortality Tables with no projections.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, was outlined in a report dated May 5, 2017 and can be located on the MPERA website. The long-term expected rate of return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2020, was calculated using the average long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yielding a median real rate of return of 4.94%. The assumed inflation is based on the intermediate inflation of 2.4% in the *2020 OASDI Trustees Report* by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized below.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	2.0%	0.11%
Domestic Equity	30.0%	6.19%
International Equity	16.0%	6.92%
Private Investments	14.0%	10.37%
Natural Resources	4.0%	3.43%
Real Estate	9.0%	5.74%
Core Fixed Income	20.0%	1.57%
Non-Core Fixed Income	<u>5.00%</u>	<u>3.97%</u>
Total	<u>100.0%</u>	<u>38.30%</u>

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. The state contributed 0.10% of salaries paid by local governments and 0.37% paid by school districts.

In addition, the State contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.34%, as well as what the net pension liability would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	1.0% Decrease <u>(6.34%)</u>	Current Discount Rate <u>(7.34%)</u>	1.0% Increase <u>(8.34%)</u>
Missoula Parking Commission's Net Pension Liability	<u>\$ 769,532</u>	<u>\$ 559,074</u>	<u>\$ 382,290</u>

PERS Disclosure for the Defined Contribution Plan

The Commission contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and governed by Title 19, chapters 2 & 3, MCA.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the defined benefit and defined contribution retirement plans.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Disclosure for the Defined Contribution Plan (Continued)

Member and employer contribution rates are specified by state law and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates.

Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

At the plan level for the measurement period ended June 30, 2020, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 329 employers that have participants in the PERS-DCRP totaled \$775,195.

Pension Plan Fiduciary Net Position

The standalone financial statements of the Montana Public Employees Retirement Board (PERB) ACFR and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or the MPERA website at <http://mpera.mt.gov/index.shtml>.

NOTE 9. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, damage or loss of assets, errors and omissions, injuries to employees, employee medical claims, and natural disasters. The Commission manages these risks through participation with the City's risk management practices. Information related to the City's risk management is available in its ACFR.

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 10. POSTEMPLOYMENT BENEFITS

The Commission participates in the City's defined benefit health plan. The single-employer plan administered by the City is named the Health Benefits Plan for the Employees of the City of Missoula. Benefits and contributions rates are established and may be amended by the City of Missoula's Employee Benefits Committee. The plan's financial information is included as part of the City's self-insurance internal service fund in the City of Missoula ACFR.

Terminated employees of the Commission may remain on the City's health insurance plan for up to 18 months if they pay the monthly premiums. This benefit is required under the federal C.O.B.R.A. law. Retirees may remain on the City's health plan as long as they wish, provided they pay the monthly premiums. State law requires the Commission to provide this benefit. There are no other postemployment benefits (OPEB) provided by the Commission. The Commission has 11 employees participating in the plan with no retirees or C.O.B.R.A. participants.

The Commission adopted the provisions of GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions," in fiscal year 2018. GASB 75 addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) that are provided to the employees of state and local governments, establishing standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses.

For defined benefit OPEB plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Information on the City's health benefits plan for retirees is included below.

The City's medical plan is a self-funded PPO plan. The table below presents a high-level summary of the medical benefits offered in the plan year beginning July 1, 2020, which was used for the June 30, 2021 valuation. Dental benefits are not provided for retirees.

Medical Deductible (Individual/Family)	\$750/\$2,250
Out-of-Pocket Maximum (Individual/Family)	\$3,170/\$6,350
Coinsurance (In Network/Out of Network)	30%/50%
Prescription Deductible	\$50
Prescription Copays (Tier 1/Tier 2/Tier 3)	10% (min \$5)/20% (min \$20)/50% (min \$35)
Prescription Out-of-Pocket Maximum	\$3,400/\$6,800

The retiree contributes a majority of the total active premium and the City contributes the remaining premium to the plan. The plan is financed on a pay-as-you-go basis with Commission contributions ensuring that adequate reserves are maintained in the plan. Reserves maintained by the City are not considered assets of the post-employment benefits plan since they are not contributed to a trust that meets the criteria in GASB 75, paragraph 4.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. POSTEMPLOYMENT BENEFITS (CONTINUED)

The retiree and Commission contribution rates for the plan for fiscal year 2021 were used for the June 30, 2021 valuation and are as follows.

<u>Coverage</u>	<u>Retiree Contribution</u>	<u>Commission Contribution</u>	<u>Total Premium</u>
Retiree	\$ 797.58	\$ 189.99	\$ 987.57
Retiree, spouse	917.52	189.99	1,107.51
Retiree, spouse, child	967.43	189.99	1,157.42
Retiree, child	847.48	190.00	1,037.48
Each additional child	49.91	-	49.91

The following table reports the changes to the OPEB liability for fiscal year 2021, as well as deferred inflows and outflows of resources and OPEB expense recognized.

Changes in OPEB Liability	
OPEB Liability, Beginning Balance	\$ <u>104,139</u>
Service cost	7,692
Interest	2,270
Difference between expected and actual experience	15,480
Changes in assumptions	12,704
Employer contributions	<u>(4,646)</u>
Net Change	<u>33,500</u>
OPEB Liability, Ending Balance	<u>\$ 137,639</u>
Deferred Inflows of Resources	
Deferred Inflows of Resources, Beginning Balance	\$ (62,426)
Difference between expected and actual experience	15,480
Current year amortization of experience differences	<u>8,660</u>
Deferred Inflows of Resources, Ending Balance	<u>\$ (38,286)</u>
Deferred Outflows of Resources	
Deferred Outflows of Resources, Beginning Balance	\$ 13,331
Changes in assumptions	12,704
Current year amortization of assumption changes	<u>(4,118)</u>
Deferred Outflows of Resources, Ending Balance	<u>\$ 21,917</u>
OPEB Adjustment	<u>\$ 774</u>

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. POSTEMPLOYMENT BENEFITS (CONTINUED)

The Commission's total OPEB liability is \$137,639 as of June 30, 2021 and was determined by an actuarial valuation as of that date. The following assumptions and other inputs were used to calculate the total OPEB liability using the entry age normal cost method in the actuarial valuation.

Discount Rate	2.18% - S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021
Payroll Growth	2.75% to 3%, used midpoint 2.875%
General Inflation	3.0% per year
Participation Rate	40% of eligible employees are assumed to elect healthcare coverage in retirement
Admin Trend Rate	3%
Mortality Rate	Male and Female RP-2000 Combined Employee and Annuitant Mortality Tables, projected to 2020 using scale BB, males set back 1 year

Medical Trend Rate	<u>Effective July 1</u>	<u>Trend Rate</u>
	2021	6.40%
	2022	6.20%
	2023	6.10%
	2024	6.00%
	2025	5.90%
	2026	5.80%
	2027	5.70%

Cost Sharing Projections related to the sharing of benefit-related costs are based on an established pattern of practice with the City of Missoula contributing 15% of retiree premiums.

The table below shows the assumption changes from the beginning balance at June 30, 2020 and their impact on the OPEB liability at June 30, 2021.

<u>Changes of Assumptions</u>	<u>Description of Change</u>	<u>Impact on Liability</u>
Discount Rate	Decreased from 2.66% to 2.18%	\$ 12,704

The following tables disclose the sensitivity of the total OPEB liability to changes in the discount rate and the medical trend rate, showing how the total OPEB liability would change if the rates used were increased or decreased by 1%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB Liability	<u>\$ 169,967</u>	<u>\$ 137,639</u>	<u>\$ 112,861</u>

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

	1% Decrease (5.40%)	Trend Rate (6.40%)	1% Increase (7.40%)
Total OPEB Liability	<u>\$ 109,579</u>	<u>\$ 137,639</u>	<u>\$ 175,792</u>

Changes in the total OPEB liability due to changes in actuarial assumptions and differences between expected actuarial experience and actual experience are deferred and recognized in the OPEB expense over a closed period equal to the average expected remaining service lives of employees and retirees, starting with the current reporting period. The average remaining service lives as of June 30, 2020 was 6.89 years. Amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follows.

<u>Year</u>	<u>Actual to Expected Experience (Inflow)</u>	<u>Changes In Assumption s (Outflow)</u>	<u>Combined</u>
2021	\$ 2,218	\$ 1,820	\$ 4,038
2022	2,218	1,820	4,038
2023	2,218	1,820	4,038
2024	2,218	1,820	4,038
2025	2,218	1,820	4,038
2026	2,218	1,820	4,038
2027	2,173	1,784	3,957
Total	<u>\$ 15,480</u>	<u>\$ 12,704</u>	<u>\$ 28,184</u>

The City of Missoula allocated the annual retired contributions and the liability to the component units based on the number of active participants in the plan as of June 30, 2021.

The schedule of changes in the total OPEB liability, presented as required supplementary information following the notes to the financial statements, presents a multi-year schedule of changes in the total OPEB.

NOTE 11. RISKS AND UNCERTAINTIES

The COVID-19 outbreak in March of 2020 has caused business disruption to the Commission's operations. The full extent and duration of the impact of COVID-19 on the Commission's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, new information that may emerge concerning the severity of the virus, and the actions to contain the virus or treat its impact, among others.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
AN MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSOULA PARKING COMMISSION

(A Component Unit of the City of Missoula)

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS FOR THE LAST TEN FISCAL YEARS June 30, 2021

Schedule of Changes in Other Post Employment Benefits Liability and Related Ratios For the Last Ten Fiscal Years*

	As of reporting date			
	2021	2020	2019	2018
OPEB Liability, Beginning Balance	\$ 104,139	\$ 150,731	\$ 145,153	\$ 75,273
Restatement-Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,029</u>
Restated Beginning Balance	104,139	150,731	145,153	138,302
Service Cost	7,692	5,786	8,394	8,528
Interest	2,270	2,618	4,877	4,771
Deferred Inflows - Difference between expected and actual experience	15,480	(64,623)	(7,099)	(3,583)
Deferred Outflow - Changes in assumptions	12,704	13,355	2,501	77
Employer Contributions	<u>(4,646)</u>	<u>(3,728)</u>	<u>(3,095)</u>	<u>(2,942)</u>
Net Change	<u>33,500</u>	<u>(46,592)</u>	<u>5,578</u>	<u>6,851</u>
Ending Balance	<u>\$ 137,639</u>	<u>\$ 104,139</u>	<u>\$ 150,731</u>	<u>\$ 145,153</u>
Covered Payroll	575,862	559,769	490,255	476,554
Total Other Post-Employment Benefits Liability as a percentage of Covered Payroll	23.9%	18.6%	30.7%	30.5%

*The amounts presented above for each fiscal year were determined as of June 30th. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Key Assumptions:	As of reporting date			
	2021	2020	2019	2018
Discount Rate	2.18%	2.66%	3.36%	3.45%
Medical Trend Rate	6.40%	6.40%	6.20%	6.20%

See Notes to Required Supplementary Information

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY
FOR THE LAST TEN FISCAL YEARS
June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability for the Last Ten Fiscal Years*

	As of measurement date						
	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability as a percentage	0.021191%	0.019806%	0.023711%	0.030111%	0.030180%	0.032060%	0.031700%
Employer's proportionate share of the net pension liability as an amount	\$ 559,074	\$ 414,006	\$ 494,875	\$ 586,442	\$ 514,131	\$ 448,100	\$ 394,296
State of Montana's proportionate share of the net pension liability associated with the Employer	<u>176,255</u>	<u>134,874</u>	<u>165,870</u>	<u>7,946</u>	<u>6,282</u>	<u>5,505</u>	<u>4,820</u>
Total	<u>\$ 735,329</u>	<u>\$ 548,880</u>	<u>\$ 660,745</u>	<u>\$ 594,388</u>	<u>\$ 520,413</u>	<u>\$ 453,605</u>	<u>\$ 399,116</u>
Employer's pensionable payroll	\$ 355,555	\$ 326,794	\$ 389,948	\$ 373,519	\$ 396,046	\$ 358,594	\$ 399,531
Employer's proportionate share of the net pension liability as a percentage of its pensionable payroll	157.240%	126.687%	126.908%	157.005%	129.816%	124.960%	98.690%
Plan fiduciary net position as a percentage of the total pension liability	68.90%	73.85%	73.47%	73.75%	74.70%	78.40%	79.90%

*The amounts presented for each fiscal year were determined as of June 30.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
SCHEDULE OF CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS
June 30, 2021

Schedule of Contributions for the Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 31,151	\$ 28,107	\$ 33,027	\$ 31,264	\$ 33,149	\$ 33,507	\$ 33,092
Contributions in relation to the contractually required contributions	<u>31,151</u>	<u>28,107</u>	<u>33,027</u>	<u>31,264</u>	<u>33,149</u>	<u>33,507</u>	<u>33,092</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 355,555	\$ 326,794	\$ 389,948	\$ 373,519	\$ 396,046	\$ 379,605	\$ 358,594
Contributions of covered-employee payroll	8.76%	8.60%	8.47%	8.37%	8.37%	8.83%	9.23%

**The amounts presented for each fiscal year were determined as of June 30.*

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

MISSOULA PARKING COMMISSION
(A Component Unit of the City of Missoula)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Changes of Benefit Terms

The following changes to the plan provision were made as identified:

2017:

Working Retiree Limitation – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be EPRS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive on lump-sum payment.

Interest Credited to Member Accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-Sum Payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who become disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 June 30, 2021

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 30, 2019 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (healthy members)	For males and females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (disabled members)	For males and females: RP 2000 Combined Mortality Table, with no projections
Admin expenses as % of payroll	0.30%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

SUPPLEMENTARY INFORMATION

MISSOULA PARKING COMMISSION
 (A Component Unit of the City of Missoula)
SCHEDULE OF COVERAGE – SERIES 2014 BONDS
 June 30, 2021

REVENUES	
Total operating revenue	\$ 2,378,187
Missoula Redevelopment Agency pledge	<u>266,850</u>
Total revenues pledged	<u>2,645,037</u>
EXPENSES	
Operating expenses	(2,352,655)
Add back depreciation and amortization	635,194
Add back administrative charges	<u>223,160</u>
Net operating expenses	<u>(1,494,301)</u>
Revenues available for debt service	<u>\$ 1,150,736</u>
DEBT SERVICE	
Principal	\$ 280,000
Interest	<u>232,875</u>
Total debt service	<u>\$ 512,875</u>
Total coverage	<u>224%</u>

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*

Board of Commissioners
Missoula Parking Commission
Missoula, Montana

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 Missoula Parking Commission (the Commission), a component unit of the City of Missoula, Montana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 effect on the determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Zurmuehlen & Co., P.C.

Missoula, Montana
December 23, 2021



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