

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)

FINANCIAL REPORT

June 30, 2021



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MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
ORGANIZATION
Fiscal Year Ended June 30, 2021

Director

Ellen Buchanan Director

Board of Commissioners

Karl Englund Chair

Nancy Moe Vice-Chair

Melanie Brock Member

Ruth Reineking Member

Natasha Prinzing Jones Member

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Missoula Redevelopment Agency
Missoula, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Missoula Redevelopment Agency (the Agency), 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 Agency'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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Missoula Redevelopment Agency, as of June 30, 2021, and the respective changes in financial position 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 48, budgetary comparison information on pages 98 through 101, the schedule of changes in other post employment benefits liability and related ratios for the last ten fiscal years on page 102, the schedule of proportionate share of the PERS net pension liability on page 103, the schedule of contributions for the last ten fiscal years on page 104, and the notes to the required supplementary information on pages 105 and 106 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information presented on pages 107 through 110 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining debt service balance sheet and combining debt service statement of revenues, expenditures and changes in fund balances are the responsibility of management and were derived from and relate 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 audit 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The debt service budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Agency'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 the Agency's internal control over financial reporting and compliance.

Anderson Zurmuehlen & Co., P.C.

Missoula, Montana
December 30, 2021

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2021

The Missoula Redevelopment Agency (the Agency) is a component unit of the City of Missoula (the City). Its budget is prepared at the same time as the City Budget and undergoes review and approval by City officials as part of the City's budgeting process. Moreover, all expenditures of the Agency are reviewed and approved by the Missoula City Finance Office and the Missoula City Council.

The financial statements of the Agency are based on information provided by the Missoula County Treasurer and the City Finance Office. The Agency records are reconciled with the information prepared and maintained by the City.

Our discussion and analysis of the Agency's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Agency's financial statements and accompanying notes, which begin on page 49.

Financial Highlights

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

	<u>2021</u>	<u>2020</u>	Increase (Decrease)
Current assets	\$ 13,211,747	\$ 10,339,229	\$ 2,872,518
Noncurrent assets	<u>1,297,016</u>	<u>1,330,864</u>	<u>(33,848)</u>
Total assets	<u>14,508,763</u>	<u>11,670,093</u>	<u>2,838,670</u>
Deferred outflows of resources	<u>196,140</u>	<u>117,338</u>	<u>78,802</u>
Total assets and deferred outflows of resources	<u>14,704,903</u>	<u>11,787,431</u>	<u>2,917,472</u>
Current liabilities	2,997,354	1,618,089	1,379,265
Noncurrent liabilities	<u>45,997,049</u>	<u>39,564,611</u>	<u>6,432,438</u>
Total liabilities	<u>48,994,403</u>	<u>41,182,700</u>	<u>7,811,703</u>
Deferred inflows of resources	<u>65,129</u>	<u>61,060</u>	<u>4,069</u>
Total liabilities and deferred inflows of resources	<u>49,059,532</u>	<u>41,243,760</u>	<u>7,815,772</u>
Net position			
Restricted for debt service	674,645	674,645	-
Unrestricted	<u>(35,029,274)</u>	<u>(30,130,974)</u>	<u>(4,898,300)</u>
Total net position	<u>(34,354,629)</u>	<u>(29,456,329)</u>	<u>(4,898,300)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,704,903</u>	<u>\$ 11,787,431</u>	<u>\$ 2,917,472</u>

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Financial Highlights (Continued)

	<u>2021</u>	<u>2020</u>	Increase (Decrease)
REVENUES			
General revenues	\$ 11,462,368	\$ 11,626,195	\$ (163,827)
Total revenues	<u>11,462,368</u>	<u>11,626,195</u>	<u>(163,827)</u>
EXPENSES			
Housing and community development	14,435,021	7,971,135	6,463,886
Interest	<u>1,925,647</u>	<u>1,765,235</u>	<u>160,412</u>
Total expenses	<u>16,360,668</u>	<u>9,736,370</u>	<u>6,624,298</u>
Change in net position	(4,898,300)	1,889,825	(6,788,125)
NET POSITION			
Beginning of year	<u>(29,456,329)</u>	<u>(31,346,154)</u>	<u>1,889,825</u>
End of year	<u>\$ (34,354,629)</u>	<u>\$ (29,456,329)</u>	<u>\$ (4,898,300)</u>

- During the year the Agency had revenues of \$11,462,368 and expenses totaling \$16,360,668 which resulted in a change in net position of (\$4,898,300), a decrease of \$6,788,125 compared to 2020.
- The Agency's revenues are derived primarily from Tax Increment Property Tax, State Personal Property Tax Reimbursements, State Entitlements, and Investment Earnings. Small amounts of revenue are received from other miscellaneous sources. The Agency's fiscal year 2021 revenues were \$163,827 lower than in fiscal year 2020.
- Public/Private Partnerships – In fiscal year 2021, MRA reimbursed the following amounts for the public benefit components of the projects:

Public-Private Partnerships	
AC Hotel - 175 N Pattee Street	\$ 1,904,105
Aspen Grove Therapy - 2126 & 2148 Dixon Avenue	147,105
Blackfoot River Outfitters - 235 North Russell Street	75,320
DJ&A Office Building - 2000 Maple Street	236,129
The Dram Shop - 2700 Paxson Street	50,000
Trempers Shopping Center - 1200-1210 West Kent Avenue	337,139
Union Block - 123-135 East Main Street	579,858
Total	\$ 3,329,656

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

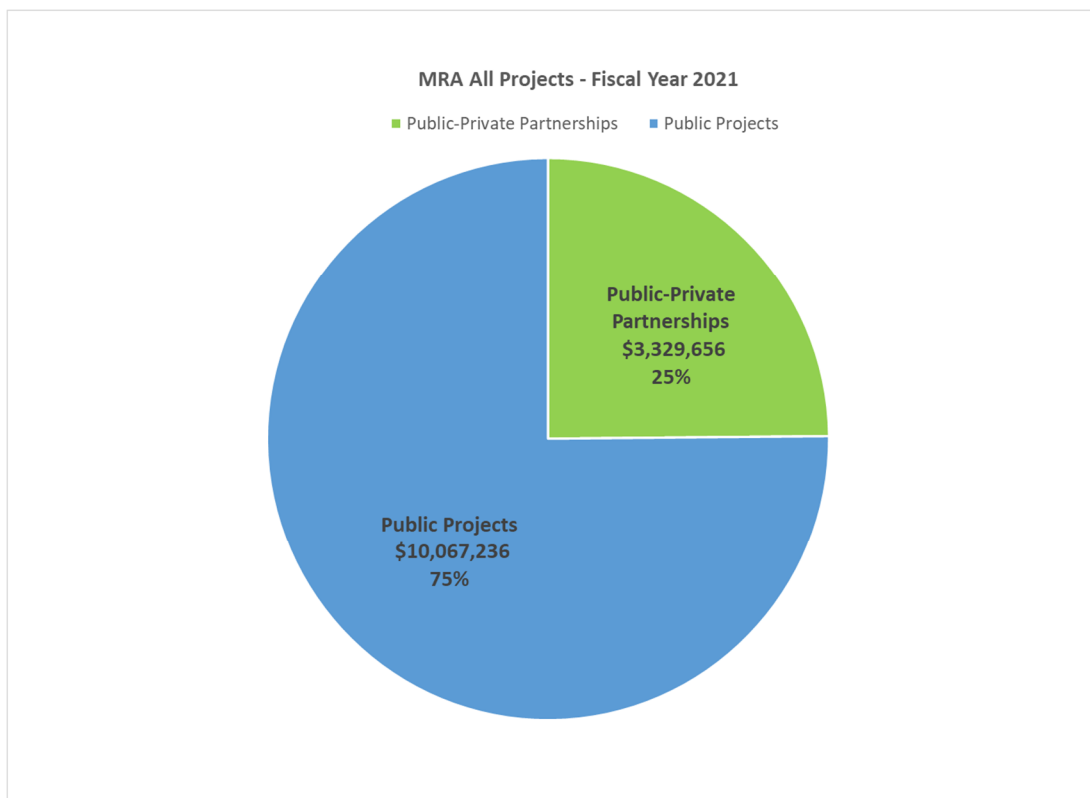
Financial Highlights (Continued)

- Public projects funded solely or in part with tax increment funds in fiscal year 2021 are as follows:

Public Projects	
Scott Street Property - Acquisition	\$ 6,574,827
Brooks Corridor - Transit Oriented Development (TOD) - Infrastructure Study	18,178
Cemetery Strategic Plan	12,750
Clark Fork Bank Stabilization	2,035
Front/Main Street Two-Way Conversion - Design & Engineering	74,260
Housing Policy Implementation	30,000
Missoula County Fairgrounds - 1101 South Avenue West - Trail Construction	1,155,500
Missoula Food Bank & Community Center - Partnership Health Center Improvements	385,322
Missoula Public Library - New Building	75,000
MRL Park - Bond Close Out	77,900
MRL Property - 1835 North Avenue - Building Deconstruction	24,800
MRL Property - Brownfields Voluntary Cleanup Plan - Environmental Assessment	17,536
MRL Property - SHEC Building Purchase	46,500
MRL Property - Temporary Fence	1,800
Police Facility on Catlin - Acquisition Assistance	250,000
Public Works Facilities Plan	28,817
Railroad Quiet Zone - Study	28,300
Scott Street Property - Development Plan	65,252
Sleepy Inn - 1427 West Broadway - Fence Installation	2,650
South Reserve Pedestrian Bridge - Upgrades	30,150
URD II - 2nd & 3rd St Sidewalk Project - Construction	245,166
URD II - Inez, 1st & 2nd Street Sidewalk - Design, Eng, Const. Admin	100,688
URD III - Northern Sidewalk - Ph 1 - Construction	284,446
URD III - Northern Sidewalk - Ph 2 - Construction	348,655
West Broadway Island - Access Gates	4,300
West Broadway Master Plan	40,000
YWCA - Meadowlark Project - 1800 S 3rd St W	142,404
Total	\$ 10,067,236

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Financial Highlights (Continued)



- The Agency also paid out \$2,031,634 in principal and \$1,925,647 in interest for a total of \$3,957,281 in debt service payments.

Using This Report

This audit report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities are government-wide statements, which are required by GASB Statement 34. These statements report on all of the Agency's activities and are on a full-accrual basis. They are intended to present a long-term view of the Agency's finances.

The Balance Sheet and Income Statement (Statement of Revenues, Expenditures and Changes in Fund Balances) are considered fund financial statements, which are financial statements that report on one or more funds (governmental funds) of the governmental entity. These statements are on a modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds are used to account for the acquisition, use, and balances of expendable financial resources and the related current liabilities. Governmental funds include general funds, special revenue funds, debt service funds, and capital project funds.

The fund financial statements tell how the Agency's redevelopment activities were financed in the short term as well as what remains for future redevelopment. Also, these statements report the Agency's operations in more detail than the government-wide statements by providing information about the Agency's most significant funds.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

About the Agency

Two of the most important questions asked about the Agency are, "How well did the Agency respond to redevelopment opportunities in the past fiscal year?" and "What ability will it have to respond to future redevelopment opportunities?" The Statement of Net Position and the Statement of Activities report information about the Agency as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

You can think of the Agency's net position (the difference between assets and liabilities) as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether the Agency has been responding to redevelopment opportunities at a level equal to, above, or below its annual revenue. When reviewing the Agency's overall financial position, however, other non-financial factors should also be considered such as changes in the property value assessment formula, which is determined by the State legislature, the total mills levied by the taxing jurisdictions, appeals by property owners and resulting adjusted taxable values in certain cases, and whether the Agency has sold bonds to assist a redevelopment project.

The fund financial statements provide detailed information about the most significant funds, not the Agency as a whole. The Agency had six urban renewal districts (URDs) active in fiscal year 2021 and each has its own development fund. Approved by the City Council following the processes set forth in State law, the table below shows a history of each district's study of blight, plan adoption, original sunset date and any debt instruments in the district that would adjust a sunset date. All of the districts derive a majority of their revenue from tax increment provisions allowed by State law. Tax increment is a portion of the property taxes normally collected by the County for each district; it is not its own "tax". The Agency does not levy a tax against the property in the urban renewal districts. After tax payments are collected by the County, the tax increment portion for each district is transferred to the City and deposited into the respective urban renewal districts' development fund. These funds in turn provide money for the Agency's redevelopment programs: Tax Increment Financing (TIF), Commercial Rehabilitation Loan Program (CRLP), the Code Compliance Assistance Program (CCP) and the Façade Improvement Program (FIP). The TIF program is provided for by State law. The other three programs, CRLP, CCP and FIP, are redevelopment programs approved by the Agency's Board and/or Missoula City Council as allowed by State law.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

About the Agency (Continued)

Original Declaration of Blight – January 23, 1978 – City of Missoula Resolution # 3737									
Agency created – May 22, 1978 - Resolution #3779									
Authorized Power to Use Tax Increment – May 22, 1978 - Resolution #3778									
District	Declaration of Blight	Resolution #	Plan Adopted	Ordinance #	Base Year	Tax Increment Base Value	Original Sunset Tax Year	Bonds and Debt Instruments	Amended Sunset Date
URD I	January 23, 1978	3737	December 18, 1978	Resolution #3866*	1978	973,988	1998	Central Park 1989; Refunding 1997	6/30/2005
URD II	September 16, 1991	5210	December 16, 1991	2803	1991	1,859,823	2006	Millsite Lease 2006, Brownfields 2006, Safeway 2007, Intermountain 2013, Silver Park, et al 2013	6/30/2031
URD III	October 2, 2000	6370	December 11, 2000	3163	2000	8,172,844	2015	South Reserve Pedestrian Bridge 2015, Mary Avenue East 2016, Mary Avenue West 2017, MRL Property 2018	6/30/2040
Front Street URD	August 20, 2007	7263	October 15, 2007	3359	2007	1,413,035	2022	Park Place 2010-Refunding 2014, First Interstate Bank-Refunding 2017, ROAM 2017, Merc 2019, AC Hotel 2021	6/30/2046
Riverfront Triangle URD	May 7, 2007	7223	July 21, 2008	3380	2008	157,858	2023	Stockman Bank 2019	6/30/2043
North Reserve-Scott Street URD	April 7, 2014	7865	August 25, 2014	3534	2014	1,491,205	2029	Bretz, Consumer Direct, Scott Street Village Phase 1 2015, Scott Street Village - Phases 2 & 3 2017, Scott Street Property Acquisition 2020	6/30/2045
Hellgate URD	April 7, 2014	7865	August 25, 2014	3533	2014	1,025,448	2029	none	6/30/2030
* A resolution was used to adopt the first plan. Subsequent plans were adopted by ordinance.									

In sum, the government-wide financial statements provide a long-term view of the Agency's financial well-being, whereas the fund financial statements provide a detailed short-term view of the Agency's general operations, basic services and fund balances for future redevelopment. The relationship (or difference) between the government-wide statements (as reported in the Statement of Net Position and the Statement of Activities) and the fund financial statements (as reported in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances) is explained in the reconciliations included in the financial statements section of this report.

Retirement Plans

As a component unit of the City, the Agency employees participate in the Montana Public Employees Retirement System (PERS). The Agency employees and the State of Montana contribute to the retirement plan. The retirement plan is administered by the State of Montana.

Capital Assets

Other than office furniture, equipment and computer-related assets, the only other asset associated with the Agency is a 2015 Dodge Grand Caravan. This vehicle was purchased through the City's procurement process for \$24,576 and put into service on December 24, 2014. This asset is listed under the City's general capital assets account. All other physical assets or improvements to public assets through purchases, construction or partnerships undertaken by the Agency are owned by the City. Private assets created or improved as a result of projects developed in partnerships with private entities pursuant to urban renewal activities or programs of voluntary or compulsory repairs are assets of the private entities. As reported in the Statement of Net Position, the Agency's assets include cash and investments, taxes/assessments receivable (net), other receivables, and amounts due from other governments. The Agency complies with the City's Fixed Asset Management System with respect to tracking furniture, equipment and computer-related assets.

MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Current and Noncurrent Liabilities

The Agency has current and noncurrent liabilities. Current liabilities include accounts payable for project related expenditures, accrued wages, the current portion of the Agency's compensated absences (vacation hours) and the current portion of notes payable, and tax increment revenue bonds payable. Noncurrent liabilities include post-employment benefits, the long-term portion of the Agency's compensated absences (sick and compensatory hours), and the long-term portion of the notes payable, and tax increment revenue bonds payable.

Bonds and Notes Payable

Below is a summary list of the Agency's long-term debt. Amounts below indicate total principal amount at issuance. Current debt service requirements to maturity can be found under Note 5 to the financial statements starting on page 64.

1	Series 2006 \$3,600,000 Millsite Lease Buy Out
2	Series 2006 \$1,775,000 Brownfields Revolving Loan Fund Note
3	Series 2007 \$1,500,000 Safeway/St. Pats Project
4	Series 2013 \$5,750,000 URD II Silver Park, Railroad Trestle, Wyoming St
5	Series 2013 \$1,753,500 Intermountain Project (Corso/The Source)
6	Series 2014 \$2,864,000 2010 Front St Parking Refunding
7	Series 2015 \$5,000,000 S. Reserve St Pedestrian Crossing
8	Series 2015 \$1,364,400 NRSS Projects (Bretz, Consumer Direct, Scott St Village)
9	Series 2016 \$7,065,000 Mary Avenue East Improvements
10	Series 2017A \$1,162,500 2010 FIB Note Refunding (taxable)
11	Series 2017B \$277,500 2010 FIB Note Refunding (tax exempt)
12	Series 2017C \$3,260,500 East Front Street - Public Parking
13	Series 2017A \$1,600,000 URD III Mary Avenue West
14	Series 2017 \$723,514 NRSS Scott Street Village - Phases II & III
15	Series 2018A \$1,239,404 MRL Property - Taxable
16	Series 2018B \$2,681,782 MRL Property - Tax-Exempt
17	Series 2019 \$3,647,844 The Mercantile
18	Series 2019 \$1,529,318 Stockman Bank
19	Series 2020A \$3,302,000 Scott Street Property - Tax Exempt
20	Series 2020B \$3,302,000 Scott Street Property - Taxable
21	Series 2021 \$1,886,105 AC Hotel

Series 2006 - \$3,600,000 – Millsite Lease Buy-Out

On August 6, 2006 the City of Missoula pursuant to Resolution 7120 approved the sale of \$3,600,000 in tax increment revenue bonds related to the Old Sawmill District project in URD II. The bond terms are 25 years and therefore extend the life of URD II until 2031. The Series 2006 \$3.6 million tax increment bonds received an AA rating from Standard & Poors; the first rating of a tax increment bond in the State of Montana.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Bonds and Notes Payable (Continued)

Series 2006 - \$1,775,000 – Brownfields Revolving Loan Fund Note

On August 10, 2006, the Missoula Revitalization Project LLC, the City of Missoula and the Agency entered into a Loan Agreement and Note with the Missoula Area Economic Development Corporation for a \$1,000,000 loan, later increased to \$1,125,000, from the Missoula Brownfields Revolving Loan Fund. Tax increment currently received from the Old Sawmill District property and the tax increment generated as a result of the environmental remediation and subsequent platting of the property was pledged to service the loan over the life of URD II. On December 14, 2009 the amount of the loan was increased to \$1,525,000. On December 22, 2009 the terms of the Loan Agreement and Note were amended to defer paying principal until 2023. On July 2, 2012, pursuant to resolution 7712, the amount of the loan was increased to \$1,775,000. The loan is now serviced by MoFi (formerly Montana & Idaho Community Development Corporation.)

Series 2007 - \$1,500,000 – Safeway/St. Patrick Hospital Project

On October 15, 2007 the City of Missoula pursuant to Resolution 7286 approved the sale of \$1.5 million in tax increment revenue bonds related to the Safeway/St. Patrick Hospital project in URD II. The bonds are secured by a first lien upon and pledge of tax increment revenues derived from the project.

Series 2010 - \$3,000,000 & Series 2014 \$2,864,000 Refunding – Front Street Parking Structure

On December 22, 2010, the City of Missoula pursuant to Resolution 7587 pledged \$3 million in tax increment funds from the Front Street URD to the Missoula Parking Commission (the Commission) for payment of Parking Facilities Revenue Bonds issued to construct the Front Street Parking Structure. The pledged TIF was 1.35 times 40% of the average annual debt service of the \$7.5 million Parking Revenue Bonds (Series 2010B) dated December 29, 2010. On April 9, 2014, the Commission redeemed the Series 2010B bonds and reissued \$7,160,000 in Parking Facilities Revenue Refunding Bonds, Series 2014. This decision was made as a result of the reduction of approximately 8.7% in federal subsidy payments due to the sequestration. The Commission was receiving the subsidy as part of the government's direct-pay tax credit for eligible bonds. The Agency confirmed its pledge of tax increment to the Series 2014 Refunding Bonds in the principal amount of \$2,864,000 in Resolution 7864, which was approved on April 7, 2014. The pledged TIF amount on these bonds is provided in two equal installments of \$133,425. Excess increment will be returned to the Agency after the October 1st bond payment and is used to fulfill subordinate debt requirements.

Series 2013 - \$5,750,000 – Wyoming Street / MRL Trestle / Silver Park

On March 4, 2013 the City of Missoula pursuant to Resolution 7758 approved the sale of \$5,750,000 in tax increment urban renewal revenue bonds in URD II to fund public improvements related to the extension of Wyoming Street, replacement of the MRL Trestle and construction of the City-owned park parcel known as Silver Park. The original purchaser of the negotiated sale bonds was First Security Bank, Missoula MT, a division of Glacier Bank. Per Montana Urban Renewal law, the bond term is limited to a final maturity date no later than the existing Series 2006 bond maturity date of July 1, 2031. The interest rate on the bond is 3.150% per annum. Principal and interest payments are due to the City's paying agent, US Bank, on January 1 and July 1, commencing January 1, 2014.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Bonds and Notes Payable (Continued)

Series 2013 - \$1,753,500 – Intermountain Site

On May 20, 2013 the City of Missoula pursuant to Resolution 7782 approved the sale of \$1,753,500 in tax increment urban renewal revenue bonds in URD II to fund certain public improvements related to redevelopment of the former Intermountain Lumber Site along Russell Street. The projects on the site include a residential development known as Corso Apartment Homes and a fitness center. The original purchaser of the negotiated sale bonds was First Security Bank, Missoula MT, a division of Glacier Bank. Per Montana Urban Renewal law, the bond term is limited to a final maturity date no later than the existing Series 2006 bond maturity date of July 1, 2031. The interest rate on the bond is 4.250% per annum. Interest is calculated on the basis of a year of 360 days composed of twelve 30-day months. Capitalized interest payments were payable from the bond funds on January 1 and July 1, commencing July 1, 2014. Thereafter, principal and interest payments are payable from tax increment generated by the projects to the City's paying agent, US Bank, on January 1 and July 1, commencing January 1, 2016.

Series 2015 - \$5,000,000 – South Reserve Street Pedestrian Bridge

On November 16, 2015 the City of Missoula pursuant to Resolution 8022 approved the sale of \$5,000,000 in tax increment urban renewal revenue bonds in URD III to fund the design and construction of a pedestrian bridge over South Reserve Street connecting the Missoula to Lolo Trail to the Bitterroot Branch Trail. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2040. The interest rate on the bond is 4.350% per annum. An initial interest payment was due July 1, 2016 and thereafter, interest only payments are due on January 1 and principal and interest payments are due on July 1 payable from tax increment generated by URD III to the City's paying agent, US Bank, commencing January 1, 2017.

Series 2015 - \$1,364,400 – North Reserve/Scott St.

(Bretz RV, Consumer Direct and Scott Street Village – Phase I)

On December 14, 2015 the City of Missoula pursuant to Resolution 8031 approved the sale of \$1,364,400 in tax increment urban renewal revenue bonds in North Reserve/Scott Street (NRSS) URD to fund certain public improvements related to redevelopment of Bretz RV & Marine, construction of the new Consumer Direct office building and phase one of the Scott Street Village housing project. The bond was issued as senior subordinate debt to future public improvement bonds approved in the district. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2035. The interest rate on the bond is 4.50% per annum. Capitalized interest payments were payable from the bond funds on July 1, 2016, January 1, 2017 and July 1, 2017. Thereafter, principal and interest payments are payable from tax increment generated by the NRSS district to the City's paying agent, US Bank, on January 1 and July 1, commencing January 1, 2018.

MISSOULA REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Bonds and Notes Payable (Continued)

Series 2016 - \$7,065,000 – Mary Avenue East - Infrastructure Improvements

On January 25, 2015 the City of Missoula pursuant to Resolution 8038 approved the sale of up to \$7,100,000 in tax increment urban renewal revenue bonds in URD III to fund certain public infrastructure improvements related to the construction of an extension of Mary Avenue from the Bitterroot railroad line east through the Southgate Mall property to Brooks Street. This bond was issued on parity with the \$5,000,000 South Reserve Street Pedestrian Bridge bond and closed on October 14, 2016 for the final amount of \$7,065,000. The bond will be drawn down in five installments beginning with \$3,000,000 drawn upon closing. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2040. The interest rate on the bond is 4.350% per annum. An initial interest payment was due on July 1, 2017 and thereafter, interest only payments are due on January 1 and principal and interest payments are due on July 1 payable from tax increment generated by URD III to the City's paying agent, US Bank, commencing January 1, 2018.

Series 2017A - \$1,162,500 – First Interstate Bank Note Refunding - Taxable

On December 19, 2016 the City of Missoula pursuant to Resolution 8126 approved the sale of \$1,162,500 in subordinate lien tax increment urban renewal revenue and refunding bonds in Front Street URD to refund the Series 2010 First Interstate Bank Note. This bond Series 2017A was issued on January 12, 2017 for the refunding of the *taxable* portions of the Note and is subordinate to the Series 2014 Front Street Parking Structure Refunding Bonds. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2041. The interest rate on the bond is 5.750% per annum. An initial interest payment was due on July 1, 2017 and thereafter, interest only payments are due on January 1 and principal and interest payments are due on July 1 payable from tax increment generated by Front Street URD to the City's paying agent, US Bank, commencing January 1, 2018.

Series 2017B - \$277,500 – First Interstate Bank Note Refunding – Tax Exempt

On December 19, 2016 the City of Missoula pursuant to Resolution 8126 approved the sale of \$277,500 in subordinate lien tax increment urban renewal revenue and refunding bonds in Front Street URD to refund the Series 2010 First Interstate Bank Note. This bond Series 2017B was issued on January 12, 2017 for the refunding of the *tax-exempt* portions of the Note and is subordinate to the Series 2014 Front Street Parking Structure Refunding Bonds. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2041. The interest rate on the bond is 4.500% per annum. An initial interest payment was due on July 1, 2017 and thereafter, interest only payments are due on January 1 and principal and interest payments are due on July 1 payable from tax increment generated by Front Street URD to the City's paying agent, US Bank, commencing January 1, 2018.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Bonds and Notes Payable (Continued)

Series 2017C - \$3,260,500 – East Front Street Student Housing (ROAM) – Public Parking

On December 19, 2016, the City of Missoula pursuant to Resolution 8126 approved the sale of up to \$3,260,500 in subordinate lien tax increment urban renewal revenue and refunding bonds in Front Street URD to finance the acquisition of one floor of the parking created as part of a 488-bed student housing project. The parking will be owned and operated by the Missoula Parking Commission for public lease and day use. This bond Series 2017C was issued on January 12, 2017 and was to be drawn down in two installments; costs of issuance at the time of issue and the acquisition funds on May 31, 2018. Due to construction delays, the acquisition funds were not drawn down until fiscal year 2019. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2041. The interest rate on the bond is 4.500% per annum. Interest only payments are due July 1 and January 1 commencing July 1, 2017 through January 1, 2019. Thereafter interest only payments are due on January 1 and principal and interest payments are due on July 1 payable from tax increment generated by Front Street URD to the City's paying agent, US Bank, commencing July 1, 2019.

Series 2017A - \$1,600,000 – Mary Avenue West

On June 5, 2017, the City of Missoula pursuant to Resolution 8165 approved the sale of \$1,600,000 in tax increment urban renewal revenue bonds in URD III to fund public infrastructure improvements related to the reconstruction of Mary Avenue west from the Bitterroot railroad line to Reserve Street. This bond Series 2017A was issued on parity with the \$5,000,000 South Reserve Street Pedestrian Bridge bond and closed on June 22, 2017. The bond was completely drawn down at closing. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula, MT. The final maturity date is July 1, 2040. The interest rate on the bond is 4.650% per annum. An initial interest payment is due on January 1, 2018 and thereafter, interest only payments are due on January 1 and principal and interest payments are due on July 1 payable from tax increment generated by URD III to the City's paying agent, US Bank, commencing July 1, 2018.

Series 2017 - \$723,514 – Scott Street Village – Phase II & III

On December 11, 2017, the City of Missoula pursuant to Resolution 8229 approved the sale of \$723,514 in tax increment urban renewal revenue bonds in North Reserve-Scott Street URD to fund public infrastructure improvements related to the construction of phases II and III of a housing development called Scott Street Village by Edgell Building Incorporated. This bond was issued on parity with other senior subordinate debt in the district. Collectively these bonds would be subordinate to future public improvement bonds approved in the district. The original purchaser of the negotiated sale bonds was First Security Bank, Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2042. The interest rate on the bond is 4.750% per annum. Costs of issuance funds in the amount of \$36,618 were drawn down at closing on December 21, 2017 with the remainder of \$686,896 drawn down at project completion on November 1, 2018. An interest only payment is due on July 1, 2018 and thereafter principal and interest payments are payable from tax increment generated by the NRSS district to the City's paying agent, US Bank, on January 1 and July 1, commencing January 1, 2019.

MISSOULA REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Bonds and Notes Payable (Continued)

**Series 2018AB - \$3,921,186 - MRL Property
(Taxable \$1,239,404; Tax Exempt \$2,681,782)**

On August 27, 2018, the City of Missoula pursuant to Resolution 8289 approved the sale of \$3,921,186 principal amount of tax increment urban renewal revenue bonds, consisting of \$1,239,404 Taxable Series 2018A and \$2,681,782 Tax Exempt Series 2018B, to finance the acquisition of the MRL property (bound by South Avenue, North Avenue, Johnson Street and the Bitterroot Branch railroad line) and the undertaking of certain improvements thereto. Improvements included the Bitterroot Branch Trail extension design and construction and the MRL Park design and construction. This bond Series 2018A and Series 2018B was issued on September 13, 2018 and was drawn down immediately. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2040. The interest rate on the Series 2018A Taxable bond is 5.250% per annum. The interest rate on the Series 2018B tax exempt bond is 4.375% per annum. Principal and interest payments are due January 1 and July 1 payable from tax increment generated by URD III to the City's paying agent, US Bank, commencing January 1, 2019.

Series 2019 - \$3,647,844 – The Mercantile

On February 11, 2019, the City of Missoula pursuant to Resolution 8321 approved the sale of \$3,647,844 in tax increment urban renewal revenue bonds in the Front Street URD to fund environmental remediation, deconstruction, select demolition, historic preservation and public infrastructure improvements related to the construction of The Mercantile building. The bond was issued on parity with other subordinate debt in the district and closed on May 10, 2019. The bond was completely drawn down at closing. The original purchaser of the negotiated sale bonds was Stockman Bank of Montana, Missoula, MT. The final maturity date is July 1, 2043. The interest rate on the bond is 4.00% per annum. Interest only payments are due January 1 and principal and interest payments are due July 1 payable from tax increment generated by the Front Street URD directly to the bond holder commencing January 1, 2020.

Series 2019 - \$1,529,318 – Stockman Bank Downtown

On March 11, 2019, the City of Missoula pursuant to Resolution 8325 approved the sale of a \$1,529,318 tax increment urban renewal revenue Note in Riverfront Triangle URD to fund environmental remediation, demolition, burial of overhead power lines within the public right of way, and public infrastructure improvements related to the construction of a new Stockman Bank building. This Note Series 2019 was issued as subordinate debt to any future bonds issued in the district, unless designated as subordinate debt also. The bond was completely drawn down at closing on June 6, 2019. The original purchaser of the negotiated sale note was Stockman Bank of Montana, Missoula, MT. The final maturity date is July 1, 2043. The interest rate on the bond is 4.00% per annum. Interest only payments are due January 1 and principal and interest payments are due July 1 payable from tax increment generated by the Riverfront Triangle URD directly to the bond holder commencing July 1, 2019.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Bonds and Notes Payable (Continued)

**Series 2020AB - \$6,604,000 – Scott Street Property
(Tax Exempt \$3,302,000 & Taxable \$3,302,000)**

On August 3, 2020, the City of Missoula pursuant to Resolution 8443 approved the sale of \$6,604,000 principal amount of tax increment urban renewal revenue bonds, consisting of \$3,302,000 Tax Exempt Series 2020A and \$3,302,000 Taxable Series 2020B, to finance the acquisition of the Scott Street Property described as Lot 3, Scott Street Lots, a platted subdivision in the City of Missoula, located in the north one-half of Section 16, Township 13 North, Range 19 West, Principal Meridian, Montana, Missoula County, Montana, containing 19.15 acres. This bond Series 2020A and Series 2020B was issued on August 14, 2020 and was completely drawn down at closing. The bond was issued on parity with other senior-subordinate debt in the district. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2045. The interest rate on the Series 2020A Tax Exempt bond is 3.80% per annum. The interest rate on the Series 2020B taxable bond is 4.50% per annum. Interest only payments are due January 1 and principal and interest payments are due July 1 payable from tax increment generated by the North Reserve-Scott Street URD directly to the bondholder commencing January 1, 2021. Annual total debt service payments are equalized for both issues.

Series 2021 - \$1,886,105 – AC Hotel

On April 12, 2021, the City of Missoula pursuant to Resolution 8508 approved the sale of \$1,886,105 principal amount of tax increment urban renewal revenue bonds in the Front Street URD to fund certain costs related to the AC Hotel Project, including environmental remediation, deconstruction and demolition of the existing building, relocation of overhead power lines within the public right-of-way, and construction of new curb, gutter, sidewalks, lighting and landscaping within the public right-of-way. The bond was issued on parity with other subordinate debt in the district and closed on April 21, 2021. The bond was completely drawn down at closing. The original purchaser of the negotiated sale bonds was Stockman Bank of Montana, Missoula, MT. The final maturity date is January 1, 2046. The interest rate on the bond is 2.00% per annum. Principal and interest payments are due January 1 and July 1 payable from tax increment generated by the Front Street URD directly to the bond holder commencing January 1, 2022.

Refer to Note 5 on pages 64 through 79 for further information regarding the Agency's long-term debt including schedules of outstanding balances.

Revenues

In fiscal year 2021, the Agency received general and other revenues and did not generate any program revenue. Of the Agency's \$11,462,368 total revenue reported in the Statement of Activities, 93% was tax increment funds received from property taxes. The next largest revenue source for the Agency is the State of Montana, accounting for 7%. This revenue comes in the form of State entitlement funds authorized under 2001 Legislative House Bill 124, Personal Property Reimbursements authorized under 2011 Legislative Senate Bill 372 and 2013 Legislative Senate Bill 96 and Public Employees Retirement System (PERS) contributions.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Expenses

In the Statement of Activities, most of the Agency's expenses are reflected under Housing and Community Development. Specifically, these expenses include project assistance under the Agency's redevelopment and rehabilitation programs and administrative costs such as personnel, office supplies and equipment. There was also \$1,925,647 in interest expense paid on the Agency's outstanding bonds and notes.

Special Items, Contributions, Transfers, Other

When applicable, the Agency financially contributes its proportionate share towards City of Missoula activities that affect the Agency, such as purchase of new computer servers and software. In addition, the Agency may contribute to City projects undertaken by other departments within the URDs.

The Agency contracts with the City of Missoula to provide administrative support as well as assistance from Engineering, Public Works, Finance, Parks and Recreation, and the Attorney's Office on various projects. The amount paid to the City also includes the Agency's pro rata share of the City's liability insurance coverage for errors and omissions and its pro rata share of General Fund transfers to the employee health benefits fund. The amount paid in fiscal year 2021 was \$303,127 and was recorded under Housing and Community Development in the financials.

Administrative transfers between districts are done annually to reimburse the district that has paid the administrative expenses of the Agency. In fiscal year 2021, the administrative expenses were paid from URD III. The amounts transferred are based on the proportionate share of staff time spent working on projects in each district. Since tax increment is still limited (due to commitments to debt service, lack of redevelopment or low tax increment receipts) in the Front Street and Riverfront Triangle URDs, staff time spent on their creation and working on projects in those districts is still being tracked for future reconciliation of administrative expenses. The running total of amounts owed to URD III for administrative expenses at June 30, 2021 consisted of the following:

URD II	Front Street	Riverfront	NRSS	Hellgate
\$ -	\$ 1,005,106	\$ 305,850	\$ 157,704	\$ -

Tax Increment Remittance

Pursuant to Section 7-15-4291 of the Montana Code Annotated (M.C.A.), the City is authorized to enter into agreements to remit any portion of the annual tax increment not currently required for the payment of urban renewal costs, or pledged to the payment of the principal or premiums, if any, and interest on bonds. There were no remittances in fiscal year 2021.

MISSOULA REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Notes Receivable

\$61,000 – The Women's Center

In fiscal year 2011, the Agency granted an interest-free loan to The Women's Center under the Façade Improvement Program for improvements to their building in URD III. The loan was executed in February 2011 for \$61,000 repayable over ten years. Since this loan does not have a revenue generating component (interest), it was recognized as cash out and as a note receivable on the fund financial statements. Repayment of the note requires The Women's Center to remit \$6,100 to the Agency by February 1 each year beginning in 2012. As of June 30, 2021, this note has been paid in full.

\$10,368 – Montana Mapping & GPS

In fiscal year 2014, the Agency granted an interest-free loan to Montana Mapping & GPS (now known as onXmaps) for facade improvements to their building located at 1925 Brooks Street in URD III. The loan was executed on May 22, 2014 for \$10,368 repayable over ten years. Since this loan does not have a revenue generating component (interest), it was recognized as cash out and as a note receivable on the fund financial statements. Repayment of the note requires onXmaps to remit \$1,037 to the Agency by May 1 each year beginning in 2015. As of June 30, 2021, three payments remain on this note receivable.

\$62,000 – Glidewell Investments & Insurance Group (GiiG)

In fiscal year 2015, the Agency granted an interest-free loan to Glidewell Investments & Insurance Group (GiiG) for facade improvements to their building located at 1750 South Avenue West in URD III. The loan was executed on December 30, 2015 for \$62,000 repayable over ten years. Since this loan does not have a revenue generating component (interest), it was recognized as cash out and as a note receivable on the fund financial statements. Repayment of the note requires GiiG to remit \$6,200 to the Agency by October 1 each year beginning in 2016. As of June 30, 2021, five payments remain on this note receivable.

\$100,000 – The Trail Head – River Sports

In fiscal year 2020, the Agency granted an interest-free loan to MTF, LLC and Todd Frank for facade improvements to the building located at 2505 Garfield Street in URD III. The loan was executed on February 11, 2019 for \$100,000 repayable over ten years. Since this loan does not have a revenue generating component (interest), it was recognized as cash out and as a note receivable on the fund financial statements. Repayment of the note requires MTF, LLC to remit \$10,000 to the Agency by August 1 each year beginning in 2020. As of June 30, 2021, nine payments remain on this note receivable.

Mountain Water Company – assumed by City of Missoula

In fiscal year 2012, the Agency entered into an agreement with the developer of the Bitterroot Town Homes, Collin Bangs. Whereas in exchange for tax increment financing used to extend a water main to the project, Mr. Bangs assigned to the Agency the reimbursements he would have received from Mountain Water Company for making the infrastructure improvements. The Mountain Water Company reimbursement program was authorized under State law and included providing reimbursements to developers for expenses to install, upgrade or extend water mains or fire hydrants. The program did not apply to service lines.

MISSOULA REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Notes Receivable (Continued)

Mountain Water Company (Continued)

Reimbursements occurred over a 40 year period. From that point forward, when the Agency approved tax increment financing for eligible Mountain Water Company infrastructure improvements as part of a project, the developer was asked to assign any reimbursements they would receive to the Agency. The reimbursements the Agency received did not include an interest component; therefore were recorded as cash out and as a note receivable on the fund financial statements. The City of Missoula acquired Mountain Water Company in 2017 and therefore the reimbursement program no longer exists. As part of the purchase agreement, the City is honoring all existing notes payable to developers and the Agency.

Below is a summary of the Agency's current primary government notes receivable projects that included water main installations or upgrades or primary government infrastructure improvements that previously qualified for the reimbursement program and were assumed by the City of Missoula.

Project Name	Final Amended Contract	Total Payments to 6/30/21	Outstanding Balance as of 6/30/21	URD II	URD III	NRSS URD
Eaton Street (Bitterroot) Townhomes	\$ 40,000	\$ 10,000	\$ 30,000	\$ -	\$ 30,000	\$ -
URD II Fire Hydrant Installation (2)	18,592	4,139	14,454	14,454	-	-
URD III Fire Hydrant Installation (4)	35,397	8,009	27,388	-	27,388	-
Western Montana Mental Health Center	64,915	14,606	50,309	50,309	-	-
Russell Street (Corso) Apartments	130,179	26,036	104,143	104,143	-	-
Wyoming Street	259,178	51,836	207,342	207,342	-	-
South Crossing/Dore Lane	8,989	1,573	7,416	-	7,416	-
South 1st Street West Fire Hydrant	14,394	2,159	12,235	12,235	-	-
Bretz RV Fire Hydrant	9,919	1,488	8,431	-	-	8,431
Burlington Regent Fire Hydrant	7,479	1,122	6,357	-	6,357	-
Consumer Direct	73,464	9,418	64,045	-	-	64,045
Total	\$ 662,506	\$ 130,386	\$ 532,120	\$ 388,483	\$ 71,161	\$ 72,476

Fund Balances and Transactions of Individual Governmental Funds

	URD I	URD II	URD III	Front Street
Beginning Balance 7/1/20	\$ 44	\$ 2,218,789	\$ 3,724,045	\$ 647,780
Ending Balance 6/30/21	-	3,327,420	4,035,023	677,622
\$ Change	<u>\$ (44)</u>	<u>\$ 1,108,631</u>	<u>\$ 310,978</u>	<u>\$ 29,842</u>
% Change	-100%	50%	8%	5%
	Riverfront Triangle	N. Reserve Scott Street	Hellgate	Debt Service
Beginning Balance 7/1/20	\$ 291,126	\$ 1,141,830	\$ 451,976	\$ 1,981,136
Ending Balance 6/30/21	457,685	1,354,543	632,430	1,577,732
\$ Change	<u>\$ 166,559</u>	<u>\$ 212,713</u>	<u>\$ 180,454</u>	<u>\$ (403,404)</u>
% Change	57%	19%	40%	-20%

MISSOULA REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

Changes in district fund balance are tracked from year to year. When revenues and transfers in exceed expenditures, remittances and transfers out, an increase in fund balance results. When expenditures, remittances and transfers out exceed revenues and transfers in, the opposite occurs and fund balance decreases. When a public project or a grant or loan to a public-private partnership is approved by the Board of Commissioners, the resulting expenditures may span several fiscal years (typical with public projects) or may not be paid out for several fiscal years (normal timing for a public-private partnership). Monies committed to public-private partnerships typically remain in the district fund until the project is complete and all requirements of the agreement have been met.

URD I – Closeout and End of Reporting

During fiscal year 2021, the remaining funds from URD I were remitted to Missoula County for distribution back to the taxing jurisdictions. URD I sunset in 2005 but continued to collect delinquent taxes for several years that were owed to the district. This is the final disbursement of all remaining unused funds in the district and it will no longer appear in the Agency's audited financial statements.

URD II saw a 50% increase in fund balance in fiscal year 2021. This increase can be attributed to fewer projects completed during the fiscal year. The district had several public improvement and public-private partnerships projects underway during the year. Committed project funds that are not expended or reimbursed during the year are carried over to the next fiscal year. Partnership funds are reimbursed at the completion of a project to ensure the public components of a project are completed in accordance with a developer's application, board action and state law. The district expended funds on 13 projects during the year; 11 were public improvement projects and 2 were public-private partnerships. Total revenues into the district, net of the required amount for debt service, were \$2,995,849. Total expenditures and transfers out were \$1,887,218 and included \$381,905 for administrative expenses (transfer out to URD III), and \$1,505,313 for project related expenses under the Agency's various redevelopment programs.

The public improvement projects included:

- 2 park, trail and recreation related improvement projects
- 2 planning efforts
- 2 sidewalk projects
- 1 housing policy implementation grant
- 1 grant assisting a federally qualified health center expansion at the Food Bank & Community Center
- 1 grant for Police Facility acquisition on Catlin St (disbursement #3 of 4)
- 1 public property security enhancement
- 1 grant for a family housing center and domestic violence shelter

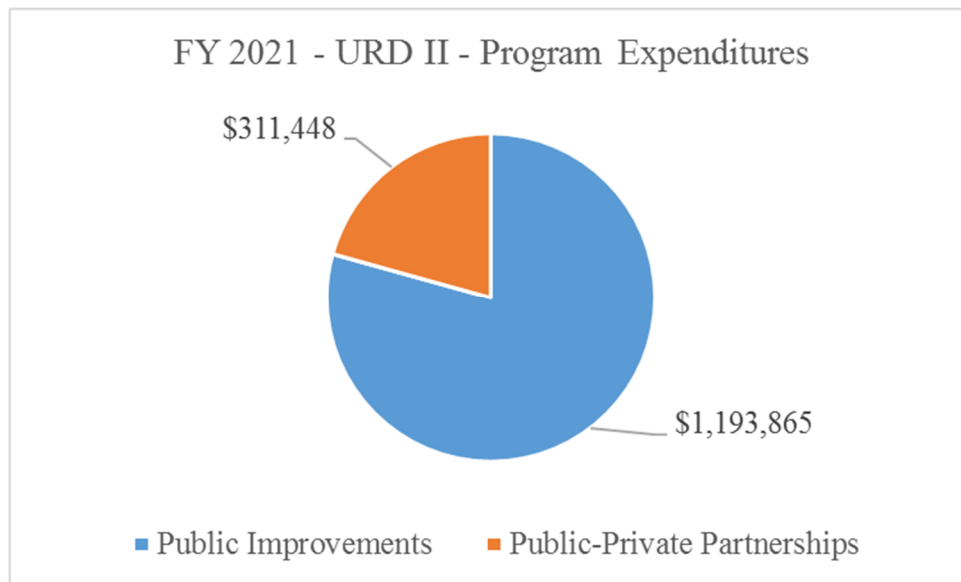
MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

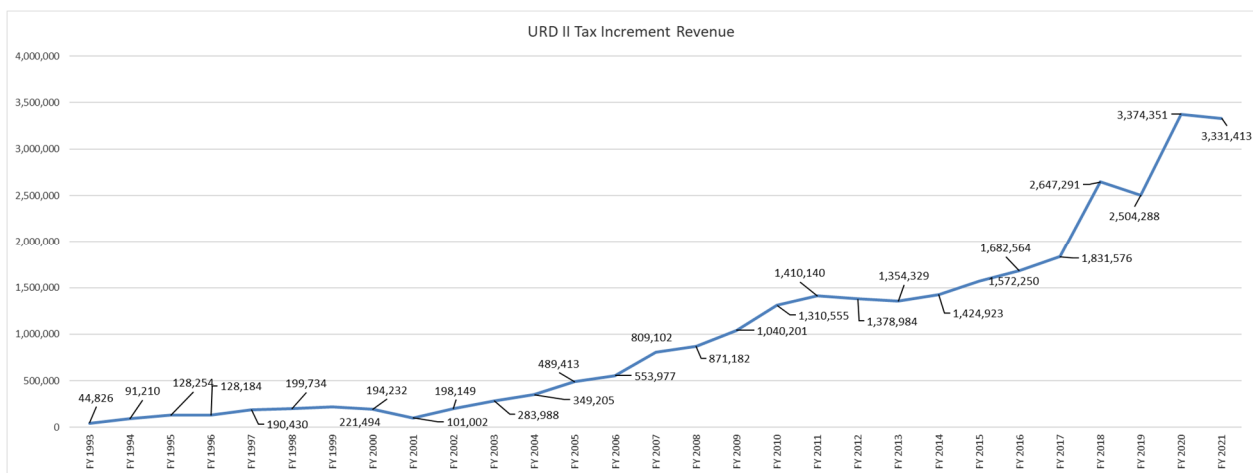
URD II (Continued)

The public-private partnerships included:

- Blackfoot River Outfitters (sewer main & public right-of-way landscaping)
- DJ&A Office Building (curbs, gutters, sidewalks & public right-of-way landscaping)



The first table below reflects trends in budgeted tax increment revenue only. The second table is a summary of expenditures and transfers out for the district.



MISSOULA REDEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

URD II (Continued)

FY 2021 - URD II - Expenditures & Transfers Out	
Project Name	Amount
Admin - Transfers to Other Funds	\$ 381,905
1427 West Broadway - Fence Installation	2,650
Blackfoot River Outfitters - 235 North Russell Street	75,319
Clark Fork Bank Stabilization	2,035
DJ&A Office Building - 2000 Maple Street	236,129
Housing Policy Implementation Position	10,000
Missoula Food Bank & CC - Partnership Health Center Improvements	385,322
MRA Communications Plan	11,300
Police Facility on Catlin	250,000
URD II - 2nd & 3rd St Sidewalk Project	245,166
URD II - Inez, 1st & 2nd Street Sidewalk	100,688
West Broadway Island - Access Gates	4,300
West Broadway Master Plan	40,000
YWCA - Meadowlark Project - 1800 S 3rd St W	142,403
Total	\$ 1,887,218

URD III saw an 8% increase in fund balance in fiscal year 2021. This slight increase is primarily attributable to the completion of several projects and their grant funds dispersed in an amount approximate to the revenue received. The district expended funds on 15 projects during the year; 12 were public improvement projects and 3 were public-private partnerships. Total revenues and transfers into the district, net of the required amount for debt service, were \$3,880,325. Total expenditures and transfers out were \$3,569,347 and included \$1,008,337 for administrative expenses and \$2,561,010 for program project related expenses.

The public improvement projects included:

- 3 park, trail, and recreation related improvement projects
- 2 public property security enhancements
- 2 planning efforts
- 2 sidewalk projects
- 1 housing policy implementation grant
- 1 property acquisition
- 1 public property environmental remediation assessment

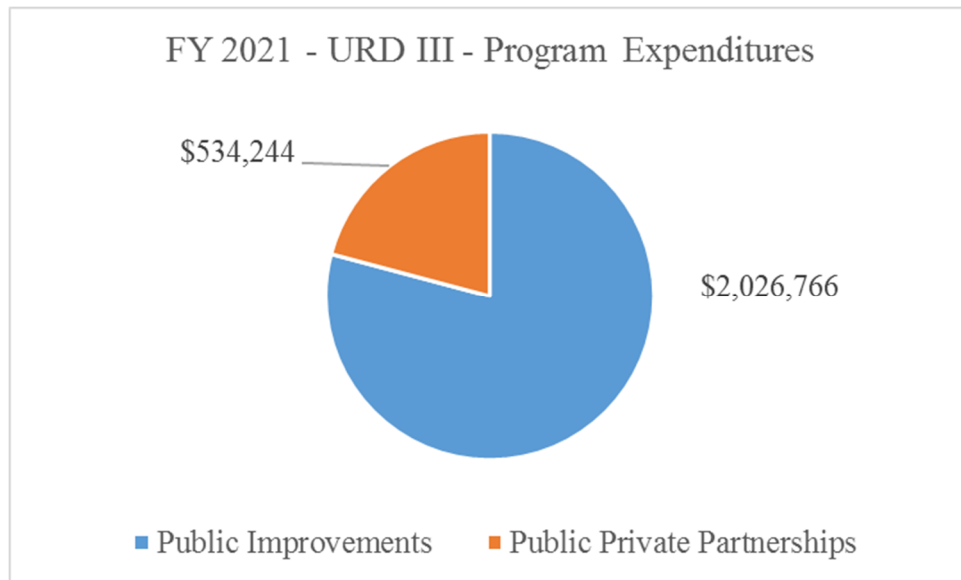
MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

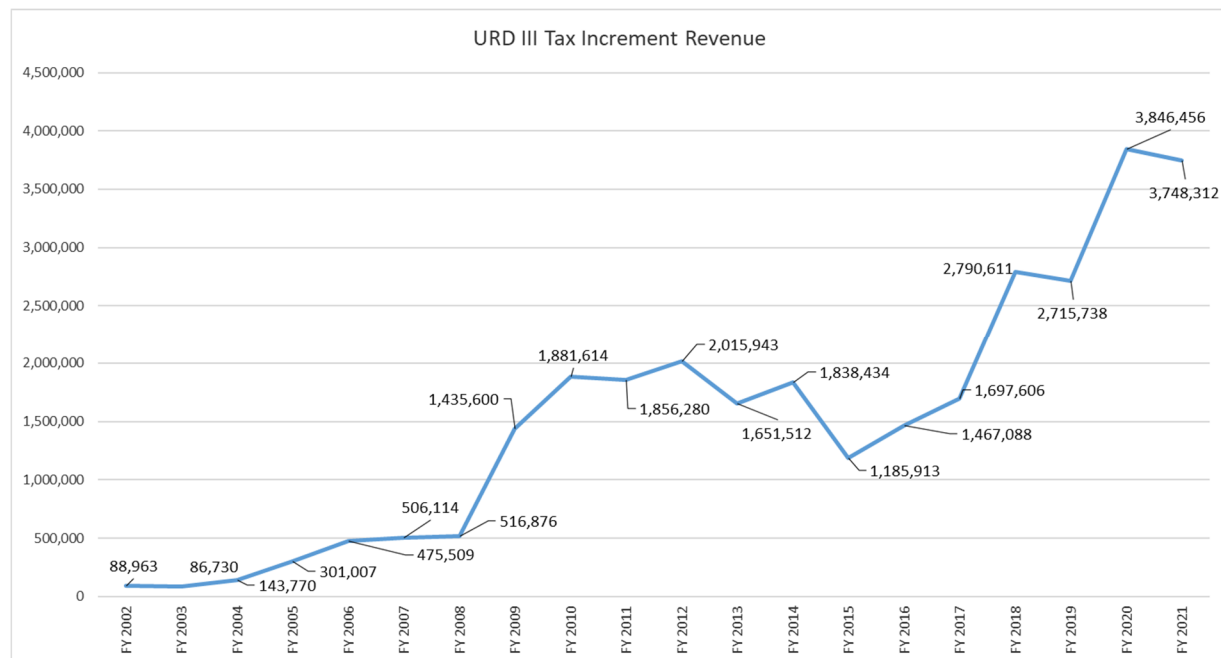
URD III (Continued)

The public-private partnerships included:

- Aspen Grove Therapy (curbs, gutters, sidewalk, driveway & landscape in ROW)
- The Dram Shop (Façade Program elements)
- Tremper Shopping Center – Kent Avenue Plaza (public utilities, curbs, gutters, sidewalks, ROW improvements, Façade Program elements)



The table below reflects trends in budgeted tax increment revenue only.



MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

URD III (Continued)

The table below is a summary of expenditures and transfers out for the district.

Urban Renewal District III - FY 2021 Expenditures & Transfers Out	
Project Name	Amount
Admin - Communication & Transportation	\$ 36
Admin - Electricity & Natural Gas	36
Admin - Employer Contributions	161,970
Admin - Garbage	35
Admin - Gasoline	36
Admin - Office Supplies	4,906
Admin - Other Repair & Maintenance Supplies	843
Admin - Overtime	1,394
Admin - Printing, Duplication, Typing and Binding	1,346
Admin - Professional Services	319,027
Admin - Publicity, Subscriptions and Dues	6,301
Admin - Repair & Maintenance Services	5,557
Admin - Salaries & Wages	506,029
Admin - State Retirement Contributions	463
Admin - Training	359
Aspen Grove Therapy - 2126 & 2148 Dixon Avenue	147,105
Brooks Corridor TOD Infrastructure Study	18,178
Housing Policy Implementation Position	10,000
Missoula County Fairgrounds - 1101 South Avenue West - Trails	1,155,500
MRA Communications Plan	11,300
MRL Park - Transfers to Other Funds	77,900
MRL Property - 1835 North Avenue - Building Deconstruction	24,800
MRL Property - Brownfields VCP-EA	17,536
MRL Property - SHEC Building Purchase	46,500
MRL Property - Temporary Fence	1,800
South Reserve Pedestrian Bridge - Upgrades	30,150
The Dram Shop - 2700 Paxson Street	50,000
Trempers Shopping Center - 1200-1210 West Kent Avenue	337,139
URD III - Northern Sidewalk - Ph 1	284,446
URD III - Northern Sidewalk - Ph 2	348,656
Total	\$ 3,569,347

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

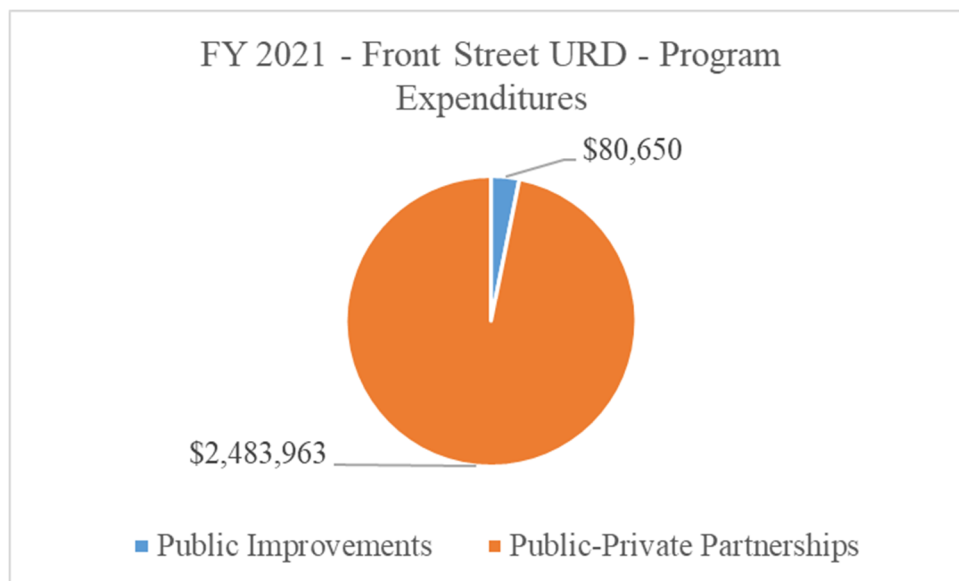
Front Street URD saw a 5% increase in fund balance in fiscal year 2021. This small growth in fund balance is attributable to a fairly equal amount of revenue and project related expenditures. The district expended funds on 4 projects during fiscal year 2021; 2 public and 2 public-private partnerships. Total revenues into the district, net of the required amount for debt service, were \$2,594,455. Total expenditures were \$2,564,613 and were all program project related. Due to its debt service requirements and historically low tax increment revenue, this district did not contribute funds for the administrative costs of the Agency. The administrative costs are tracked for reimbursement to URD III in the future when tax increment revenues are anticipated to be more robust due to several urban renewal projects recently completed and more currently underway in the district.

The public improvements projects included:

- 1 planning effort
- 1 grant to new library construction (\$350,000 disbursed to date; \$150,000 remaining)

The public-private partnerships included:

- AC Hotel (environmental remediation, deconstruction and demolition of the existing building; relocation of overhead power lines within the public right-of-way; construction of new curb, gutter, sidewalks, lighting and landscaping within the public right-of-way)
- Union Block (historic restoration and preservation)

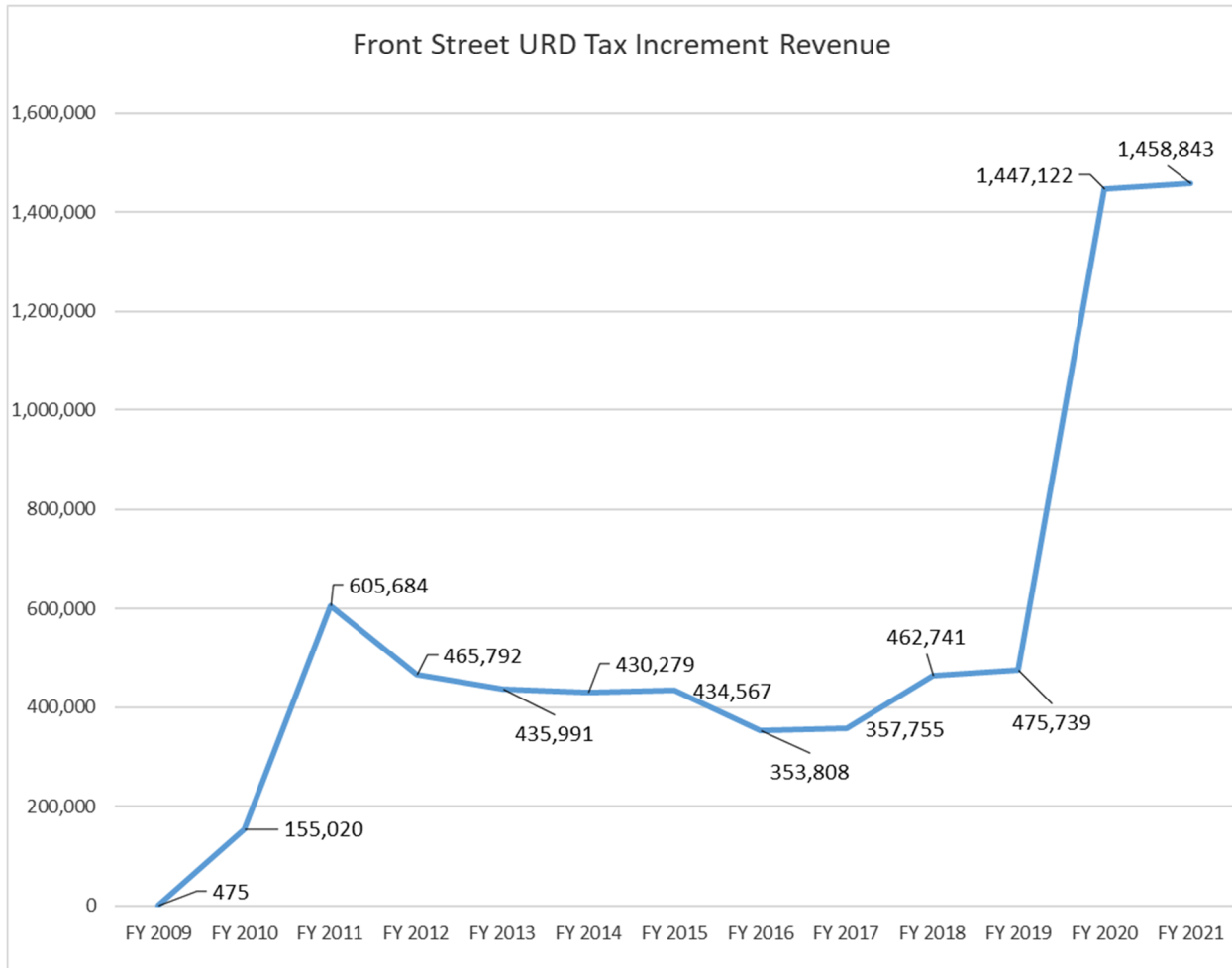


MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

Front Street URD (Continued)

The first table below reflects trends in budgeted tax increment revenue only. The second table is a summary of expenditures and transfers out for the district.



Front Street Urban Renewal District - FY 2021 Expenditures	
Project Name	Amount
AC Hotel - 175 N Pattee Street	\$ 1,904,105
Missoula Public Library - New Building	75,000
MRA Communications Plan	5,650
Union Block - 123-135 East Maint Street	579,858
Total	\$ 2,564,613

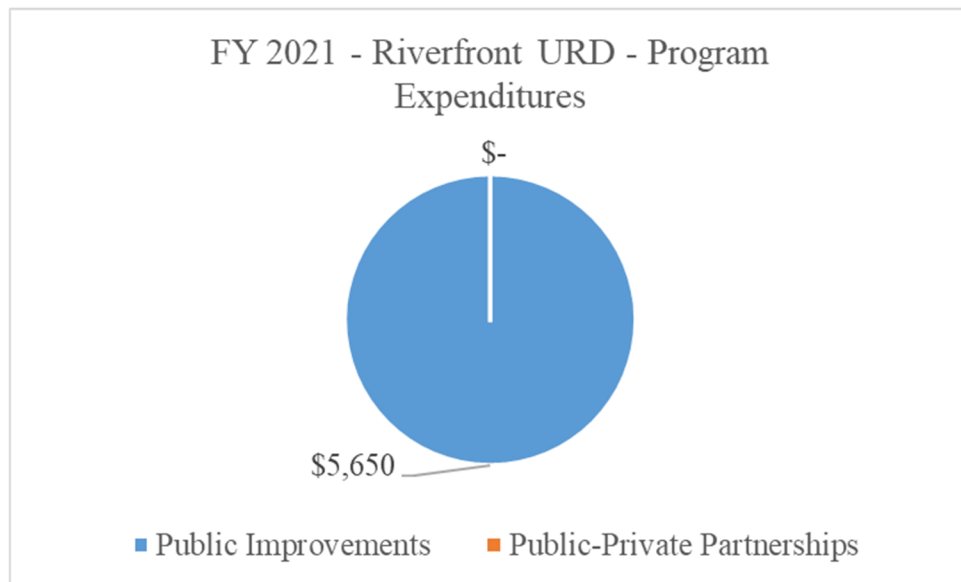
MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

Riverfront Triangle URD saw a 57% increase in fund balance in fiscal year 2021. This increase is attributable to the district having only 2 expenditures during the year. The district expended funds on administrative expenses and 1 public project during fiscal year 2021. Total revenues and transfers into the district, net of the required amount for debt service, were \$372,209. Total expenditures and transfers out were \$205,650 and included \$200,000 for administrative expenses (transfer out reimbursement to URD III) and \$5,650 for program project related expenses.

The public improvements projects included:

- 1 planning effort

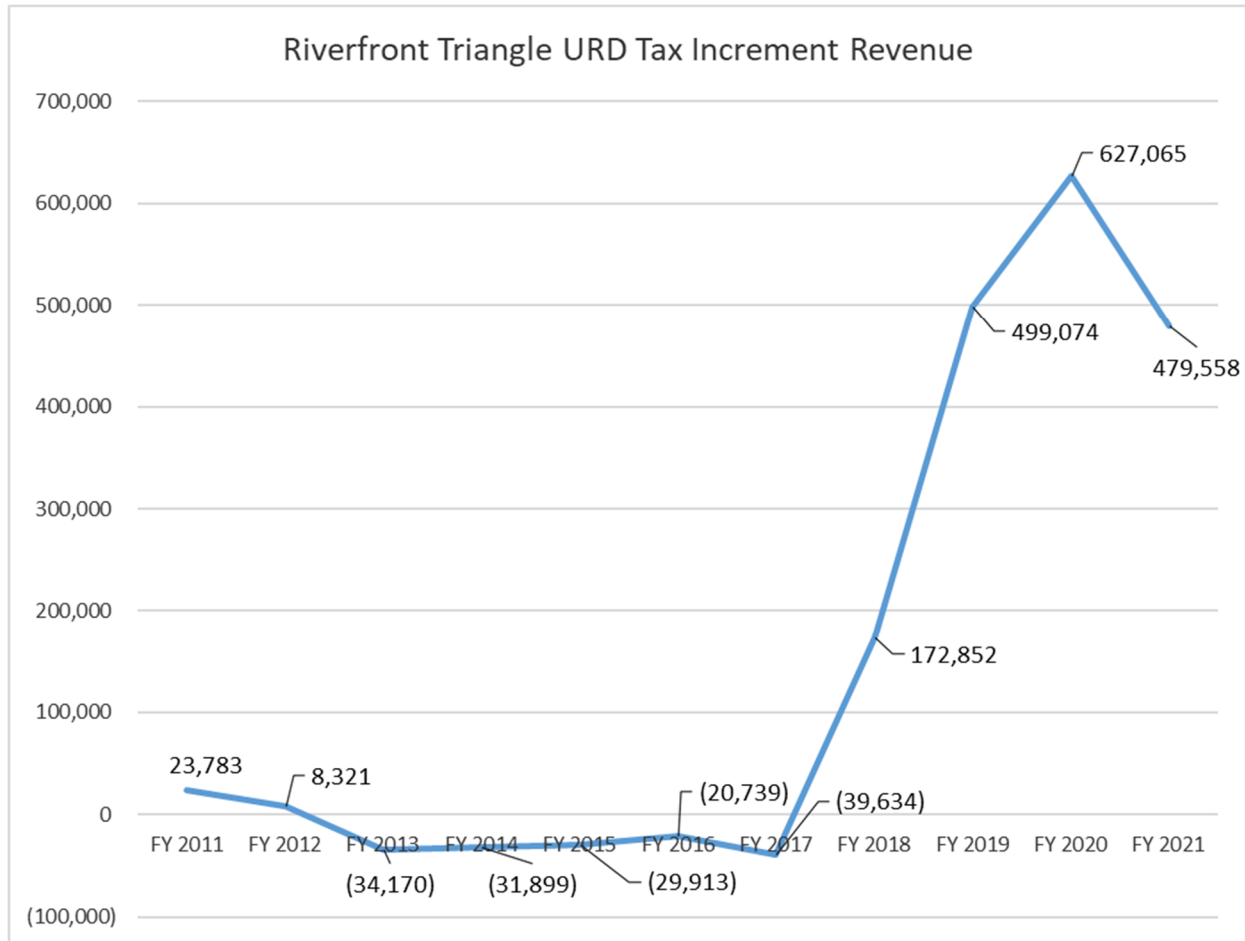


MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

Riverfront Triangle URD (Continued)

The first table below reflects trends in budgeted tax increment revenue only. The second table is a summary of expenditures and transfers out for the district.



Riverfront Triangle URD - FY 2021 Expenditures & Transfers Out	
Project Name	Amount
Admin - Transfers to Other Funds	\$ 200,000
MRA Communications Plan	5,650
Total	\$ 205,650

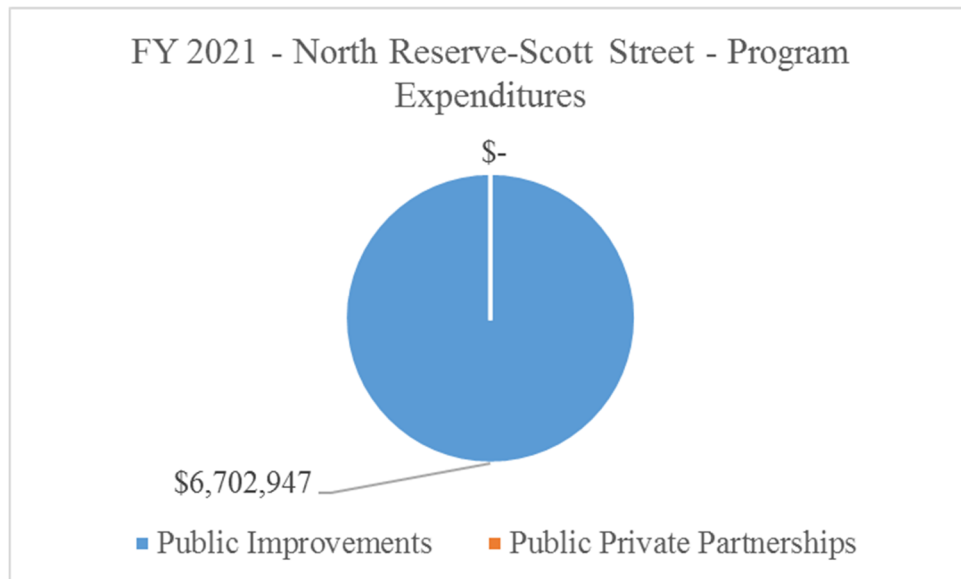
MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

North Reserve – Scott Street (NRSS) URD saw a 19% increase in fund balance in fiscal year 2021. This increase is attributable to moderate expenditures that did not exceed revenues. In addition to funds contributed to administration expenses and debt refunding, the district expended funds on 6 projects during fiscal year 2021, all public endeavors. Total revenues into the district, net of the required amount for debt service, were \$7,199,707 and included a \$6.6 million bond issuance for property acquisition. Total expenditures and transfers out were \$6,986,994 and included \$25,000 for administrative expenses, \$259,047 in debt redemption, and \$6,702,947 for program project related expenses.

The public improvement projects included:

- 4 planning efforts
- 1 housing policy implementation grant
- 1 property acquisition

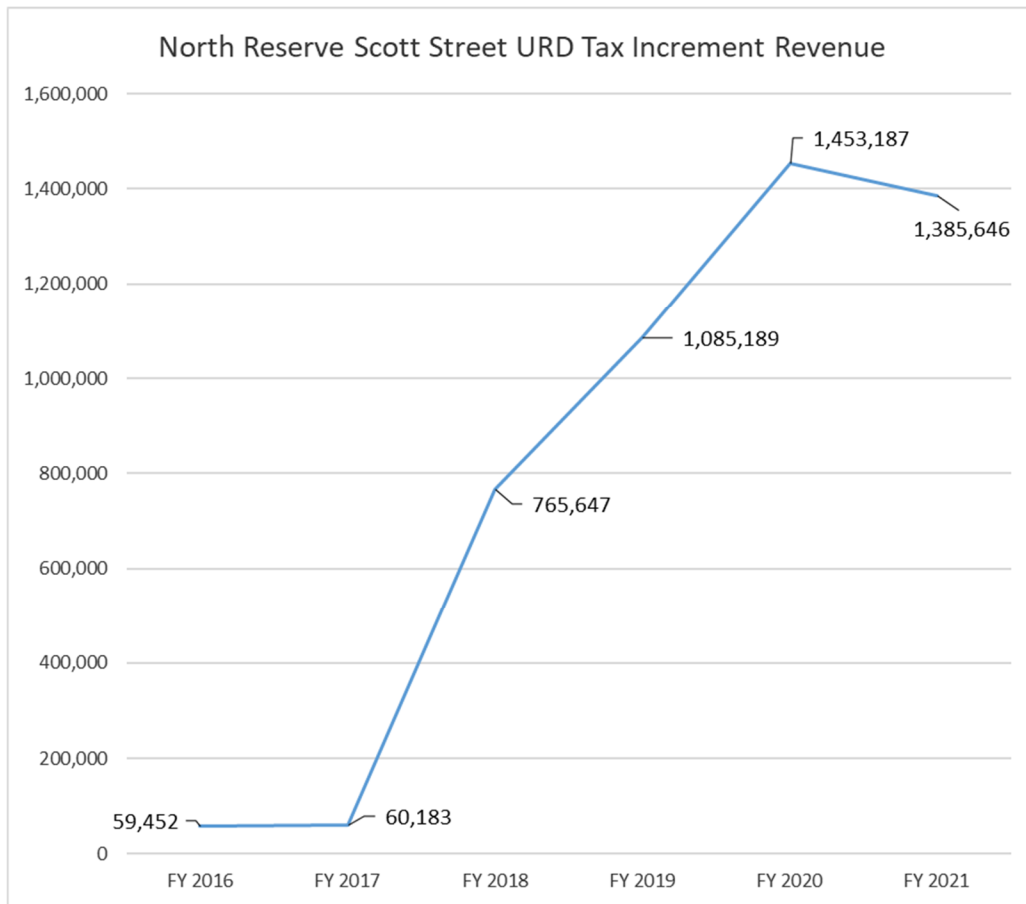


MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

North Reserve – Scott Street (NRSS) URD (Continued)

The first table below reflects trends in budgeted tax increment revenue only. The second table is a summary of expenditures and transfers out for the district.



NRSS URD - FY 2021 Expenditures & Transfers Out	
Project Name	Amount
\$6,604,000 Series 2020 Scott Street Property - Acquisition	\$ 6,574,827
\$723,514 Series 2017 Scott St Village Ph 2-3 TIB - Partial Redemption	259,047
Admin - Transfers to Other Funds	25,000
Cemetery Strategic Plan	12,750
Housing Policy Implementation Position	10,000
MRA Communications Plan	11,300
Public Works Facilities Plan	28,818
Scott Street Property - Development Plan	65,252
Total	\$ 6,986,994

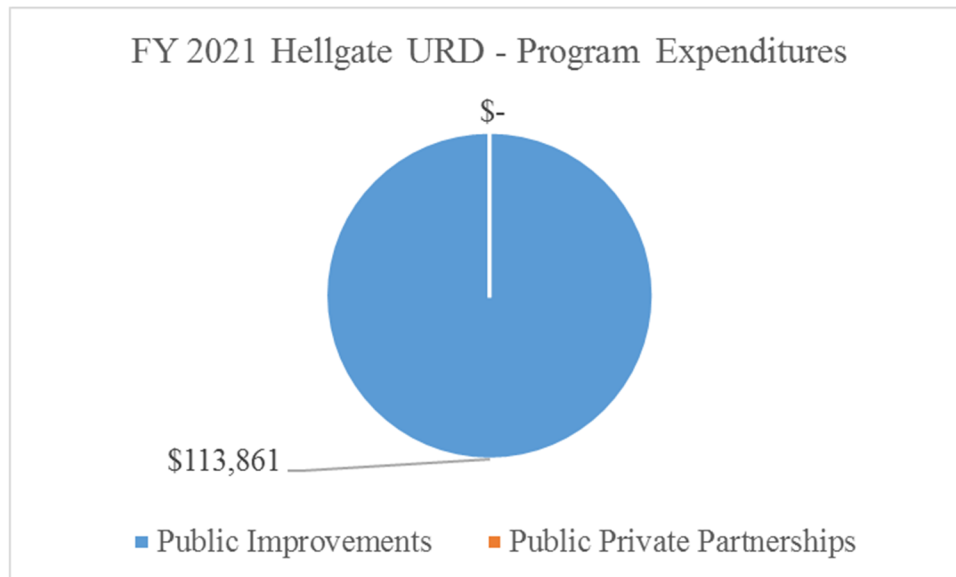
MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

Hellgate URD saw a 40% increase in fund balance in fiscal year 2021. This increase is attributable to few expenditures during the year. In addition to funds contributed to administration expenses, the district expended funds on 3 projects during fiscal year 2021, all public endeavors. Total revenues were \$339,303. Total expenditures and transfers out were \$158,849 and included \$44,988 for administrative expenses, and \$113,861 for program project related expenses.

The public improvement projects included:

- 2 planning efforts
- 1 street design & engineering

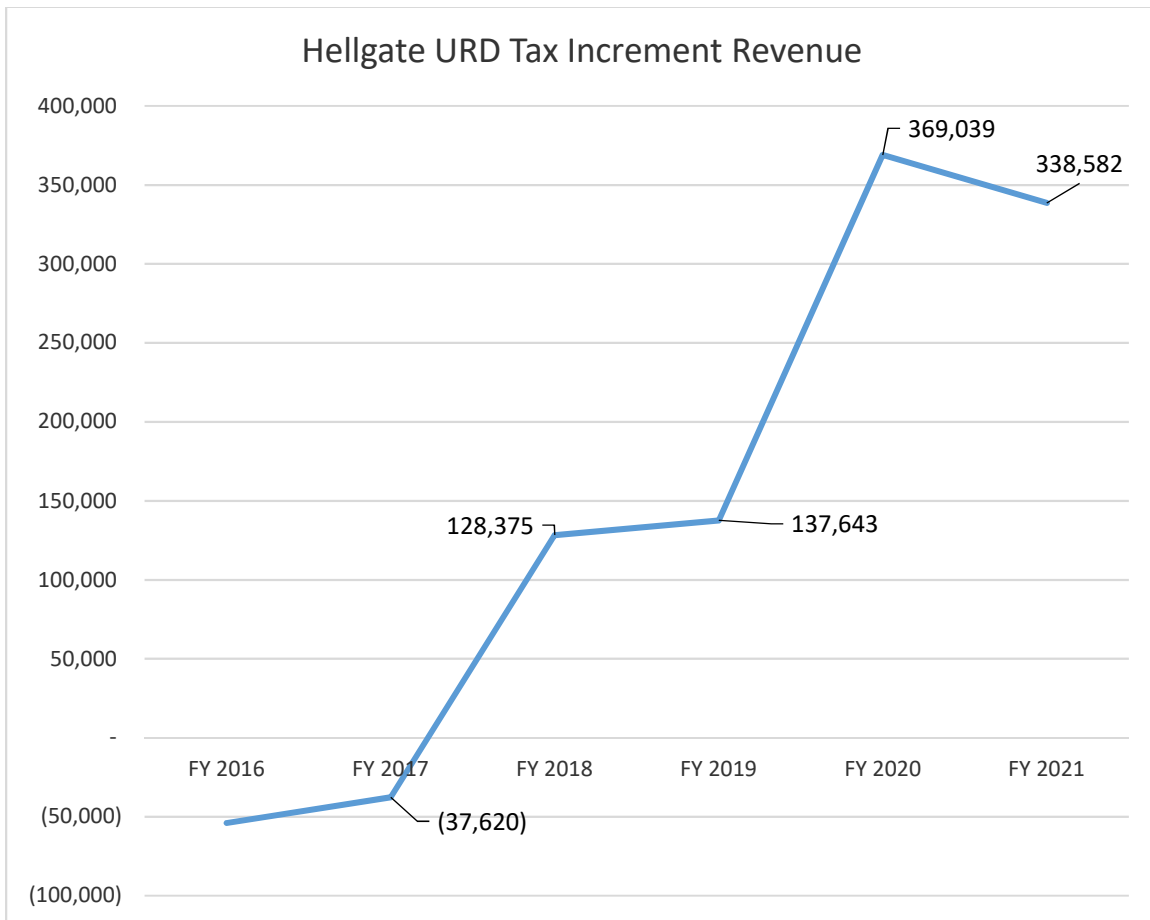


MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Fund Balances and Transactions of Individual Governmental Funds (Continued)

Hellgate URD (Continued)

The first table below reflects trends in budgeted tax increment revenue only. The second table is a summary of expenditures and transfers out for the district.



Hellgate URD - FY 2021 - Expenditures & Transfers Out	
Project Name	Amount
Admin - Transfers to Other Funds	\$ 44,988
Front/Main Street Two-Way Conversion - Design & Engineering	74,260
MRA Communications Plan	11,301
Railroad Quiet Zone - Study	28,300
Total	\$ 158,849

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Overall Financial Position

Changes in the Agency's overall financial position from 2020 to 2021 from the Government-wide perspective include an increase in total assets and deferred outflows of resources of \$2,917,472 and an increase in total liabilities and deferred inflows of resources of \$7,815,772 with a resulting overall net position of (\$34,354,629). The increase in assets can be attributed to project timing. The increase in liabilities can be attributed to two public-private partnerships that required bond issues.

Due to ever-changing project completion schedules, it is not uncommon for projects that are budgeted in one year to be completed in another year. The Agency's tax increment funds, as they are accrued, are *planned, pledged or committed* to projects or held in contingency accounts for projects that arise during the year.

Planned Projects

Planned projects are projects that are under consideration and in the pre-development stage. During this stage, estimated budgets are created as "place holders". As project planning proceeds, the Agency's Board may pledge or commit to the projects, or abandon them if costs or circumstances warrant it. Similarly, the Agency funds a number of redevelopment programs adopted by the Missoula City Council. These programs are made available to assist private property owners with smaller projects that fit the program objectives and criteria. Since it is impossible to determine in advance how many property owners might apply for assistance under these programs, at any given time the program budgets may be underutilized. Still, it is the Agency's practice to be responsive to private sector redevelopment initiatives—even small ones—so these programs are adequately funded each year.

The following projects were primarily in the *planning* phase during fiscal year 2021:

Brooks Street Corridor Transit-Oriented Development (TOD) Infrastructure Study (URD III): Engineering consultants engaged by the Agency and others in the Midtown Mojo coalition have completed the *Brooks Street Corridor Transit Oriented Development (TOD) Infrastructure Study*, which establishes a vision for center-running Bus Rapid Transit (BRT) on Brooks Street in Midtown. The study also envisions generous sidewalks, bike lanes, and other amenities such as street trees and lighting to encourage more pedestrian and bicycle activity, and thus increased infill development, in Midtown. A dedicated bus lane in the center of the street could ensure 15-minute headways. Center-lane bus stops would serve dual purpose as pedestrian refuge, making it safer and more comfortable for everyone, not just the brave-of-heart, to cross the wide street. The Agency and others in the Midtown Mojo coalition are now preparing to apply for a federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant to complete a final planning study with preliminary design documents to identify all that is necessary to make this concept for fixed-route, center-running BRT successful in Midtown. The end goal is to successfully secure federal capital funding to bring this BRT vision to reality.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Planned Projects (Continued)

MRL Quiet Zone Study (Hellgate URD): After hearing concerns from residents and businesses in the Hellgate URD and the lower Rattlesnake and Pine Street neighborhoods, the MRA Board approved a City Public Works and Mobility request to provide TIF funding for a Railroad Quiet Zone Study & Analysis at the Spruce/Madison/Greenough railroad crossing in the Hellgate URD. Railroad Quiet Zones are designated by the Federal Railroad Administration (FRA) for the purpose of enhancing quality of life by establishing railroad sections where the routine use of train horns at crossings is prohibited if a community takes necessary measures to mitigate risk of collisions at a train track crossing. After reviewing several mitigation alternatives produced from the Quiet Zone Study & Analysis, the installation of Wayside Horns emerged as the preferred alternative to achieve the goals of a railroad quiet zone. City Public Works and Mobility made an additional request for TIF funding to procure and install Wayside Horns at the Spruce/Madison/Greenough railroad crossing. Installation of the Wayside Horns is anticipated to be complete in the summer of 2022.

West Broadway Master Plan: The Agency provided partial funding for and is leading a master-planning effort for a 15-acre parcel of land located between West Broadway Street and the Clark Fork River at the western edge of downtown. The Downtown Missoula Partnership is assisting with the planning process. Funding also was provided by a grant from the Big Sky Trust Fund, through the Missoula Economic Partnership. The planning process involves robust public engagement, with an emphasis on engaging business and property owners within the study area, and residents of the Northside/Westside neighborhood, which encompasses the study area. The urban planning consultants are recommending development of a new neighborhood center that includes a mix of residential, commercial, retail, entertainment, and other employment uses. Recommendations are included for a substantial number of new permanently affordable housing units. The City owns four properties in the study area and is well-positioned to influence future development in the area.

Pledged Projects

Often times the Agency Board will make a conditional pledge to a public or private project that is not fully financed or completely planned. The purpose of the pledge is to create "seed money," "matching funds," or other financing incentives for the project sponsors or investors. This period also allows for further development of the project design and time to acquire the necessary approvals.

The following were ***pledged*** projects in fiscal year 2021:

MRL Property – Development Overview: The City was in negotiations with Montana Rail Link (MRL) for years in an effort to get the necessary easements to complete the Bitterroot Trail, which runs adjacent to the Bitterroot Branch Railroad line through Missoula. Late in fiscal year 2016, it appeared that MRL might be open to selling the City the 12 acre property adjacent to the major missing trail segment between North Avenue and South Avenue. The sale of the property to the City was successfully completed in fiscal year 2017 using TIF funding.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Pledged Projects (Continued)

MRL Property – Development Overview (Continued)

The Agency began planning for construction of the remaining missing trail segment and the development of a 4-acre park in a dense neighborhood with a large deficit of park land. The trail project and the park were completed in fiscal year 2019. Bonds were issued in early fiscal year 2019 to reimburse the district for acquisition costs and costs for construction of the park and trail.

For the City, or any other developer, to access federal funding for residential development, the property must be delisted or otherwise cleared for development by the Montana Department of Environmental Quality (DEQ). The property was placed on the State Superfund list in 1994 due to detection of lead-impacted soil related to industrial activities. MRL, the property owner at the time, removed lead-impacted soil in 1995, but the site was not removed from the State Superfund list.

In fiscal year 2021, the City, with the help of Agency funding, continued work on a DEQ Voluntary Cleanup Plan (VCP) Environmental Assessment (EA). The next steps in the delisting process are the creation of the VCP – Remediation Plan and then clean up and delisting of the property. Once the delisting is complete, the City intends to engage in a public process and seek out partnerships to redevelop the property to include much-needed housing and other uses desired by the neighborhood.

Scott Street Property – Development Overview: The City was able to purchase approximately 19 acres in the North Reserve-Scott Street URD. This formerly industrial property has been undergoing remediation for several years under the guidance of the Montana Department of Environmental Quality (DEQ) and at the expense of the former owner. The eastern most 9.8 acres has been cleaned up to residential standards and the western portion will be remediated to commercial/industrial standards. Remediation on the western acreage will be underway for several more years; however, portions of the property can be used by the City in the interim. The western portion of the newly acquired property is adjacent to the City Public Works/Streets facilities and purchase of this tract will allow consolidation of those operations, freeing up City owned land to the north for redevelopment. It is anticipated that both the remediated 9.8 acres and the 21+ acres currently being used for storage by the City will ultimately be redeveloped as mixed use, residential and possibly park land.

In fiscal year 2021, the City entered into a Letter of Intent with Ravara Development LLC, represented locally by Goodworks Development, to act as master developer of the 9.8 acres. The objective of the development is to creatively create a dense but livable and reproducible multi-family housing model that may include services and local retail opportunities on two-thirds of the eastern parcel (approximately six-acres). The other one-third of the parcel will be donated to a Community Land Trust (CLT) organization to be developed as permanently affordable owner-occupied housing.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Pledged Projects (Continued)

Scott Street Property – Development Overview (Continued)

The development plan process will include public engagement that emphasizes the Northside and Westside Neighborhoods. The process will include neighborhood meetings, media interactions, and a communications system that utilizes the City's "Engage Missoula" portal. The planner will work with the chosen CLT to be sure that the owner-occupied portion of the overall development fits seamlessly into the neighborhood character.

Design continued through the fiscal year led by Cushing-Terrell (formerly CTA Architecture and Engineering) and includes WGM Group conducting the street and utility engineering; survey, boundary, and site map work; and transportation and environmental analyses. WGM will also provide support in planning and public engagement. Leland Group will provide financial feasibility and marketability assessments as they have in several Missoula developments.

Committed Projects

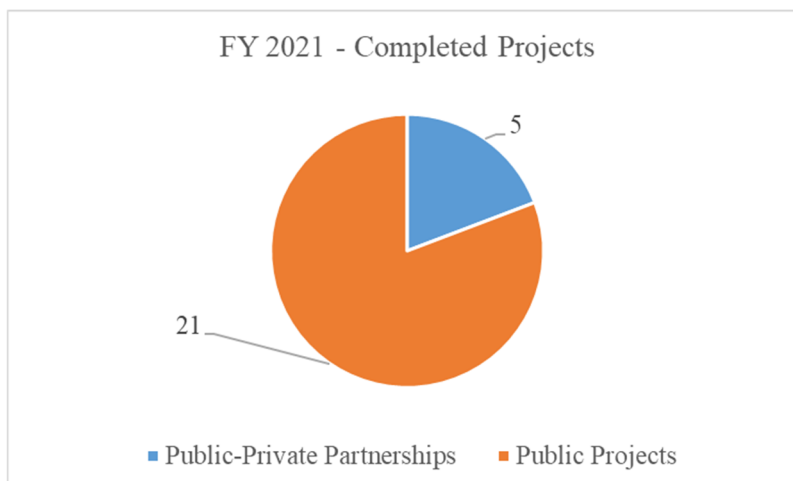
If and when project sponsors complete fundraising to a level that allows a project to proceed, *pledged* funds become *committed* through use of development agreements. Development agreements specify required performance by the project sponsor in order to obtain tax increment funding. The funds become contractually committed in the development agreement and often the commitment will bridge one or more fiscal years. When the Agency undertakes public infrastructure improvements within a district, tax increment funds become committed when the project receives approval by the Agency Board of Commissioners.

Below is a list and graphic representation of all Agency projects that were active during fiscal year 2021. The list includes planned, pledged, and *committed* projects that were either *completed* or *in progress* during the year.

MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Committed Projects (Continued)

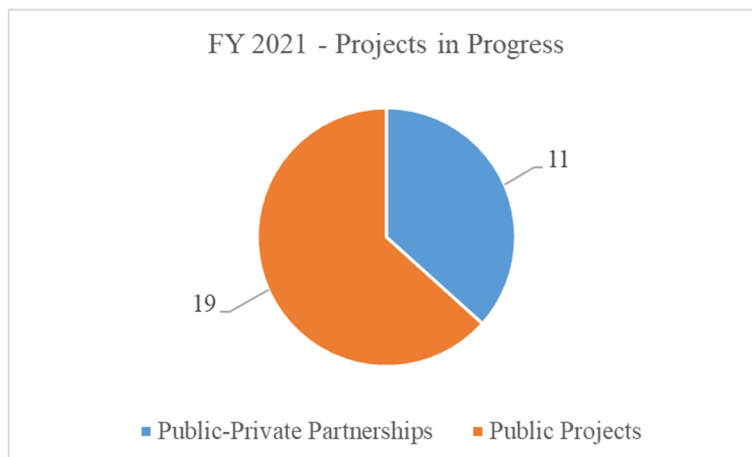
Fiscal Year 2021
Completed Projects
Public-Private Partnerships - grants for public improvement components
AC Hotel - 175 N Pattee Street
Aspen Grove Therapy - 2126 & 2148 Dixon Avenue
Blackfoot River Outfitters - 235 North Russell Street
DJ&A Office Building - 2000 Maple Street
The Dram Shop - 2700 Paxson Street
Public Projects
Cemetery Strategic Plan
Clark Fork Bank Stabilization
Front/Main Street Two-Way Conversion - Design & Engineering
Missoula County Fairgrounds - 1101 South Avenue West - Trail Construction
Missoula Food Bank & Community Center - Partnership Health Center Improvements
MRA Communication Plan
MRL Park - Bond Close Out
MRL Property - 1835 North Avenue - Building Deconstruction
MRL Property - Brownfields Voluntary Cleanup Plan - Environmental Assessment
MRL Property - SHEC Building Purchase
MRL Property - Temporary Fence
Public Works Facilities Plan
Railroad Quiet Zone - Study
Scott Street Property - Acquisition
Scott Street Property - Development Plan
Sidewalks - URD II - 2nd & 3rd Street
Sidewalks - URD III - Northern Sidewalks - Phase 1
Sleepy Inn - 1427 West Broadway - Fence Installation
South Reserve Pedestrian Bridge - Maintenance Upgrades
West Broadway Island - Access Gates
YWCA - Meadowlark Project - 1800 S 3rd St W



MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Committed Projects (Continued)

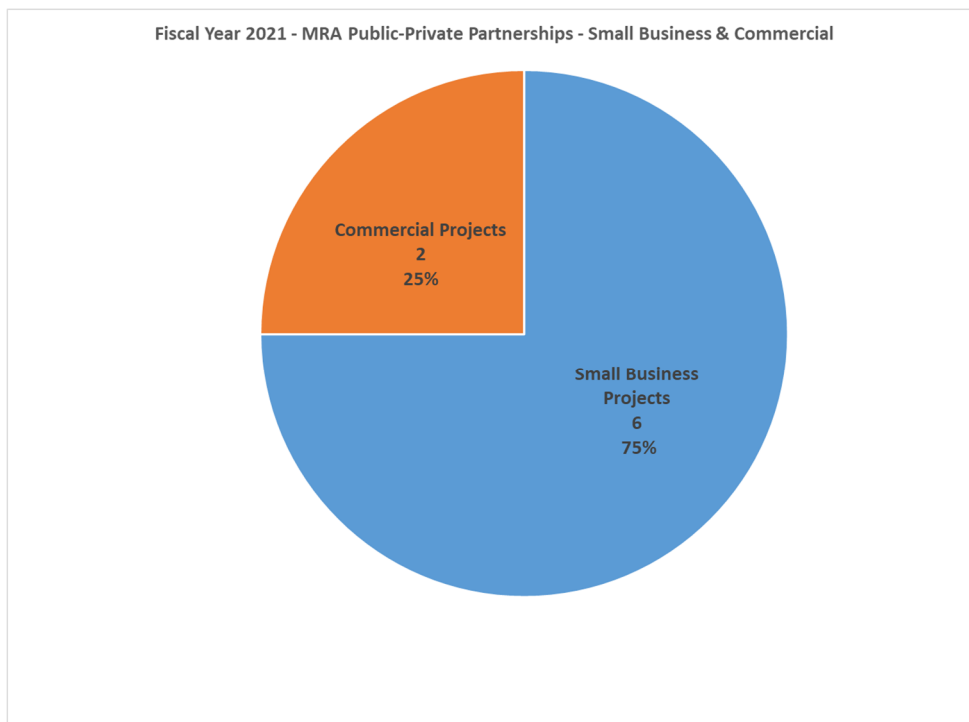
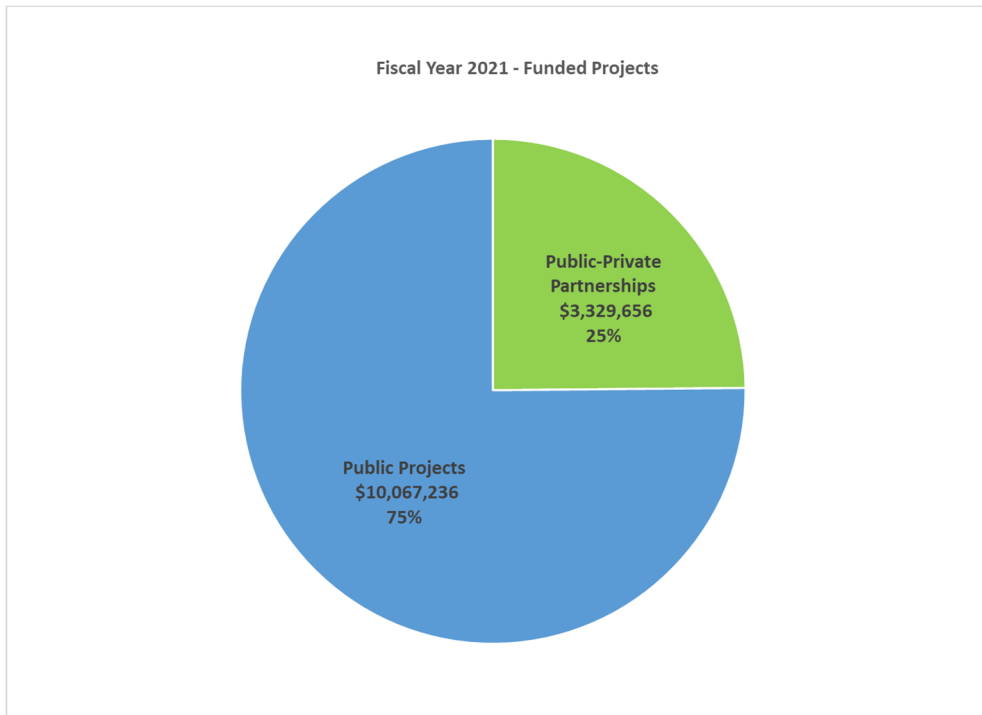
Projects In Progress
Public-Private Partnerships - grants for public improvement components
1901 Maple Street - MSJ Housing
3100 Brooks Street - Align Properties LLC
Burton Street Apartments - 525 Burton Street
Horizon Credit Union - 1502 Dearborn Avenue
Levasseur Street Townhomes - 304 Levasseur
Ponderosa Village - 1029 West Pine Street
Sentinel Property Medical Offices - 1900 West Broadway
Trempers Shopping Center - 1200-1210 West Kent Avenue
Union Block - 123-135 East Main Street
Wren Hotel - 201 East Main Street
Scott Street Village - Phase 3 Apartments
Public Projects
500 Block of Burton Street - Improvements
Brooks Corridor - Transit Oriented Development (TOD) - Infrastructure Study
Caras Park Improvements
County Elections Complex - 140 North Russell
Front/Main Street Two-Way Conversion - Design & Engineering
Housing Policy Implementation - annual contribution (FY20-FY22)
Missoula Public Library - New Building - annual capital campaign contribution
MRL Property - Voluntary Cleanup Plan - Environmental Assessment
Payne/Old Library block - Redevelopment Plan
Police Facility on Catlin - FY18 Acquisition Assistance \$250,000/yr (FY19-FY22)
Police Facility on Catlin - FY21 Renovations (showers, changing area, locker rooms)
Scott Street Property - Development Plan
Sidewalks - URD II - Inez, 1st & 2nd Streets
Sidewalks - URD III - Northern Sidewalks - Phase 2
Silver Park - Public Art - "Perseverance" lighting
Street Tree Project (URD III)
Trinity Apartments - Mullan Site - 2200-2220 Mullan Road
Villaggio Housing Project - 1140 & 1180 Otis Street
West Broadway Master Plan



MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Committed Projects (Continued)

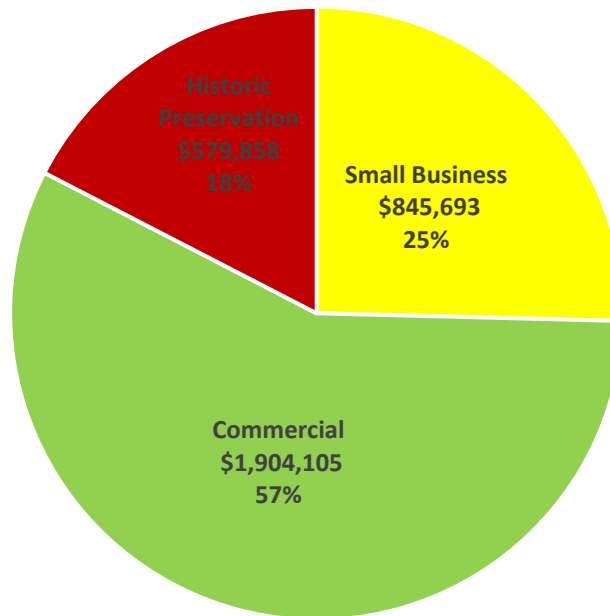
The following are various graphic representations of the projects that funds were expended on during fiscal year 2021.



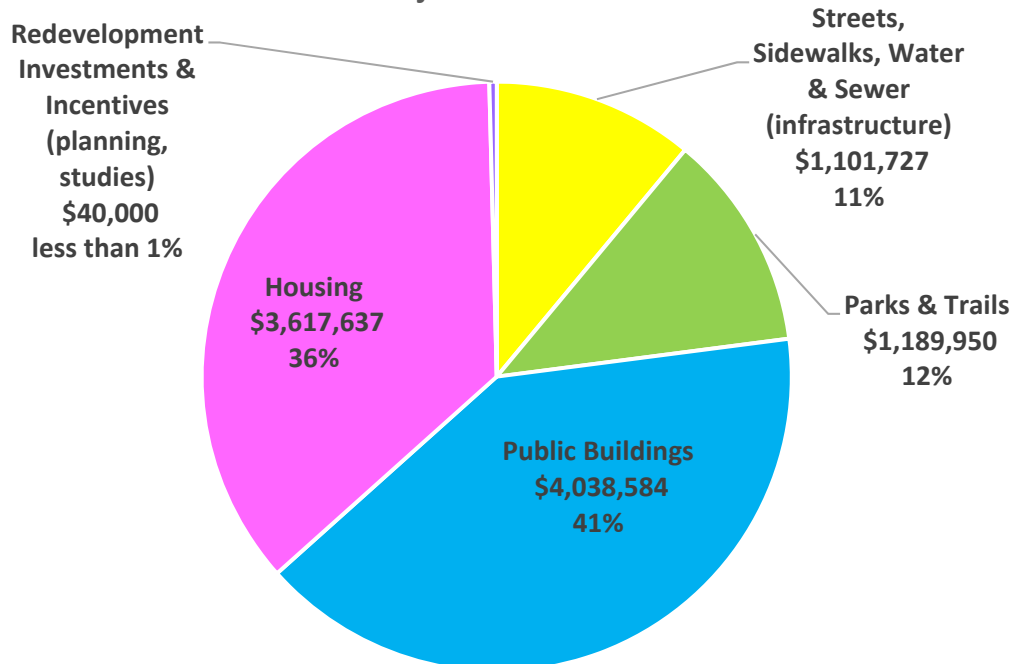
MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Committed Projects (Continued)

MRA Public-Private Partnership Projects - Fiscal Year 2021



MRA Public Projects - Fiscal Year 2021



MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 Fiscal Year Ended June 30, 2021

Taxing Policies

Taxing policies adopted by the Montana State Legislature, for example those that decrease the valuation of personal property or business equipment, have had an effect on the growth of the tax increment funds. Often the Legislature will provide reimbursement or other mechanisms to offset the financial impact their policy changes have on local taxing jurisdictions. The Agency's revenues are tied to revenues collected by the local taxing jurisdictions. The Agency itself does not have any taxing authority. State reimbursements or entitlements are intended to "make whole" on the losses experienced as a result of tax policy changes.

An example of such revenue the Agency receives from the State of Montana is the State Entitlement Share funds authorized under 2001 Legislative House Bill 124. Looking forward, one negative aspect of this situation is that, as the current law reads, the State Entitlement funds that the Agency receives disappear upon the sunset of a district. Unlike the tax increment revenue normally captured by a district, which will revert back to the taxing jurisdictions upon sunset, the State Entitlement amount received annually by the Agency will revert back to the State of Montana. When House Bill 124 was passed into law, only URD I and II received Entitlement funds.

More recent legislative changes to the taxes assessed on personal property included reimbursement components to local tax increment financing districts through the Entitlement Share program. As of fiscal year 2021, all of the Agency's urban renewal districts except North Reserve-Scott Street URD and Hellgate URD, receive state reimbursements through the Entitlement Share.

State Reimbursements

FY21 MRA Entitlement Share & Class 8 Personal Property Reimbursement Schedule

County Name	TIF Name	TIF Number	Annual Entitlement Share Payments Per 15-1-121(8)(b), MCA (1) (HB 124)		Annual Class 8 Personal Property Reimbursement (SB 372)		Annual Class 8 Personal Property Reimbursement (SB 96)		Total Annual Entitlement & Reimbursement Payment
Missoula	Urban Renewal District III (1-1D)	04-0583D	\$ -	+	\$ 121,116	+	\$ 156,734	=	\$ 277,850
Missoula	Urban Renewal District II (1-1C)	04-0583C	225,251	+	57,789	+	117,246	=	400,286
Missoula	Urban Renewal District II (4-1C)	04-0586C	30,009	+	4,239	+	8,058	=	42,305
Missoula	Front Street URD (1-1F)	04-0583F	-	+	22,983	+	30,992	=	53,975
Missoula	Riverfront URD (1-1R)	04-0583R	-	+	4,494	+	4,822	=	9,316
			\$ 255,260		\$ 210,620		\$ 317,851		\$ 783,732

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

2021 Legislative Session

House Bill 303: Introduced during the 2021 legislative session by Joshua Kassmier (R), this bill proposed increasing the Class Eight business tax exemption; providing a reimbursement to local governments and tax increment districts under the Entitlement Share program, to school districts through Guaranteed Tax Base aid, and to the Montana University System for the loss of revenue; providing a statutory appropriation; amending sections 15-1-121, 15-1-123, 15-6-138 and 20-9-366, MCA; and providing effective dates, applicability dates, and termination dates. **This bill was signed into law on May 11, 2021.**
<https://leg.mt.gov/bills/2021/sesslaws/ch0506.pdf>

House Bill 616: Introduced during the 2021 legislative session by Mike Hopkins (R), this bill proposed amending tax increment financing laws to require a governing body to approve a tax increment provision; amending sections 7-15-4206, 7-15-4233 and 7-15-4282, MCA; and providing an applicability date. **This bill was signed into law on April 30, 2021.**
https://leg.mt.gov/bills/2021/HB0699/HB0616_X.pdf

Senate Bill 388: Introduced during the 2021 legislative session by Greg Hertz (R), this bill proposed generally revising property tax laws; revising targeted economic development district laws; providing for infrastructure through tax increment financing; providing the tax increment may not include certain state equalization mills for elementary and high school education; limiting the duration of a future tax increment provision; amending sections 7-15-4279, 7-15-4283, 7-15-4286, 7-15-4288, and 7-15-4292, MCA; and providing an immediate effective date. **This bill was signed into law on May 20, 2021.**
<https://leg.mt.gov/bills/2021/sesslaws/ch0575.pdf>

Budget to Actual Variances

Occasionally, there will be variations between budgeted amounts for projects and the actual amount expended. This is due to timing anomalies that are driven by project completion dates. Often times the Agency may budget funds for a project in one fiscal year but expend them in a later year if the project takes several years to complete, is put on hold or delayed for other reasons. A variety of factors from weather and financing to the availability of supplies, material or equipment may cause a project schedule to slip. In Montana, where the construction season straddles two fiscal years, it is not uncommon for a project to begin in one fiscal year and be completed in a subsequent fiscal year.

Currently Known Facts

The Agency administers six urban renewal districts (URDs) within the city that generate tax increment revenue. URD II and III have existed for a number of years and have established revenue streams. Several years ago, the City created the Front Street and Riverfront Triangle Districts, both of which are part of what was the original, no longer active, downtown district, URD I. They are areas that did not experience the level of redevelopment investment enjoyed by other parts of the downtown district. The City has issued bonds in both of these districts which extends the life of the district beyond the initial 15 years. They currently expire in 2046 and 2043 respectively unless additional debt is issued. In 2014, the City created two new districts, the Hellgate Urban Renewal District and the North Reserve-Scott Street (NRSS) Urban Renewal District.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Currently Known Facts (Continued)

Both have a base tax year of 2014 and per state law their tax increment financing (TIF) provisions run 15 years and expire in 2029 (fiscal year 2030) unless outstanding debt exists in the districts. Subsequent to its creation, the City has issued four bonds in the NRSS URD, extending the life of that district to fiscal year 2045, if the bonds are not retired early.

The Agency's involvement in the Old Sawmill District project in URD II provided the opportunity to assist in the development of a long vacant lumber mill site located in the heart of the city. Issuance of the 2006 TIF Revenue bonds allowed this property to become unencumbered and, at the same time, extended the life of the district to 2031. With the life of the district extended, the Agency expanded the URD II boundaries to more appropriately reflect areas of need and is focusing on several large redevelopment projects as well as smaller spinoff projects that rely on the Agency for assistance. The first phase of the reconstruction of Russell Street is complete. The newly configured street and expanded bridge is already becoming a catalyst for redevelopment with new buildings either being constructed or planned with the assistance of TIF funds needed for deconstruction of obsolete structures and public improvements. In addition to commercial redevelopment along Russell Street, new mixed-use residential buildings have been completed in and around the Old Sawmill District and new office buildings are under construction. While there are no TIF funds being used for these new buildings, the large TIF investment in the environmental remediation of the acreage and the construction of a new Montana Rail Link trestle, Wyoming Street and Silver Park have been the catalyst for this new development.

During fiscal year 2021 (FY21), the impact of the COVID virus continues to be a major concern for Missoula. As a result of the purchase of the motel property on West Broadway and Russell for use as a temporary non-congregate shelter in response to COVID, and the large amount of land owned and occupied by Missoula Water, the MRA initiated a master planning process for the area south of West Broadway between Russell and California Streets, knowing that all of the City owned property would be ripe for redevelopment in the short term. That plan is expected to be adopted as an amendment to the City Growth Policy in FY22.

The portion of URD II on West Broadway north of Russell Street has been relatively stagnant for many years. FY21 saw significant investments in the northern most portion of URD II. With assistance from MRA and the use of TIF funds for deconstruction of some obsolete buildings and major improvements in the public right of way, FY21 saw the construction of two major office buildings, one housing a professional design firm and one on the corner of Broadway and Maple Street housing a large medical practice. These two projects, along with TIF assistance, are the catalysts for new housing units being built on Maple Street. That area of West Broadway is undergoing a major transformation.

The City has issued three bonds in URD III for infrastructure projects that were used to enhance both motorized and non-motorized transportation in the district. The boundaries for URD III were also adjusted in 2015 to more accurately reflect needs in that part of Missoula.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Currently Known Facts (Continued)

A \$5 million bond with a 25-year term was issued in December 2015 to finance the construction of a bicycle/pedestrian bridge over South Reserve Street which completes the Bitterroot Trail between Missoula and Hamilton and provides safe connectivity between dense residential neighborhoods deficient in parkland and the Fort Missoula Regional Park. This project was completed in fiscal year 2017 and the bond issue extends the life of URD III until 2040. Two additional bonds were issued for the construction of and improvements to Mary Avenue connecting Brooks and Reserve Streets through the Southgate Mall property, a project that had been a priority for many years and has served as a catalyst for significant private investment.

MRA has now turned its attention to identification, design and implementation of a project that will transform the heart of URD III by radically changing the nature of Brooks Street, the spine of the district. After several years of deliberation as to how to radically change the nature and functionality of the street to accommodate all modes of transportation and encourage investment in an area geared toward mass transit, a multi-disciplinary committee is committed to a concept that will consist of a center lane, fixed transit route supported by nodes of new mixed-use development along the corridor. It is understood that if the provision of transit is a fixed route, the private sector is much more inclined to invest in the area. The magnitude of this project exceeds the City's capacity to implement without a major infusion of Federal funds. It is believed that this project would be a strong contender for Federal grant funding, likely in FY22 or FY23, with a significant match being provided through TIF funds. To that end, MRA prepared an application for a Federal RAISE Planning Grant for \$847,000 with TIF matching funds of \$50,000, to fund the complex planning work needed to advance the project to the point of being able to apply for capital funding from both the Federal Transit Administration and the US Department of Transportation. This effort has also been a catalyst for a public-private effort to develop a master plan for Midtown, as the area has come to be called. It is anticipated that MRA will be as involved in this planning effort as it has been in the two downtown master plans.

During FY17, Montana Rail Link agreed to sell a 12-acre tract of land in URD III to the City at a greatly reduced price enabling the MRA to build a much-needed park for the neighborhood along with one of the last missing Bitterroot Trail segments. Construction of the trail and the park was completed in FY19. Tax increment revenue bonds were sold to reimburse the district for both acquisition and the improvements. The balance of the property will be developed as a mixed-use project with an emphasis on a mix of housing types and price points in a public-private partnership. Planning for limited environmental remediation continued through FY21 and is expected to be completed in FY22, with clean up taking place in FY22. This will pave the way for full scale redevelopment of the approximately eight acres located on Johnson Street and North Avenue in the densely populated Franklin to Fort and Southgate Triangle neighborhoods.

The Missoula County Fairgrounds, located in the heart of Midtown Missoula, has been isolated from the community by being fenced off from the public with no multi-modal connections. MRA has been working with the new County leadership to transform the Fairgrounds in a way that meets the needs of many different constituents.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Currently Known Facts (Continued)

In FY18, the MRA Board approved funding for trail connections through and around the Fairgrounds, opening up the grounds' large acreage and providing connections between neighborhoods and public facilities. Work on the project began in FY19 and the portion funded with TIF was completed in FY21.

At the beginning of the great recession, the Agency embarked on a project to build sidewalks in those areas of URD II and URD III that do not presently have any sidewalks or have gaps in the system. The Agency has built almost 16 miles of new sidewalks in the past several years and will continue the program until there is a complete sidewalk system in both districts where adequate right of way is available. This program provides sidewalks and improves drainage in low-income neighborhoods that would otherwise not have these amenities in the foreseeable future. One of the major adjustments to the URD III boundary was to include a five-block area on the western edge of the District that was not included when URD III was created in 2000. The Agency funded the construction of new sidewalks in this area and they were built in fiscal year 2018. Work on these projects will continue for another 5-8 years.

The owners of Missoula's oldest shopping centers, Trempers, decided to invest in an older commercial area adjacent to the shopping center. MRA provided funding to remove substandard structures, façade improvements to existing structures that were still viable and significant improvements in the public right of way separating the two commercial centers. That project was substantially completed in FY21 and has been a catalyst for the creation of several new, locally owned businesses.

In 2008, the Agency partnered with the Downtown Business Improvement District, the Missoula Parking Commission, the Missoula Downtown Association and private investors to create the Greater Downtown Master Plan. The Master Plan encompasses much of the West Broadway corridor, the east-west spine of URD II and all of the Front Street and Riverfront Triangle Urban Renewal Districts. The Agency staff continues to be a part of the Downtown Master Plan Implementation Committee, with the Director serving as Chair of the Committee. Numerous projects that were recommendations from the Master Plan have been accomplished with assistance from the Agency and the use of tax increment funds. The Downtown Master Plan Implementation Committee acknowledged the need for an update to the Plan and in FY18 were able to raise \$400,000 and issue a Request for Proposals for a consulting team to update the plan. The updated plan was completed in FY19 and was adopted by City Council in FY20. The Implementation Committee has been reconstituted and is dedicated to bringing the Plan to reality. One of the core projects identified in both master plans is the conversion of Front and Main Streets from a one-way couplet to two-way streets. In FY21, MRA approved the funding for the final engineering needed to attract funding and implement that conversion. HDR Engineering was engaged through a competitive process and plans are expected to be completed by the end of FY22, making the project eligible for Federal Infrastructure funding.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Currently Known Facts (Continued)

In fiscal year 2011, the Agency sent out a Request for Proposals for the development of the City owned portion of the Riverfront Triangle. The City Council subsequently entered into an agreement with Hotel Fox Partners, LLC to grant them the exclusive right for one year to perform their due diligence and negotiate a Development Agreement with the Agency/City. Several extensions were granted to study the feasibility of a larger hotel and community conference center. Decisions about moving forward with development of a conference center, the size, ownership and management structure continued through FY16. Those efforts resulted in a Master Development Agreement approved in FY17 that included a hotel, large conference center, three floors of residential condos and structured parking. The hotel/conference center is another important component in the implementation of the Downtown Master Plan. Work continued on this complex project during FY18 with the expectation that building permits would be issued in FY19. The development group purchased most of the balance of the Riverfront Triangle property from Providence Health Care and continued working on development of that property for retail, office and residential uses. As a result of lack of available financing, building permits were not issued as anticipated and the deal was restructured with approval by the City Council for the assignment of the development rights to another entity. The newly defined development was expanded to include a 6,000 capacity performance center in addition to the hotel, conference space, restaurants and condominiums. The goal was to break ground by late FY20 or early FY21. This project, like many other across the country, was disrupted as a result of the COVID 19 pandemic. While the developer who controlled the rights to develop the property has decided not to proceed with the project due to the impacts of COVID, interest in development and investment in Missoula remains strong we move into a different phase of dealing with the virus. MRA and City staff continue to be optimistic about the potential for this site as we look forward to FY22.

In FY20, the City through MRA was able to negotiate a Buy-Sell agreement for 19+ acres in the North Reserve-Scott Street URD. The land was a former industrial site with the typical environmental constraints. The eastern most 9.8 acres had been cleaned up to residential standards. The property is in not only an urban renewal district, but also is in the city's only Opportunity Zone, a combination that is attractive to a broader range of developers. The purchase of that property closed in early FY21 with the City issuing TIF Revenue Bonds to fund the acquisition. The City/MRA partnered with Ravara, a local development group, through a competitive Request for Proposals process for the redevelopment of the 9.8 acres as primarily mixed-use residential with a permanently affordable, owner-occupied housing component. A Letter of Intent was signed between Ravara and the City in FY21 and MRA provided the funding for a robust public planning process resulting in a broadly accepted conceptual design. The concept that came out of this process resulted in approximately 70 owner-occupied permanently affordable townhomes and condominiums on 3 acres owned by a community land trust, up to 230 multi-family apartments priced for our workforce population, a childcare facility and a significant amount of ground floor retail and commercial square footage. Ravara will carry the concept into final construction documents and MRA will fund the infrastructure called for in the North Reserve/Scott Street Master Plan which enables this development in FY22 and FY23.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2021

Currently Known Facts (Continued)

A partnership was formed between the Missoula Housing Authority, Blue Line Development, a for profit affordable housing development company, and private landowners to develop 200 units of permanently affordable housing in the North Reserve/Scott Street URD. MRA approved just over \$1.3M in TIF funding for improvements in the public right of way and site improvements that made the project possible. The final phase of Scott Street Village, consisting of approximately 70 units of workforce housing, was approved for TIF funding for public improvements needed to support the final phase of this project. It is anticipated that construction may be complete before the end of FY22.

In FY17, the City created an office of Housing and Community Development with a goal of creating the City's first housing policy and finding more targeted and efficient uses of the federal housing funds received by the City. During FY18 and into FY19, an intensive process was conducted involving city leaders, elected officials, developers, lenders, affordable housing providers, City staff and other interested parties crafting this new policy to address Missoula's housing shortage which exists at every level. The MRA staff has played a major role in the development of this newly adopted policy and understands that the use of TIF funds will be critical in the implementation phase. One of the most critical components of the housing policy is the creation of an Affordable Housing Trust Fund. The Agency has pledged a minimum of \$1,000,000 annually to support affordable housing, either through investment in affordable housing projects, land acquisition for affordable housing or a direct contribution to the fund.

Summary

The Agency will work with its partner organizations to update and continue implementation of the new Downtown Master Plan and redevelopment of the Riverfront Triangle. The Agency continues to seek out redevelopment opportunities in URD III that include design elements that reflect good urban design and add diversity to the housing supply, particularly through the transformation of Brooks Street as an urban street that invites automobile, transit, pedestrian and bicycle use. The Agency's efforts continue to be targeted on the creation of connectivity, more pedestrian friendly, sustainable development patterns and economic development projects. That effort is evidenced by the trail and sidewalk construction projects in URD II and URD III with a commitment to completing the sidewalk networks in both districts. Major undertakings in the coming year will focus on expanding housing opportunities, further implementation of the NRSS URD Master Plan, transformation of the Brooks Street corridor, support for the Midtown Master Plan efforts, finalizing the Front/Main Street design and engineering, continued redevelopment in the Front Street URD, and redevelopment of the Riverfront Triangle property.



Ellen Buchanan
Director
Missoula Redevelopment Agency

FINANCIAL STATEMENTS

MISSOULA REDEVELOPMENT AGENCY

(A Component Unit of the City of Missoula)

STATEMENT OF NET POSITION

June 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities
CURRENT ASSETS	
Cash and investments	\$ 11,802,217
Taxes/assessments receivable, net	715,015
Current portion of notes receivable - unrelated	17,237
Current portion of notes receivable - primary government	16,622
Other current assets	93,785
Due from other governments	<u>566,871</u>
Total current assets	<u>13,211,747</u>
NONCURRENT ASSETS	
Notes receivable - unrelated	106,873
Notes receivable - primary government	515,498
Restricted cash	<u>674,645</u>
Total noncurrent assets	<u>1,297,016</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on debt refunding	14,630
Pension and OPEB adjustments	<u>181,510</u>
Total deferred outflows of resources	<u>196,140</u>
Total assets and deferred outflows of resources	<u>\$ 14,704,903</u>

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

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>Governmental Activities</u>
CURRENT LIABILITIES	
Accounts payable	\$ 2,054,264
Accrued wages	51,831
Compensated absences	84,520
Current portion of notes payable	165,300
Current portion of tax increment revenue bonds payable	<u>641,439</u>
Total current liabilities	<u>2,997,354</u>
NONCURRENT LIABILITIES	
Post employment benefits	153,529
Compensated absences, less current portion	18,020
Net pension liability	592,149
Notes payable, less current portion	4,938,893
Tax increment revenue bonds payable, less current portion	<u>40,294,458</u>
Total noncurrent liabilities	<u>45,997,049</u>
Total liabilities	<u>48,994,403</u>
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB adjustments	<u>65,129</u>
NET POSITION	
Restricted for debt service	674,645
Unrestricted	<u>(35,029,274)</u>
Total net position	<u>(34,354,629)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,704,903</u>

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

MISSOULA REDEVELOPMENT AGENCY

(A Component Unit of the City of Missoula)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Governmental Activities</u>
<u>Governmental Activities</u>		
Housing and community development	\$ 14,435,021	\$ (14,435,021)
Interest expense	<u>1,925,647</u>	<u>(1,925,647)</u>
Total governmental activities	<u>16,360,668</u>	<u>(16,360,668)</u>
 Total primary government	 <u>\$ 16,360,668</u>	 <u>(16,360,668)</u>
<u>General Revenues</u>		
Property taxes for general purposes		10,643,229
State contribution - PERS		30,530
State entitlement funds (HB124)		255,260
Personal property reimbursement (SB372 and SB96)		528,472
Grant revenue		156
Miscellaneous		<u>4,721</u>
Total general revenues		<u>11,462,368</u>
 Change in net position		 (4,898,300)
Net Position		
Beginning of year		<u>(29,456,329)</u>
End of year		<u>\$ (34,354,629)</u>

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

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2021

	Urban Renewal District I	Urban Renewal District II	Urban Renewal District III	Front Street District	Riverfront Triangle District	N. Reserve Scott Street District	Hellgate District	Major Debt Service	Total
ASSETS									
CURRENT ASSETS									
Cash and investments	\$ 44	\$2,981,920	\$5,214,769	\$ 515,605	\$402,586	\$ 1,218,570	\$653,326	\$ 815,397	\$11,802,217
Taxes/assessments receivable, net	-	-	-	-	-	-	39,996	675,019	715,015
Current portion of notes receivable - unrelated	-	-	17,237	-	-	-	-	-	17,237
Current portion of notes receivable - primary government	-	12,194	2,296	-	-	2,132	-	-	16,622
Other current assets	-	-	6,095	-	-	-	-	87,690	93,785
Due from other governments	-	1,929	-	-	-	-	14,294	550,648	566,871
Interfund receivable	-	102,996	437,519	162,017	55,099	128,749	-	-	886,380
	<u>44</u>	<u>3,099,039</u>	<u>5,677,916</u>	<u>677,622</u>	<u>457,685</u>	<u>1,349,451</u>	<u>707,616</u>	<u>2,128,754</u>	<u>14,098,127</u>
NONCURRENT ASSETS									
Notes receivable - unrelated	-	-	106,873	-	-	-	-	-	106,873
Notes receivable - primary government	-	376,289	68,865	-	-	70,344	-	-	515,498
Restricted cash	-	-	-	-	-	-	-	674,645	674,645
	<u>-</u>	<u>376,289</u>	<u>175,738</u>	<u>-</u>	<u>-</u>	<u>70,344</u>	<u>-</u>	<u>674,645</u>	<u>1,297,016</u>
Total assets	<u>\$ 44</u>	<u>\$3,475,328</u>	<u>\$5,853,654</u>	<u>\$ 677,622</u>	<u>\$457,685</u>	<u>\$ 1,419,795</u>	<u>\$707,616</u>	<u>\$2,803,399</u>	<u>\$15,395,143</u>
LIABILITIES									
CURRENT LIABILITIES									
Accounts payable	\$ 44	\$ 147,908	\$1,766,800	\$ -	\$ -	\$ 65,252	\$ 74,260	\$ -	\$ 2,054,264
Accrued wages	-	-	51,831	-	-	-	-	-	51,831
Interfund payable	-	-	-	-	-	-	-	886,380	886,380
Total liabilities	<u>44</u>	<u>147,908</u>	<u>1,818,631</u>	<u>-</u>	<u>-</u>	<u>65,252</u>	<u>74,260</u>	<u>886,380</u>	<u>2,992,475</u>
DEFERRED INFLOW OF RESOURCES									
Uncollected tax revenue	-	-	-	-	-	-	926	339,287	340,213
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>926</u>	<u>339,287</u>	<u>340,213</u>
FUND BALANCES									
Nonspendable	-	-	6,095	-	-	-	-	-	6,095
Restricted	-	3,327,420	4,028,928	677,622	457,685	1,354,543	632,430	1,577,732	12,056,360
Total fund balance	<u>-</u>	<u>3,327,420</u>	<u>4,035,023</u>	<u>677,622</u>	<u>457,685</u>	<u>1,354,543</u>	<u>632,430</u>	<u>1,577,732</u>	<u>12,062,455</u>
Total liabilities deferred inflows and fund balances	<u>\$ 44</u>	<u>\$3,475,328</u>	<u>\$5,853,654</u>	<u>\$ 677,622</u>	<u>\$457,685</u>	<u>\$ 1,419,795</u>	<u>\$707,616</u>	<u>\$2,803,399</u>	<u>\$15,395,143</u>

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

MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
 June 30, 2021

Total fund balances - governmental funds	\$ 12,062,455
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds	340,213
Deferred outflows of resources related to unamortized loss on debt refunding are applicable to future periods and, therefore, are not reported in the funds	14,630
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions and post employment benefits	181,510
Deferred inflows of resources related to pensions and post employment benefits	(65,129)
Long-term liabilities, both current and noncurrent portions, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(46,888,308)</u>
Total net position - governmental activities	<u>\$ (34,354,629)</u>

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

MISSOULA REDEVELOPMENT AGENCY

(A Component Unit of the City of Missoula)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	Urban Renewal District I	Urban Renewal District II	Urban Renewal District III	Front Street District	Riverfront Triangle District	N. Reserve Scott Street District	Hellgate District	Major Debt Service	Total
REVENUES									
Tax increment property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$339,303	\$10,326,956	\$10,666,259
State contribution - PERS	-	-	475	-	-	-	-	-	475
Grant revenue	-	-	156	-	-	-	-	-	156
State entitlement funds (HB124)	-	-	-	-	-	-	-	255,260	255,260
Personal property reimbursement (SB372 and SB96)	-	-	-	-	-	-	-	528,472	528,472
Miscellaneous	-	1,929	-	-	-	-	-	2,792	4,721
Total revenues	-	1,929	631	-	-	-	339,303	11,113,480	11,455,343
EXPENDITURES									
Housing and community development	-	1,275,032	2,859,927	2,564,613	5,650	320,970	113,861	-	7,140,053
Capital outlay	-	230,281	631,520	-	-	6,380,540	-	-	7,242,341
Debt service expense - interest	-	-	-	-	-	-	-	1,925,647	1,925,647
Debt service expense - principal	-	-	-	-	-	-	-	2,031,634	2,031,634
Miscellaneous	44	-	-	-	-	-	-	-	44
Total expenditures	44	1,505,313	3,491,447	2,564,613	5,650	6,701,510	113,861	3,957,281	18,339,719
Excess (deficiency) of revenues over expenditures	(44)	(1,503,384)	(3,490,816)	(2,564,613)	(5,650)	(6,701,510)	225,442	7,156,199	(6,884,376)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	2,993,920	3,879,694	708,350	372,209	595,707	-	3,551,087	12,100,967
Transfers out	-	(381,905)	(77,900)	-	(200,000)	(285,484)	(44,988)	(11,110,690)	(12,100,967)
Issuance of long-term debt	-	-	-	1,886,105	-	6,604,000	-	-	8,490,105
Total other financing sources (uses)	-	2,612,015	3,801,794	2,594,455	172,209	6,914,223	(44,988)	(7,559,603)	8,490,105
Net change in fund balances	(44)	1,108,631	310,978	29,842	166,559	212,713	180,454	(403,404)	1,605,729
FUND BALANCES									
Beginning of year	44	2,218,789	3,724,045	647,780	291,126	1,141,830	451,976	1,981,136	10,456,726
End of year	\$ -	\$3,327,420	\$4,035,023	\$ 677,622	\$ 457,685	\$ 1,354,543	\$632,430	\$ 1,577,732	\$12,062,455

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

MISSOULA REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES**
 For the Year Ended June 30, 2021

Amounts reported for *governmental activities* in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,605,729
Proceeds from long-term debt agreements are revenues in the governmental funds, but increase long-term liabilities in the statement of net position	(8,490,105)
Tax increment revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements	(23,031)
The change in compensated absences payable is reported in the statement of activities as an expense	20,063
The change in the other postemployment benefits is reported in the statement of activities as an expense	(2,520)
The change in the proportionate share of the net pension liability related to proportionate share of collective pension expense is reported on the statement of activities as an expense	(69,868)
On-behalf State contributions to pensions are revenues in the statement of activities, but do not provide current financial resources to the governmental fund	30,530
The change in the deferred outflows of resources related to unamortized loss on debt refunding is reported in the statement of activities as an expense	(732)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	<u>2,031,634</u>
Change in net position - statement of activities	<u>\$ (4,898,300)</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Missoula Redevelopment Agency (the Agency) was established in 1978 by the City of Missoula (the City) as a separate legal entity in accordance with state urban renewal laws (Section 7-15-4201, MCA). The Agency has the authority to renovate property within blighted areas legally designated as urban renewal districts, but the authority to exercise the power of eminent domain, acquire and resell property, and to issue tax increment bonds remains with the City. The City has established seven urban renewal districts (URDs): URD I in 1978, URD II in 1991, URD III in 2000, Front Street district in 2007, Riverfront Triangle district in 2008, North Reserve – Scott Street Urban Renewal District in 2014 and Hellgate Urban Renewal District in 2014. The five-member governing board is appointed by the Mayor and approved by City Council. Due to the control exercised by the City and the limited powers of the Agency, the Agency is considered a component unit of the City.

The Agency has no authority to levy taxes. However, under the City's Urban Renewal Plans, revenue derived from incremental property taxes, which result from increases in the taxable value of property within an urban renewal district, are designated for urban renewal purposes and provide the primary funding source for the Agency.

State law provides that the tax increment provisions applicable to a renewal district established prior to 1980 be terminated seventeen years after enactment or when all tax increment debt has been retired. For districts established after 1980, state law provides they be terminated fifteen years after enactment or when all tax increment debt has been retired. Because the tax increment provisions for URD I were enacted on December 18, 1978, the Agency was scheduled to terminate on December 18, 1995. However, the City issued tax increment bonds on December 15, 1989, as permitted by state law. The issuance of these bonds extended the tax increment provisions for the term of the bonds, whose final maturity was July 1, 2005. URD II was scheduled to terminate in 2006, but was extended to 2031 through the issuance of tax increment bonds on August 15, 2006. URD III was scheduled to terminate in 2015 but was extended to 2040 through the issuance of a tax increment bond on September 13, 2018. Front Street URD was scheduled to terminate in 2022 but was extended to 2046 through the issuance of a revenue bond on April 12, 2021. Riverfront Triangle URD was scheduled to terminate in 2023 but was extended to 2043 through the issuance of a revenue bond on June 6, 2019. On August 25, 2014, the North Reserve – Scott Street (NRSS) Urban Renewal District Plan and the Hellgate Urban Renewal District Plan were approved. Hellgate URD will sunset in 2030. NRSS URD was extended to 2045 through the issuance of a tax increment bond on August 3, 2020.

Basis of Presentation and Basis of Accounting

The Agency complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

MISSOULA REDEVELOPMENT AGENCY
(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 Presentation and Basis of Accounting (Continued)

Government-wide Statements

The statement of net position and the statement of activities report information about the overall financial position and activities of the Agency.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the Agency are generally financed through incremental property taxes and state entitlements. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function. However, the Agency does not collect any program revenue. Accordingly, all revenues, including all property taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Fund Financial Statements

These statements provide information about the Agency's funds. The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column in the governmental funds statements. The Agency reports all of its urban renewal districts as major funds. Individual debt service funds are aggregated into a single debt service major fund.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term liabilities which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Real and personal property taxes and interest earnings are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Agency and are recognized as revenue at that time. The Agency recorded real and personal property taxes for the current year as revenue.

MISSOULA REDEVELOPMENT AGENCY
(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 Presentation and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

Taxes and assessments receivable remaining unpaid at year-end and not expected to be collected soon enough thereafter to be available to pay obligations of the current year were reserved and off set against taxes/assessments receivable, with a corresponding reduction in revenues, as required by GAAP. In addition, prior period delinquent taxes collected in the current period were recorded as revenue in the current period as required by GAAP. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Due to the nature of the Agency, there is no General Fund.

Major Funds

GASB Statement No. 34 requires that all governmental funds whose assets, liabilities, revenues or expenditures exceed 10% or more of the total for all government funds be reported as major funds. An entity may also determine if a fund should be reported as major that does not meet the above requirement. Accordingly, the Agency has chosen to record all of its URD development funds as major funds. A description of these funds follows:

Special Revenue Funds

- Urban Renewal District I – used to account for all activities of District I
- Urban Renewal District II – used to account for all activities of District II
- Urban Renewal District III – used to account for all activities of District III
- Front Street District – used to account for all activities of Front Street District
- Riverfront Triangle District – used to account for all activities of Riverfront Triangle District
- North Reserve/Scott Street District – used to account for all activities of North Reserve/Scott Street District
- Hellgate District – used to account for all activities of Hellgate District

Debt Service Funds

These are used to account for the accumulation of resources for, and the payment of, tax increment debt principal, interest and related costs, and to comply with the requirements of the tax increment bond and note covenants and resolutions. These funds are included as a debt service fund in the Agency's financial statements.

MISSOULA REDEVELOPMENT AGENCY
(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 Presentation and Basis of Accounting (Continued)

Classification of Fund Balance

The Agency has adopted GASB Statement No. 54, which defines how fund balances of the governmental funds are presented in the financial statements. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – Constraint is imposed by City Council by resolution. The Agency Board does not have the authority to issue resolutions.
- Assigned – Amounts the Agency intends to use for a specific purpose. Constraint is internally expressed intent by government body or authorized official through budget approval process or express assignment.
- Unassigned – No constraints and negative balance in non-general funds.

Expenditure Order for Resource Categories

<u>Order</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
First:	Restricted	Assigned
Second:	Committed	Committed
Third:	Assigned	Restricted
Fourth:	Unassigned	Unassigned

Budgets and Budgetary Accounting

An annual appropriated operating budget is adopted each fiscal year for the governmental funds on the modified accrual basis of accounting. Revenues are budgeted in the year they are measurable and available. Expenditures are budgeted in the year they are expected to be incurred. As required by Montana law, the full amount of increment derived from property taxes levied for the fiscal year is included in the Agency's budget.

As required by State statute, the Agency follows these procedures to develop its annual budget:

- a) On or before June 10, department heads and supervisors file with the City detailed and itemized estimates, both of the probable revenue from sources other than taxation and of all expenditures required by the office or department for the next fiscal year.

MISSOULA REDEVELOPMENT AGENCY
(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 Presentation and Basis of Accounting (Continued)

Budgets and Budgetary Accounting (Continued)

- b) The City finance department prepares a tabulation showing the complete expenditure program of the Agency for the next fiscal year and the sources of revenue by which it is to be financed.
- c) On or before the fourth Monday in July, the City Council shall make any revisions it considers advisable.
- d) Public hearings are held.
- e) By the second Monday in August, the City Council adopts the final budget.

Budget appropriation transfers may be made between the general classifications of salaries and wages, maintenance and operations and capital outlay. Final reported budget amounts represent the originally adopted budget as amended by resolution of the City Council. It is management's responsibility to see that the budget is followed to the fund level.

The City Council may amend a final budget when shortfalls in budgeted revenues require reductions in approved appropriations to avert deficit spending; when savings result from unanticipated adjustments in projected expenditures; when unanticipated state or federal monies are received; for bonding; or when a public emergency occurs which could not have been foreseen at the time of adoption. The procedure to amend the budget in total can be made only after the Agency prepares a resolution, notice is published of a public hearing, and a public hearing is held in accordance with state law.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency's cash is held by the City Treasurer and pooled with other City cash. Interest earned on pooled investments is distributed to each contributing entity and fund on a pro rata basis. Authorized investments allowed by Section 20-9-213, 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 fund if the fund meets certain conditions. Investments held by the Agency are reported at fair value.

MISSOULA REDEVELOPMENT AGENCY
(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 and Cash Equivalents (Continued)

The Agency 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 quoted 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). The Agency had no investments that required categorization within the fair value hierarchy.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These short-term interfund loans are reported as "interfund receivables and payables" in the fund financial statements.

Tax Increment

The City's property tax levies are set on or before the second Monday in August, in connection with the budget process. Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, the taxes become delinquent (and a lien is placed upon the property). After three years, the County of Missoula has the authority and may exercise the lien on behalf of the City. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are usually billed at the end of April. The first half is due thirty days after billing (usually by May 31) and the second half is due November 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

Taxable valuations for each Urban Renewal District and the corresponding tax increment amounts for November 2020 property tax billing are as follows:

	<u>Taxable Value</u>	<u>Increment Value</u>
Urban Renewal District II	\$ 5,591,589	\$ 3,731,766
Urban Renewal District III	12,366,431	4,193,587
Front Street Urban Renewal District	3,045,179	1,632,144
Riverfront Triangle Urban Renewal District	694,384	536,526
Hellgate Urban Renewal District	1,404,251	378,803
North Reserve Scott Street Urban Renewal District	3,060,479	1,569,274

Capital Assets

Capital assets are recorded in the City's general capital asset accounts.

MISSOULA REDEVELOPMENT AGENCY
(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, the Agency 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. Expenditures for these compensated absences are recorded when paid, because the amounts expected to be liquidated from current resources do not vary materially from year to year. Compensated absences to be funded from future resources are reflected as liabilities in the government-wide financial statements to the extent they are vested.

Other Postemployment Benefits

The Agency 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 INVESTMENTS

The Agency's cash is invested in the City's investment pool. The Agency's portion of underlying cash and investments of the City's investment pool consists of the following:

Demand Deposits	\$ 12,380,524
Cash on Hand	6,822
Certificates of Deposit	89,516
Less restricted cash held for debt service reserve	<u>(674,645)</u>
	<u><u>\$ 11,802,217</u></u>

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

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 annual comprehensive financial report (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.

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

NOTE 3. OTHER CURRENT ASSETS

Other current assets consist of the following at June 30, 2021:

Prepaid expenses	\$ 6,095
Other receivables	<u>87,690</u>
	<u><u>\$ 93,785</u></u>

NOTE 4. NOTES RECEIVABLE

In July 2010, the Agency executed a \$61,000 note receivable under its Façade Improvement Program. The note bears interest at 0% and calls for annual payments of \$6,100 over ten years. At June 30, 2021, the note had been paid in full. In May 2014, December 2015, and February 2019, the Agency executed additional note receivables under its Façade Improvement Program in the amount of \$10,368, \$62,000 and \$100,000, respectively. The notes bear interest at 0% and call for annual payments of \$1,037, \$6,200 and \$10,000 respectively, over ten years. At June 30, 2021, the notes had an outstanding balance of \$3,110, \$31,000 and \$90,000, respectively.

In October 2011, the Agency was assigned a \$40,000 note receivable in relation to a Water Main Extension Contract with Mountain Water Company. The note bears interest at 0% and calls for annual payments of \$1,000 over forty years. In 2013, 2016 and 2017, the Agency executed additional notes in relation to the Water Main Extension Contracts and fire hydrant installations with Mountain Water Company for \$508,261, \$40,781 and \$73,464, respectively. The notes bear interest at 0% and call for annual payments over forty years. In June 2017, the City of Missoula assumed all of the Mountain Water notes. At June 30, 2021, the outstanding balances of all the City of Missoula notes were \$388,483, \$71,161 and \$72,476 in URD II, URD III, and the NRSS, respectively.

Collections to maturity at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2022	\$ 33,859
2023	33,847
2024	33,846
2025	32,810
2026	32,810
Thereafter	<u>489,058</u>
Total	<u><u>\$ 656,230</u></u>

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

NOTE 5. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	\$ 122,603	\$ -	\$ (20,063)	\$ 102,540	\$ 84,520
MAEDC Note - direct borrowing	1,519,315	-	(19,176)	1,500,139	51,300
MPC Note	2,352,000	-	(112,000)	2,240,000	114,000
Stockman Bank Note - direct borrowing	1,402,351	-	(38,297)	1,364,054	-
Bonds Payable - direct placement	31,192,926	8,490,105	(1,559,161)	38,123,870	321,238
Bonds Payable	<u>3,115,027</u>	<u>-</u>	<u>(303,000)</u>	<u>2,812,027</u>	<u>225,000</u>
Total	<u>\$ 39,704,222</u>	<u>\$ 8,490,105</u>	<u>\$ (2,051,697)</u>	<u>\$ 46,142,630</u>	<u>\$ 796,058</u>

Bonds Payable

Mill Site Bonds

The Agency issued \$3,600,000 of Tax Increment Urban Renewal Bonds in August 2006. The bonds were issued to finance acquisition of the Champion Mill Site Property located within District II. The bonds were issued at par, bear interest ranging from 4.5% to 5.125%, and are secured by a first lien upon and pledge of tax increment revenues from District II. The bond resolution requires, among other things, that all of District II's tax increment revenue, except revenues generated by the excluded properties as identified in the bond covenants, be deposited in a debt service fund as required to pay principal and interest on the bonds when due, and to provide certain reserves for future bond payments. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District II, to redeem all or a portion of the Series 2006 bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District II, as provided by state law.

Debt service requirements to maturity on the August 2006 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 155,000	\$ 94,625	\$ 249,625
2023	160,000	86,681	246,681
2024	170,000	78,841	248,841
2025	180,000	69,769	249,769
2026	185,000	60,544	245,544
2027-2031	<u>1,075,000</u>	<u>157,938</u>	<u>1,232,938</u>
Total	<u>\$ 1,925,000</u>	<u>\$ 548,398</u>	<u>\$ 2,473,398</u>

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Silver Park, Wyoming Street and Trestle Bonds – Direct Placement

The Agency issued \$5,750,000 of Tax Increment Urban Renewal Bonds in March 2013. The bonds were issued to finance public improvements in Silver Park, the construction of Wyoming Street from Hickory Street to California Street and replace the aging train trestle located within District II. The bonds were issued at par and bear an interest rate of 3.15%. The bonds are secured by a first lien upon and pledge of tax increment revenues from District II. The Agency estimates tax increment revenue to be sufficient to cover the principal and interest requirements of the Series 2006 and Series 2013 Bonds. The bond resolution requires, among other things, that all of District II's tax increment revenue, except revenues generated by the excluded properties as identified in the bond covenants, be deposited in a debt service fund as required to pay principal and interest on the bonds when due, and to provide certain reserves for future bond payments.

After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District II, to redeem all or a portion of the Series 2013 bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District II, as provided by state law.

Debt service requirements to maturity on the March 2013 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 155,000	\$ 57,062	\$ 212,062
2023	318,000	106,754	424,754
2024	329,000	96,658	425,658
2025	339,000	86,216	425,216
2026	349,000	75,458	424,458
2027-2031	2,133,000	206,782	2,339,782
Total	<u>\$ 3,623,000</u>	<u>\$ 628,930</u>	<u>\$ 4,251,930</u>

Intermountain Lumber Site – Direct Placement

The Agency issued \$1,753,500 of Tax Increment Urban Renewal Bonds in May 2013. The bonds were issued to finance demolition, site preparation, and infrastructure improvements on the old Intermountain Lumber Site Property located within District II. The bonds were issued at par and bear an interest rate of 4.25%. The bonds are secured by a first lien upon and pledge of tax increment revenues derived from the Project Site. The bond resolution requires, among other things, that the Project's tax increment revenue, be deposited in a debt service fund as required to pay principal and interest on the bonds when due.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Intermountain Lumber Site – Direct Placement (Continued)

After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District II, including additional expenses for the Lumber Site development, to redeem all or a portion of the Series 2013 bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District II, as provided by state law.

Debt service requirements to maturity on the May 2013 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 48,000	\$ 25,043	\$ 73,043
2023	99,000	47,005	146,005
2024	103,500	42,755	146,255
2025	107,000	38,314	145,314
2026	112,000	33,713	145,713
2027-2031	709,000	93,574	802,574
Total	<u>\$ 1,178,500</u>	<u>\$ 280,404</u>	<u>\$ 1,458,904</u>

Safeway Bonds

The Agency issued \$1,500,000 of Tax Increment Urban Renewal Revenue Bonds in October 2007. The bonds were issued to finance demolition, site preparation and infrastructure improvements and their associated design costs related with the Safeway, Inc. Project site. The bonds were issued at par, bear interest of 6.95%, and are secured by a first lien upon and pledge of tax increment revenues derived from the Project Site. Should tax increment revenues in any given year not be sufficient to pay the principal and interest payments, Safeway, Inc. (the Guarantor) is obligated to pay the deficiency. Tax increment in excess of debt service requirements will be (1) used to make Guarantor reimbursements for prior debt service deficiencies, (2) retained in an excess tax increment fund until the amount equals the maximum annual debt service for the bonds, and (3) used to prepay the Series 2007 bonds.

Repayment of the debt service deficiency to the Guarantor at June 30, 2021, has been estimated at \$128,007. In 2019 the previously recorded Guarantor provision was reversed as the Agency does not consider the loss probable. No provision has been made at June 30, 2021.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Safeway Bonds (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 70,000	\$ 66,894	\$ 136,894
2023	75,000	62,029	137,029
2024	80,000	56,642	136,642
2025	90,000	50,909	140,909
2026	90,000	44,654	134,654
2027-2031	575,000	116,065	691,065
Total	<u>\$ 980,000</u>	<u>\$ 397,193</u>	<u>\$ 1,377,193</u>

South Reserve Street Pedestrian Bridge Bonds – Direct Placement

The Agency issued \$5,000,000 of Tax Increment Urban Renewal Revenue Bonds in December 2015. The bonds were issued to fund the design and construction of a pedestrian bridge over South Reserve Street connecting the Missoula to Lolo Trail to the Bitterroot Branch Trail. The bonds were issued at par, bear interest of 4.35%, and are secured by a first lien upon and pledge of tax increment revenues derived from District III. The bond resolution requires, among other things, that District III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District III, as provided by state law.

Debt service requirements to maturity on the December 2015 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 94,069	\$ 94,069
2023	150,000	184,875	334,875
2024	160,000	178,133	338,133
2025	165,000	171,064	336,064
2026	170,000	163,778	333,778
2027-2031	980,000	697,740	1,677,740
2032-2036	1,205,000	428,475	1,633,475
2037-2041	1,495,000	200,535	1,695,535
Total	<u>\$ 4,325,000</u>	<u>\$ 2,118,668</u>	<u>\$ 6,443,668</u>

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

North Reserve/Scott Street Bonds – Direct Placement

In December 2015, the City of Missoula approved the sale of \$1,364,400 of Senior Subordinate Tax Increment Urban Renewal Revenue Bonds in the NRSS District. The bonds were issued to fund certain public improvements related to redevelopment of Bretz RV & Marine, construction of the new Consumer Direct office building and the Scott Street Village housing project. The bonds were issued as senior subordinate debt to future public improvement bonds approved by the NRSS District. The bonds were issued at par, bear interest of 4.50%, and are secured by a senior subordinate lien upon and pledge of tax increment revenues derived from the NRSS District. The bond resolution requires, among other things, that NRSS District's tax increment revenue, be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the December 2015 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 30,336	\$ 26,226	\$ 56,562
2023	62,734	50,390	113,124
2024	65,589	47,535	113,124
2025	68,574	44,550	113,124
2026	71,694	41,430	113,124
2027-2031	410,482	155,139	565,621
2032-2036	456,242	52,847	509,089
Total	<u>\$ 1,165,651</u>	<u>\$ 418,117</u>	<u>\$ 1,583,768</u>

Front Street Series A Bonds – Direct Placement

In December 2017, the City approved the sale of \$1,162,500 of Tax Increment Urban Renewal Subordinate Lien Revenue Refunding Bonds in the Front Street District. The bonds were issued to refund the taxable portion of the Series 2010 First Interstate Bank Note. The bonds were issued at par, bear interest of 5.75%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from Front Street District. The bond resolution requires, among other things, that Front Street District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Front Street District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Front Street Series A Bonds – Direct Placement (Continued)

Debt service requirements to maturity on the January 2017 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 30,461	\$ 30,461
2023	29,500	60,073	89,573
2024	31,500	58,319	89,819
2025	33,000	56,465	89,465
2026	35,000	54,510	89,510
2027-2031	208,000	238,999	446,999
2032-2036	274,000	170,085	444,085
2037-2041	363,000	79,120	442,120
2042	85,500	2,458	87,958
Total	<u>\$ 1,059,500</u>	<u>\$ 750,490</u>	<u>\$ 1,809,990</u>

The Agency increased its aggregate debt service payments by \$153,521 over the next 25 years by refunding the prior debt and there was an economic gain on the refunding of \$114,419. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. In accordance with GASB Statement No. 65 (GASB 65) this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. At June 30, 2021, the City reports deferred outflows of resources in the amount of \$14,630 related to the refunding bonds. The deferred charges will be amortized as a component of interest expense in the Statement of Revenues, Expenses and Changes in Fund Balances.

Front Street Series B Bonds – Direct Placement

In January 2017, the City of Missoula approved the sale of \$277,500 of Tax Increment Urban Renewal Subordinate Lien Revenue Refunding Bonds in the Front Street District. The bonds were issued to refund the portion of the Series 2010 First Interstate Bank Note related to financing the 2010 public improvements. The bonds were issued at par, bear interest of 4.50%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from Front Street District. The bond resolution requires, among other things, that Front Street District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within Front Street District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Front Street Series B Bonds – Direct Placement (Continued)

Debt service requirements to maturity on the January 2017 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 5,613	\$ 5,613
2023	8,000	11,048	19,048
2024	8,500	10,676	19,176
2025	8,500	10,294	18,794
2026	9,000	9,900	18,900
2027-2031	52,000	42,818	94,818
2032-2036	65,000	29,700	94,700
2037-2041	80,000	13,478	93,478
2042	18,500	416	18,916
Total	<u>\$ 249,500</u>	<u>\$ 133,943</u>	<u>\$ 383,443</u>

Information regarding the change in cash flow and economic gain related to the refunding are noted above under Front Street Series A Bonds. The refunding was completed with the issuance of both the Front Street Series A and B Bonds.

Front Street Series C Bonds – Direct Placement

In January 2017, the City of Missoula approved the sale of \$3,260,500 of Tax Increment Urban Renewal Subordinate Lien Revenue Bonds in the Front Street District. The bonds will be used to acquire a public parking unit to be owned and operated by the Missoula Parking Commission as well as fund the issuance costs. The bonds were issued as subordinate debt to the 2014 bonds and any future debt issued at parity with the 2014 bonds approved in the Front Street District. The bonds were issued at par, bear interest of 4.50%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from Front Street District. The bond resolution requires, among other things, that Front Street District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Front Street District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Front Street Series C Bonds – Direct Placement (Continued)

Debt service requirements to maturity on the January 2017 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 67,199	\$ 67,199
2023	95,202	132,256	227,458
2024	99,486	127,875	227,361
2025	103,963	123,298	227,261
2026	108,641	118,514	227,155
2027-2031	621,090	512,934	1,134,024
2032-2036	773,991	356,593	1,130,584
2037-2041	964,533	161,763	1,126,297
2042	219,713	4,944	224,656
Total	<u>\$ 2,986,619</u>	<u>\$ 1,605,376</u>	<u>\$ 4,591,994</u>

URD III Series A – Mary Avenue West Bonds – Direct Placement

In June 2017, the City of Missoula approved the sale of \$1,600,000 of Tax Increment Urban Renewal Revenue Bonds in District III. The bonds were issued to fund certain public improvements and extensions to Mary Avenue from the Bitterroot Branch Railroad Line westward to Reserve Street. The bonds were issued on parity with other URD III bonds. The bonds were issued at par, bear interest of 4.65%, and are secured by a first lien upon and pledge of tax increment revenues derived from District III. The bond resolution requires, among other things, that District III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the June 2017 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 33,248	\$ 33,248
2023	50,000	65,333	115,333
2024	50,000	63,008	113,008
2025	55,000	60,566	115,566
2026	55,000	58,009	113,009
2027-2031	320,000	247,613	567,613
2032-2036	400,000	164,143	564,143
2037-2041	500,000	60,450	560,450
Total	<u>\$ 1,430,000</u>	<u>\$ 752,370</u>	<u>\$ 2,182,370</u>

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

URD III – Mary Avenue East Bonds – Direct Placement

In January 2015, the City of Missoula approved the sale of \$7,065,000 of Tax Increment Urban Renewal Revenue Bonds in District III. The bonds were issued in October 2015 to fund certain infrastructure improvements in connection with the Southgate Mall Project. The bonds were on parity with other URD III bonds. The bonds were issued at par, bear interest of 4.35%, and are secured by a first lien upon and pledge of tax increment revenues derived from District III. The bond resolution requires, among other things, that District III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the October 2015 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 136,394	\$ 136,394
2023	219,000	268,025	487,025
2024	228,000	258,303	486,303
2025	238,000	248,168	486,168
2026	249,000	237,575	486,575
2027-2031	1,417,000	1,011,919	2,428,919
2032-2036	1,752,000	668,595	2,420,595
2037-2041	2,168,000	243,818	2,411,818
Total	<u>\$ 6,271,000</u>	<u>\$ 3,072,797</u>	<u>\$ 9,343,797</u>

Scott Street Village – Phase 2 & 3 Bonds – Direct Placement

On December 11, 2017 the City of Missoula pursuant to Resolution 8229 approved the sale of \$723,514 in tax increment urban renewal revenue bonds in North Reserve-Scott Street (NRSS) URD to fund public infrastructure improvements related to the construction of phases 2 and 3 of a housing development called Scott Street Village by Edgell Building Incorporated. This bond was issued on parity with other senior subordinate debt in the district. The bonds were issued at par, bear interest of 4.75%, and are secured by a senior subordinate lien upon and pledge of tax increment revenues derived from the NRSS District. The bond resolution requires, among other things, that NRSS District's tax increment revenue, be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Scott Street Village – Phase 2 & 3 Bonds – Direct Placement (Continued)

On March 1, 2021 the bond was partially redeemed for the amount of \$259,047. The amount attributed to principal and interest was \$253,761 and \$5,286, respectively. The debt service requirements to maturity schedule has been re-amortized to include the partial redemption.

Debt service requirements to maturity on the December 2017 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 5,727	\$ 9,621	\$ 15,348
2023	11,865	18,831	30,696
2024	12,435	18,261	30,696
2025	13,033	17,663	30,696
2026	13,659	17,037	30,696
2027-2031	78,797	74,682	153,478
2032-2036	99,643	53,835	153,478
2037-2041	154,952	29,221	184,174
2042	14,992	356	15,348
Total	<u>\$ 405,101</u>	<u>\$ 239,508</u>	<u>\$ 644,609</u>

URD III Series 2018A – MRL – Direct Placement

In August 2018, the City of Missoula approved the sale of \$1,239,404 of Tax Increment Urban Renewal Revenue Bonds in District III. The bonds were issued in September 2018 to finance the acquisition of the Montana Rail Link (MRL) property and the undertaking of certain improvements. The bonds were on parity with other URD III bonds. The bonds were issued at par, bear interest of 5.25%, and are secured by a first lien upon and pledge of tax increment revenues derived from District III. The bond resolution requires, among other things, that District III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

URD III Series 2018A – MRL – Direct Placement (Continued)

Debt service requirements to maturity on the September 2018 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 17,685	\$ 29,655	\$ 47,340
2023	36,775	57,905	94,680
2024	38,732	55,949	94,681
2025	40,791	53,889	94,680
2026	42,961	51,719	94,680
2027-2031	251,612	221,791	473,403
2032-2036	326,034	147,369	473,403
2037-2041	375,126	50,936	426,062
Total	<u>\$ 1,129,716</u>	<u>\$ 669,213</u>	<u>\$ 1,798,929</u>

URD III Series 2018B – MRL – Direct Placement

In August 2018, the City of Missoula approved the sale of \$2,681,782 of Tax Increment Urban Renewal Revenue Bonds in District III. The bonds were issued in September 2018 to finance the acquisition of the Montana Rail Link (MRL) property and the undertaking of certain improvements. The bonds were on parity with other URD III bonds. The bonds were issued at par, bear interest of 4.375%, and are secured by a first lien upon and pledge of tax increment revenues derived from District III. The bond resolution requires, among other things, that District III's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within District III, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the September 2018 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 41,620	\$ 53,094	\$ 94,714
2023	85,990	103,437	189,427
2024	89,793	99,634	189,427
2025	93,765	95,662	189,427
2026	97,912	91,515	189,427
2027-2031	558,477	388,659	947,136
2032-2036	693,398	253,737	947,135
2037-2041	766,202	86,220	852,422
Total	<u>\$ 2,427,157</u>	<u>\$ 1,171,958</u>	<u>\$ 3,599,115</u>

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Front Street Series 2019 – Direct Placement

In February 2019, the City of Missoula approved the sale of \$3,647,844 of Tax Increment Urban Renewal Subordinate Lien Revenue Bonds in the Front Street District. The bonds were issued on parity with other subordinate debt in the district in May 2019 for the Mercantile Project and related improvements. The bonds were issued at par, bear interest of 4.00%, and are secured by a subordinate lien upon and pledge of tax increment revenues derived from the Front Street District. The bond resolution requires, among other things, that the Front Street District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Front Street District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the May 2019 tax increment bonds at June 30, 2021, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 69,526	\$ 69,526
2023	101,503	137,021	238,524
2024	105,563	132,880	238,443
2025	109,786	128,573	238,359
2026	114,177	124,093	238,270
2027-2031	643,157	546,750	1,189,907
2032-2036	782,499	404,621	1,187,120
2037-2041	952,030	231,700	1,183,730
2042-2044	667,560	40,751	708,311
Total	<u>\$ 3,476,275</u>	<u>\$ 1,815,915</u>	<u>\$ 5,292,190</u>

Scott Street Series 2020A and 2020B – Direct Placement

On August 3, 2020 the City of Missoula pursuant to Resolution 8443 approved the sale of \$6,604,000 principal amount of tax increment urban renewal revenue bonds, consisting of \$3,302,000 Tax Exempt Series 2020A and \$3,302,000 Taxable Series 2020B, to finance the acquisition of the Scott Street Property described as Lot 3, Scott Street Lots, a platted subdivision in the City of Missoula, located in the north one-half of Section 16, Township 13 North, Range 19 West, Principal Meridian, Montana, Missoula County, Montana, containing 19.15 acres. This bond Series 2020A and Series 2020B was issued on August 14, 2020 and was completely drawn down at closing. The bond was issued on parity with other senior-subordinate debt in the district. The original purchaser of the negotiated sale bonds was First Security Bank Division of Glacier Bank, Missoula MT. The final maturity date is July 1, 2045. The interest rate on the Series 2020A Tax Exempt bond is 3.80% per annum.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Scott Street Series 2020A and 2020B – Direct Placement (Continued)

The interest rate on the Series 2020B taxable bond is 4.50% per annum. Interest only payments are due January 1 and principal and interest payments are due July 1 payable from tax increment generated by the North Reserve-Scott Street URD directly to the bondholder commencing January 1, 2021. The bond resolution requires, among other things, that NRSS District's tax increment revenue, be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within NRSS District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

Debt service requirements to maturity on the August 2020 tax increment bonds at June 30, 2021, are as follows:

Scott Street Series 2020A:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 60,923	\$ 60,923
2023	84,172	120,247	204,419
2024	87,371	116,987	204,358
2025	90,691	113,604	204,295
2026	94,137	110,092	204,229
2027-2031	527,141	492,934	1,020,075
2032-2036	635,205	382,817	1,018,022
2037-2041	765,421	250,126	1,015,547
2042-2046	922,332	90,234	1,012,566
Total	<u>\$ 3,206,470</u>	<u>\$ 1,737,964</u>	<u>\$ 4,944,434</u>

Scott Street Series 2020B:

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 72,254	\$ 72,254
2023	77,030	142,775	219,805
2024	80,496	139,231	219,727
2025	84,118	135,527	219,645
2026	87,904	131,657	219,561
2027-2031	502,535	593,849	1,096,384
2032-2036	626,250	467,350	1,093,600
2037-2041	780,422	309,710	1,090,132
2042-2046	972,548	113,261	1,085,809
Total	<u>\$ 3,211,303</u>	<u>\$ 2,105,614</u>	<u>\$ 5,316,917</u>

MISSOULA REDEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 5. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

AC Hotel Series 2021 – Direct Borrowing

In April 2021, the City of Missoula approved the sale and issuance of \$1,886,105 Subordinate Lien Tax Increment Urban Renewal Revenue Bonds in the Front Street District to reimburse certain costs related to the AC Hotel project. The bond was issued at par, bears interest of 2.00%, and is secured by a subordinate lien upon and pledge of tax increment revenues derived from the Front Street District. The bond resolution requires, among other things, that the District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the bonds when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the District, to redeem all or a portion of the bonds or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 22,870	\$ 26,196	\$ 49,066
2023	61,172	36,960	98,132
2024	62,401	35,731	98,132
2025	63,656	34,477	98,132
2026	64,935	33,197	98,132
2027-2031	344,787	145,875	490,661
2032-2036	380,859	109,802	490,661
2037-2041	420,705	69,956	490,661
2042-2046	464,720	25,941	490,661
Total	<u>\$ 1,886,105</u>	<u>\$ 518,135</u>	<u>\$ 2,404,240</u>

Notes Payable

Riverfront Triangle Series 2019 – Direct Borrowing

In March 2019, the City of Missoula approved the sale of \$1,529,318 of Subordinate Tax Increment Urban Renewal Revenue Note in the Riverfront Triangle District. The note was issued in June 2019 for the Stockman Bank Project and related infrastructure improvements. The note was issued at par, bear interest of 4.00%, and is secured by a subordinate lien upon and pledge of tax increment revenues derived from the Riverfront Triangle District. The note resolution requires, among other things, that the Riverfront Triangle District's tax increment revenues be deposited in a debt service fund as required to pay principal and interest on the note when due. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal activities within the Riverfront Triangle District, to redeem all or a portion of the note or to return a portion of the tax increment revenues to the taxing jurisdictions located within District, as provided by state law.

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

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Riverfront Triangle Series 2019 – Direct Borrowing (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ -	\$ 27,281	\$ 27,281
2023	39,829	53,766	93,595
2024	41,422	52,141	93,563
2025	43,079	50,451	93,530
2026	44,802	48,693	93,495
2027-2031	252,368	214,539	466,907
2032-2036	307,044	158,769	465,813
2037-2041	373,567	90,917	464,484
2042-2044	261,943	15,991	277,934
Total	<u>\$ 1,364,054</u>	<u>\$ 712,548</u>	<u>\$ 2,076,602</u>

MPC Note Payable

In December 2010, the Missoula Parking Commission (MPC) issued \$7,500,000 of bonds to fund the construction of a new parking structure. In April 2014, MPC refunded the 2010 bonds and issued new bonds totaling \$7,160,000. The Agency agreed to fund a portion of the bonds which will be supported by parking revenue and tax increment revenue. The bonds bear interest ranging from 2.00% to 4.35%. The Agency has committed to paying 40% of all principal and interest payments for the life of the bond. Under the terms of the agreement, the Agency will transfer \$133,425 of pledged tax increment funds to MPC in two equal installments each year.

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

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	283,393	1,019,393
2032-2036	892,000	118,435	1,010,435
Total	<u>\$ 2,240,000</u>	<u>\$ 815,438</u>	<u>\$ 3,055,438</u>

MISSOULA REDEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Brownfields RLF Note Payable – Direct Borrowing

In 2004, the City of Missoula applied for and received a \$1 million grant from the U.S. Environmental Protection agency (EPA) to create a revolving loan fund (RLF) to be used for brownfields remediation. The City entered into a subrecipient agreement with the Missoula Area Economic Development Corporation (MAEDC) to manage the revolving loan fund. MAEDC provided \$200,000 in matching funds required under the EPA grant, creating a total loan fund of \$1.2 million. In August 2006, MAEDC, at the direction of the Missoula Brownfields Cleanup RLF Committee, made a loan of \$1,000,000 bearing interest at 1.5% to Millsite Revitalization Project (MRP) LLC, the developer of the Old Sawmill District, with MRA and the City identified as co-borrowers. The loan will be repaid solely from tax increment revenue resulting from the increased taxable value of the property within the Old Sawmill District post remediation and platting. Subsequent tax increment revenue from property development will be available to the district for other uses. The note is not a general obligation of the City. For these reasons, the loan is reflected as a liability of MRA. The City received additional funding from EPA and in December 2009, MRA, MRP, and MAEDC elected to increase the loan by \$400,000 under the same terms. Subsequent to issuance, the servicing on the loan transferred to MoFi. In July 2012, the loan was increased to \$1.775 million.

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 51,300	\$ 11,638	\$ 62,938
2023	142,993	21,187	164,180
2024	145,189	18,990	164,179
2025	147,326	16,853	164,179
2026	149,546	14,632	164,178
2027-2031	863,785	39,331	903,116
Total	<u>\$ 1,500,139</u>	<u>\$ 122,631</u>	<u>\$ 1,622,770</u>

2010 Series First Interstate Bank Note Payable

In December 2010, the Agency issued a note with First Interstate Bank (the Bank) for \$1,623,380 to repay the Bank for project costs incurred that were legally eligible for reimbursement from tax increment funding. The Agency and the Bank agreed to a repayment schedule that included a subordinate note that was to be financed by the Bank's guaranteed minimum tax payments over 25 years at 6.55%.

On January 12, 2017, the Agency issued two subordinate lien revenue refunding bonds, Series 2017A and Series 2017B, which is a current refunding of the above note. Additional details related to the refunding are included above under the Series 2017A and Series 2017B Front Street Bonds. Due to the refunding, the Bank note was paid in full as of June 30, 2017.

MISSOULA REDEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 6. COMMITMENTS

The Agency has entered into contracts for various projects and activities as approved by the Board of Commissioners. As of June 30, 2021, the Agency had commitments totaling \$5,819,620 that will be financed from operating funds and bond proceeds.

Urban Renewal District II:

Public:

Police Facility	\$ 233,718
Burton Street Improvements	9,200
County Elections Complex	726,334
Sidewalks - 2nd & 3rd Street	497,394
Silver Park - Public Art	7,476
Legal Services	10,000
Trinity Apartments	53,256

Private:

MSJ Properties Housing	69,885
Burton Street Apartments	123,994
Sentinel Property Medical Offices	1,170,611
Ponderosa Village	96,000
	<u>\$ 2,997,868</u>

Urban Renewal District III:

Public:

Legal Services	\$ 10,000
Brooks Street Corridor	91,867
Mary Avenue West - Bond	13,474
MRL Property	18,464
Sidewalks	181,091
Street Trees	6,610

Private:

Horizon Credit Union	13,607
Tremper's Kent Plaza	38,961
	<u>\$ 374,074</u>

Front Street Urban Renewal District:

Public:

Payne/Library Block	\$ 25,000
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Private:

Levasseur Street Townhomes	6,956
Wren Hotel	587,212
	<u>\$ 619,168</u>

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

NOTE 6. COMMITMENTS (CONTINUED)

North Reserve/Scott Street Urban Renewal District:

Public:

Scott Street Redevelopment	\$ 74,469
Villagio Housing Project	1,339,178

Private:

Scott Street Property - Development Plan	160,908
	<u>\$ 1,574,555</u>

Hellgate District:

Public:

Fort/Main Street Two-Way Conversion	<u>\$ 153,955</u>
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Riverfront Triangle URD

Public:

Fort/Main Street Two-Way Conversion	<u>\$ 100,000</u>
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NOTE 7. PENSION PLAN

Summary of Significant Accounting Policies

Montana Public Employee Retirement Administration (MPERA) prepares financial statements using the accrual basis of accounting. The same accrual basis is 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. 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).

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

NOTE 7. PENSION PLAN (CONTINUED)

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.
Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.

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.

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Summary of Benefits (Continued)

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;

Compensation Cap

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

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS)

Summary of Benefits (Continued)

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.

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 pay 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.

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions

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

Fiscal Year	<u>Member</u>		<u>State &</u>	<u>Local Government</u>		<u>School Districts</u>	
	<u>Hired</u>	<u>Hired</u>	<u>Universities</u>	<u>Employer</u>	<u>State</u>	<u>Employer</u>	<u>State</u>
	<u><07/01/11</u>	<u>>07/01/11</u>	<u>Employer</u>	<u>Employer</u>			
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.
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.

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Overview of Contributions (Continued)

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.

b. Not Special Funding

- i. The State contributes a portion of Coal Severance Tax income and earnings from the Coal Trust Permanent Trust fund.

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.

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.

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

NOTE 7. PENSION 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 employer recorded a liability of \$592,149 and the employer's proportionate share was 0.02245 percent.

	Net Pension Liability as of 6/30/2020	Net Pension Liability as of 6/30/2019	Percent of Collective NPL as of 6/30/2020	Percent of Collective NPL as of 6/30/2019*	Change in Percent of Collective NPL
Agency's Proportionate Share	\$ 592,149	\$ 474,115	0.02245%	0.02268%	-0.00024%
State of Montana Proportionate Share associated with Agency	186,683	154,456	0.00708%	0.00739%	-0.00031%
Total	<u>\$ 778,832</u>	<u>\$ 628,571</u>	<u>0.02952%</u>	<u>0.03007%</u>	<u>-0.00055%</u>

* To be consistent with this year's calculation of the State of Montana Proportionate Share Associated with Employer Percent of Collective NPL, the June 30, 2019 percentage has been recalculated using the actual State percentage presented on the allocation instead of the 100% displayed last year. This does not change the dollar amount of the NPL as of June 30, 2019, just the percentage.

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 2.4%

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 significant effect on the employer's proportionate share of the collective NPL. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension. 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 REDEVELOPMENT AGENCY
 (A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pension Expense

At June 30, 2020, the Agency recognized \$106,877 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$30,531 for the state of Montana proportionate share of the pension expense associated with the Agency.

	Pension Expense as of 6/30/2020	Pension Expense as of 6/30/2019
Agency's Proportionate Share of PERS	\$ 106,877	\$ 80,987
State of Montana Proportionate Share associated with the Agency	30,531	10,486
Total	<u>\$ 137,408</u>	<u>\$ 91,473</u>

Recognition of Deferred Inflows and Outflows

At June 30, 2020, the Agency reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Expected versus actual experience	\$ 9,558	\$ 16,930
Projected investment earnings versus actual investment earnings	51,275	-
Changes in assumptions	41,004	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,781	-
Employer contributions subsequent to the measurement date	42,133	-
Total	<u>\$ 153,751</u>	<u>\$ 16,930</u>

Deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date in the amount of \$42,133 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Recognition of Deferred Inflows and Outflows (Continued)

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	\$ 24,038
2022	\$ 39,924
2023	\$ 17,916
2024	\$ 12,810
Thereafter	\$ -

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.

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.

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic basis
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>5.0%</u>	3.97%
Total	100.00%	

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.

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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>
City of Missoula's Net Pension Liability	\$ 39,588,031	\$ 28,761,158	\$ 19,666, 659
 Missoula Redevelopment Agency's Net Pension Liability	 \$ 815,058	 \$ 592,149	 \$ 404,907

PERS Disclosure for the Defined Contribution Plan

The Agency 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.

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.

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

NOTE 7. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

PERS Disclosure for the Defined Contribution Plan (Continued)

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 8. INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers are also used to reimburse Urban Renewal District III for the fund's share of administrative costs. A summary of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Urban Renewal District II	\$ 2,993,920	\$ 381,905
Urban Renewal District III	3,879,694	77,900
Front Street URD	708,350	-
Riverfront URD	372,209	200,000
NRSS URD	595,707	285,484
Hellgate URD	-	44,988
Debt Service	<u>3,551,087</u>	<u>11,110,690</u>
	<u>\$ 12,100,967</u>	<u>\$ 12,100,967</u>

NOTE 9. RISK MANAGEMENT

The Agency 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 Agency 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 REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. POSTEMPLOYMENT BENEFITS

The Agency participates in the City of Missoula'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 by the City, with input from the Employee Benefits Committee, and are approved by City Council. 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 Agency 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 of the Agency may remain on the City's health plan as long as they wish, provided they pay the monthly premiums. State law requires the Agency to provide this benefit. There are no other postemployment benefits provided by the Agency. The Agency has six employees participating in the plan, one retiree, and no C.O.B.R.A. participants.

The Agency 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 01, 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 85% of the total active premium, excluding dental coverage, and the City contributes the remaining 15% to the plan. The plan is financed on a pay-as-you-go basis with City and Agency 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 REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 10. POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Coverage	Retiree Contribution	MRA Contribution	Total Premium
Retiree	\$ 797.58	\$ 180.99	\$ 938.33
Retiree, spouse	917.52	189.99	1,079.44
Retiree, spouse, child	967.43	189.99	1,138.15
Retiree, child	847.48	190.00	997.04
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	\$ 154,239
Service Cost	8,581
Interest (2.66%)	3,362
Difference between expected and actual experience	(21,640)
Changes in assumptions	14,170
Employer Contributions	(5,183)
OPEB Liability, Ending Balance	<u>\$ 153,529</u>
Deferred Inflows of Resources	
Deferred Inflows of Resources, Beginning Balance	\$ (36,084)
Difference between expected and actual experience	(21,640)
Current year amortization of experience differences	9,525
Ending Balance	<u>\$ (48,199)</u>
Deferred Outflow of Resources	
Deferred Outflow of Resources, Beginning Balance	\$ 18,879
Changes in assumptions	14,170
Current year amortization of assumption changes	(5,287)
Ending Balance	<u>\$ 27,762</u>
OPEB Expense	<u>\$ 2,522</u>

The Agency's total OPEB liability is \$153,529 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

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

NOTE 10. POSTEMPLOYMENT BENEFITS (CONTINUED)

Medical Trend Rate	<u>Effective July 1</u>	<u>Trend Rate</u>
	2021	6.30%
	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.

<u>Changes of Assumptions</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Discount Rate	2.18%	2.66%	3.36%
Medical Trend	6.40%	6.40%	6.20%

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:

	<u>1% Decrease (1.18%)</u>	<u>Discount Rate (2.18%)</u>	<u>1% Increase (3.18%)</u>
Total OPEB Liability	<u>\$ 189,588</u>	<u>\$ 153,529</u>	<u>\$ 125,889</u>

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

	<u>1% Decrease (5.4%)</u>	<u>Trend Rate (6.4%)</u>	<u>1% Increase (7.4%)</u>
Total OPEB Liability	<u>\$ 122,228</u>	<u>\$ 153,529</u>	<u>\$ 196,087</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, 2021 was 6.89 years.

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

NOTE 10. POSTEMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred inflows and outflows of resources will be recognized in OPEB expense as follows.

Year	Actual to Expected Experience (Inflow)	Changes in Assumptions (Outflow)	Combined
2021	\$ (3,100)	\$ 2,030	\$ (1,070)
2022	(3,100)	2,030	(1,070)
2023	(3,100)	2,030	(1,070)
2024	(3,100)	2,030	(1,070)
2025	(3,100)	2,030	(1,070)
2026	(3,100)	2,030	(1,070)
2027	(3,038)	1,990	(1,048)
Total	<u>\$ (21,638)</u>	<u>\$ 14,170</u>	<u>\$ (7,468)</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. RELATED PARTY TRANSACTIONS

The Agency paid the City of Missoula \$303,127 for Administrative Services for fiscal year 2021 including \$142,330 for administrative assistance, \$6,170 for the Agency's pro-rata contribution to the City's employee health benefits fund, \$4,627 for the City's worker's compensation fund, and \$150,000 for other various expenses.

The City of Missoula provides the Agency with office space through a development agreement. The office space is currently being provided rent-free.

In June 2017, the City of Missoula acquired Mountain Water Company and assumed all of the notes between Mountain Water and the Agency. See Note 4 for additional information.

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

NOTE 12. GOVERNMENTAL FUND BALANCE REPORTING AND SPENDING PRIORITIES

The Agency previously adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds.

At June 30, 2021, the Agency had a total fund balance in Governmental funds of \$12,062,455. In accordance with GASB Statement No. 54 this fund balance has been classified as follows:

Special Revenue Funds		
Nonspendable	\$ 6,095	Prepaid expenses and notes receivable
Restricted	10,478,628	Restricted for urban renewal development
Debt Service		
Restricted	<u>1,577,732</u>	Restricted for debt service
	<u>\$12,062,455</u>	

NOTE 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 30, 2021, the date which the financial statements were available to be issued.

NOTE 14. DEFICIT NET POSITION

As of June 30, 2021, the Agency had a deficit net position of \$34,354,629. Liabilities and deferred inflows exceed assets and deferred outflows due to the inherent nature of the Agency. Debt is issued to fund urban renewal projects, which are not held as assets by the Agency. The debt held by the Agency is secured by tax increment revenues derived from related districts.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2021

	Urban Renewal District II				Urban Renewal District III			
	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final			Original	Final		
Budgetary Fund Balance, July 1, 2020	\$ 2,218,789	\$ 2,218,789	\$ 2,218,789	\$ -	\$ 3,724,045	\$ 3,724,045	\$ 3,724,045	\$ -
Resources (Inflows):								
Miscellaneous	16,533	16,533	1,929	(14,604)	6,040	6,040	-	(6,040)
Investment earnings (expense)	-	-	-	-	-	-	-	-
Tax increment property tax	-	-	-	-	-	-	-	-
State contribution PERS	-	-	-	-	449	449	475	26
State personal property tax reimbursement	-	-	-	-	-	-	-	-
Grant	-	-	-	-	-	-	156	156
State entitlement	-	-	-	-	-	-	-	-
Long-term debt proceeds	-	-	-	-	1,155,500	1,155,500	-	(1,155,500)
Transfers in	<u>2,776,361</u>	<u>2,777,476</u>	<u>2,993,920</u>	<u>216,444</u>	<u>3,347,515</u>	<u>3,346,047</u>	<u>3,879,694</u>	<u>533,647</u>
Amounts available for appropriation	<u>\$ 5,011,683</u>	<u>\$ 5,012,798</u>	<u>5,214,638</u>	<u>\$ 201,840</u>	<u>\$ 8,233,549</u>	<u>\$ 8,232,081</u>	<u>7,604,370</u>	<u>\$ (627,711)</u>
Charges to Appropriations (Outflows):								
Housing and community development	\$ 2,696,224	\$ 2,696,224	1,275,032	\$ (1,421,192)	\$ 2,934,436	\$ 2,934,436	2,859,927	\$ (74,509)
Capital outlay	1,813,670	1,813,670	230,281	(1,583,389)	3,987,494	3,987,494	631,520	(3,355,974)
Transfers to other governments	-	-	-	-	-	-	-	-
Transfers out	<u>400,000</u>	<u>400,000</u>	<u>381,905</u>	<u>(18,095)</u>	<u>141,709</u>	<u>141,709</u>	<u>77,900</u>	<u>(63,809)</u>
Total charges to appropriations	<u>\$ 4,909,894</u>	<u>\$ 4,909,894</u>	<u>1,887,218</u>	<u>\$ (3,022,676)</u>	<u>\$ 7,063,639</u>	<u>\$ 7,063,639</u>	<u>3,569,347</u>	<u>\$ (3,494,292)</u>
Budgetary Fund Balance, June 30, 2021			<u>\$ 3,327,420</u>				<u>\$ 4,035,023</u>	

Budget and Actual are presented on the budget basis of accounting. The Agency prepares its budget on the cash basis. Generally accepted accounting principles (GAAP) require the use of the modified accrual basis of accounting for governmental fund financial statements.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended June 30, 2021

	Front Street District				Riverfront Triangle District			
	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final			Original	Final		
Budgetary Fund Balance, July 1, 2020	\$ 647,780	\$ 647,780	\$ 647,780	\$ -	\$ 291,126	\$ 291,126	\$ 291,126	\$ -
Resources (Inflows):								
Miscellaneous	1,678	1,678	-	(1,678)	212	212	-	(212)
Investment earnings (expense)	-	-	-	-	-	-	-	-
Tax increment property tax	-	-	-	-	-	-	-	-
State contribution PERS	-	-	-	-	-	-	-	-
State personal property tax reimbursement	-	-	-	-	-	-	-	-
Grant	-	-	-	-	-	-	-	-
State entitlement	-	-	-	-	-	-	-	-
Long-term debt proceeds	-	1,886,105	1,886,105	-	-	-	-	-
Transfers in	<u>726,209</u>	<u>725,638</u>	<u>708,350</u>	<u>(17,288)</u>	<u>394,670</u>	<u>394,483</u>	<u>372,209</u>	<u>(22,274)</u>
Amounts available for appropriation	<u>\$ 1,375,667</u>	<u>\$ 3,261,201</u>	<u>3,242,235</u>	<u>\$ (18,966)</u>	<u>\$ 686,008</u>	<u>\$ 685,821</u>	<u>663,335</u>	<u>(22,486)</u>
								-
Charges to Appropriations (Outflows):								
Housing and community development	\$ 1,175,487	\$ 3,079,592	2,564,613	\$ (514,979)	\$ -	\$ -	5,650	\$ 5,650
Capital outlay	-	-	-	-	645,798	645,798	-	(645,798)
Transfers to other governments	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	100,000	100,000	200,000	100,000
Total charges to appropriations	<u>\$ 1,175,487</u>	<u>\$ 3,079,592</u>	<u>2,564,613</u>	<u>\$ (514,979)</u>	<u>\$ 745,798</u>	<u>\$ 745,798</u>	<u>205,650</u>	<u>\$ (540,148)</u>
Budgetary Fund Balance, June 30, 2021			<u>\$ 677,622</u>				<u>\$ 457,685</u>	

Budget and Actual are presented on the budget basis of accounting. The Agency prepares its budget on the cash basis. Generally accepted accounting principles (GAAP) require the use of the modified accrual basis of accounting for governmental fund financial statements.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUNDS (CONTINUED)
For the Year Ended June 30, 2021

	North Reserve Scott Street District				Hellgate District			
	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final			Original	Final		
Budgetary Fund Balance, July 1, 2020	\$ 1,141,830	\$ 1,141,830	\$ 1,141,830	\$ -	\$ 451,976	\$ 451,976	\$ 451,976	\$ -
Resources (Inflows):								
Miscellaneous	486	486	-	(486)	25	25	-	(25)
Investment earnings (expense)	-	-	-	-	-	-	-	-
Tax increment property tax	-	-	-	-	338,714	338,582	339,303	721
State contribution PERS	-	-	-	-	-	-	-	-
State personal property tax reimbursement	-	-	-	-	-	-	-	-
Grant	-	-	-	-	-	-	-	-
State entitlement	-	-	-	-	-	-	-	-
Long-term debt proceeds	6,604,000	6,604,000	6,604,000	-	-	-	-	-
Transfers in	<u>785,102</u>	<u>794,347</u>	<u>595,707</u>	<u>(198,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts available for appropriation	<u>\$ 8,531,418</u>	<u>\$ 8,540,663</u>	<u>8,341,537</u>	<u>\$ (199,126)</u>	<u>\$ 790,715</u>	<u>\$ 790,583</u>	<u>791,279</u>	<u>696</u>
Charges to Appropriations (Outflows):								
Housing and community development	\$ 1,605,176	\$ 1,605,176	320,970	\$ (1,284,206)	\$ -	\$ -	113,861	\$ 113,861
Capital outlay	6,647,110	6,647,110	6,380,540	(266,570)	762,997	762,997	-	(762,997)
Transfers to other governments	-	-	-	-	-	-	-	-
Transfers out	<u>285,676</u>	<u>285,676</u>	<u>285,484</u>	<u>(192)</u>	<u>25,000</u>	<u>25,000</u>	<u>44,988</u>	<u>19,988</u>
Total charges to appropriations	<u>\$ 8,537,962</u>	<u>\$ 8,537,962</u>	<u>6,986,994</u>	<u>\$ (1,550,968)</u>	<u>\$ 787,997</u>	<u>\$ 787,997</u>	<u>158,849</u>	<u>\$ (629,148)</u>
Budgetary Fund Balance, June 30, 2021			<u>\$ 1,354,543</u>				<u>\$ 632,430</u>	

Budget and Actual are presented on the budget basis of accounting. The Agency prepares its budget on the cash basis. Generally accepted accounting principles (GAAP) require the use of the modified accrual basis of accounting for governmental fund financial statements.

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BUDGETARY COMPARISON SCHEDULE – BUDGET-TO-GAAP RECONCILIATION –
SPECIAL REVENUE FUNDS
June 30, 2021

Explanation of perspective differences between budgetary inflows
and outflows and GAAP revenues and expenditures

	Urban Renewal District II	Urban Renewal District III	Front Street District	Riverfront Triangle District	N. Reserve Scott Street District	Hellgate District
Sources/Inflows of Resources						
Actual available for appropriation from the budgetary comparison schedule	\$5,214,638	\$ 7,604,370	\$3,242,235	\$ 663,335	\$ 8,341,537	\$ 791,279
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,218,789)	(3,724,045)	(647,780)	(291,126)	(1,141,830)	(451,976)
Issuance of long-term debt is a budgetary resource but is not a current year revenue for financial reporting purposes	-	-	(1,886,105)	-	(6,604,000)	-
Transfers from other funds are inflows of budgetary resource but are not revenues for financial reporting purposes	<u>(2,993,920)</u>	<u>(3,879,694)</u>	<u>(708,350)</u>	<u>(372,209)</u>	<u>(595,707)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 1,929</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,303</u>
Uses/Outflows of Resources						
Actual total charges to appropriations from the budgetary comparison schedule	\$1,887,218	\$ 3,569,347	\$2,564,613	\$ 205,650	\$ 6,986,994	\$ 158,849
Transfers to other governments are outflows of budgetary resources but are not expenditures for financial reporting purposes	-	-	-	-	-	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(381,905)</u>	<u>(77,900)</u>	<u>-</u>	<u>(200,000)</u>	<u>(285,484)</u>	<u>(44,988)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$1,505,313</u>	<u>\$ 3,491,447</u>	<u>\$2,564,613</u>	<u>\$ 5,650</u>	<u>\$ 6,701,510</u>	<u>\$ 113,861</u>

MISSOULA REDEVELOPMENT AGENCY
(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*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPEB Liability, Beginning Balance	\$ 154,239	\$ 160,783	\$ 154,831	\$ 37,224
Restatement-Change in Accounting Principle	-	-	-	110,299
Restated Beginning Balance	154,239	160,783	154,831	147,523
Service Cost	8,581	8,571	8,955	9,097
Interest	3,362	3,878	5,202	5,090
Deferred Inflows - Difference between expected and actual experience	(21,640)	(33,250)	(7,572)	(3,823)
Deferred Outflow - Changes in assumptions	14,170	19,780	2,668	82
Employer Contributions	(5,183)	(5,523)	(3,301)	(3,138)
Net Change	(710)	(6,544)	5,952	7,308
Ending Balance	<u>\$ 153,529</u>	<u>\$ 154,239</u>	<u>\$ 160,783</u>	<u>\$ 154,831</u>
Covered Payroll	503,411	489,342	406,381	395,024
Total Other Post-Employment Benefits Liability as a percentage of Covered Payroll	30.5%	31.5%	39.6%	39.2%

Note to Schedule: Assets are not accumulated in a trust to pay related benefits that meets the criteria in GASB 75, paragraph 4.

**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.*

MISSOULA REDEVELOPMENT AGENCY
(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*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability as a percentage	0.02245%	0.02268%	0.02231%	0.02584%	0.02805%	0.02372%	0.02343%
Employer's net pension liability as an amount	\$ 592,149	\$ 474,115	\$ 465,741	\$ 503,250	\$ 477,765	\$ 331,558	\$ 291,968
State of Montana's net pension liability associated with the Agency	<u>186,683</u>	<u>154,456</u>	<u>156,105</u>	<u>6,819</u>	<u>5,838</u>	<u>4,073</u>	<u>3,565</u>
Total	<u>\$ 778,832</u>	<u>\$ 628,571</u>	<u>\$ 621,846</u>	<u>\$ 510,069</u>	<u>\$ 483,603</u>	<u>\$ 335,631</u>	<u>\$ 295,533</u>
Employer's covered payroll**	\$ 376,591	\$ 374,241	\$ 366,991	\$ 320,532	\$ 335,973	\$ 279,336	\$ 265,198
Employer's proportionate share as a percentage of covered payroll	157.24%	126.69%	126.91%	157.00%	142.20%	118.70%	110.09%
Plan fiduciary net position as a percentage of the total pension liability	76.03%	75.43%	74.90%	98.66%	98.79%	98.79%	98.79%

**The amounts presented for each fiscal year were determined as of June 30, the measurement date.*

***All employer adjustments made in the current fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.*

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

MISSOULA REDEVELOPMENT AGENCY
(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*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 32,994	\$ 32,187	\$ 31,083	\$ 26,829	\$ 30,804	\$ 24,657	\$ 22,861
Contributions in relation to the contractually required contributions	<u>32,994</u>	<u>32,187</u>	<u>31,083</u>	<u>26,829</u>	<u>30,804</u>	<u>24,657</u>	<u>22,861</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll**	\$ 376,591	\$ 374,241	\$ 366,991	\$ 320,532	\$ 335,973	\$ 279,336	\$ 265,198
Contributions of covered-employee payroll	8.76%	8.60%	8.47%	8.37%	9.17%	8.83%	8.62%

**The amounts presented for each fiscal year were determined as of June 30, the most recent fiscal year end.*

***All employer adjustments made in the current fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.*

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

MISSOULA REDEVELOPMENT AGENCY
(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 provisions were made as identified:

2017 Legislative Changes:

Working Retiree Limitations – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-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 a 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 only a 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 became 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 REDEVELOPMENT AGENCY
(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 2016 Experience Study:

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	4-year smoothed market
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, 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)	Form males and females: RP 2000 Combined Mortality Table
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 REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BALANCE SHEET – COMBINING DEBT SERVICE
June 30, 2021

	URD II Bonds	Safeway St. Patrick Hospital Bonds	Front Street Notes & Bonds	Inter- Mountain Bonds	URD III Bonds	N. Reserve Scott Street Bonds	Riverfront Bonds	Total
ASSETS								
CURRENT ASSETS								
Cash and investments	\$ -	\$ 67,759	\$ 275,448	\$ 1	\$ 74,800	\$ 302,298	\$ 95,091	\$ 815,397
Taxes/assessments receivable, net	258,037	-	155,597	-	186,757	19,962	54,666	675,019
Other current assets	-	-	87,690	-	-	-	-	87,690
Due from other governments	56,326	-	40,388	-	328,976	112,061	12,897	550,648
	<u>314,363</u>	<u>67,759</u>	<u>559,123</u>	<u>1</u>	<u>590,533</u>	<u>434,321</u>	<u>162,654</u>	<u>2,128,754</u>
NONCURRENT ASSETS								
Restricted cash	<u>674,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674,645</u>
Total assets	<u>\$ 989,008</u>	<u>\$ 67,759</u>	<u>\$ 559,123</u>	<u>\$ 1</u>	<u>\$ 590,533</u>	<u>\$ 434,321</u>	<u>\$ 162,654</u>	<u>\$ 2,803,399</u>
LIABILITIES								
CURRENT LIABILITIES								
Interfund payable	\$ 102,996	\$ -	\$ 162,018	\$ -	\$ 437,519	\$ 128,749	\$ 55,098	\$ 886,380
Accrued interest payable	-	-	-	-	-	-	-	-
Total liabilities	<u>102,996</u>	<u>-</u>	<u>162,018</u>	<u>-</u>	<u>437,519</u>	<u>128,749</u>	<u>55,098</u>	<u>886,380</u>
DEFERRED INFLOW OF RESOURCES:								
Uncollected tax revenue	211,366	-	33,967	-	78,215	3,274	12,465	339,287
Total deferred inflow of resources	<u>211,366</u>	<u>-</u>	<u>33,967</u>	<u>-</u>	<u>78,215</u>	<u>3,274</u>	<u>12,465</u>	<u>339,287</u>
FUND BALANCES								
Restricted	674,646	67,759	363,138	1	74,799	302,298	95,091	1,577,732
Total fund balances	<u>674,646</u>	<u>67,759</u>	<u>363,138</u>	<u>1</u>	<u>74,799</u>	<u>302,298</u>	<u>95,091</u>	<u>1,577,732</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 989,008</u>	<u>\$ 67,759</u>	<u>\$ 559,123</u>	<u>\$ 1</u>	<u>\$ 590,533</u>	<u>\$ 434,321</u>	<u>\$ 162,654</u>	<u>\$ 2,803,399</u>

MISSOULA REDEVELOPMENT AGENCY

(A Component Unit of the City of Missoula)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – COMBINING DEBT SERVICE

For the Year Ended June 30, 2021

	URD II Bonds	Brownfields RLF Note	Safeway St. Patrick Hospital Bonds	Front Street Notes & Bonds	Inter- Mountain Bonds	URD III Bonds	N. Reserve Scott Street Bonds	Riverfront Bonds	Total
REVENUES									
Tax increment property tax	\$ 3,281,061	\$ -	\$ -	\$ 1,441,556	\$ -	\$ 3,759,534	\$ 1,387,171	\$ 457,634	\$ 10,326,956
State Entitlement/CMAQ Funds	255,260	-	-	-	-	-	-	-	255,260
State Personal Property Tax									
Reimbursement	187,331	-	-	53,975	-	277,850	-	9,316	528,472
Miscellaneous	-	-	2,792	-	-	-	-	-	2,792
Total revenues	<u>3,723,652</u>	<u>-</u>	<u>2,792</u>	<u>1,495,531</u>	<u>-</u>	<u>4,037,384</u>	<u>1,387,171</u>	<u>466,950</u>	<u>11,113,480</u>
EXPENDITURES									
<u>Current:</u>									
Interest expense	225,022	22,752	73,335	449,300	53,062	718,605	327,478	56,093	1,925,647
Principal expense	449,000	19,176	65,000	336,201	93,000	514,611	516,349	38,297	2,031,634
Miscellaneous	-	-	-	-	-	-	-	-	-
Total expenditures	<u>674,022</u>	<u>41,928</u>	<u>138,335</u>	<u>785,501</u>	<u>146,062</u>	<u>1,233,216</u>	<u>843,827</u>	<u>94,390</u>	<u>3,957,281</u>
Excess (deficiency) of revenues over expenditures	<u>3,049,630</u>	<u>(41,928)</u>	<u>(135,543)</u>	<u>710,030</u>	<u>(146,062)</u>	<u>2,804,168</u>	<u>543,344</u>	<u>372,560</u>	<u>7,156,199</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	406,225	41,928	135,518	787,180	146,062	887,484	1,051,949	94,741	3,551,087
Transfers out	<u>(3,723,653)</u>	<u>-</u>	<u>-</u>	<u>(1,495,530)</u>	<u>-</u>	<u>(4,037,385)</u>	<u>(1,387,172)</u>	<u>(466,950)</u>	<u>(11,110,690)</u>
Total other financing sources (uses)	<u>(3,317,428)</u>	<u>41,928</u>	<u>135,518</u>	<u>(708,350)</u>	<u>146,062</u>	<u>(3,149,901)</u>	<u>(335,223)</u>	<u>(372,209)</u>	<u>(7,559,603)</u>
Net change in fund balance	(267,798)	-	(25)	1,680	-	(345,733)	208,121	351	(403,404)
FUND BALANCES									
Beginning of year	<u>942,444</u>	<u>-</u>	<u>67,784</u>	<u>361,458</u>	<u>1</u>	<u>420,532</u>	<u>94,177</u>	<u>94,740</u>	<u>1,981,136</u>
End of year	<u>\$ 674,646</u>	<u>\$ -</u>	<u>\$ 67,759</u>	<u>\$ 363,138</u>	<u>\$ 1</u>	<u>\$ 74,799</u>	<u>\$ 302,298</u>	<u>\$ 95,091</u>	<u>\$ 1,577,732</u>

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE
For the Year Ended June 30, 2021

	Major Debt Service			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1, 2020	\$ 1,981,136	\$ 1,981,136	\$ 1,981,136	\$ -
Resources (Inflows):				
Miscellaneous	2,667	2,792	2,792	-
Long-term debt proceeds	-	-	-	-
Tax increment property tax	10,395,691	10,405,299	10,326,956	(78,343)
State personal property tax reimbursement	528,472	528,472	528,472	-
State entitlement	255,260	255,260	255,260	-
Transfers in	4,101,950	4,301,873	3,551,087	(750,786)
Amounts available for appropriation	<u>\$ 17,265,176</u>	<u>\$ 17,474,832</u>	<u>16,645,703</u>	<u>\$ (829,129)</u>
Charges to Appropriations (Outflows):				
Debt service expenditures	\$ 3,700,553	\$ 3,959,015	3,957,281	\$ (1,734)
Miscellaneous	-	-	-	-
Transfers out	11,179,423	11,200,194	11,110,690	(89,504)
Total charges to appropriations	<u>\$ 14,879,976</u>	<u>\$ 15,159,209</u>	<u>15,067,971</u>	<u>\$ (91,238)</u>
Budgetary Fund Balance, June 30, 2021			<u>\$ 1,577,732</u>	

MISSOULA REDEVELOPMENT AGENCY
(A Component Unit of the City of Missoula)
BUDGETARY COMPARISON SCHEDULE – BUDGET-TO-GAAP RECONCILIATION –
DEBT SERVICE
June 30, 2021

Explanation of perspective differences between budgetary inflows
and outflows and GAAP revenues and expenditures

Sources/Inflows of Resources

Actual available for appropriation from the budgetary comparison schedule	\$ 16,645,703
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,981,136)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(3,551,087)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 11,113,480</u>

Uses/Outflows of Resources

Actual total charges to appropriations from the budgetary comparison schedule	\$ 15,067,971
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(11,110,690)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,957,281</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 Redevelopment Agency
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 the governmental activities and each major fund of Missoula Redevelopment Agency (the Agency), 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 Agency's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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. We did not identify any deficiencies in internal control we that we consider to be material weaknesses. 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 over financial reporting 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 Agency's financial statements are free of 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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson Zurmuehlen & Co., P.C.

Missoula, Montana
December 30, 2021



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