



ANNUAL FINANCIAL STATEMENTS

Year Ended June 30, 2024

Missoula Parking Commission, Missoula MT
(A Component Unit of the City of Missoula)

Introductory Section

Listing of Officials	1
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Financial Section

Independent Auditor's Report	2
Management's Discussion and Analysis	5

Basic Financial Statements

Statement of Net Position	9
Statement of Revenue, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	14

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios.....	34
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.....	35
Notes to the Schedules of Employer's Share of Net Pension Liability and Schedules of Employer's Contributions	37

Supplementary Information

Schedule of Coverage for the Series 2014 Bonds	39
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Internal Control and Compliance Section

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 <i>Government Auditing Standards</i>	40
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Missoula Parking Commission

Listing of Officials

June 30, 2024

Name	Position	Business	Term End
Appointed by the Mayor			
Joe Easton	Board Member - Chair	Coco-Cola Bottling Co. High Country	April 30, 2028
Peter Walker -Keleher	Board Member	DJ&A, P.C.	April 30, 2025
Mike Steinberg	Board Member	Roxy Theatre	April 30, 2028
Tiffany Brander	Board Member	Home Manager	April 30, 2027
JR Casillas	Board Member	DM&L, P.C.	April 30, 2027
Officer			
Jodi Pilgrim	Director		



Financial Section

Year Ended June 30, 2024

Missoula Parking Commission



Independent Auditor's Report

To the Board of Commissioners
Missoula Parking Commission
Missoula, Montana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Missoula Parking Commission (the Commission) a component unit of the City of Missoula, Montana, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of June 30, 2024, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in other post-employment benefits liability and related ratios for the last ten fiscal years, the schedule of proportionate share of the PERS net pension liability for the last ten fiscal years, the schedule of contributions for the last ten fiscal years, and the notes to the required supplementary information be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of coverage for the series 2014 bonds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Commission's 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 Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Billings, Montana
March 28, 2025

The purpose of management's discussion and analysis (MD&A) is to help the readers understand what the financial statements and notes in this financial report say about the Missoula Parking Commission's (the Commission) financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Commission's finances.

The Commission 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 Commission are reviewed and approved by the Missoula City Finance Office and the Missoula City Council.

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

If you have questions about this report or require further information, contact the Finance Department at 128 W. Main Street, Missoula, MT. 59802 or (406) 552,6250.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended as an introduction to the Commission's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements 2) Statement of Cash Flows, and 3) notes to the basic financial statements. In addition to the basic financial statements, also provided are required and other supplementary information.

Government-Wide Financial Statements

The *Statement of Net Position* presents information on all the Commission's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* reports how the Commission's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Notes to the Basic Financial Statements

The next section of this financial report contains notes to financial statements, which delve deeper into the Commission's finances as reported in the financial statements. The information in the notes is as important to understanding the Commission's finances as the information in the financial statements. The Commission uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

ANALYSIS OF THE COMMISSION'S FINANCES

Table A-1
Missoula Parking Commission's Summary of Net Position

	2024	2023	Increase (Decrease)
Assets			
Current assets	\$ 2,801,494	\$ 2,694,417	\$ 5,495,911
Noncurrent assets	18,225,803	18,501,805	(276,002)
Total assets	21,027,297	21,196,222	5,219,909
Deferred Outflows of Resources	154,556	112,750	41,806
Liabilities			
Current liabilities	\$ 796,565	\$ 781,935	\$ 14,630
Long-term liabilities	5,171,282	5,480,769	(309,487)
Total liabilities	5,967,847	6,262,704	(294,857)
Deferred Inflows of Resources	203,034	154,250	48,784
Total Deferred Inflows of Resources			
Net Position			
Net investment in capital assets	11,398,531	10,520,848	877,683
Restricted for debt service	779,521	720,454	59,067
Unrestricted	2,832,920	3,650,716	(817,796)
Total Net Position	\$ 15,010,972	\$ 14,892,018	\$ 118,954

Table A-2
Missoula Parking Commission's Summary of Activities

	2024	2023	Increase (Decrease)
Operating Revenue	\$ 3,080,325	\$ 3,080,755	\$ (430)
Operating Expenses	2,844,281	2,626,253	218,028
Operating Income	236,044	454,502	(218,458)
Nonoperating Revenue (Expense)	(117,091)	(101,489)	(15,602)
Change in Net Position	118,953	353,013	(234,060)
Net Position, Beginning of Year	14,892,019	14,539,006	
Net Position, End of Year	<u>\$ 15,010,972</u>	<u>\$ 14,892,019</u>	

Fiscal Year 2024 (FY24) was a year of operational improvements and increased data collection. The Commission saw revenues decrease slightly over the previous fiscal year. The Commission continued to operate to ensure public safety and financial security while meeting the needs of our parkers within our jurisdiction.

In reviewing the financial highlights from an operational perspective, the overall operating revenue of \$3,080,325 and operating expenses of \$2,844,281 resulted in a net operating income of \$236,044, a \$218,458 decrease from Fiscal Year (FY23). However, at the year end, the net position of \$15,010,972, was a \$118,953 increase from FY23.

Short term parking revenue decreased by \$38,632 compared to FY23. The decrease in revenue can be attributed to the completion of a major construction project that required use of many lease spaces in the Riverside Lot. The construction project was completed in FY23 and throughout FY23 the Commission was receiving revenue from the contractor for use of those spaces which did not continue in FY24.

Long term parking revenue was up by approximately \$99,926 from FY23. The Commission continues to use utilization data from our leased lots to make operational adjustments to current oversell rates in our leased lots. The Commission also continues to increase efficiency and response time in turning around canceled leases and selling them back to customers on waiting lists. These small changes to the leased parking operation have increased efficiency and, in turn, increased revenues in this category.

Parking fine revenue decreased from FY23 by \$62,988. With the decrease in fine revenue, the Commission issued less tickets compared to FY23. With a total of 35,358 tickets issued, which was a decrease of 9,143 tickets from FY23. In FY24, approximately 43.00% of all tickets issued were first meter and first overtime tickets, carrying a \$0.00 fine.

General operating expenses of \$2,844,281 in FY24 increased by \$218,028 from FY23. Personnel expenses were up \$313,047 from FY23. In FY24, the Commission saw increased expenses in Personnel and its contract with the City of Missoula and a decrease in Depreciation and Amortization, Repairs, Maintenance and supplies, and Other Operating Expenses.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

The Commission had \$0 in its beginning balance of construction in progress. During FY24, the Commission began three capital improvement projects that were still in process at the end of the year. Two projects were for LPR Phase II and PARCS Phase II, which included technology upgrades such as camera and certain software upgrades. The third project was for the Bank Street structure, which included upgrades to the garage. This resulted in an ending balance of construction in progress of \$231.7 thousand. Additional information can be found in Note 4 related to capital assets.

Long-term financing

The Commission did not issue any new long-term debt in FY24. Instead, the Commission paid its annual debt obligations of \$488.3 thousand resulting in a reduction to its long-term financing of 9.22% from the prior year. Additional information can be found in Note 5 related to long-term financing.

Missoula Parking Commission
Statement of Net Position
June 30, 2024

Assets and Deferred Outflows of Resources

Current assets

Cash and cash equivalents	\$ 2,311,592
Investments	12,863
Other Receivables	285,049
Prepaid expenses	63,990
Current portion of note receivable	<u>128,000</u>

Total current assets	<u>2,801,494</u>
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Noncurrent assets

Capital assets - net	15,499,204
Restricted Cash and cash equivalents	968,529
Note receivable - net of current portion	1,758,000
Other Assets	<u>70</u>

Total noncurrent assets	<u>18,225,803</u>
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Deferred Outflows of Resources

OPEB contributions and adjustments	122,131
Pension contributions and adjustments	<u>32,425</u>

Total deferred outflow of resources	<u>154,556</u>
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Total Assets and Deferred Outflows of Resources	<u><u>\$ 21,181,853</u></u>
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Missoula Parking Commission
Statement of Net Position
June 30, 2024

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities	
Accounts payable	\$ 72,196
Accrued liabilities	153,639
Accrued bond interest	48,517
Due from other governments	94,180
Current portion of compensated absences	14,325
Current portion of bonds payable	320,000
Current portion of asset purchase agreement obligations	93,708
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Total Current Liabilities	796,565
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Long-term liabilities	
Net pension liability	662,637
Other postemployment benefits (OPEB) liability	44,175
Compensated absences - less current portion	69,470
Revenue bonds payable - less current portion	4,395,000
	<hr/>
Total Long-term liabilities	5,171,282
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Total Liabilities	5,967,847
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Deferred Inflows of Resources	
Pension adjustments	23,635
OPEB adjustments	107,913
Gain on refunding of debt	71,486
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Total Deferred Inflows of Resources	203,034
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Net Position	
Net investment in capital assets	11,398,531
Restricted for debt service	779,521
Unrestricted	2,832,920
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Total Net Position	15,010,972
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Total Liabilities, Deferred inflows of resources, and net position	\$ 21,181,853
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Missoula Parking Commission
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2024

Operating Revenue	
Parking revenues	\$ 2,805,883
Ticket revenues	256,555
Contributions	<u>17,887</u>
Total operating revenue	<u>3,080,325</u>
Operating Expenses	
Personnel	1,144,027
Contract - City of Missoula	236,724
Depreciation and amortization	627,725
Repairs, maintenance, and supplies	140,857
Other operating expenses	<u>694,948</u>
Total Operating Expenses	<u>2,844,281</u>
Operating Income	<u>236,044</u>
Nonoperating Revenue (Expense)	
Investment earnings	84,405
Bond Interest	<u>(201,496)</u>
Total Nonoperating Expense	<u>(117,091)</u>
Change in Net Position	118,953
Net Position, Beginning of Year	<u>14,892,019</u>
Net Position, End of Year	<u><u>\$ 15,010,972</u></u>

Missoula Parking Commission

Statement of Cash Flows

Year Ended June 30, 2024

Cash Flows From Operating Activities	
Cash receipts from customers	\$ 3,018,747
Cash payments to suppliers	(1,046,289)
Cash payments to employees	(957,113)
	<u>1,015,345</u>
Net Cash Flows Provided by Operating Activities	
Net Cash Flows From Capital and Related Financing Activities	
Revenue bond principal paid	(305,000)
Purchases of capital assets	(231,648)
Asset purchase agreement payments	(183,282)
Revenue bond interest	(210,470)
	<u>(930,400)</u>
Net Cash Flows Used in Capital and Related Financing Activities	
Cash Flows form Investing Activities	
Sale of investments - net	410
Collections on note receivable	122,000
Investment earnings	84,406
	<u>206,816</u>
Net cash Flows provided by Investing Activities	
Net Change in Cash and Cash Equivalents	291,761
Cash and Cash Equivalents, Beginning of Year	<u>2,988,360</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,280,121</u></u>

Missoula Parking Commission

Statement of Cash Flows

Year Ended June 30, 2024

Reconciliation of operating income to net cash flows provided by operating activities	
Operating income	\$ 236,044
Adjustments to reconcile operating income to net cash flows provided by operating activities	
Depreciation and amortization	627,725
Changes in:	
Other Receivables	(61,578)
Prepaid Expenses	6,217
Pension contributions and adjustments	207,965
OPEB contributions and adjustments	(43,606)
Accounts Payable	20,023
Accrued liabilities	22,555
	<u> </u>
Net Cash flows provided by operating activities	<u>\$ 1,015,345</u>
Supplemental Disclosures of Noncash Activities	
Change in net pension liability	195,030
Change in OPEB liability	<u>(43,606)</u>

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

The Missoula Parking Commission of Missoula's (the "District") financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

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

Parking Operations, Facilities, and Rates

The Commission manages approximately 134 multi space parking meters kiosks that are located both on street and in various off street lots throughout Missoula's downtown. The Commission also manages approximately 1,124 off street leased parking spaces and 160 on street leased parking spaces utilized mainly by downtown employees. The Commission also operates four parking structures (Central Park, Park Place, ROAM, and the Bank Street Structure) that offer both short term and long-term parking. The Commission's jurisdiction extends beyond the Central Business District and includes a Residential Parking Permit Program adjacent to The University of Montana with approximately 1,074 on street parking spaces (864 permitted spaces and 213 unpermitted spaces). The approximate percentage of revenues from all sources was as follows:

June 30, 2024	
Leased Spaces	37%
Parking meters	44%
Parking Tickets	10%
Other sources	3%
Parking Structures	6%
	<hr/>
	100%

For the year ended June 30, 2024, on-street hourly parking fees were based on an escalating rate structure as follows: .5 hour \$.50, 1 hour \$1.00, 2 hours \$2.00, 3 hours \$3.50, 4 hours \$5.50, 5 hours \$8.00, 6 hours \$11.00, 7 hours \$14.50, and 8 hours \$18.50. The short-term parking fees for the parking structures were as follows for the year ended June 30, 2024: in Park Place, ROAM, and Central Park, first hour free and \$1.00/hr. for each subsequent hour. Bank Street, New Park, and East Front lots are \$1.00/hr. Lease rates range from \$35.00 to \$85.00 per month. The average lease rate for the lots and structures was \$57.81 per month.

Basis of Accounting

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

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

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

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

Budget

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

Cash and Cash Equivalents, Investments, and Investment Income

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

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

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

Capital Assets and Depreciation

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

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

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

Compensated Absences

Under terms of state law, Commission employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for all accumulated vacation leave and 25.00% of accumulated sick leave. Compensated absences to be funded from future resources are reflected in accrued expenses to the extent they are vested.

Net Position Classifications

The Commission classifies its net position as follows:

Net Investment in Capital Assets - The Commission's investment in property and equipment, net of depreciation and related outstanding debt.

Restricted - Resources that are not expendable due to bond agreements are reported as restricted net assets. Restricted net assets are principally amounts that are restricted for debt service. The Commission generally applies restricted resources to expenses incurred before using unrestricted resources when both restricted and unrestricted net assets are available.

Unrestricted - Resources over which the governing board has discretionary control.

Restricted Assets

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

Other Receivables

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

Other Post-Employment Benefits

The Commission recognizes and reports its post-employment health care benefits in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*.

Note 2 - Cash and Cash Equivalents and Investments

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

June 30, 2024	
Cash on hand	\$ 957
Demand Deposits	3,279,164
Cerificates of deposit	<u>12,863</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 3,292,984</u>
Restricted cash held for debt service rerserves	<u>(968,529)</u>
Net Cash and Cash Equivalents and Investments	<u><u>2,324,455</u></u>

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

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

Note 3 - Note Receivable

In December 2010, Missoula Redevelopment Agency (MRA) agreed to fund \$3,000,000 of the Series 2010B bonds issued to construct the Park Place parking structure. These bonds were later refunded with the Series 2014 refunding bonds. MRA has committed to paying 40.00% of the principal and interest for the life of the bonds. Under the terms of the agreement, MRA will transfer \$133,425 to the Commission on March 15 and September 14 of each year. The difference between MRA's transfer and the actual debt service will be refunded back to MRA on October 15 of each year. As of June 30, 2024, the Commission has recorded a liability of \$94,180 which reflects the difference between MRA's transfer and the actual debt service amount.

Missoula Parking Commission

Notes to Financial Statements

June 30, 2024

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

	Principal	Interest	Total
2025	128,000	78,490	206,490
2026	130,000	73,370	203,370
2027	136,000	68,170	204,170
2028	142,000	62,730	204,730
2029	146,000	53,861	199,861
2030-2034	826,000	172,057	998,057
2035-2036	378,000	16,574	394,574
Totals	1,886,000	525,252	2,411,252

Note 4 - Capital Assets

Capital asset activity consists of the following for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Parking lots and Land	\$ 3,587,760	\$ -	\$ -	\$ 3,587,760
Construction in progress	-	231,648	-	231,648
Total capital assets, not being depreciated	3,587,760	231,648	-	3,819,408
Capital assets, being depreciated				
Parking structures	15,846,477	-	-	15,846,477
Furniture, fixtures, and computers	25,748	-	-	25,748
Machinery, equipment, and vehicles	2,754,512	-	-	2,754,512
Parking lot improvements	1,204,767	-	-	1,204,767
Subtotals	19,831,504	-	-	19,831,504
Less accumulated depreciation				
Accumulated depreciation	7,523,983	627,725	-	8,151,708
Total capital assets, being depreciated, net	12,307,521	(627,725)	-	11,679,796
Capital Assets, Net	\$ 15,895,281	\$ (396,077)	\$ -	\$ 15,499,204

Note 5 - Long -Term Liabilities**Revenue Bonds – Direct Placement**

Long term debt consists of:

\$7,160,000 Series 2014 refunding bonds, 2.00% to 4.35%, due in varying amounts in october 2035	\$ 4,715,000
Current portion	<u>(320,000)</u>
Non-current revenue bonds payable	<u>\$ 4,395,000</u>

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

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

Debt service requirements to maturity on the bonds, are as follows:

<u>Years ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 320,000	\$ 189,825	\$ 509,825
2026	325,000	176,925	501,925
2027	340,000	163,625	503,625
2028	355,000	149,503	504,503
2029	365,000	134,653	499,653
2030-2034	2,065,000	430,141	2,495,141
2035-2036	<u>945,000</u>	<u>41,434</u>	<u>986,434</u>
Totals	<u>\$ 4,715,000</u>	<u>\$ 1,286,106</u>	<u>\$ 6,001,106</u>

Asset Purchase Agreement Obligations

In 2015, the Commission entered into an asset purchase agreement with First Security Bank to finance the purchase of parking meters. The agreement has a one-year term with seven annual, one-year renewal options exercisable by the Commission with an interest component of 2.25% and an ultimate term date of January 15, 2023. First Security Bank's interest in the meters will terminate upon the Commission's payment of \$1,400,000 in principal and interest on the agreement. As of June 30, 2024, the Commission has capitalized \$1,038,445 in meter costs with an associated accumulated depreciation balance of \$882,678. As of June 30, 2024, the asset purchase agreement was paid in-full and ownership of the meters was transferred to the Commission.

Missoula Parking Commission

Notes to Financial Statements

June 30, 2024

In 2018, the Commission entered into an asset purchase agreement with First Security Bank to finance the purchase of parking access and revenue control equipment, license plate recognition technology, and one electric scooter. The agreement has a one-year term with seven annual, one year renewal options exercisable by the Commission with an interest component of 3.00% and an ultimate term date of June 30, 2025. First Security Bank's interest in the assets will terminate upon the Commission's payment of \$1,195,400 in principal and interest on the agreement. As of June 30, 2024, the Commission has capitalized \$1,126,145 in total assets related to this agreement with an associated accumulated depreciation balance of \$493,271.

Annual asset purchase agreement payment requirements, are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 93,708</u>	<u>\$ 4,115</u>	<u>\$ 97,823</u>
Totals	<u><u>\$ 93,708</u></u>	<u><u>\$ 4,115</u></u>	<u><u>\$ 97,823</u></u>

The changes in long-term liabilities, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Revenue Bonds	\$ 5,020,000	\$ -	\$ 305,000	\$ 4,715,000	\$ 320,000
Asset purchase agreement obligations	276,990	-	183,282	93,708	93,708
Compensated absences	<u>58,350</u>	<u>47,492</u>	<u>22,047</u>	<u>83,795</u>	<u>14,325</u>
Totals	<u><u>\$ 5,355,340</u></u>	<u><u>\$ 47,492</u></u>	<u><u>\$ 510,329</u></u>	<u><u>\$ 4,892,503</u></u>	<u><u>\$ 428,033</u></u>

Note 6 - Designated Net Position

As of June 30, 2024, the Commission's Board has designated \$2,925,243 of unrestricted net position for the acquisition of parking lots, facilities, and equipment, and \$776,400 of unrestricted net position for a maintenance reserve.

Note 7 - Related-Party Transactions

The Commission paid \$233,338 to the City of Missoula for the year ended June 30, 2024, for administrative services.

Note 8 - Retirement Plan**Summary of Significant Accounting Policies**

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

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 GAAPs. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Public Employees' Retirement System (PERS)**Plan Description**

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

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

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

Summary of Benefits

Eligibility for Benefit

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; Any age, 30 years of membership service.
Hired on or after July 1, 2011	Age 65, 5 years membership service; 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.

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 – 110.00% annual cap on compensation considered as part of a member's highest average compensation.

Monthly Benefit Formula

- 1) Members hired prior to July 1, 2011:
 - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - 25 years of membership service or more: 2.00% of HAC per year of service credit.
- 2) Members hired on or after July 1, 2011:
 - Less than 10 years of membership service: 1.50% 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: 2.00% 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.

- 3.00% for members hired prior to July 1, 200
- 1.50% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013
 - (a) 1.50% for each year PERS is funded at or above 90.00%;
 - (b) 1.50% is reduced by 0.0% for each 2.00% PERS is funded below 90.00%; and
 - (c) 0.00% 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 nonemployer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employees who received special funding are all participating employees.

Not Special Funding

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

Overview of Contributions

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

Fiscal Year June 30	Member		State & Universities Employer	Local Government		School Districts	
	Hired <07/01/11	Hired >07/01/11		Employer	State	Employer	State
2024	7.9%	7.900%	9.170%	9.070%	0.100%	8.800%	0.370%
2023	7.9%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.9%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.9%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.9%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.9%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.9%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.9%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.9%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.9%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.9%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.9%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.9%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.9%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.9%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.90% are temporary and will be decreased to 6.90% 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 0.10% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of PERS DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts
3. Nonemployer Contributions
 - a. Special Funding
 - i. The State contributes 0.10% 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 \$34,633,570.

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. The basis for the Total Pension Liability (TPL) as of June 30, 2022, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2022.

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, 2022, and 2021, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and nonemployer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The Commission recorded a liability of \$467,607 and the Commission's proportionate share was 0.01967%.

	Net Pension Liability As of 6/30/2023 Measurement Date	Net Pension Liability As of 6/30/2022 Measurement Date	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
Commission					
Proportionate Share	\$ 662,637	\$ 467,607	0.027150%	0.019665%	0.00749%
State of Montana					
Proportionate Share					
Share associated					
With Employer	183,621	139,970	0.007520%	0.589000%	-0.58148%
Totals	\$ 846,258	\$ 607,577	0.034670%	0.608665%	-0.573995%

Changes in Actuarial Assumptions and Methods

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

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return was increased from 7.06% to 7.30%.
- Updated all mortality tables to the PUB2010 tables for general employees.
- Updated the rates of withdrawal, retirement, and disability.
- Lowered the payroll growth assumption from 3.50% to 3.25%.
- The inflation rate was increased from 2.40% to 2.75%.

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 to the Plan between the measurement date of the collective NPL and the Employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL. However, each employer may have a unique circumstance that will impact the employer's proportionate share of the collective net position. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Missoula Parking Commission

Notes to Financial Statements

June 30, 2024

Pension Expense

At June 30, 2024, the Commission recognized \$190,568 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$17,226 for the state of Montana proportionate share of the pension expense associated with the Commission.

	Pension Expense As of 6/30/2023 Measurement Date	Pension Expense As of 6/30/2022 Measurement Date
Commission's		
Proportionate Share of PERS	\$ 190,568	\$ 11,039
State of Montana Proportionate Share Associated with the Commission	17,226	14,508
Totals	<u>\$ 207,794</u>	<u>\$ 25,547</u>

Recognition of Deferred Inflows and Outflows

As of the June 30, 2023, the Commission reported its proportionate share of PERS' deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

June30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 26,392	\$ -
Changes in assumptions	-	23,635
Net difference between projected and actual earnings on pension plan investments	1,681	-
Changes in proportion differences between Commission contributions and proportionate share of contributions	33,359	-
Contributions paid to PERS subsequent to the measurement date	60,699	-
Totals	<u>\$ 122,131</u>	<u>\$ 23,635</u>

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

Years Ending June 30	
2024	\$ 7,729
2025	(5,093)
2026	39,183
2027	(4,022)

Actuarial Assumptions

The TPL as of June 30, 2022, was determined on the results of an actuarial valuation date of June 30, 2022, using the following assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment Return (net of admin expense) 7.30%
 - General Wage Growth* 3.50%
 - *includes inflation at 2.75%
 - Merit Increases 0.00% to 4.80%
 - Post-retirement 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.
 - 3.00% for members hired prior to July 1, 2007
 - 1.50% for members hired between July 1, 2007 and June 30, 2013
 - Members hired on or after July 1, 2013:
 - (a) 1.50% for each year PERS is funded at or above 90.00%
 - (b) The 1.50% is reduced by 0.10% for each 2.00% PERS is funded below 90.00%;
 - (c) 0.00% whenever the amortization period for PERS is 40 years or more.

Mortality

- Mortality assumptions among active participants were based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females projected generationally using MP-2021.
- Mortality assumptions among disabled members were based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Mortality assumptions among contingent survivors were based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
- Mortality assumptions for healthy retirees were based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104.00% for males and 103.00% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023, valuation was developed in the five-year experience study for the period ending 2021.

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer 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 2126. 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.

Target Allocations

The long term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2022, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and an analysis in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in underlying inflation assumptions, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class or the most recent experience studies are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return Arithmetic Basis</u>
Cash	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
Totals	100.00%	

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 7.30%, 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.

	1.00% Decrease (6.30%)	Discount Rate (7.30%)	1.00% Increase (8.30%)
Missoula Parking Commission's Net Pension Liability	<u>\$ 957,177</u>	<u>\$ 662,637</u>	<u>\$ 415,544</u>

PERS Disclosure for the Defined Contribution Plan

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

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

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. Nonvested contributions are forfeited upon termination of employment per 19 3 2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS DCRP.

At the plan level for the measurement period ended June 30, 2022, the PERS DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level nonvested forfeitures for the 340 employers that have participants in the PERS DCRP totaled \$1,681,603.

Pension Plan Fiduciary Net Position

The standalone financial statements of the Montana Public Employees Retirement Board (PERB) Annual Comprehensive Final Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports, as well as the actuarial valuations and experience study, 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/about/annualreports1/annualreports>.

Note 9 - Other Post-Employment Benefits

The Commission adopted the provisions of GASB Statement 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions, in fiscal year 2018. GASB 75 addresses accounting and financial reporting for post-employment 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 Commission participates in the City's defined benefit health plan. The single employer plan administered by the City is named the Health Benefits Plan for the Employees of the City of Missoula. The plan provides medical insurance for retirees with the retiree paying a premium for this benefit. Contribution rates are established by the City of Missoula's Employee Benefits Committee. The plan's financial information is included as part of the City's self-insurance internal service fund in the City of Missoula ACFR.

Terminated employees of the Commission may remain on the City's health insurance plan for up to 18 months if they pay the monthly premiums. This benefit is required under the federal C.O.B.R.A. law. Retirees may remain on the City's health plan as long as they wish, provided they pay the monthly premiums. State law requires the Commission to provide this benefit. There are no other OPEB provided by the Commission. The Commission has 15 employees participating in the plan with no retirees or C.O.B.R.A. participants.

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 January 1, 2023, which was used for the June 30, 2024 valuation. Dental benefits were added January 1, 2023, 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 90.00% of the total active premium, excluding life insurance coverage, and the City contributes the remaining 10.00% to the plan. The plan is financed on a pay as you go basis with Commission contributions ensuring that adequate reserves are maintained in the plan. Reserves maintained by the City are not considered assets of the post-employment benefits plan since they are not contributed to a trust that meets the criteria in GASB 75, paragraph 4.

Missoula Parking Commission

Notes to Financial Statements

June 30, 2024

The retiree and Commission contribution rates for the plan beginning January 1, 2024 were used for the June 30, 2024 valuation, and are as follows:

Coverage	Retiree Contribution	Commission Contribution	Total Premium
Retiree	1,110.10	123.34	1,233.44
Retiree, spouse	1,278.06	123.34	1,401.40
Retiree, spouse, child	1,179.28	123.34	1,302.62
Retiree, child	1,347.24	123.34	1,470.58
Each additional child	69.18	-	69.18

The following table reports the changes to the OPEB liability for fiscal year 2024, as well as deferred inflows and outflows of resources and OPEB expense recognized.

Changes in OPEB Liability

OPEB Liability- Beginning balance	\$ 87,781
Service cost	2,089
Interest	3,207
Difference between expected and actual experience	(59,464)
Changes in assumptions	13,602
Employer contributions	(3,040)
Net Change	(43,606)
OPEB Liability - Ending Balance	\$ 44,175

Deferred Inflows of Resources

Deferred Inflows of Resources - Beginning Balance	\$ (66,612)
Current year amortization of assumption changes	5,125
Difference between expected and actual experience	(59,464)
Current year amortization of experience differences	13,038
Deferred Inflows of Resources - Ending Balance	\$ (107,913)

Deferred Outflows of Resources

Deferred Outflows of Resources - Beginning Balance	\$ 25,678
Changes in assumptions	13,602
Current year amortization of experience differences	(2,737)
Current year amortization of assumption changes	(4,118)
Deferred Outflows of Resources - Ending Balance	\$ 32,425

The Commission's total OPEB liability is \$44,175 as of June 30, 2024, 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.

Missoula Parking Commission

Notes to Financial Statements

June 30, 2024

Medical Trend	6.26%
General Inflation	3.0% per year
Participation Rate	40.00% of eligible employees are assumed to elect healthcare coverage in retirement
Admin Trend Rate	0.03
Mortality Rate	PUB-2010 General amount weighted employee mortality table projected generationally to 2021 using MP-2021.

Assumption Changes

The table below shows the assumption changes and their impact on the liability.

Changes of Assumptions	Description of Change	Impact on Liability
Discount Rate	Decreased from 4.13% to 4.11%	\$ 35,180
Mortality Rate	Updated to reflect same table as pension valuation	1,860,844
Termination Rate	Updated assumptions to be consistent with pension valuation assumptions	47,782
Disability Rate	Updated assumptions to be consistent with pension valuation assumptions	(340,877)
Retirement Rate	Updated assumptions to be consistent with pension valuation assumptions	350,104
Medical Trend	Updated based on current industry source	203,600
Salary Trend	Increased from 3.0% to 3.5%	<u>(182,860)</u>
		<u>\$ 1,973,773</u>

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 1.00%.

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

	1.00% Decrease (3.11%)	Discount Rate (4.11%)	1.00% Increase (5.11%)
Total OPEB Liability	<u>\$ 52,897</u>	<u>\$ 44,175</u>	<u>\$ 37,414</u>

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

	1.00% Decrease (5.26%)	Discount Rate (6.26%)	1.00% Increase (7.26%)
Total OPEB Liability	\$ 36,517	\$ 44,175	\$ 54,376

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, 2024, was 6.79 years.

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

Years Ended June 30,	OPEB Expense Amount
2025	\$ (18,063)
2026	(18,063)
2027	(18,063)
2028	(18,063)
2029	(3,236)

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, 2024.

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 10 - Risk Management

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



Required Supplementary Information
June 30, 2024

Missoula Parking Commission

Missoula Parking Commission
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years
June 30, 2024

**Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Fiscal Years***

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 2,089	\$ 4,049	\$ 4,189	\$ 7,692	\$ 5,786	\$ 8,394	\$ 8,528
Interest cost	3,207	3,599	5,629	2,270	2,618	4,877	4,771
Assumption changes	(59,464)	3,758	(15,211)	15,480	(64,623)	(7,099)	(3,583)
Differences between expected and actual experience	13,602	(606)	(35,488)	12,704	13,355	2,501	77
Benefit payments	(3,040)	(10,162)	(9,615)	(4,646)	(3,728)	(3,095)	(2,942)
Net change in total OPEB liability	(43,606)	638	(50,496)	33,500	(46,592)	5,578	6,851
Total OPEB liability, beginning of year	87,781	87,143	137,639	104,139	150,731	145,153	75,273
Restatement - change in accounting principle	-	-	-	-	-	-	63,029
Total OPEB liability, end of year	<u>\$ 44,175</u>	<u>\$ 87,781</u>	<u>\$ 87,143</u>	<u>\$ 137,639</u>	<u>\$ 104,139</u>	<u>\$ 150,731</u>	<u>\$ 145,153</u>
Covered payroll	\$ 461,157	\$ 485,813	\$ 471,663	\$ 575,862	\$ 559,769	\$ 490,255	\$ 476,554
Agency's total OPEB liability as a percentage of covered payroll	9.58%	18.07%	18.48%	23.90%	18.60%	30.75%	30.46%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

Notes to the Schedule of Changes in Total OPEB Liability and Related Ratios

Assets are not accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4 to pay related benefits.

Missoula Parking Commission
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
Montana Public Employees Retirement System Pension Plan
June 30, 2024

Schedule of Employer's Share of Net Pension Liability - Last 10 Fiscal Years

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Total Proportionate Share (Amount) of the Net Pension Liability (a+b)	Employer's Covered-Payroll (c)	Employer's Proportionate Share of the Total Pension Liability as a Percentage of its Covered-Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2023	0.027150%	\$ 662,637	\$ 183,621	\$ 846,258	\$ 585,893	113.10%	73.93%
6/30/2022	0.019665%	\$ 467,607	\$ 139,970	\$ 607,577	\$ 345,561	135.32%	73.66%
6/30/2021	0.020012%	\$ 362,867	\$ 107,068	\$ 469,935	\$ 352,962	102.81%	79.91%
6/30/2020	0.021191%	\$ 559,074	\$ 176,255	\$ 735,329	\$ 355,555	157.24%	68.90%
6/30/2019	0.019806%	\$ 414,006	\$ 134,874	\$ 548,880	\$ 326,794	126.69%	73.85%
6/30/2018	0.023711%	\$ 494,875	\$ 165,870	\$ 660,745	\$ 389,948	126.91%	73.47%
6/30/2017	0.030111%	\$ 586,442	\$ 7,946	\$ 594,388	\$ 373,519	157.00%	73.75%
6/30/2016	0.030180%	\$ 514,131	\$ 6,282	\$ 520,413	\$ 396,046	129.82%	74.70%
6/30/2015	0.032060%	\$ 448,100	\$ 5,505	\$ 453,605	\$ 358,594	124.96%	48.40%
6/30/2014	0.031700%	\$ 394,296	\$ 4,820	\$ 399,116	\$ 399,531	98.69%	79.90%

Missoula Parking Commission
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
Montana Public Employees Retirement System Pension Plan
June 30, 2024

Schedule of Employer's Contributions - Last 10 Fiscal Years

Reporting Date	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Payroll (c)	Contributions as a Percentage of Covered- Payroll (b/c)
6/30/2024	\$ 60,699	\$ 60,699	\$ -	\$ 585,893	10.36%
6/30/2023	\$ 30,735	\$ 30,735	\$ -	\$ 345,561	8.89%
6/30/2022	\$ 31,326	\$ 31,326	\$ -	\$ 352,962	8.88%
6/30/2021	\$ 31,151	\$ 31,151	\$ -	\$ 355,555	8.76%
6/30/2020	\$ 28,107	\$ 28,107	\$ -	\$ 326,794	8.60%
6/30/2019	\$ 33,027	\$ 33,027	\$ -	\$ 389,948	8.47%
6/30/2018	\$ 31,264	\$ 31,264	\$ -	\$ 373,519	8.37%
6/30/2017	\$ 33,149	\$ 33,149	\$ -	\$ 396,046	8.37%
6/30/2016	\$ 33,507	\$ 33,507	\$ -	\$ 358,594	9.34%
6/30/2015	\$ 33,092	\$ 33,092	\$ -	\$ 399,531	8.28%

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

Change of Benefit Terms

The following changes to the PERS plan provisions were made as identified:

2017 Legislative Changes – PERS:

Working Retiree Limitations

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.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2022 actuarial valuation:

	PERS
General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit increase	0% to 8.47%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Mortality (Healthy members)	For Males & Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males & Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as a % of Payroll	0.29%

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.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the six-year experience study for the period ending 20



Supplementary Information
June 30, 2024

Missoula Parking Commission

Missoula Parking Commission
Schedule of Coverage for the Series 2014 Bonds
Year Ended June 30, 2024

Revenues	
Operating revenue	\$ 3,080,325
Missoula Redevelopment Agency pledge	<u>266,850</u>
Total revenues pledged	<u>3,347,175</u>
Expenses	
Operating expenses	(2,844,281)
Add: Depreciation and amortization	627,725
Add: Administrative charges	<u>236,724</u>
Net operating expenses	<u>(1,979,832)</u>
Revenues available for debt service	<u>1,367,343</u>
Debt Service	
Principal	305,000
Interest	<u>201,496</u>
Total debt service	<u>506,496</u>
Total coverage	270%



Internal Control and Compliance Section
June 30, 2024

Missoula Parking Commission



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*

To the Board of Commissioners
Missoula Parking Commission
Missoula, MT.

We have audited, 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 (*Government Auditing Standards*), the financial statements of the business-type activities of Missoula Parking Commission (the Commission), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Billings, Montana
March 28, 2025