



**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
(An Enterprise Fund of the City of St. Louis, Missouri)

Basic Financial Statements and Other Information

June 30, 2021

(With Independent Auditors' Report Thereon)

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
(An Enterprise Fund of the City of St. Louis, Missouri)

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## Independent Auditors' Report

The Honorable Mayor and Members of  
the Board of Aldermen of the  
City of St. Louis, Missouri:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Parking Division of the City of St. Louis, Missouri, an enterprise fund of the City of St. Louis, Missouri, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Parking Division of the City of St. Louis, Missouri's, basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Basic Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Parking Division of the City of St. Louis, Missouri, as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 1, the basic financial statements of the Parking Division of the City of St. Louis, Missouri present only the financial position, the changes in financial position, and cash flows of the Parking Division of the City of St. Louis, Missouri, an enterprise fund of the City of St. Louis, Missouri, and do not purport to, and do not, present fairly the financial position of the City of St. Louis, Missouri as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

*Other Matters*

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 through 11 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 an opinion on the financial statements that collectively comprised the Parking Division of the City of St. Louis, Missouri's basic financial statements. The other information included in Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information in Schedules 1 and 2 have not been subject 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 October 28, 2021 on our consideration of the Parking Division of the City of St. Louis, Missouri'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 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 Parking Division of the City of St. Louis, Missouri'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 Parking Division of the City of St. Louis, Missouri's internal control over financial reporting and compliance.

**KPMG LLP**

St. Louis, Missouri  
October 28, 2021

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**

(An Enterprise Fund of the City of St. Louis, Missouri)

Management's Discussion and Analysis - Unaudited

June 30, 2021

(In thousands)

Our discussion and analysis of the Parking Division of the City of St. Louis, Missouri (Parking Division) for the City of St. Louis, Missouri's (the City) financial performance provides an overview of the Parking Division's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Parking Division's financial statements, which are attached.

**The Parking Division**

The Parking Division manages off-street parking, on-street parking meters, and on-street parking enforcement programs. Off-street parking includes seven operating parking garages and multiple surface parking lots. The on-street parking system comprises over 7,700 parking meters throughout downtown and in a number of key commercial and institutional districts outside of downtown. The on-street parking enforcement division enforces parking ordinances, primarily in the areas of the City, where parking meters are installed.

**Using this Annual Report**

The Parking Division is an enterprise fund, which is similar to a business-type activity in which the fees charged to customers are structured to cover the costs of the services provided. This annual report consists of a series of financial statements. The statement of net position and the statement of revenues, expenses, and changes in fund net position help answer the following question: Is the Parking Division fiscally better off or worse off than the year before? These statements are intended to account for all assets, deferred outflow of resources, liabilities, and deferred inflow of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. These statements also include the activities of the City of St. Louis Parking Commission Finance Corporation (SLPCFC) as a blended component unit.

A condensed summary of the Parking Division's net position at June 30 is shown below:

			<u>2021 vs 2020</u>	
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage change</u>
Assets:				
Current assets	\$ 9,188	12,846	(3,658)	(28)%
Capital assets	64,006	66,926	(2,920)	(4)
Other noncurrent assets	1,794	3,832	(2,038)	(53)
Deferred outflow of resources	<u>6,185</u>	<u>5,742</u>	<u>443</u>	<u>8</u>
Total assets and deferred outflow of resources	\$ <u>81,173</u>	<u>89,346</u>	<u>(8,173)</u>	<u>(9)%</u>

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**

(An Enterprise Fund of the City of St. Louis, Missouri)

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June 30, 2021

(In thousands)

	2021	2020	2021 vs 2020	
			Change	Percentage change
Liabilities:				
Current liabilities	\$ 5,971	6,605	(634)	(10)%
Noncurrent liabilities	55,034	57,459	(2,425)	(4)
Deferred inflow of resources	240	335	(95)	(28)
Total liabilities and deferred inflow of resources	\$ 61,245	64,399	(3,154)	(5)%
Net position:				
Net investment in capital assets	\$ 10,991	10,274	717	7 %
Restricted – bond reserve funds	6,510	8,191	(1,681)	(21)
Unrestricted	2,427	6,482	(4,055)	(63)
Total net position	\$ 19,928	24,947	(5,019)	(20)%

**Total Assets and Deferred Outflow of Resources:** Total unrestricted and restricted cash increased from last year by \$1,432 and \$308, respectively, but current assets still reflected a decrease from last year of \$3,658. The cash position was not able to offset the decrease in unrestricted investments, coupled with the burn rate on unrestricted reserves which averaged \$190 per month due to decreased revenues from COVID-19. The \$2,920 decrease in capital assets was mainly due to annual depreciation of \$2,917. The \$2,038 decrease in other noncurrent assets is due to a decrease in net activity in restricted investments in the bond funds of approximately \$1,989. Deferred outflow of resources increased \$443 due to \$789 increase relating to pensions and a \$346 decrease in annual bond amortization.

**Total Liabilities and Deferred Inflow of Resources:** Noncurrent liabilities decreased \$2,425 mainly due to bond principal payments of \$3,450 and amortization of bond premium/discounts of approximately \$188. The decrease in deferred inflow of resources was due to a \$73 decrease relating to pensions and a \$22 decrease for gain on bond refunding.

	Financial Highlights and Analysis of the Parking Division			
	2021	2020	2021 vs 2020	
			Change	Percentage change
Operating revenues	\$ 9,204	14,212	(5,008)	(35)%
Operating expenses	13,553	14,253	(700)	(5)
Operating (loss)	(4,349)	(41)	(4,308)	10,507

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June 30, 2021

(In thousands)

	<b>Financial Highlights and Analysis of the Parking Division</b>			
			<b>2021 vs 2020</b>	
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage change</b>
Nonoperating expenses, net	\$ (1,575)	(1,710)	135	8 %
Loss before transfers	(5,924)	(1,751)	(4,173)	238
Transfers-in	1,284	1,006	278	28
Transfers-out	(379)	(5,744)	5,365	(93)
Decrease in net position	\$ (5,019)	(6,489)	1,470	(23)%
Net position, end of year	\$ 19,928	24,947	(5,019)	(20)%

**Operating Revenues:** Operating revenues decreased 35% from fiscal year 2020 due to the COVID-19 pandemic that resulted in Meter Revenue and Parking Ticket Violations revenue being down by 45% and 11%, respectively. Garage revenues were also affected with an overall decrease of 45%.

**Operating Expenses:** Operating expenses decreased 5% from fiscal year 2020. Personnel expenditures decreased by 7% due to a freeze on wage increases and the elimination of 9 FTEs from open positions. There was a 28% decrease in merchant fees due to a decrease in credit card transactions for meters and garages related to COVID-19. Contractual services decreased by 12% due to reduced legal fees and the suspension of event security services. There was also a 43% increase in non-capitalizable repairs for battery replacements and SIM cards in meters, along with meter spare parts.

**Nonoperating Expenses, Net:** The current year's nonoperating expenses, net decreased 8% due to a decrease in appreciation on investments of \$70 and interest expense decreasing by \$409.

**Transfers-in:** Transfers-in represent the funds received from the Taxable Increment Financing (TIF) Districts on the Argyle Garage and the Euclid/Buckingham Garage. The TIF revenues are collected by the City of St. Louis Comptroller's office and transferred to the Parking Division twice a year to cover the lesser of the debt service attributable to the Argyle Garage and any net operating shortfalls. TIF revenues of \$1,284 were received in fiscal year 2021 for Argyle (\$930) and Euclid/Buckingham (\$354).

**Transfers-out:** The Parking Division, per State Statutes, may transfer up to 40% of the increase in net position to the general fund of the City. The Parking Division did not have a transfer related to this Statute for fiscal year 2021 due to the effects of the COVID-19 pandemic. However, in fiscal year 2021, the Parking Division did a transfer \$379 to the Office of Financial Empowerment, a Special Revenue Fund for the City of St. Louis, per approval of the Parking Commission.

**Net Position:** The Parking Division's total net position decreased 20% in fiscal year 2021. This was mainly due to the effects of COVID-19 detailed in the Operating Revenues section.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
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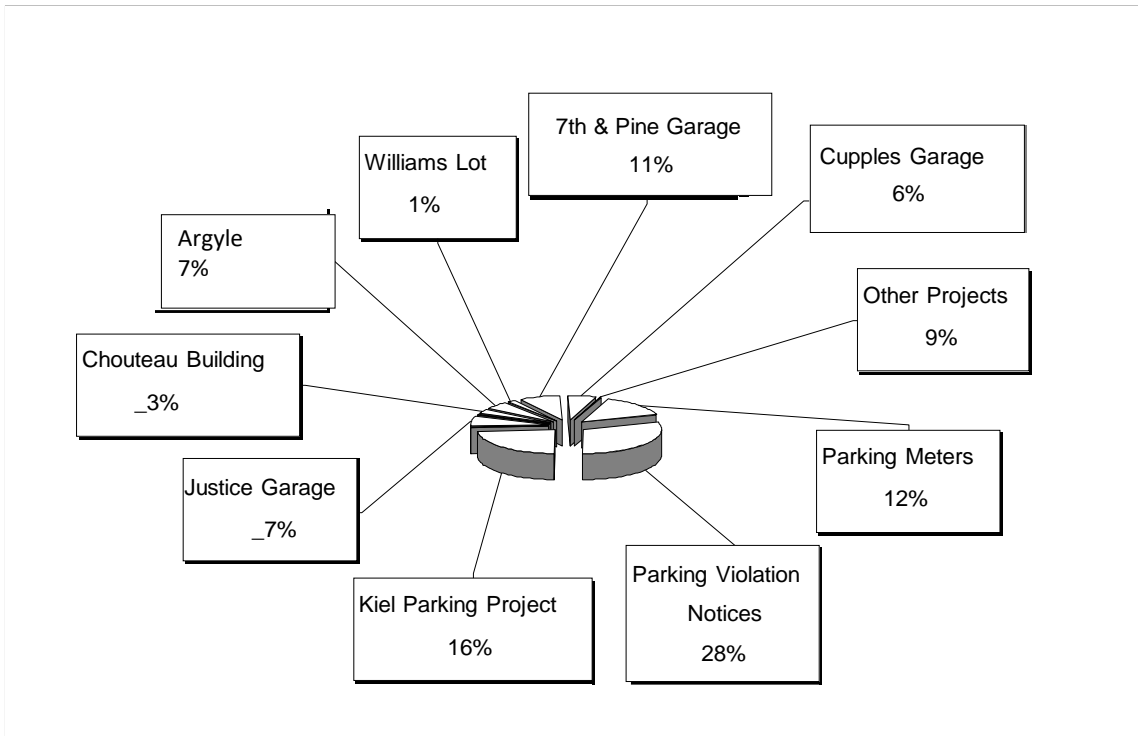
Management's Discussion and Analysis - Unaudited

June 30, 2021

(In thousands)

**Revenues, Expenses, and Changes in Net Position**

The following chart shows the major sources of operating revenues and their percentage share of total operating revenues for the year ended June 30, 2021:





**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
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Management's Discussion and Analysis - Unaudited

June 30, 2021

(In thousands)

The following table summarizes all Parking Division operating revenues and their change from the previous year:

	<b>2021 vs 2020</b>			
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage change</b>
Parking meters, net	\$ 1,085	1,974	(889)	(45)%
Parking violation notices, net	2,559	2,884	(325)	(11)
Kiel Parking Project	1,447	3,177	(1,730)	(54)
7th & Pine Garage	997	1,407	(410)	(29)
Argyle Garage	676	951	(275)	(29)
Williams Lot	55	343	(288)	(84)
Justice Garage	661	1,123	(462)	(41)
Euclid/Buckingham Garage	230	268	(38)	(14)
Abrams Garage	128	170	(42)	(25)
Cupples Garage	513	1,071	(558)	(52)
Rental property (Chouteau Building)	268	374	(106)	(28)
Miscellaneous	585	470	115	24
<b>Total operating revenues</b>	<b>\$ 9,204</b>	<b>14,212</b>	<b>(5,008)</b>	<b>(35)%</b>

**Parking Meters, Net:** Gross parking meter revenue decreased \$1,228 due to the COVID-19 pandemic. Net parking meter revenues change of \$889 included a decrease for outsourcing costs of \$340 due to a full year implementation of a new meter outsourcing and ticket processing contract.

**Parking Violation Notices, Net:** Gross parking violation notice revenues decreased \$722. The number of tickets issued increased by 7% from fiscal year 2020 but the payment rate decreased by 8% due to the COVID-19 pandemic. The Parking Division has implemented The Parking and Towing Assistance Program (PTAP) to address constituents being able to arrange payment plans for outstanding ticket balances during the pandemic. In addition, the outsourcing costs decreased by \$397 due to a full year implementation of a new meter outsourcing and ticket processing contract.

**Kiel Parking Project:** Revenue from the Kiel Garage Project decreased \$1,730, or 54%, in fiscal year 2021. This is mainly due to the complete elimination of event revenue for hockey and baseball related to the COVID-19 pandemic from July 2020 through December 2020, coupled with a decrease in this revenue pool of 37% from January 2021 through June 2021 compared to fiscal year 2020 during the same timeframe.

**7th & Pine Garage:** The revenues at the 7th & Pine Garage decreased approximately \$410, or 29%, in fiscal year 2021 due to suspensions and/or loss of various monthly parking accounts related to the COVID-19 pandemic, equal to \$413 (42%). Transient parking increased at this facility by \$43 (23%). This garage also had three rental tenants that requested abatements for a portion of fiscal year 2021 due to COVID-19, which resulted in an overall decrease of 18%.

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(In thousands)

**Argyle Garage:** The revenues at the Argyle Garage decreased by approximately \$275, or 29%, in fiscal year 2021 due to suspensions and/or loss of various monthly parking accounts and the decrease in transient parking related to the COVID-19 pandemic, equal to \$328 (43%). Argyle also had a rental tenant that settled out of their rental agreement and was not able to pay any rent for fiscal year 2021, which represented 52% of the total rental revenue.

**Williams Lot:** The revenues at Williams Lot decreased by \$288, or 84%, in fiscal year 2021 due to the complete elimination of event revenue for hockey related to the COVID-19 pandemic from July 2020 through December 2020, coupled with a decrease in this revenue pool of 94% from January 2021 through June 2021 compared to Fiscal 2020 during the same timeframe.

**Justice Garage:** The revenues at Justice Garage decreased by \$462, or 41%, due to suspensions of various monthly parking accounts and the decrease in transient parking related to the COVID-19 pandemic, equal to \$118 (16%). A decrease is also due to the complete elimination of event revenue for hockey and baseball related to the COVID-19 pandemic from July 2020 through December 2020, coupled with a decrease in this revenue pool of 74% from January 2021 through June 2021 compared to fiscal year 2020 during the same timeframe. This garage only has one rental tenant and they received a ten-month 100% abatement, along with 2 months of 50% abatement, resulting in a decrease of 87%.

**Euclid/Buckingham Garage:** The revenues at the Euclid/Buckingham Garage decreased by \$38, or 14%, in fiscal year 2021 due to a decrease in transient parking related to the COVID-19 pandemic, equal to \$84 (51%). Monthly parking increased at this facility by \$46 (46%).

**Abrams Garage:** The revenues at Abrams Garage decreased by \$42, or 25%, due to the complete elimination of Stifel Theater events related to the COVID-19 pandemic from July 2020 through December 2021, coupled with a decrease in this revenue pool of 99% from January 2021 through June 2021 compared to Fiscal 2020 during the same timeframe. Monthly revenue remained unchanged between Fiscal years.

**Cupples Garage:** The revenues at Cupples decreased by \$558, or 52%, due to suspensions and/or loss of various monthly parking accounts and the decrease in transient parking related to the COVID-19 pandemic, equal to \$462 (82%). A decrease in event revenue of \$96 (64%) occurred due to the elimination of baseball related to the COVID-19 pandemic. Even though the year was an overall decrease in event revenue, all revenue was received from January 2021 through June 2021 compared to fiscal year 2020 being \$0 during the same timeframe.

**Rental Property (Chouteau Building):** The Chouteau Building is an office building located next to the Justice Garage. The building houses the executive, fiscal, and personnel offices of the Parking Division. Approximately 89% of the building's office space is leased to various professional businesses. Fiscal year 2021 lease revenues decreased by 28% due to a rent abatement for one tenant for nine months due to COVID-19, which represented 27% of the total rental revenue.

**Miscellaneous:** Miscellaneous revenues increased by \$115, or 24%, mainly due to a settlement being reached on a lease buyout with one Argyle tenant.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
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Management's Discussion and Analysis - Unaudited

June 30, 2021

(In thousands)

The following table summarizes the operating expenses for the current year compared to the prior year:

	<b>2021 vs 2020</b>			
	<b>2021</b>	<b>2020</b>	<b>Change</b>	<b>Percentage change</b>
Personnel services	\$ 6,735	7,209	(474)	(7)%
Materials and supplies	207	266	(59)	(22)
Contractual services	1,162	1,326	(164)	(12)
Utilities	320	347	(27)	(8)
Insurance	249	259	(10)	(4)
Bank fees	323	447	(124)	(28)
Operating services	478	635	(157)	(25)
Noncapitalizable repairs	1,008	707	301	43
Interfund services used	154	137	17	12
Depreciation	2,917	2,920	(3)	—
	<u>\$ 13,553</u>	<u>14,253</u>	<u>(700)</u>	<u>(5)%</u>

**Personnel Services:** Personnel salaries and benefits remain the largest annual expense of the Parking Division, representing 50% and 51% of total expenses for fiscal year 2021 and 2020, respectively. In fiscal year 2021, personnel expenses decreased 7% due to a 10 FTE reduction in open positions/new hires and a freeze in remaining salary levels.

**Materials and Supplies:** Materials and supplies decreased 22% in fiscal year 2021 due to a decrease in parking ticket and event pass supplies related to COVID-19.

**Contractual Services:** Contractual service costs decreased 12% due to a reduction in legal fees and facility services associated with event security.

**Utilities and Insurance:** Utilities and insurance decreased 8% and 4%, respectively. Insurance expense decreased due to incorporating the revenue loss effects of COVID-19. Utilities expense decreased due to decreased activity in the garages.

**Bank Fees:** Merchant fees decreased 28% in fiscal year 2021 due to a decrease in credit card transactions for meters and garages related to COVID-19 in fiscal year 2021.

**Operating Services:** Operating services decreased 25% in fiscal year 2021. This was mainly due to the elimination of the ramp up in expenditures associated with the ticket processing system transition in fiscal year 2020.

**Noncapitalizable Repairs:** Noncapitalizable repairs increased by approximately 43% due to the purchase of battery replacements and SIM cards in meters, along with meter spare parts.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
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Management's Discussion and Analysis - Unaudited

June 30, 2021

(In thousands)

**Interfund Services Used:** Interfund services represent the cost allocation fees charged to the Parking Division by the General Fund of the City of St. Louis for using City services. These base costs remained constant.

**Depreciation:** Depreciation expense remained constant due to some assets reaching full depreciation in fiscal year 2021 and a partial year of depreciation associated with CWIP transfers.

**Significant Capital Assets and Long-Term Debt Activities**

The Parking Division's received an "A" rating from Standard & Poor's in 2018. The 2021 rate review is in progress.

Additional information on capital assets and long-term debt can be found in notes 4 and 6, respectively, to the basic financial statements.

**Economic Factors Affecting Next Year's Budget and Rates**

The Parking Division submitted a budget reflecting \$70 in excess revenues over expenses for fiscal year 2022. A strategy is being implemented in conjunction with the supplemental bond indenture, Section 506 (c), and with Section 705 of the senior bonds, which states that if the overall debt service coverage ratio is less than 120%, the Parking Commission shall review rates/fees and expenditures in a manner that will return the ratio back to appropriate levels. A rate increase in high traffic meter zone areas and in the dominant ticket violation classes is effective October 1, 2021. These increased rates were approved by the Parking Commission on June 16, 2021 and are expected to provide \$2,400 in additional revenue. The fiscal year 2022 budget includes a net reduction of 7 FTEs, equal to a savings of \$460, the elimination of transaction fees on meter application payment methods, equal to a savings of \$171, decreasing facility and office supplies by \$128, eliminating the uniform service/requirements, equal to a savings of \$50, and suspending tenant improvements, equal to a savings of \$164.

The overall debt service coverage ratio and senior bond debt service coverage for fiscal year 2021 is 2% and 10%, respectively. Plans are underway to refund the 2015A Series bonds before the December 15, 2021 bond principal payment is due, which would result in a projected present value savings of cash flows equal to \$730; of which \$400 would be realized in fiscal year 2022 and another \$275 would be achieved in fiscal year 2023 with the remainder realized on a level basis until maturation. The fiscal year 2022 budget would return debt service coverage levels for the overall and senior debt to 125%.

Additionally, the Parking Division has submitted a \$10,108 revenue loss for calendar year 2020, based on the guidelines and formulas provided through ARPA. The City of St. Louis has already received a partial allotment of ARPA funds per the guidelines. The ARPA funds submitted by the Parking Division would be an internal allocation from the City of St. Louis via an appropriation request. The allocation request has been made and must now be presented to the Board of Aldermen. The appropriation is anticipated to be approved no later than December 31, 2021. These funds will allow for projects and services that will facilitate additional revenue growth and efficiencies in operating expenditures going forward.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
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Management's Discussion and Analysis - Unaudited

June 30, 2021

(In thousands)

**Contacting the Parking Division's Financial Management**

This financial report is designed to provide our citizens and creditors with a general overview of the Parking Division's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office, 1200 Market Street, City Hall – Room 220, Saint Louis, Missouri.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Net Position

June 30, 2021

(In thousands)

**Assets**

Current assets:	
Cash and cash equivalents:	
Restricted	\$ 5,255
Unrestricted	2,655
Investments – unrestricted	1,115
Receivables	143
Other assets	20
Total current assets	9,188
Noncurrent assets:	
Investments – restricted	1,255
Capital assets, net:	
Nondepreciable – Land	22,903
Depreciable	41,103
Intangible and other assets, net	539
Total noncurrent assets	65,800
Deferred outflow of resources	6,185
Total assets and deferred outflow of resources	\$ 81,173

**Liabilities**

Current liabilities:	
Payable from unrestricted assets:	
Accounts payable and accrued expenses	\$ 141
Accrued salaries and other benefits	178
Accrued vacation and compensatory benefits	177
Due to the City of St. Louis, Missouri	206
Due to other governmental agencies	19
Unearned revenue and other deposits	1,301
Total payable from unrestricted assets	2,022
Payable from restricted assets:	
Accrued interest	142
Current portion of revenue bonds payable	3,807
Total payable from restricted assets	3,949
Total current liabilities	5,971
Noncurrent liabilities:	
Revenue bonds payable, net	49,208
Net pension liability	5,068
Other	758
Total noncurrent liabilities	55,034
Deferred inflow of resources	240
Total liabilities and deferred inflow of resources	61,245

**Net Position**

Net investment in capital assets	10,991
Restricted – bond reserve funds	6,510
Unrestricted	2,427
Total net position	19,928
Total liabilities and net position	\$ 81,173

See accompanying notes to basic financial statements.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**

(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2021

(In thousands)

Operating revenues:	
Parking meters, net	\$ 1,085
Parking violation notices, net	2,559
Parking facilities	4,707
Rental property	268
Miscellaneous	585
Total operating revenues	<u>9,204</u>
Operating expenses:	
Personnel services	6,735
Materials and supplies	207
Contractual services	1,162
Utilities	320
Insurance	249
Bank fees	323
Operating services	478
Noncapitalizable repairs	1,008
Interfund services used	154
Depreciation	2,917
Total operating expenses	<u>13,553</u>
Operating loss	<u>(4,349)</u>
Nonoperating revenues (expenses):	
Investment income	389
Interest and debt service expenses	(1,968)
Other	4
Total nonoperating expenses, net	<u>(1,575)</u>
Loss before transfers	<u>(5,924)</u>
Transfers from the City of St. Louis, Missouri TIF Districts	1,284
Transfers to the City of St. Louis, Missouri Office of Financial Empowerment	<u>(379)</u>
Total transfers, net	<u>905</u>
Decrease in net position	(5,019)
Total net position, beginning of year	<u>24,947</u>
Total net position, end of year	<u>\$ 19,928</u>

See accompanying notes to basic financial statements.

**PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI**  
(An Enterprise Fund of the City of St. Louis, Missouri)

Statement of Cash Flows

Year ended June 30, 2021

(In thousands)

Cash flows from operating activities:	
Receipts from customers and users	\$ 8,647
Other operating cash receipts	585
Payments to suppliers of goods and services	(4,533)
Payments to employees	(6,329)
Net cash used in operating activities	<u>(1,630)</u>
Cash flows from noncapital financing activities:	
Transfers from the State of Missouri	4
Transfers from the City of St. Louis, Missouri TIF Districts	1,284
Transfers to the City of St. Louis, Missouri Office of Financial Empowerment	(379)
Net cash provided by noncapital financing activities	<u>909</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	3
Principal paid on revenue bonds payable	(3,451)
Interest paid on revenue bonds payable	(1,840)
Net cash used in capital and related financing activities	<u>(5,288)</u>
Cash flows from investing activities:	
Purchase of investments	1,377
Proceeds from maturities of investments	5,649
Investment income on cash and investments	415
Net cash provided by investing activities	<u>7,441</u>
Net increase in cash and cash equivalents	1,432
Cash and cash equivalents, beginning of year	<u>6,478</u>
Cash and cash equivalents, end of year	<u>\$ 7,910</u>
Cash flows from operating activities:	
Operating loss	\$ (4,349)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,917
Change in assets and liabilities:	
Decrease in receivables	35
Decrease in intangible and other assets, net	41
Increase in accounts payable and accrued expenses	(686)
Increase in accrued vacation and compensatory benefits	(77)
Decrease in due to City of St. Louis, Missouri, and other government agencies	14
Decrease in unearned revenue and other deposits	(8)
Increase in net pension liability	510
Decrease in other noncurrent liabilities	(27)
Net cash used in operating activities	<u>\$ (1,630)</u>
Supplemental disclosure for noncash investing activities:	
Unrealized gains on investments	\$ 3

See accompanying notes to basic financial statements.



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Notes to Basic Financial Statements

June 30, 2021

(In thousands)

**(1) Summary of Significant Accounting Policies**

The Parking Division of the City of St. Louis, Missouri (Parking Division) established by state statute, is operated by the City of St. Louis, Missouri (the City). The management of the Parking Division is overseen by the Parking Commission, as established by Section 82.487 of the Missouri Revised Statutes. The Parking Commission consists of the Treasurer, as chairperson, the chairperson of the aldermanic traffic committee, the director of streets, the comptroller, and the director of the parking meter operations. The Parking Commission has the following responsibilities:

1. Approving parking policy, which includes setting rates and fees;
2. Requiring a detailed accounting of parking division revenues;
3. Approving the guidelines that govern the administrative adjudication of parking violations/complaints;
4. Approving the budget for the parking fund; and
5. Approving the acquisition, development, regulation and operation of the parking facilities and spaces owned by the parking division.

The Parking Division represents an enterprise fund of the City, and therefore, the financial statements of the Parking Division are not intended to present the financial position and changes in financial position or cash flows of the City as a whole in conformity with U.S. generally accepted accounting principles. The Parking Division operates over 7,700 parking meters and various off-street parking lots, garages, and parking zones.

**(a) Reporting Entity**

The Parking Division's financial reporting entity consists of the Parking Division and the following blended component unit:

The City of St. Louis Parking Commission Finance Corporation (SLPCFC). The SLPCFC, a legally separate not-for-profit corporation established in 2003, is governed by a three-member board of directors as appointed by the Parking Commission. The SLPCFC finances the purchase of and owns, leases, and sells certain real property on behalf of the Parking Commission. SLPCFC is considered to be a component unit of the Parking Division because the Parking Division is financially accountable for SLPCFC, as it appoints all of SLPCFC's directors and is able to impose its will on SLPCFC. SLPCFC provides services entirely to the Parking Division and is reported as if it were part of the Parking Division because its sole purpose is to lessen the burden on the Parking Division by coordinating real property transactions. Separate audited financial statements and notes that conform to U.S. generally accepted accounting principles for SLPCFC are not available.

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**(b) Basis of Accounting**

Governmental enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements of the Parking Division are reported using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. In reporting financial activity, the Parking Division applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Parking Division are charges to customers for parking fees and fines. Operating expenses include the cost of services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**(c) Capital Assets, Net**

Capital assets are recorded at historical cost, including applicable interest incurred during the construction period. Donated capital assets are recorded at estimated fair market value at the date of donation. The contributions are reflected as capital contributions. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful lives for depreciable capital assets are as follows:

	<u>Years</u>
Buildings, land improvements, and parking garages	5 to 40
Equipment	5 to 15
Parking meters and lot equipment	5 to 10

Non-depreciable assets include land.

**(d) Intangible and Other Assets, Net**

Intangible and other assets, net of \$559 at June 30, 2021, represent (1) the outstanding amount of a payment previously made by the Parking Division for the right to place and operate parking meters on a privately owned parking lot and for advance payments made relating to an agreement to utilize a parking lot; this intangible asset is being amortized on the straight-line method over 40 years; (2) a note receivable to assist in the tenant improvements for a leased parking lot; this intangible asset has a loan repayment schedule for 20 years, principal and interest; and 3) prepaid bond insurance on the Series 2015B and Series 2016 Parking Revenue Refunding Bonds issued on December 28, 2015, and November 25, 2016, respectively, being amortized over the life of the bond.

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Notes to Basic Financial Statements

June 30, 2021

(In thousands)

**(e) Amortization**

Bond discounts are recorded as a reduction of the debt obligation. Bond premiums are recorded as an increase of the debt obligation. Both are recorded as a deferred charge. Such amounts are amortized using the straight-line method, which approximates the effective-interest method, over the term of the related revenue bonds. Bond issuance costs are expensed as incurred.

**(f) Compensated Absences**

The Parking Division grants vacation to full-time employees based on years of continuous service. Compensatory time is granted to certain employees for hours worked in excess of a normal work week that are not taken within the current biweekly pay period. These benefits are allowed to accumulate and to carry over, with limitations, into the next calendar year and will be paid to employees upon departure from service for any reason. The Parking Division accrues vacation and compensatory time as earned.

**(g) Revenues, Net**

Parking meter revenues, net represents operating revenues collected in conjunction with the collection of parking meters, net of related outsourcing expenses. The outsourcing of parking meter collections and maintenance began on June 1, 2009. Gross parking meter revenues and outsourcing expenses for the year ended June 30, 2021 are as follows:

Parking meter revenues	\$	3,263
Outsourcing expenses		<u>(2,178)</u>
Parking meter revenues, net	\$	<u><u>1,085</u></u>

Parking violation notices revenues, net represents operating revenues collected in conjunction with the parking violations issued, net of related expenses and overpayments by citizens. Gross parking violation notices revenues and parking violation notices expenses for the year ended June 30, 2021 are as follows:

Parking violation notices revenues and related boot fees	\$	3,372
Parking violation notices expenses		<u>(813)</u>
Parking violation notices revenues, net	\$	<u><u>2,559</u></u>

**(h) Unearned Revenue and Other Deposits**

Unearned revenue and other deposits represent a prepaid parking lease agreement in the Argyle Garage which is being amortized over 40 years. At June 30, 2021, approximately 19 years remain on the lease.

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(In thousands)

**(i) Statement of Cash Flows**

For purposes of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

**(j) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Parking Division to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(2) Deposits and Investments**

The Parking Division applies the provisions of GASB Statement No. 72, *Fair Value and Application*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Parking Division has the ability to access at the measurement date. Level 1 investments include U.S. Treasury obligations.
- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 investments include certificates of deposits.
- Level 3 inputs are significant unobservable inputs for the asset. The Parking Division had no Level 3 assets as of June 30, 2021.

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The following table presents assets that are measured at fair value on a recurring basis at June 30, 2021:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Assets:				
Certificates of deposit	\$ 1,115	—	1,115	—
U.S. Treasury obligations	<u>1,255</u>	<u>1,255</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 2,370</u>	<u>1,255</u>	<u>1,115</u>	<u>—</u>

Investments are recorded at fair value. Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The Parking Division deposits all cash with the Office of the Treasurer of the City, which maintains all banking relationships for the Parking Division.

Money market mutual funds are classified as cash and cash equivalents on the statement of net position, but as investments for custodial and other risk disclosure.

As of June 30, 2021, the Parking Division had the following cash, cash equivalents, and investments:

U.S. Treasury obligations	\$	1,255
Certificates of deposit		<u>1,115</u>
Total investments		2,370
Money market mutual funds		5,255
Cash deposits		<u>2,655</u>
Total cash, cash equivalents, and investments	\$	<u>10,280</u>

State statutes and City investment policies authorize the deposit of funds in financial institutions. For City funds, investments may be made in obligations of the U.S. government or any agency or instrumentality thereof, bonds of the State of Missouri or any city within the state with a population of 400,000 inhabitants or more, or time certificates of deposit. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations, obligations of U.S. government agencies, or instrumentalities of any maturity as provided by law.

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(In thousands)

**(a) Interest Rate Risk**

The Parking Division seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (the Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity of more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years and up to 30 years with the written approval of the Treasurer.

The Parking Division's investments (excluding cash deposits) had the following maturities (in years) on June 30, 2021:

	Fair value	Less than 1 year	1–5 Years
U.S. Treasury obligations	\$ 1,255	1,133	122
Certificates of deposit	1,115	1,115	—
Money market mutual funds	5,255	5,255	—
	\$ 7,625	7,503	122

**(b) Credit Risk**

The City's Investment Policy limits the types of securities available for investment to collateralized public deposits, obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, and commercial paper. Banker's acceptances must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSRO) at the time of purchase. Investments in commercial paper is limited to issuing corporations that have a total commercial paper program size in excess of \$250,000 and have long-term debt ratings "AA" or better from at least one NRSRO. The Parking Division currently does not have any banker's acceptances or commercial paper in its portfolio.

The Parking Division's investments in U.S. Treasuries are explicitly guaranteed by the U.S. government and, therefore, do not require a rating. At June 30, 2021, Parking Division's holdings in a money market mutual fund were rated AAAm/Aaa-mf/AAAmf as of June 30, 2021, by Standard & Poor's, Moody's, and Fitch, respectively. The certificates of deposit were rated AA Af/AA Af as of June 30, 2021, by Fitch and Kroll, respectively.

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**(c) Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Parking Division will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party.

The City's Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. government or an agency or instrumentality of the U.S. government, bonds of the State of Missouri, or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2021, all Parking Division investments and all securities pledged as collateral are held by the counterparty's trust department or agent in the City's name.

**(d) Concentration of Credit Risk**

The City's Investment Policy indicates that in order to reduce overall portfolio risks while maintaining market average rates of return, the minimum diversification standards by security type shall be as follows:

	<u>Maximum percentage of portfolio</u>	<u>Maximum maturity</u>
U.S. Treasury securities	100 %	5 years
U.S. government agency obligations	100	5 years
Obligations of the State of Missouri	25	5 years
Collateralized certificates of deposits	50	5 years
Collateralized repurchase agreements	25	90 days
Commercial paper	25	180 days
Banker's acceptance	25	180 days

The Parking Division does not have a separate investment policy.

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At June 30, 2021, the concentration of the Parking Division's investments (excluding cash deposits) was as follows:

U.S. Treasury obligations	16 %
Certificates of deposit	15
Money market mutual funds	69
	100 %

**(3) Restricted Assets**

Cash and investments restricted in accordance with bond indentures at June 30, 2021 are as follows:

Series 2016 bonds:	
Parking trust – Parking Division accounts	\$ 435
Repair and replacement	1,939
Debt service	1,417
Total series 2016 bonds	3,791
Series 2015B bonds:	
Debt service	1,592
Total series 2015B bonds	1,592
Series 2015A bonds:	
Debt service reserve	514
Debt service	243
Series 2015A project account	—
Total series 2015A bonds	757
Series 2013A bonds:	
Debt service	106
Total series 2013A bonds	106



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Series 2003A and 2003B bonds:		
Gross revenues	\$	85
Bond		84
Repair and replacement		45
Operating reserve		43
Redemption		7
Total series 2003A and 2003B bonds		264
Total restricted cash and investments	\$	6,510

Descriptions of the funds required by the Series 2016 Bond Indentures are as follows:

- Parking trust – Parking Division accounts – Maintains funds transferred from the respective bond account to be available to pay principal and interest on the respective refunded bonds if other funds are not available.
- Repair and replacement – Provides for the repair and upkeep of parking garages.
- Debt service – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

Descriptions of the funds required by the Series 2015B Subordinated Bond Indentures are as follows:

- Debt service – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

Descriptions of the funds required by the Series 2015A Subordinated Bond Indentures are as follows:

- Debt service reserve – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- Debt service – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- Series 2015A project account – Maintains funds used to fund the debt service account.

Descriptions of the funds required by the Series 2013A Subordinated Bond Indentures are as follows:

- Debt service – Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.

Descriptions of the funds required by the Series 2003A and 2003B Bond Indenture are as follows:

- Gross revenues – Maintains revenues resulting from the operations of the Cupples Garage and uses these to pay the operating and debt service costs associated with the Cupples Garage.

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- Bond – Moneys deposited into this account pay principal and accrued and unpaid interest on the Series 2003A and 2003B bonds.
- Repair and replacement – Provides for the repair and upkeep of the Cupples Garage.
- Operating reserve – Maintains operating reserve as required by the Bond Indenture.
- Redemption – Maintains funds set aside for the future redemption of the Series 2003A and 2003B bonds.

**(4) Capital Assets**

Following is a summary of the changes in capital assets for the year ended June 30, 2021:

	<b>Balances, June 30, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balances, June 30, 2021</b>
Capital assets being depreciated:				
Buildings and parking garages	\$ 74,996	1,013	—	76,009
Equipment	2,182	31	—	2,213
Parking meters and lot equipment	8,051	—	—	8,051
	<u>85,229</u>	<u>1,044</u>	<u>—</u>	<u>86,273</u>
Less accumulated depreciation:				
Buildings and parking garages	(35,714)	(2,171)	—	(37,885)
Equipment	(1,307)	(197)	—	(1,504)
Parking meters and lot equipment	(5,232)	(549)	—	(5,781)
Total accumulated depreciation	<u>(42,253)</u>	<u>(2,917)</u>	<u>—</u>	<u>(45,170)</u>
Total capital assets being depreciated	<u>42,976</u>	<u>(1,873)</u>	<u>—</u>	<u>41,103</u>
Capital assets not being depreciated:				
Parking meters and lot equipment-CWIP	1,047	—	(1,047)	—
Land	22,903	—	—	22,903
Total capital assets not being depreciated	<u>23,950</u>	<u>—</u>	<u>(1,047)</u>	<u>22,903</u>
	<u>\$ 66,926</u>	<u>(1,873)</u>	<u>(1,047)</u>	<u>64,006</u>

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(In thousands)

**(5) Related-Party Transactions**

The Parking Division is required by a state statute to remit no more than 40% of the increase in net position to the City. During the year ended June 30, 2021, the Parking Division recorded a transfer to the City of St. Louis, Missouri of \$0 for this requirement due to the effects of the COVID-19 pandemic.

Additionally, at June 30, 2021, the Parking Division had the following amounts due to the City of St. Louis, Missouri:

- A gross amount of \$52, due to the Parking Division from the City for overpayment of June 2021 vouchers and additional City parking fees that were due.
- An amount of \$258, due to the City for unreimbursed workers' compensation claim liabilities (note 9).
- Under the terms of the Bond Indenture for the Series 2007 and 2016 bonds, the Parking Trust Funds consist of the Net Parking Division Revenues and City General Fund Parking Revenues. These funds are to be used in equal amounts to pay principal and interest on the bonds if other funds are not available. During the year ended June 30, 2021, \$2,848 of Parking Trust Funds were released to cover principal and interest payments in accordance with Section 505(b)(1) through (b)(6).

During the year ended June 30, 2021, the City charged the Parking Division \$172 for services rendered by various City departments, which are included in the Parking Division's operating expenses as interfund services used. The charges for fiscal year 2021 were reduced by \$18 for Treasury services related to Paymaster and Banking Services.

During the year ended June 30, 2021, the City transferred \$1,284 to the Parking Division from the City's Tax Increment Financing Special Revenue Fund. Of this transfer, \$930 was applied by the Parking Division towards the principal and interest payments on the Series 1999 Argyle bonds. The remaining \$354 related to the Buckingham/Euclid TIF project.

During the year ended June 30, 2021, the Parking Division paid an amount of \$379 to the City for the Office of Financial Empowerment (OFE), which is in line with the annual appropriation for the fund for fiscal year 2021. This appropriation was approved by the Parking Commission as a nonoperating expenditure from the Parking Division.

**(6) Revenue Bonds Payable**

**(a) Series 2016**

On November 25, 2016, the Parking Division issued \$12,365 in Series 2016 Parking Revenue Tax Exempt Bonds. The bonds were issued for the purpose of advance refunding the remaining portion of the outstanding Series 2006A parking revenue bonds, funding a debt service reserve with respect to the Series 2016 and paying the bond insurance premium and other costs of issuance with respect to the Series 2016 Bonds. The 2006A bond series refunded was \$13,780.

Pursuant to the provisions of the Refunding Indenture, the Issuer has deposited into a refunding account in the amount of \$14,094, consisting of (1) \$12,347 from the proceeds of the Refunding Bonds and (2) \$1,747 representing portions of (i) the amount that was on deposit in the Series 2006A Account

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in the Debt Service Reserve Fund of \$1,457 and (ii) the termination of the Forward Delivery Agreement of \$290.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,551. In accordance with GASB Statement No. 65, the gain on bond defeasance associated with the outstanding balance of the unamortized deferred outflow of resources for the 2006A series and the transfer of debt service reserves from 2006A of \$1,747 have been recorded as a net increase to deferred outflow of resources. This is being recognized as a component of interest expense over the bonds' deemed remaining life. In addition, \$324 was recorded as a deferred inflow of resources as part of the recognized gain on bond defeasance. These funds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006A bond series. As a result, the 2006A bond series are considered to be defeased and the liability for those bonds was removed from the statement of net position.

**(b) Series 2015B**

On December 28, 2015, the Parking Division issued \$36,410 in Series 2015B Subordinated Parking Revenue Tax Exempt Bonds. The bonds were issued for the purpose of advance refunding a portion of the outstanding Series 2006A and all of the Series 2007A parking revenue bonds, funding a debt service reserve with respect to the Series 2015B and paying the bond insurance premium and other costs of issuance with respect to the Series 2015B Bonds. The bond series refunded and the amount outstanding were:

- Parking Revenue Bonds, Series 2006A – \$30,615
- Parking Revenue Bonds, Series 2007A – \$9,370

Pursuant to the provisions of the Refunding Indenture, the Issuer has deposited with the Escrow agent \$41,570, consisting of (1) \$38,613 from the proceeds of the Refunding Bonds and (2) \$2,957 representing portions of (i) the amount that was on deposit in the Series 2006A Account in the Debt Service Reserve Fund of \$2,533 and (ii) the amount that was on deposit in the Series 2007A Account in the Debt Service Reserve Fund of \$424. The Escrow agent shall establish a special and irrevocable separate trust fund to be held and designated as the "Escrow Fund for Refunded Bonds." The Issuer is providing for the defeasance and payment of the Refunded Bonds through the deposit in trust with the Escrow Agent, as described on the Debt Service payment schedule in the indenture. Therefore, as of June 30, 2021, the Series 2007A bonds are no longer outstanding and none of defeased Series 2006A remains outstanding due to the refunding of the remaining balance as outlined above with the issuance of the 2016 Series.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,318. In accordance with GASB Statement No. 65, the loss on bond defeasance, along with the transfer of debt service reserves from 2006A and 2007A Series bonds of \$2,957 per above, have been recorded as a deferred outflow of resources, net of the accumulated amortization and will be recognized as a component of interest expense over its deemed remaining life.

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**(c) Series 2015A**

On April 2, 2015, the City of St. Louis, Missouri issued \$6,440 of Subordinated Parking Revenue Bonds, Series 2015A (the Series 2015A Bond), acting through the Treasurer of the City in the capacity as Supervisor of Parking Meters. The Series 2015A Bond constitutes debt for the Parking Division and was issued for the purpose of financing the acquisition of new meter technology, which would replace the existing meters in the City of St. Louis. The debt will also finance the purchase of new revenue equipment at the Cupples Garage. The Series 2015A Bond is a tax-exempt subordinate parking revenue bond, bearing interest at a variable rate from 0.73% to 3.50% per annum, maturing on December 15, 2031.

**(d) Series 2013A**

On August 19, 2013, the City of St. Louis, Missouri issued \$1,500 of Subordinated Parking Revenue Bonds, Series 2013A (the Series 2013A Bond), acting through the Treasurer of the City in her capacity as Supervisor of Parking Meters. The Series 2013A Bond constitutes debt of the Parking Division and was issued for the purpose of financing the acquisition of the Cupples #7 Building, the subsequent demolition of the building, the landscaping and improvement of the site, and the cost of issuance. The Series 2013A Bond is a tax-exempt subordinate parking revenue bond, bearing interest at the rate of 2.30% per annum, maturing on December 15, 2022.

**(e) Series 2003A and B**

On November 20, 2003, the SLPCFC issued \$6,730 in Series 2003A Tax Exempt Parking Revenue Bonds at a variable interest rate not to exceed 12% and \$6,882 in Series 2003B Taxable Parking Revenue Bonds at a variable interest rate not to exceed 5% for the purpose of purchasing the Cupples Garage located in downtown St. Louis. The net proceeds of the bonds were \$13,127, after the deduction of \$485 in underwriting fees and issuance costs. The Series 2003A and 2003B bonds are secured solely by the net revenues of the Cupples Garage and do not constitute a general obligation of the Parking Division or of the City of St. Louis. The Series 2003A bonds are secured by an irrevocable direct pay letter of credit with the Bank of America, N.A. (the Bank) in the original amount of \$6,807. The letter of credit automatically extends for successive one-year periods until the absolute termination date of June 6, 2028, unless written notice is given not less than one year prior to the actual or anticipated termination date beyond which the Bank elects not to renew the letter of credit. The Parking Division has not received notice of termination as of the date of this report. As of June 30, 2021, there are no outstanding draws related to this letter of credit.

On April 30, 2021, an amendment was entered into by SLPCFC and the Bank of America which amended the reimbursement agreement for the Series 2003A Tax Exempt revenue bonds which reduced the amount due by June 30, 2021 by \$224 and increased the amounts due in subsequent years thru 2024. All other terms remained unchanged.

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(In thousands)

**(f) Revenue Bonds Outstanding**

Revenue bonds outstanding at June 30, 2021, are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12.00%, payable in varying amounts through 2024	\$	780
SLPCFC Series 2003B taxable revenue bonds, interest rates variable, not to exceed 5.00%, payable in varying amounts through 2038		5,331
Series 2013A subordinated parking revenue bond, interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022		333
Series 2015A subordinated parking revenue bond, interest rates variable, not to exceed 3.50%, payable in varying amounts through 2031		4,675
Series 2015B subordinated parking revenue refunding bond, interest rates variable, not to exceed 5.00%, payable in varying amounts through 2033		29,925
Series 2016 revenue bonds interest ranging from 3.00% to 4.00%, payable in varying amounts through 2031		9,645
		50,689
Unamortized discount and premium		2,326
Current portion of revenue bonds payable		(3,807)
	\$	49,208

**(g) Debt Service Requirements**

Debt service requirements of the revenue bonds at June 30, 2021, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30:			
2022	\$ 3,807	1,925	5,732
2023	3,966	1,763	5,729
2024	3,694	1,597	5,291
2025	3,763	1,428	5,191
2026	3,936	1,253	5,189
2027–2030	17,937	3,320	21,257
2031–2035	12,201	1,046	13,247
2036–2038	1,385	143	1,528
	\$ 50,689	12,475	63,164

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**(h) Changes in Revenue Bonds Payable**

Following is a summary of the changes in revenue bonds payable for the year ended June 30, 2021:

Balances, beginning of year, net	\$	52,978
Revenue bonds paid or reclassified as current		(3,807)
Amended Reimbursement Agreement-2003A		224
Amortization of discounts and premiums		(187)
		49,208
Balances, end of year, net	\$	49,208
Amount due within one year	\$	3,807

**(i) Bond Covenants**

The Series 2013A, 2015A, 2015B, and 2016 revenue bonds are subject to General Covenants and Provisions. Section 705(c) of the Trust Indenture dated December 1, 2006, as amended by section 506(a) of the Supplemental Trust Indenture No. 5 dated December 28, 2015, requires the Parking Commission to take such action within 135 days after the end of such Fiscal Year, or if the Debt Service Coverage Ratio shall be an amount less than 1.20 in any two consecutive Fiscal Years, the Supervisor of Parking Meters shall employ a Consultant within 30 days thereafter to make recommendations to increase the Debt Service Coverage Ratio for subsequent Fiscal Years to at least 1.20 and then file a copy of the Consultant's report and recommendations with the Supervisor of Parking Meters, the Parking Commission, the Trustee, and each Credit Facility Provider within 150 days after the end of such Fiscal Year and shall be furnished to any Owner of the Bonds requesting a copy of the same at such requesting Owner's cost. The Supervisor of Parking Meters and the Parking Commission are to follow the recommendations of the Consultant to the extent feasible. As long as the provisions of 705(c) are complied with, and so long as (i) the average Debt Service Coverage Ratio for the two most recent Fiscal Years is not less than 1.00 or (ii) the balance in the Parking Trust Fund is equal to or greater than the Parking Trust Fund Requirement (an amount equal to one-half of the Maximum Annual Debt Service for the Bonds then Outstanding, which excludes subordinated debt), this Section shall be deemed to have been complied with for such Fiscal Years even if the Debt Service Coverage Ratio is below 1.20 and will not constitute an Event of Default. For the fiscal years ended June 30, 2021, and June 30, 2020, the overall Debt Service Coverage Ratio was 0.02 and 0.77, respectively. The balance in the Parking Trust Fund as of June 30, 2021, is \$861 which is more than one-half of the Maximum Annual Debt Service for the Bonds then Outstanding of \$1,054. The Supervisor of Parking Meters hired a consultant on October 22, 2021, and is required by November 27, 2021, to file a copy of the Consultant's report and recommendations with the Supervisor of Parking Meters, the Parking Commission, the Trustee, and each Credit Facility Provider.

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**(j) Debt-Related Items Presented as Deferred Outflows/Inflows of Resources**

The Parking Division recognizes certain debt-related items as deferred outflows/inflows of resources. The detail of the debt-related items recognized as deferred outflows/inflows of resources at June 30, 2021, is presented below:

	<b>Deferred outflow of resources</b>	<b>Deferred inflow of resources</b>
Loss on bond refunding	\$ 4,225	—
Gain on bond refunding	—	(240)
Total	\$ 4,225	(240)

For the year ended June 30, 2021, the amortization of the loss on bond refunding for deferred outflows of resources totaled \$347, which increased interest expense. The amortization of the gain on bond refunding for deferred inflows of resources totaled (\$22), which decreased interest expense.

**(7) Employees Retirement System of the City of St. Louis**

The Parking Division participates in the Employees Retirement System of the City of St. Louis (Employees System), a cost-sharing, multiple-employer public defined benefit pension plan.

**(a) Plan Description**

All Parking Division employees become members of the Employees System upon employment, with the exception of employees hired after attaining age 60.

The Employees System issues a publicly available financial report that includes financial statements and required supplementary information. The Employees System financial statements are prepared using the accrual basis of accounting. That report may be obtained by writing to the Employees Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees System provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest to employees covered by the Employees System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age of 65 or if the employee's age and creditable service combined equal or exceed 85 years. Employees may retire and receive a reduced benefit after age 60 with five years of creditable service; age 55 with at least 20 years of creditable service; or at any age with 30 years of creditable service. The monthly pension benefits of all retirees or their beneficiaries are adjusted according to the changes in the Consumer Price Index of the U.S. Department of Labor. Increases are limited each year, with total increases to retirees or their beneficiaries limited to 25%.



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On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost-of-living increases. The DROP account earns interest at the actuarial valuation rate of return and at the 10-year U.S. Treasury bond yield as of September 30 for DROP participants enrolling February 1, 2003, and thereafter. After the members completely terminate employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

**(b) Funding Policy**

The Employees System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method.

Employer contribution rates are established annually by the Board of Trustees of the Employees System based on an actuarial study. The Board of Trustees established the required employer contributions rate based on active member payroll of 13.19% effective July 2020 through June 2021. The previous contribution rate was 12.26% effective July 2019 through June 2020.

Employees who became members of the Employees System prior to October 14, 1977, and continued to make contributions, may make voluntary contributions to the Employees System equal to 3% of their compensation until the employee's compensation equals the maximum annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year.

The Parking Division's contributions to the Employees System for the year ended June 30, 2021, were \$556.

**(c) Net Pension Liability**

The Parking Division reported a liability of \$5,068 for its proportionate share of the net pension liability as of June 30, 2021. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2020. The Parking Division's proportion of the net pension liability was based on the Parking Division's share of contributions to the Employees System relative to the contributions of all Employees System participating employers. As of September 30, 2020, the Parking Division's collective proportion was 1.79%, which was an increase of 0.09% from its proportion as of September 30, 2019.

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The following were some of the significant actuarial assumptions used in the valuation of the Employees System:

Date of actuarial valuation	October 1, 2020
Actuarial cost method	Entry age normal
Inflation	2.50%
Long-term rate of return	7.25%
Projected salary increases	3.00% plus merit component based on employee's years of service
Mortality and death rates	Active: 135% of the Pub-2010 General Employee below-median income mortality table for males and 155% for females projected with generational mortality improvements from 2010 using Scale MP-2019 Healthy: 125% of the Pub-2010 General Retiree below-median income mortality table for males and 120% for females projected with generational mortality improvements from 2010 using Scale MP-2019 Disabled: 120% of the Pub-2010 Non-Safety Disabled Retiree mortality table for males and 110% for females projected with generational mortality improvements from 2010 using Scale MP-2019

The actuarial assumptions used in the October 1, 2020 actuarial valuation were based on the results of an actuarial experience study performed in 2015 which reviewed all the economic and demographic assumptions.

The long-term expected rate of return on the Employees System investments was determined using a building-block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in

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the pension plan's target asset allocation as of September 30, 2020, these best estimates are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Large cap	25.00 %	7.27 %
Mid cap	7.50	7.60
Small cap	7.50	7.90
International large cap	12.00	7.47
Emerging markets	3.00	8.10
Bank loans	5.00	6.10
Fixed income	10.00	3.30
International fixed income	5.00	5.80
Core real estate	10.00	6.60
Infrastructure	5.00	7.50
Private equity	5.00	10.80
Hedge funds	5.00	6.70
Total/Average	<u>100.00 %</u>	

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2020, actuarial valuation, a 7.25% long-term rate of return was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2021, for the Parking Division is as follows:

	<u>Discount rate</u>	<u>Net pension liability</u>
1% decrease	6.25 %	7,029
Current rate	7.25	5,068
1% increase	8.25	3,399

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(In thousands)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Employees System financial report.

**(d) Pension Expense**

For the year ended June 30, 2021, the Parking Division recognized pension expense of \$1,057. Annual pension expense consists of service cost, interest, and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five-year period.

**(e) Deferred Outflows/Inflows of Resources Related to Pensions**

In accordance with GASB Statements No. 68, the Parking Division recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflows/inflows of resources. At June 30, 2021, the Parking Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	<b>Deferred outflow of resources</b>	<b>Deferred inflow of resources</b>
Differences between expected and actual experience	\$ 80	—
Net difference between projected and actual earnings on pension plan investments	735	—
Changes in proportion	183	—
Assumption Changes	540	—
Parking Division contributions subsequent to the measurement date	422	—
Total	\$ 1,960	—

The \$422 reported as deferred outflow of resources related to pensions resulting from the Parking Division’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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The Parking Division recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Employee System's employees. The following table summarizes the future recognition of these items:

Year ended June 30:		
2022	\$	608
2023		639
2024		237
2025		54
		54
	\$	1,538

**(f) Pension Funding Project**

During fiscal year 2008, the City of St. Louis Municipal Finance Corporation issued \$46,700 in Taxable Leasehold Revenue and Refunding Bonds Series 2007 (Pension Funding Project) to fund the Employees System. While the Parking Division is not legally responsible for these bonds, \$887 of the proceeds was allocated to the Parking Division. A \$690 liability is reflected as other noncurrent liabilities on the statement of net position and is payable to the City of St. Louis by June 30, 2037.

**(8) Change in Noncurrent Liabilities**

The following table shows the changes in noncurrent liabilities for the fiscal year ended June 30, 2021:

	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2021</b>	<b>Due within one year</b>
Revenue bonds payable (note 6)	\$ 54,139	—	(3,450)	50,689	3,807
Net pension liability (note 7)	3,696	1,372	—	5,068	—
Pension funding project (note 7)	714	—	(24)	690	—
Unamortized discounts and premiums, net (note 6)	2,513	—	(187)	2,326	—
Other	71	—	(3)	68	—
Total	\$ 61,133	1,372	(3,664)	58,841	3,807

**(9) Risk Management and Litigation**

The Parking Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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The Parking Division participates in the Public Facilities Protection Corporation (PFPC) internal service fund of the City of St. Louis, Missouri. The purpose of PFPC is to account for risks in which the City is self-insured, primarily workers' compensation, unemployment benefits, certain general liability, and various other claims and legal actions. All self-insured claims, liabilities, and payments are recorded in PFPC. The Parking Division reimburses PFPC for workers' compensation claims on a cost-reimbursement basis. At June 30, 2021, the Parking Division owed PFPC \$258 for unreimbursed workers' compensation claim liabilities, which is recorded as part of due to the City of St. Louis, Missouri. All other self-insured risks are paid for by the General Fund of the City on behalf of the Parking Division. The Parking Division also purchases commercial insurance for other risks it considers significant, including surety bonds on various employees that handle cash, general liability, and property damage for its buildings and parking garages. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**(10) Pledged Revenue**

The Parking Division has pledged specific net Parking Division project revenues and net Parking Division revenues, net of specified operating expenses, to secure the repayment of the City of St. Louis Parking Revenue Bonds, Series 2013A, 2015A, 2015B, and 2016. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2021, the remaining principal and interest requirement is \$54,079 payable through fiscal year 2038. Principal and interest paid for the Series 2013A, 2015A, 2015B, and 2016 Parking Revenue Bonds was \$4,977 for the year ended June 30, 2021. The pledged net revenue recognized for the year ended June 30, 2021 was \$101.

**(11) Capital Commitments and Subsequent Events**

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may continue to adversely impact the local, regional, national and global economies. The total extent to which COVID-19 impacts the Parking Division's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, potential shortages of supplies, delays, loss of, or reduction to, parking revenue and potential decline in the fair value of investments. Management believes the Parking Division is continuing to take appropriate actions to respond to the pandemic; however, the full impact is unknown and cannot be fully estimated at the date the financial statements were available for issuance.

The Parking Division is in the process of refunding the 2015A Series bonds.

The Parking Commission approved a meter rate and ticket fine increase effective October 1, 2021.

Ordinance No. 70612 was approved by the Board of Alderman on September 22, 2017, to authorize the sale of the City Hall Upper Lot for a hotel project that is currently under development at the site of the old Municipal Courts Building. This development project is behind schedule and may not come to fruition. However, if this hotel project does occur, the impact to the Parking Division related to the revenue from that portion of the City Hall Lot, as well as the requirements needed to remain in compliance with the bond indentures will need to be evaluated.

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## Cupples Garage

## Schedule of Assets, Liabilities, and Fund Net Position

(Unaudited)

June 30, 2021

(In thousands)

**Assets**

Current assets:		
Cash and cash equivalents	\$	232
Accounts receivable		<u>12</u>
Total current assets		<u>244</u>
Noncurrent assets:		
Capital assets:		
Equipment		8
Cupples Garage building		11,159
Less accumulated depreciation		<u>(5,613)</u>
		5,554
Cupples Garage land		<u>1,950</u>
Total capital assets		<u>7,504</u>
Total noncurrent assets		<u>7,504</u>
Total assets	\$	<u><u>7,748</u></u>

**Liabilities and Fund Net Position**

Current liabilities:		
Accounts payable and accrued expenses	\$	49
Accrued salaries and other benefits		8
Due to the City of St. Louis, Missouri		17
Current portion of revenue bonds payable		<u>470</u>
Total current liabilities		<u>544</u>
Noncurrent liabilities:		
Revenue bonds payable, net		<u>5,640</u>
Total noncurrent liabilities		<u>5,640</u>
Total liabilities		6,184
Net position – net investment in capital assets		<u>1,564</u>
Total liabilities and net position	\$	<u><u>7,748</u></u>

See accompanying independent auditors' report.

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Cupples Garage

Schedule of Revenues, Expenses, and Changes in Fund Net Position

(Unaudited)

Year ended June 30, 2021

(In thousands)

Operating revenues:		
Cupples Garage	\$	511
Total operating revenues		511
Operating expenses:		
Parking Division management fees		1
Personal services		151
Materials and supplies		7
Contractual services		74
Insurance		36
Utilities		29
Depreciation and amortization		325
Total operating expenses		623
Operating loss		(112)
Nonoperating revenues (expenses):		
Investment income		—
Interest expense		(12)
Total nonoperating expenses, net		(12)
Loss before transfers		(124)
Change in net position		(124)
Total net position, beginning of year		1,688
Total net position, end of year	\$	1,564

See accompanying independent auditors' report.