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, 2020

(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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KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

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, 2020, 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, 2020, 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, 2020, 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 comprise 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 subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020 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 27, 2020

(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, 2020. 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:

			2020 vs 2019	
	2020	2019	Change	Percentage change
Assets:				
Current assets	$ 12,846	20,112	(7,266)	(36)%
Capital assets	66,926	68,734	(1,808)	(3)
Other noncurrent assets	3,832	5,446	(1,614)	(30)
Deferred outflow of resources	5,742	5,428	314	6
Total assets and deferred outflow of resources	$ 89,346	99,720	(10,374)	(10)%

(Continued)

(In thousands)

				2020 vs 2019	
		2020	**2019**	**Change**	**Percentage change**
Liabilities:					
Current liabilities	$	6,605	7,533	(928)	(12)%
Noncurrent liabilities		57,459	60,307	(2,848)	(5)
Deferred inflow of resources		335	444	(109)	(25)
Total liabilities and deferred inflow of resources	$	64,399	68,284	(3,885)	(6)%
Net position:					
Net investment in capital assets	$	10,274	8,347	1,927	23 %
Restricted – bond reserve funds		8,191	8,864	(673)	(8)
Unrestricted		6,482	14,225	(7,743)	(54)
Total net position	$	24,947	31,436	(6,489)	(21)%

Total Assets and Deferred Outflow of Resources: The $7,266 decrease in current assets was the result of a one-time transfer to the General Revenue Fund Reserves from unrestricted cash, approved through the Parking Commission and the Board of Estimates and Apportionment via Board Bill #13, necessitated by the COVID-19 pandemic of $5,000, and a decrease in unrestricted cash due to a 25% decrease in operating revenue. The $1,808 decrease in capital assets was mainly due to annual depreciation of $2,920 with purchases of $1,112. The $1,614 decrease in other noncurrent assets is due to a decrease in net activity in restricted investments in the bond funds of approximately $1,565. Deferred outflow of resources increased $314 due to $660 increase relating to pensions and a $346 decrease in annual bond amortization.

Total Liabilities and Deferred Inflow of Resources: Noncurrent liabilities decreased $2,848 mainly due to bond principal payments of $3,548 and amortization of bond premium/discounts of approximately $188. The decrease in deferred inflow of resources was due to a $89 decrease relating to pensions and a $21 decrease for gain on bond refunding.

Financial Highlights and Analysis of the Parking Division

				2020 vs 2019	
		2020	**2019**	**Change**	**Percentage change**
Operating revenues	$	14,212	18,849	(4,637)	(25)%
Operating expenses		14,253	12,549	1,704	14
Operating (loss) income		(41)	6,300	(6,341)	(101)

(In thousands)

Financial Highlights and Analysis of the Parking Division

				2020 vs 2019	
		2020	**2019**	**Change**	**Percentage change**
Nonoperating expenses, net	$	(1,710)	(1,929)	219	11 %
(Loss) income before transfers		(1,751)	4,371	(6,122)	(140)
Transfers-in		1,006	935	71	8
Transfers-out		(5,744)	(13,177)	7,433	(56)
Decrease in net position	$	(6,489)	(7,871)	1,382	(18)%
Net position, end of year	$	24,947	31,436	(6,489)	(21)%

Operating Revenues: Operating revenues decreased 25% from fiscal year 2019 due to the COVID-19 pandemic that resulted in Meter Revenue and Parking Ticket Violations revenue being down by 38% and 31%, respectively. Garage revenues were also affected with an overall decrease of 19%.

Operating Expenses: Operating expenses increased 14% from fiscal year 2019. Personnel expenditures increased by 21% due to hourly wages being increased to a minimum of $15/hour at the beginning of the fiscal year. There was also a 237% increase in non-capitalizable repairs for meter spare parts and asphalt/caulking and sealant work in garages/lots. There was a 21% decrease in merchant fees due to a decrease in credit card transactions for meters and garages related to COVID-19.

Nonoperating Expenses, Net: The current year's nonoperating expenses, net decreased 11% due to a refund from the East-West Gateway Council of Governments related to the Northside-Southside light-rail expansion of Metrolink study conducted in fiscal year 2017.

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 $1,006 were received in fiscal year 2020 for Argyle ($670) and Euclid/Buckingham ($336).

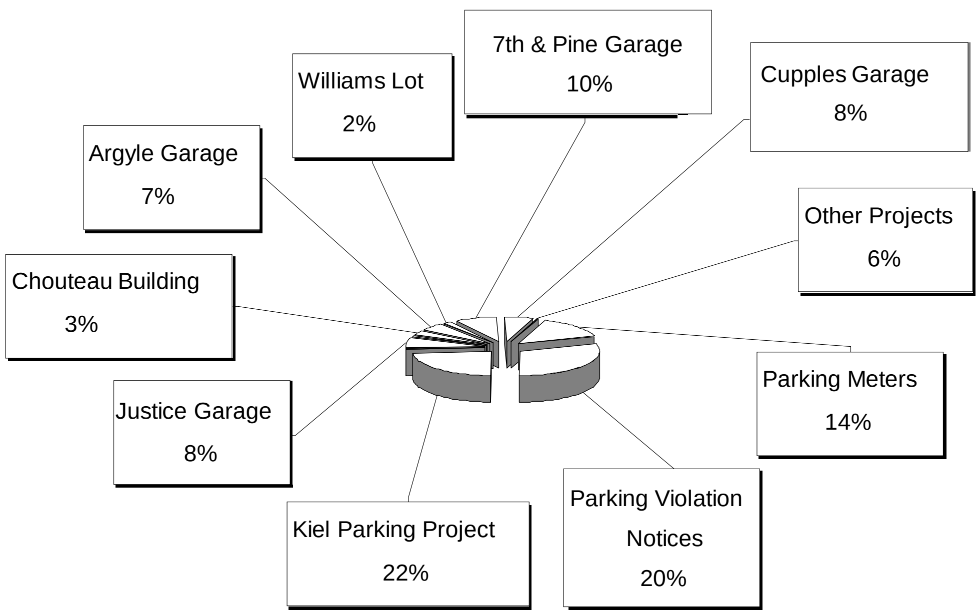
Transfers-out: The Parking Division, per State Statutes, may transfer up to 40% of the increase in net position to the general fund of the City. The Parking Division did not have a transfer related to this Statute for fiscal year 2020 due to the effects of the COVID-19 pandemic. However, in fiscal year 2020, the Parking Division did a one-time transfer for $5,350 to the General Fund Reserve for 1) Board Bill #13 which was necessitated by the COVID-19 pandemic of $5,000, 2) two tow trucks totaling $250 and 3) a LCRA/SLDC parking study of $100. In addition, the Parking Division transferred approximately $394 and $377 to the Office of Financial Empowerment, a Special Revenue Fund for the City of St. Louis, respectively, for fiscal years 2020 and 2019, per approval of the Parking Commission.

(Continued)

Net Position: The Parking Division's total net position decreased 21% in fiscal year 2020. This was mainly due to the effects of COVID-19 detailed in the Operating Revenues section and the one-time transfer to the General Fund of $5,350 which is detailed in the Transfers-out section.

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, 2020:



(In thousands)

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

				2020 vs 2019	
		2020	**2019**	**Change**	**Percentage change**
Parking meters, net	$	1,974	3,192	(1,218)	(38)%
Parking violation notices, net		2,884	4,202	(1,318)	(31)
Kiel Parking Project		3,177	4,274	(1,097)	(26)
7th & Pine Garage		1,407	1,418	(11)	(1)
Argyle Garage		951	1,167	(216)	(19)
Williams Lot		343	465	(122)	(26)
Justice Garage		1,123	1,402	(279)	(20)
Euclid/Buckingham Garage		268	302	(34)	(11)
Abrams Garage		170	207	(37)	(18)
Cupples Garage		1,071	1,226	(155)	(13)
Rental property (Chouteau Building)		374	381	(7)	(2)
Miscellaneous		470	613	(143)	(23)
Total operating revenues	$	14,212	18,849	(4,637)	(25)%

Parking Meters, Net: Gross parking meter revenue decreased $1,697 due to the suspension of parking enforcement from mid-March 2020 through mid-June 2020 for the COVID-19 pandemic. Net parking meter revenues change of $1,218 included a decrease for outsourcing costs of $479 due to suspension of meter maintenance and collections for mid-March and April and the implementation of the new contract for meter outsourcing in May.

Parking Violation Notices, Net: Gross parking violation notice revenues decreased $1,642. The number of tickets issued decreased by 4% prior to the COVID-19 pandemic. The effects of the pandemic resulted in the suspension of the issuance of parking tickets from mid-March 2020 through mid-June 2020, equal to a decrease of $1,581. Boot revenue decreased by $72 due to booting being suspended for the entire fiscal year. The outsourcing costs decreased by $324 due to suspension of ticket processing for mid-March through May and the implementation of the new contract for ticket processing in May.

Kiel Parking Project: Revenue from the Kiel Garage Project decreased $1,097, or 26%, in fiscal year 2020 due to the elimination of event revenue for hockey and baseball related to the COVID-19 pandemic from mid-March through June, equal to $396 (14%). The Stanley cup revenue from fiscal year 2019 contributed to an additional decrease in fiscal year 2020 of 19%, equal to $566.

7th & Pine Garage: The revenues at the 7th & Pine Garage decreased approximately $11, or 1%, in fiscal year 2020 due to suspensions of various monthly parking accounts and the decrease in transient parking related to

(Continued)

the COVID-19 pandemic, equal to $83 (7%). This garage also had two rental tenants that requested a three-month abatement due to COVID-19, which represented 43% of the total rental revenue.

Argyle Garage: The revenues at the Argyle Garage decreased by approximately $216, or 19% in fiscal year 2020 due to suspensions of various monthly parking accounts and the decrease in transient parking related to the COVID-19 pandemic, equal to $102 (10%). Argyle also had a rental tenant that requested a three-month abatement, followed by the closure of the business, which represented 80% of the total rental revenue.

Williams Lot: The revenues at Williams Lot decreased by 26% in fiscal year 2020 due to the elimination of event revenue for hockey related to the COVID-19 pandemic from mid-March through June, equal to $60 (13%). The Stanley cup revenue from fiscal year 2019 contributed to an additional decrease in fiscal year 2020 of 18%, equal to $84.

Justice Garage: The revenues at Justice Garage decreased by $279, or 20% due to suspensions of various monthly parking accounts and the decrease in transient parking related to the COVID-19 pandemic, equal to $26 (2%). A decrease in event revenue of $64 (11%) occurred due to the elimination of hockey and baseball related to the COVID-19 pandemic from mid-March through June. The Stanley cup revenue from fiscal year 2019 contributed to an additional decrease in fiscal year 2020 of 30%, equal to $175. This garage also had one rental tenant that requested a four-month abatement, which represented 100% of the total rental revenue.

Euclid/Buckingham Garage: The revenues at the Euclid/Buckingham Garage decreased by 11% in fiscal year 2020 due to a decrease in transient parking related to the COVID-19 pandemic, equal to $70 (29%). Monthly parking increased at this facility by $36 (55%).

Abrams Garage: The revenues at Abrams Garage decreased by $37 (18%) due to the elimination of Stifel Theater events related to the COVID-19 pandemic from mid-March through June.

Cupples Garage: The revenues at Cupples decreased by 155 (13%) in fiscal year 2020 due to suspensions of various monthly parking accounts and the decrease in transient parking related to the COVID-19 pandemic, equal to $33 (2%). A decrease in event revenue of $124 (11%) occurred due to the elimination of baseball related to the COVID-19 pandemic from mid-March through June.

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 92% of the building's office space is leased to various professional businesses. Fiscal year 2020 lease revenues decreased by 2% due to a rent abatement for one tenant for two months due to COVID-19, which represented 2% of the total rental revenue.

Miscellaneous: Miscellaneous revenues decreased by $143 (23%) mainly due to a decrease in parking permit zone revenue of $34, a decrease in meter contract revenue of $86 and a decrease in off-street parking revenue of $15.

(Continued)

(In thousands)

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

			2020 vs 2019	
	2020	**2019**	**Change**	**Percentage change**
Personnel services	$ 7,209	5,977	1,232	21 %
Materials and supplies	266	307	(41)	(13)
Contractual services	1,326	1,331	(5)	—
Utilities	347	342	5	1
Insurance	259	234	25	11
Bank fees	447	568	(121)	(21)
Operating services	635	496	139	28
Noncapitalizable repairs	707	210	497	237
Interfund services used	137	137	—	—
Depreciation and amortization	2,920	2,947	(27)	(1)
	$ 14,253	12,549	1,704	14 %

(Continued)

Personnel Services: Personnel salaries and benefits remain the largest annual expense of the Parking Division, representing 51% and 48% of total expenses for fiscal year 2020 and 2019, respectively. In fiscal year 2020, personnel expenses increased 21% due to hourly wages being increased to a minimum of $15/hour at the beginning of the fiscal year.

Materials and Supplies: Materials and supplies decreased 13% in fiscal year 2020 due to the PCI Compliance development expenses occurred in fiscal year 2019 and a decrease in parking ticket supplies related to COVID-19.

Contractual Services: Contractual service costs remained constant for fiscal year 2020.

Utilities and Insurance: Utilities and insurance increased 1% and 11%, respectively.

Bank Fees: Merchant fees decreased in fiscal year 2020 due to a decrease in credit card transactions for meters and garages related to COVID-19 in fiscal year 2020.

Operating Services: Operating services increased 28% in fiscal year 2020. This was mainly due to a ramp up in expenditures associated with the ticket processing system transition of $142.

Noncapitalizable Repairs: Noncapitalizable repairs increased by approximately 237% due to the purchase of meter spare parts and asphalt/caulking and sealant work in garages/lots.

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 and Amortization: Depreciation and amortization expense remained constant with a minimal decrease of 1% due to some assets reaching full depreciation in fiscal year 2020.

Significant Capital Assets and Long-Term Debt Activities

The Parking Division maintained an "A" rating from Standard & Poor's.

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

Due to the COVID-19 pandemic, the Parking Division submitted a budget reflecting $170 in excess revenues over expenses for fiscal year 2021. Since the budget submission, the Parking Division is projecting $4,736 in excess expenses over revenue due to 100% removal of event revenue and an additional decrease in monthly and transient revenue of 24% overall. In order to combat these projected losses, the Parking Division is implementing the following strategies:

- Implementing a strategy in conjunction with the supplemental bond indenture, Section 506 (c), in conjunction 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. The overall debt service coverage ratio for fiscal year 2020 is 77%. It should also be noted that the debt service coverage for the senior bonds is 366% and has met the 135% debt service coverage ratio.

In addition, the Supervisor of Parking Meters will direct the Trustee to release the excess funds from the Parking Trust Fund, to be transferred to the Net Parking Division Revenue account. This will address the debt service coverage ratio for the following fiscal year (i.e. 12 months from fiscal year ended 2020) per Section 705 in the Parking Revenue Bond Trust Indenture. It states that so long as the debt service coverage ratio for the most recent two fiscal years is not less than 100% OR the balance in the Parking Trust Fund is equal to or greater than the Parking Trust Fund requirement, this section would have been complied with and will not constitute a default. As of June 30, 2020, the Parking Trust Fund had a balance of $3,375, with a minimum requirement of $536, resulting in the fund being overfunded by $2,839. As of the date the financial statements are available to be issued, the balances remain the same.

- Opening a line of credit of $5,000.
- Refunding the 2015A Series bonds for a projected present value savings of cash flows equal to $731; net present value savings of $218.

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, 2020

(In thousands)

Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	$	4,947
Unrestricted		1,531
Investments – unrestricted		6,149
Receivables		199
Other assets		20
Total current assets		12,846
Noncurrent assets:		
Investments – restricted		3,244
Capital assets, net:		
Nondepreciable – CWIP		1,047
Nondepreciable – Land		22,903
Depreciable		42,976
Intangible and other assets, net		588
Total noncurrent assets		70,758
Deferred outflow of resources		5,742
Total assets and deferred outflow of resources	$	89,346
Liabilities		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable and accrued expenses	$	827
Accrued salaries and other benefits		177
Accrued vacation and compensatory benefits		253
Due to the City of St. Louis, Missouri		179
Due to other governmental agencies		32
Unearned revenue and other deposits		1,310
Total payable from unrestricted assets		2,778
Payable from restricted assets:		
Accrued interest		153
Current portion of revenue bonds payable		3,674
Total payable from restricted assets		3,827
Total current liabilities		6,605
Noncurrent liabilities:		
Revenue bonds payable, net		52,978
Net pension liability		3,696
Other		785
Total noncurrent liabilities		57,459
Deferred inflow of resources		335
Total liabilities and deferred inflow of resources		64,399
Net Position		
Net investment in capital assets		10,274
Restricted – bond reserve funds		8,191
Unrestricted		6,482
Total net position		24,947
Total liabilities and net position	$	89,346

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, 2020

(In thousands)

Operating revenues:	
Parking meters, net	$ 1,974
Parking violation notices, net	2,884
Parking facilities	8,510
Rental property	374
Miscellaneous	470
Total operating revenues	14,212
Operating expenses:	
Personnel services	7,209
Materials and supplies	266
Contractual services	1,326
Utilities	347
Insurance	259
Bank fees	447
Operating services	635
Noncapitalizable repairs	707
Interfund services used	137
Depreciation and amortization	2,920
Total operating expenses	14,253
Operating loss	(41)
Nonoperating revenues (expenses):	
Investment income	524
Interest and debt service expenses	(2,382)
Special projects	144
Other	4
Total nonoperating expenses, net	(1,710)
Loss before transfers	(1,751)
Transfers from the City of St. Louis, Missouri TIF Districts	1,006
Transfers to the City of St. Louis, Missouri Office of Financial Empowerment	(394)
Transfers to the City of St. Louis, LCRA/SLDC Parking Study	(100)
Transfers to the City of St. Louis, Missouri-General Fund/Streets-Tow Trucks	(250)
Transfers to the City of St. Louis, Missouri-General Fund Reserves	(5,000)
Total transfers, net	(4,738)
Decrease in net position	(6,489)
Total net position, beginning of year	31,436
Total net position, end of year	$ 24,947

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, 2020

(In thousands)

Cash flows from operating activities:		
Receipts from customers and users	$	13,811
Other operating cash receipts		470
Payments to suppliers of goods and services		(5,241)
Payments to employees		(6,810)
Net cash provided by operating activities		2,230
Cash flows from noncapital financing activities:		
Transfers from the State of Missouri		4
Transfers from the City of St. Louis, Missouri TIF Districts		1,006
Transfers to the City of St. Louis, Missouri Office of Financial Empowerment		(394)
Transfers to the City of St. Louis, Missouri and special project refunds		(5,206)
Net cash used in noncapital financing activities		(4,590)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(1,112)
Principal paid on revenue bonds payable		(3,548)
Interest paid on revenue bonds payable		(2,255)
Net cash used in capital and related financing activities		(6,915)
Cash flows from investing activities:		
Purchase of investments		(6,731)
Proceeds from maturities of investments		13,062
Investment income on cash and investments		493
Net cash provided by investing activities		6,824
Net decrease in cash and cash equivalents		(2,451)
Cash and cash equivalents, beginning of year		8,929
Cash and cash equivalents, end of year	$	6,478
Cash flows from operating activities:		
Operating loss	$	(41)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		2,920
Change in assets and liabilities:		
Decrease in receivables		86
Decrease in intangible and other assets, net		41
Increase in accounts payable and accrued expenses		369
Increase in accrued salaries and other benefits		61
Increase in accrued vacation and compensatory benefits		73
Decrease in due to City of St. Louis, Missouri, and other government agencies		(1,527)
Decrease in unearned revenue and other deposits		(17)
Increase in net pension liability		283
Decrease in other noncurrent liabilities		(18)
Net cash provided by operating activities	$	2,230
Supplemental disclosure for noncash financing activities:		
Unrealized gains on investments	$	63

See accompanying notes to basic financial statements.

(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 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.

(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 and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

(In thousands)

(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:

	Years
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 $608 at June 30, 2020, 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.

(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.

(Continued)

(In thousands)

(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, 2020 are as follows:

Parking meter revenues	$	4,491
Outsourcing expenses		(2,517)
Parking meter revenues, net	$	1,974

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, 2020 are as follows:

Parking violation notices revenues and related boot fees	$	4,093
Parking violation notices expenses		(1,209)
Parking violation notices revenues, net	$	2,884

(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, 2020, approximately 20 years remain on the lease.

(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.

(In thousands)

(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, 2020.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2020:

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:					
Certificates of deposit	$	1,114	—	1,114	—
U.S. Treasury obligations		8,279	8,279	—	—
Total	$	9,393	8,279	1,114	—

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.

(In thousands)

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, 2020, the Parking Division had the following cash, cash equivalents, and investments:

U.S. Treasury obligations	$	8,279
Certificates of deposit		1,114
Total investments		9,393
Money market mutual funds		4,947
Cash deposits		1,531
Total cash, cash equivalents, and investments	$	15,871

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.

(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.

(In thousands)

The Parking Division's investments (excluding cash deposits) had the following maturities (in years) on June 30, 2020:

	Fair value	Less than 1 year	1–5 Years
U.S. Treasury obligations	$ 8,279	7,909	370
Certificates of deposit	1,114	1,114	—
Money market mutual funds	4,947	4,947	—
	$ 14,340	13,970	370

(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, 2020, Parking Division's holdings in a money market mutual fund were rated AAAm/Aaa-mf/AAAmmf as of June 30, 2020 by Standard & Poor's, Moody's, and Fitch, respectively. The certificates of deposit were rated AAAf/AAAkf as of June 30, 2020 by Fitch and Kroll, respectively.

(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.

(In thousands)

At June 30, 2020, 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:

	Maximum percentage of portfolio	**Maximum maturity**
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.

At June 30, 2020, the concentration of the Parking Division's investments (excluding cash deposits) was as follows:

U.S. Treasury obligations	58 %
Certificates of deposit	8
Money market mutual funds	34
	100 %

(In thousands)

(3) Restricted Assets

Cash and investments restricted in accordance with bond indentures at June 30, 2020 are as follows:

Series 2016 bonds:		
Debt service	$	1,660
Total series 2016 bonds		1,660
Series 2015B bonds:		
Debt service		1,121
Total series 2015B bonds		1,121
Series 2015A bonds:		
Debt service reserve		518
Debt service		184
Series 2015A project account		10
Total series 2015A bonds		712
Series 2013A bonds:		
Debt service		83
Total series 2013A bonds		83
Series 2007B bonds:		
Net project revenues		75
Parking trust – Parking Division accounts		1,940
Repair and replacement		2,317
Total series 2007B bonds		4,332
Series 2003A and 2003B bonds:		
Gross revenues		106
Bond		31
Repair and replacement		44
Operating reserve		100
Redemption		2
Total series 2003A and 2003B bonds		283
Total restricted cash and investments	$	8,191

Descriptions of the funds required by the Series 2016 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 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 2007B Bond Indentures are as follows:

- Net project revenues – Maintains funds used to fund the debt service account.
- 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.

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.
- 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.

(Continued)

(In thousands)

(4) Capital Assets

Following is a summary of the changes in capital assets for the year ended June 30, 2020:

	Balances, June 30, 2019	Additions	Retirements	Balances, June 30, 2020
Capital assets being depreciated:				
Buildings and parking garages	$ 74,984	12	—	74,996
Equipment	2,116	66	—	2,182
Parking meters and lot equipment	8,035	16	—	8,051
	85,135	94	—	85,229
Less accumulated depreciation:				
Buildings and parking garages	(33,541)	(2,173)	—	(35,714)
Equipment	(1,114)	(193)	—	(1,307)
Parking meters and lot equipment	(4,678)	(554)	—	(5,232)
Total accumulated depreciation	(39,333)	(2,920)	—	(42,253)
Total capital assets being depreciated	45,802	(2,826)	—	42,976
Capital assets not being depreciated:				
Parking meters and lot equipment-CWIP	29	1,047	(29)	1,047
Land	22,903	—	—	22,903
Total capital assets not being depreciated	22,932	1,047	(29)	23,950
	$ 68,734	(1,779)	(29)	66,926

Construction in progress consists of saline sealers and waterproofing membranes for Kiel, Argyle, 7th & Pine, Euclid/Buckingham, and Cupples garages.

(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, 2020, 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. However, in fiscal year 2020, the Parking Division did a one-time transfer for $5,350 to the General Fund Reserve for 1) Board Bill #13, which was necessitated by the COVID-19 pandemic of $5,000, 2) two tow trucks totaling $250 and 3) a LCRA/SLDC parking study of $100.

Additionally, at June 30, 2020, the Parking Division had the following amounts due to the City of St. Louis, Missouri:

- A gross amount of $5, due to the City for paid Parking Division vouchers, net of $32 as of June 30, 2020, representing amounts due to the Parking Division for City parking fees.
- An amount of $174, 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. As of the end of the current fiscal year, none of the General Fund Parking Revenues was used to meet the debt service requirements and funds have been returned to the City by the bond trustee through the bond funds.

During the year ended June 30, 2020, the City charged the Parking Division $167 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 2020 were reduced by $30 for Treasury services related to Paymaster and Banking Services and Multigraph Services.

During the year ended June 30, 2020, the City transferred $1,006 to the Parking Division from the City's Tax Increment Financing Special Revenue Fund. Of this transfer, $670 was applied by the Parking Division towards the principal and interest payments on the Series 1999 Argyle bonds. The remaining $336 related to the Buckingham/Euclid TIF project.

During the year ended June 30, 2020, the Parking Division paid an amount of $394 to the City for the Office of Financial Empowerment (OFE), which is in line with the annual appropriation for the fund for fiscal year 2020. 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 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 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 will be recognized as a component of interest expense over its 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 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, 2020, 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.

(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 her 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, 2020, there are no outstanding draws related to this letter of credit.

(In thousands)

(f) Revenue Bonds Outstanding

Revenue bonds outstanding at June 30, 2020 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12.00%, payable in varying amounts through 2024	$ 1,005
SLPCFC Series 2003B taxable revenue bonds, interest rates variable, not to exceed 5.00%, payable in varying amounts through 2038	5,344
Series 2013A subordinated parking revenue bond, interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022	500
Series 2015A subordinated parking revenue bond, interest rates variable, not to exceed 3.50%, payable in varying amounts through 2031	5,040
Series 2015B parking revenue refunding bond, interest rates variable, not to exceed 5.00%, payable in varying amounts through 2033	31,895
Series 2016 revenue bonds interest ranging from 3.00% to 4.00%, payable in varying amounts through 2031	10,355
	54,139
Unamortized discount and premium	2,513
Current portion of revenue bonds payable	(3,674)
	$ 52,978

(g) Debt Service Requirements

Debt service requirements of the revenue bonds at June 30, 2020 are as follows:

	Principal	Interest	Total
Year ending June 30:			
2021	$ 3,674	2,065	5,739
2022	3,807	1,916	5,723
2023	3,966	1,754	5,720
2024	3,599	1,588	5,187
2025	3,763	1,421	5,184
2026–2029	21,873	4,540	26,413
2030–2034	12,201	1,014	13,215
2035–2038	1,256	125	1,381
	$ 54,139	14,423	68,562

(In thousands)

(h) Changes in Revenue Bonds Payable

Following is a summary of the changes in revenue bonds payable for the year ended June 30, 2020:

Balances, beginning of year, net	$	56,841
Revenue bonds paid or reclassified as current		(3,676)
Amortization of discounts and premiums		(187)
Balances, end of year, net	$	52,978
Amount due within one year	$	3,674

(i) 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, 2020 is presented below:

		Deferred outflow of resources	Deferred inflow of resources
Loss on bond refunding	$	4,572	—
Gain on bond refunding		—	(262)
Total	$	4,572	(262)

For the year ended June 30, 2020, 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 ($21), 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%.

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 12.26% effective July 2019 through June 2020. The previous contribution rate was 12.36% effective July 2018 through June 2019.

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, 2020 were $542.

(Continued)

(In thousands)

(c) Net Pension Liability

The Parking Division reported a liability of $3,696 for its proportionate share of the net pension liability as of June 30, 2020. The net pension liability was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2019. 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, 2019, the Parking Division’s collective proportion was 1.70%, which was an increase of 0.13% from its proportion as of September 30, 2018.

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

Date of actuarial valuation	October 1, 2019
Actuarial cost method	Entry age normal
Amortization method	Fixed 20 year period as of October 1, 2015 as a level percentage of payroll
Remaining amortization period	20 years as of October 1, 2015
Asset valuation method	5-year smoothed market
Inflation	2.50%
Long-term rate of return	7.50%
Projected salary increases	3.00% plus merit component based on employee’s years of service
Mortality Healthy	RP-2000 Healthy Mortality with 3 year set-forward and generational projections using Scale AA
Mortality Disabled	RP-2000 Disabled Mortality with 3 year set-forward and generational projections using Scale AA

The actuarial assumptions used in the October 1, 2019 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

(Continued)

(In thousands)

the pension plan's target asset allocation as of September 30, 2019, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
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	100.00 %	7.68 %

The discount rate used to measure the total pension liability was 7.50%. 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, 2019 actuarial valuation, a 7.50% 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, 2020 for the Parking Division is as follows:

	Discount rate	Net pension liability
1% decrease	6.50 %	$ 5,373
Current rate	7.50	3,696
1% increase	8.50	2,258

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.

(In thousands)

(d) Pension Expense

For the year ended June 30, 2020, the Parking Division recognized pension expense of $830. 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, 2020, the Parking Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

		Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	$	8	(73)
Net difference between projected and actual earnings on pension plan investments		559	—
Changes in proportion		182	—
Parking Division contributions subsequent to the measurement date		421	—
Total	$	1,170	(73)

The $421 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, 2020.

(Continued)

(In thousands)

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:		
2021	$	105
2022		185
2023		212
2024		174
	$	676

(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 $714 liability is reflected as other noncurrent long-term 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, 2020:

		Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Revenue bonds payable (note 6)	$	57,688	—	(3,549)	54,139	3,674
Net pension liability (note 7)		2,663	1,033	—	3,696	—
Pension funding project (note 7)		737	—	(23)	714	—
Unamortized discounts and premiums, net (note 6)		2,700	—	(187)	2,513	—
Other		66	5	—	71	—
Total	$	63,854	1,038	(3,759)	61,133	3,674

(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.

(Continued)

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, 2020, the Parking Division owed PFPC $174 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, 2020, the remaining principal and interest requirement is $59,056 payable through fiscal year 2038. Principal and interest paid for the Series 2013A, 2015A, 2015B, and 2016 Parking Revenue Bonds was $4,974 for the year ended June 30, 2020. The pledged net revenue recognized for the year ended June 30, 2020 was $3,822.

(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 adversely impact the local, regional, national and global economies. The 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 taking 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 securing a line of credit of $5,000 to prevent the depletion of unrestricted reserves for operating expenditures due to the effects of the COVID-19 pandemic.

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

(Continued)

The Parking Division is in the process of implementing a strategy in conjunction with the supplemental bond indenture, Section 506 (c), in conjunction 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. The overall debt service coverage ratio for fiscal year 2020 is 77%.

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.

Schedule 1

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

Cupples Garage

Schedule of Assets, Liabilities, and Fund Net Position

(Unaudited)

June 30, 2020

(In thousands)

Assets		
Current assets:		
Cash and cash equivalents	$	254
Accounts receivable		31
Total current assets		285
Noncurrent assets:		
Capital assets:		
Equipment		8
Cupples Garage building		11,159
Less accumulated depreciation		(5,287)
		5,880
Cupples Garage land		1,950
Total capital assets		7,830
Total noncurrent assets		7,830
Total assets	$	8,115
Liabilities and Fund Net Position		
Current liabilities:		
Accounts payable and accrued expenses	$	71
Accrued salaries and other benefits		8
Due to the City of St. Louis, Missouri		(1)
Current portion of revenue bonds payable		462
Total current liabilities		540
Noncurrent liabilities:		
Revenue bonds payable, net		5,887
Total noncurrent liabilities		5,887
Total liabilities		6,427
Net position – net investment in capital assets		1,688
Total liabilities and net position	$	8,115

See accompanying independent auditors’ report.

Schedule 2

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Cupples Garage

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

(Unaudited)

Year ended June 30, 2020

(In thousands)

Operating revenues:		
Cupples Garage	$	1,077
Total operating revenues		1,077
Operating expenses:		
Parking Division management fees		113
Personal services		179
Materials and supplies		8
Contractual services		105
Insurance		36
Utilities		33
Depreciation and amortization		325
Total operating expenses		799
Operating income		278
Nonoperating revenues (expenses):		
Investment income		6
Interest expense		(302)
Total nonoperating expenses, net		(296)
Loss before transfers		(18)
Change in net position		(18)
Total net position, beginning of year		1,706
Total net position, end of year	$	1,688

See accompanying independent auditors’ report.