



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, 2018

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis – Unaudited	3
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to Basic Financial Statements	13
Other Information (Unaudited)	
Schedule 1 – Cupples Garage – Schedule of Assets, Liabilities, and Fund Net Position (unaudited)	34
Schedule 2 – Cupples Garage – Schedule of Revenues, Expenses, and Changes in Fund Net Position (unaudited)	35



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

Independent Auditors' Report

The Honorable Mayor and
Board of Aldermen
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, 2018, 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. 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 financial position of the Parking Division of the City of St. Louis, Missouri, as of June 30, 2018, and the changes in its financial position and its cash flows thereof 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, 2018, 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 information in the Management's Discussion and Analysis on pages 3 through 9 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 has 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.

KPMG LLP

St. Louis, Missouri
October 26, 2018

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, 2018

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, 2018. 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:

			2018 vs 2017	
	2018	2017	Change	Percentage change
Assets:				
Current assets	\$ 28,090,852	27,741,274	349,578	1 %
Capital assets	71,434,878	73,675,548	(2,240,670)	(3)
Other noncurrent assets	6,080,488	5,262,832	817,656	16
Deferred outflow of resources	<u>5,648,660</u>	<u>6,728,912</u>	<u>(1,080,252)</u>	<u>(16)</u>
Total assets and deferred outflow of resources	<u>\$ 111,254,878</u>	<u>113,408,566</u>	<u>(2,153,688)</u>	<u>(2)%</u>

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, 2018

	2018	2017	2018 vs 2017	
			Change	Percentage change
Liabilities:				
Current liabilities	\$ 7,492,922	7,954,459	(461,537)	(6)%
Noncurrent liabilities	64,063,679	68,300,554	(4,236,875)	(6)
Deferred inflow of resources	391,662	454,240	(62,578)	(14)
Total liabilities and deferred inflow of resources	\$ 71,948,263	76,709,253	(4,760,990)	(6)%
Net position:				
Net investment in capital assets	\$ 7,456,553	6,214,485	1,242,068	20 %
Restricted – bond reserve funds	9,261,114	9,483,529	(222,415)	(2)
Unrestricted	22,588,948	21,001,299	1,587,649	8
Total net position	\$ 39,306,615	36,699,313	2,607,302	7 %

Total Assets and Deferred Outflow of Resources: The approximate \$350,000 increase in current assets was the result of investment income related to the certificate of deposit (MOSIP), an increase in unrestricted cash and a decrease in restricted cash. The approximate \$818,000 increase in other noncurrent assets was due to net activity in restricted investments in the bond funds of approximately \$865,000. Deferred outflow of resources decreased \$1.1 million due to an approximate \$719,000 decrease relating to pensions and an approximate \$347,000 decrease for loss on bond defeasance.

Total Liabilities and Deferred Inflow of Resources: Noncurrent liabilities decreased mainly due to bond principal payments of \$3.3 million, amortization of bond premium/discounts of approximately \$188,000 and a decrease in the pension liability of approximately \$547,000. The decrease in deferred inflow of resources was due to an approximate \$27,000 decrease relating to pensions and an approximate \$20,000 decrease for gain on bond refunding.

	Financial Highlights and Analysis of the Parking Division			
	2018	2017	Change	Percentage change
Operating revenues	\$ 17,935,922	18,026,525	(90,603)	(1)%
Operating expenses	12,405,162	11,518,288	886,874	8
Operating income	5,530,760	6,508,237	(977,477)	(15)

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, 2018

	Financial Highlights and Analysis of the Parking Division			
	2018 vs 2017			
	2018	2017	Change	Percentage change
Nonoperating expenses, net	\$ (2,321,976)	(4,260,059)	1,938,083	45 %
Income before transfers	3,208,784	2,248,178	960,606	43
Transfers-in	1,010,709	336,657	674,052	200
Transfers-out	(1,612,191)	(1,991,155)	378,964	(19)
Increase in net position	\$ <u>2,607,302</u>	<u>593,680</u>	<u>2,013,622</u>	<u>339 %</u>
Net position, end of year	\$ <u>39,306,615</u>	<u>36,699,313</u>	<u>2,607,302</u>	<u>7 %</u>

Operating Income: Operating revenues decreased 1% from fiscal year 2017 due to a decrease in rental property revenue due to vacancies of 11%, a decrease in event revenue of 6%, offset by an increase in garage monthly revenue of 6%.

Operating Expense: Operating expenses increased 8% from fiscal year 2017. On average, 4 open positions were carried throughout fiscal year 2018, resulting in a decrease of approximately \$152,000, offset by an increase in part-time hourly wages mid-year to \$11.00/hr and merit increases averaging 2%. The Parking Division also experienced an increase in contractual services of approximately \$100,000 due to legal fees, operating services of approximately \$150,000 due to increased Parkmobile usage and increases in maintenance agreements, bank fees of approximately \$50,000 relating to credit card transactions for both on-street and off-street parking and non-capitalizable repairs in the garage facilities of approximately \$80,000.

The 1% decrease in operating revenues, coupled with an 8% increase in operating expenses, resulted in operating income decreasing by approximately \$977,000, or 15%.

Nonoperating Expenses, Net: The current year's nonoperating expenses decreased 45% due to the funding of the South City Metrolink Expansion Study for \$2.0 million that was reflected in fiscal year 2017 and a decrease in bond interest expense of approximately \$300,000 due to the recent bond refunding of the 2006 A Series.

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 \$660,000 were received in fiscal year 2018 for Argyle, whereas they were not received in fiscal year 2017 due to the refunding. However, TIF funds were not needed to supplement the actual operations of the Argyle Garage during fiscal year 2017 and 2018. In addition, TIF revenues for Euclid/Buckingham increased by 10%.

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

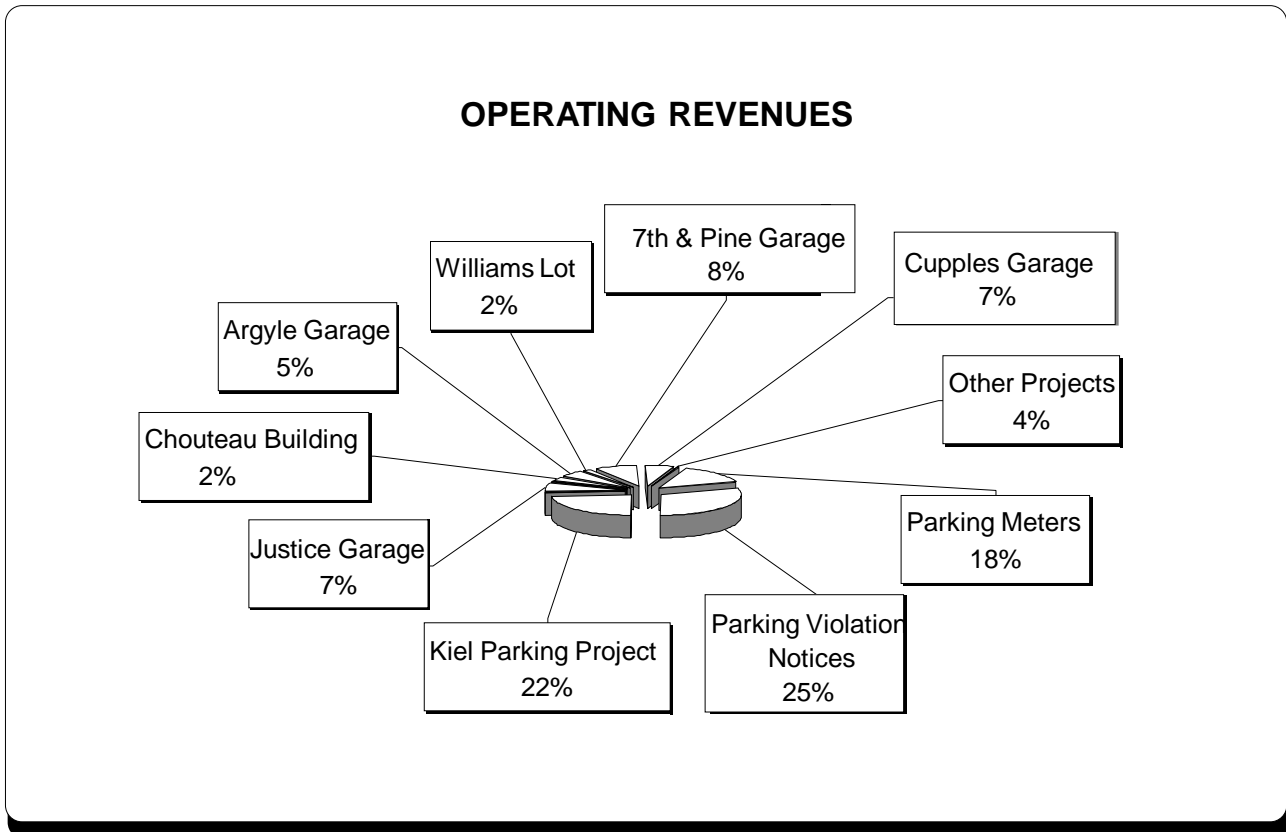
June 30, 2018

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 was able to contribute \$1,285,000 and \$1,681,000 to the general fund of the City of St. Louis, Missouri, respectively, for fiscal years 2018 and 2017. In addition, the Parking Division transferred approximately \$327,000 and \$310,000 to the Office of Financial Empowerment, a Special Revenue Fund for the City of St. Louis, respectively, for fiscal years 2018 and 2017, per approval of the Parking Commission.

Net Position: The Parking Division's total net position increased 7% in fiscal year 2018.

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, 2018:



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, 2018

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

	2018	2017	2018 vs 2017	
			Change	Percentage change
Parking meters, net	\$ 3,279,197	3,128,463	150,734	5 %
Parking violation notices, net	4,400,335	4,332,092	68,243	2
Kiel Parking Project	3,906,675	3,925,475	(18,800)	—
7th & Pine Garage	1,354,916	1,422,348	(67,432)	(5)
Argyle Garage	829,957	1,089,822	(259,865)	(24)
Williams Lot	369,449	366,452	2,997	1
Justice Garage	1,212,910	1,357,944	(145,034)	(11)
Euclid/Buckingham Garage	291,661	252,880	38,781	15
Abrams Garage	184,580	186,795	(2,215)	(1)
Cupples Garage	1,213,536	1,178,718	34,818	3
Rental property (Chouteau Building)	392,864	425,738	(32,874)	(8)
Miscellaneous	499,842	359,798	140,044	39
Total operating revenues	\$ <u>17,935,922</u>	<u>18,026,525</u>	<u>(90,603)</u>	<u>(1)%</u>

Parking Meters Revenue, Net: Gross parking meter revenue increased approximately \$423,000, or 7%, for fiscal year 2018 (note 1(g)). This increase continues to be attributed to patrons having multiple payment method options for on-street parking. Net parking meter revenues included an increase for outsourcing costs of approximately \$272,000.

Parking Violation Notices Revenue, Net: Gross parking violation notice revenues and net parking violation notice revenues remained constant between years, reflecting a 1% decrease and a 2% increase, respectively, in fiscal year 2018. The number of tickets issued decreased by 1% and the tickets processed decreased by 3%. The outsourcing costs decreased approximately \$120,000, or 7%.

Kiel Parking Project: Revenue from the Kiel Garage Project decreased by approximately \$19,000 or less than 1%, in fiscal year 2018 due to the event revenue at Enterprise Center reflecting a decrease of 6%, offset by an increase in monthly and transient revenue of 8% and 5%, respectively.

7th & Pine Garage: The revenues at the 7th & Pine Garage decreased approximately \$67,000, or 5%, in fiscal year 2018. The decrease in fiscal year 2018 is due to the loss of 5 company accounts during fiscal year 2018 of approximately \$95,000. This loss was offset by an increase in revenue from 2 company accounts during fiscal year 2018 of approximately \$30,000.

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, 2018

Argyle Garage: The revenues at the Argyle Garage decreased by approximately \$260,000, or 24% in fiscal year 2018 due to a decrease in transient parking demand in the area from elimination of construction needs in the Central Westend area and a decrease in rental revenue due to the properties being vacant for 8 months of fiscal year 2018.

Williams Lot: The revenues at Williams Lot increased by 1% in fiscal year 2018. Event revenue experienced less than a 1% decrease, but monthly revenue increased by 12%.

Justice Garage: The revenues at Justice Garage decreased by 11%. Transient and event parking revenue decreased 12% and 15%, respectively. Monthly and rental revenue remained constant with less than a 1% decrease in both.

Euclid/Buckingham Garage: The revenues at the Euclid/Buckingham Garage increased by 15% in fiscal year 2018 due to an increase in transient parking of 24% and a decrease in monthly parking of 15%.

Cupples Garage: The revenues at Cupples increased by 3% in fiscal year 2018, due to an increase in monthly revenue of 18% and a decrease in event revenue of 11%.

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 2018 lease revenues decreased by 8% due to the percentage of occupancy decreasing by 9% compared to fiscal year 2017.

Miscellaneous Revenues: Miscellaneous revenues increased by 39% mainly due to an increase in meter contract revenue of 25% and an increase in parking permit zone revenue of 19%.

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

	2018 vs 2017			
	2018	2017	Change	Percentage change
Personnel services	\$ 5,945,165	5,761,026	184,139	3 %
Materials and supplies	260,291	196,624	63,667	32
Contractual services	1,280,367	1,180,347	100,020	8
Utilities	328,302	274,737	53,565	19
Insurance	228,467	215,220	13,247	6
Bank fees	556,114	510,842	45,272	9
Operating services	588,538	285,643	302,895	106
Noncapitalizable repairs	184,424	96,401	88,023	91
Interfund services used	128,221	99,287	28,934	29
Depreciation	2,905,273	2,898,161	7,112	—
	\$ 12,405,162	11,518,288	886,874	8 %

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, 2018

Personnel Services: Personnel salaries and benefits remain the largest annual expense of the Parking Division, representing 45% or more of both the current and prior years' total expenses. In fiscal year 2018, personnel expenses increased by 3% due to having 4 open positions equal to approximately \$152,000, offset by an increase in part-time hourly wages mid-year to \$11.00/hr and merit increases averaging 2%.

Materials and Supplies: Materials and supplies increased 32% in fiscal year 2018 due to the continued development of the information technologies area and associated software tools.

Contractual Services: Contractual service costs increased 8% this year, which were driven by legal fees increased by approximately \$100,000.

Utilities and Insurance: Utilities and insurance increased 19% and 6%, respectively.

Bank Fees: The Parking Division experienced an increase in bank fees of approximately \$45,000 relating to credit card transactions for both on-street and off-street parking. This increase was 78% less than fiscal year 2017's increase due to merchant fees being re-negotiated from 0.06 to 0.0425 per transaction.

Operating Services: Operating services increased approximately \$303,000 in fiscal year 2018. This was mainly due to maintenance fee cpi index increases of \$172,000 that were negotiated and settled in fiscal year 2018. In addition, Parkmobile meter application usage increased by \$150,000.

Noncapitalizable Repairs: Noncapitalizable repairs increased by approximately \$88,000 due to various repair and replacement projects completed via the bond funds and repairs to Cupples' elevators and stairwells.

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 increased by 29%.

Depreciation: Depreciation expense increased less than 1% due to only having approximately \$435,000 additions with 63% being depreciated with a 10 year life, resulting in a half-year depreciation in fiscal year 2018.

Significant Capital Assets and Long-Term Debt Activities

Standard & Poor's issued the Parking Division an "A" rating and stable outlook.

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 has projected approximately \$2.0 million in excess revenues over expenses for the 2018-2019 fiscal year.

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, 2018

Assets:	
Current assets:	
Cash and cash equivalents:	
Restricted	\$ 3,865,790
Unrestricted	13,867,753
Investments – unrestricted	10,126,268
Receivables	211,042
Other assets	20,000
Total current assets	<u>28,090,853</u>
Noncurrent assets:	
Investments – restricted	5,395,324
Capital assets, net:	
Nondepreciable – CWIP	228,756
Nondepreciable – Land	22,903,154
Depreciable	48,302,968
Intangible and other assets, net	685,164
Total noncurrent assets	<u>77,515,366</u>
Deferred outflow of resources	<u>5,648,660</u>
Total assets and deferred outflow of resources	<u>\$ 111,254,879</u>
Liabilities:	
Current liabilities:	
Payable from unrestricted assets:	
Accounts payable and accrued expenses	\$ 524,038
Accrued salaries and other benefits	112,112
Accrued vacation and compensatory benefits	149,311
Due to the City of St. Louis, Missouri	1,739,377
Due to other governmental agencies	43,368
Unearned revenue and other deposits	1,365,999
Total payable from unrestricted assets	<u>3,934,205</u>
Payable from restricted assets:	
Accrued interest	175,050
Current portion of revenue bonds payable	3,383,667
Total payable from restricted assets	<u>3,558,717</u>
Total current liabilities	<u>7,492,922</u>
Noncurrent liabilities:	
Revenue bonds payable, net	60,594,658
Net pension liability	2,622,467
Other	846,554
Total noncurrent liabilities	<u>64,063,679</u>
Deferred inflow of resources	<u>391,662</u>
Total liabilities and deferred inflow of resources	<u>71,948,263</u>
Net position:	
Net investment in capital assets	7,456,553
Restricted – bond reserve funds	9,261,114
Unrestricted	22,588,948
Total net position	<u>39,306,615</u>
Total liabilities and net position	<u>\$ 111,254,878</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 Revenues, Expenses, and Changes in Fund Net Position

Year ended June 30, 2018

Operating revenues:	
Parking meters, net	\$ 3,279,197
Parking violation notices, net	4,400,335
Parking facilities	9,363,684
Rental property	392,864
Miscellaneous	<u>499,842</u>
Total operating revenues	<u>17,935,922</u>
Operating expenses:	
Personnel services	5,945,165
Materials and supplies	260,291
Contractual services	1,280,367
Utilities	328,302
Insurance	228,467
Bank fees	556,114
Operating services	588,538
Noncapitalizable repairs	184,424
Interfund services used	128,221
Depreciation and amortization	<u>2,905,273</u>
Total operating expenses	<u>12,405,162</u>
Operating income	<u>5,530,760</u>
Nonoperating revenues (expenses):	
Investment income	262,432
Interest and debt service expenses	(2,595,737)
Other	<u>11,329</u>
Total nonoperating expenses, net	<u>(2,321,976)</u>
Income before transfers	<u>3,208,784</u>
Transfers from the City of St. Louis, Missouri TIF Districts	1,010,709
Transfers to the City of St. Louis, Missouri Office of Financial Empowerment	(327,191)
Transfers to the City of St. Louis, Missouri	<u>(1,285,000)</u>
Total transfers, net	<u>(601,482)</u>
Increase in net position	2,607,302
Total net position, beginning of year	<u>36,699,313</u>
Total net position, end of year	<u>\$ 39,306,615</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, 2018

Cash flows from operating activities:	
Receipts from customers and users	\$ 17,391,756
Other operating cash receipts	499,842
Payments to suppliers of goods and services	(3,936,831)
Payments to employees	<u>(5,884,795)</u>
Net cash provided by operating activities	<u>8,069,972</u>
Cash flows from noncapital financing activities:	
Transfers from the State of Missouri	6,029
Transfers from the City of St. Louis, Missouri TIF Districts	1,010,709
Transfers to the City of St. Louis, Missouri Office of Financial Empowerment	(327,191)
Transfers to the City of St. Louis, Missouri	<u>(1,285,000)</u>
Net cash used in noncapital financing activities	<u>(595,453)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(659,303)
Principal paid on revenue bonds payable	(3,295,667)
Interest paid on revenue bonds payable	<u>(2,466,373)</u>
Net cash used in capital and related financing activities	<u>(6,421,343)</u>
Cash flows from investing activities:	
Purchase of investments	(3,044,967)
Proceeds from maturities of investments	2,055,909
Investment income on cash and investments	<u>235,622</u>
Net cash used in investing activities	<u>(753,436)</u>
Net increase in cash and cash equivalents	299,740
Cash and cash equivalents, beginning of year	<u>17,433,803</u>
Cash and cash equivalents, end of year	<u>\$ 17,733,543</u>
Cash flows from operating activities:	
Operating income	\$ 5,530,760
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,905,273
Change in assets and liabilities:	
Decrease in receivables	107,571
Decrease in intangible and other assets, net	40,805
Increase in accounts payable and accrued expenses	201,544
Increase in accrued salaries and other benefits	4,670
Decrease in accrued vacation and compensatory benefits	(35)
Decrease in due to City of St. Louis, Missouri, and other government agencies	(624,456)
Decrease in unearned revenue and other deposits	(151,894)
Increase in net pension liability	144,634
Decrease in other noncurrent liabilities	<u>(88,900)</u>
Net cash provided by operating activities	<u>\$ 8,069,972</u>
Supplemental disclosure for noncash financing activities:	
Unrealized losses on investments	\$ (16,940)
Gain on disposal of capital assets	5,299

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)

Notes to Basic Financial Statements

June 30, 2018

(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 five-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.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(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 \$705,164 at June 30, 2018, 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.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(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, 2018 are as follows:

Parking meter revenues	\$	6,190,786
Outsourcing expenses		<u>(2,911,589)</u>
Parking meter revenues, net	\$	<u><u>3,279,197</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, 2018 are as follows:

Parking violation notices revenues and related boot fees	\$	5,929,962
Parking violation notices expenses		<u>(1,529,627)</u>
Parking violation notices revenues, net	\$	<u><u>4,400,335</u></u>

(h) Unearned Revenue and Other Deposits

Unearned revenue and other deposits represents a prepaid parking lease agreement in the Argyle Garage which is being amortized over 40 years. At June 30, 2018 approximately 22 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.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(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, and certificates of deposits.
- 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 U.S. government agency obligations.
- Level 3 inputs are significant unobservable inputs for the asset. The Parking Division had no Level 3 assets as of June 30, 2018.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2018:

	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	\$ 10,126,268	10,126,268	—	—
U.S. Treasury obligations	2,484,986	2,484,986	—	—
U.S. government agency obligations	2,910,338	—	2,910,338	—
Total	\$ 15,521,592	12,611,254	2,910,338	—

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. Agency securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

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, 2018, the Parking Division had the following cash, cash equivalents, and investments:

U.S. Treasury notes	\$	2,037,172
U.S. Treasury bills		447,814
Federal Home Loan Bank		2,250,576
Federal National Mortgage Association		659,762
Certificates of deposit		<u>10,126,268</u>
Total investments		15,521,592
Money market mutual funds		3,865,790
Cash deposits		<u>13,867,753</u>
Total cash, cash equivalents, and investments	\$	<u><u>33,255,135</u></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.

(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.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

The Parking Division's investments (excluding cash deposits) had the following maturities (in years) on June 30, 2018:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 Years</u>
U.S. Treasury notes	\$ 2,037,172	1,709,580	327,592
U.S. Treasury bills	447,814	447,814	—
Federal Home Loan Bank	2,250,576	2,250,576	—
Federal National Mortgage Association	659,762	659,762	—
Certificates of deposit	10,126,268	10,126,268	—
Money market mutual funds	3,865,790	3,865,790	—
	<u>\$ 19,387,382</u>	<u>19,059,790</u>	<u>327,592</u>

(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 (NRSROs) 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 \$250,000,000 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, 2018, the U.S. government agency obligations were rated AA+ and Aaa by Standard & Poor's and Moody's, respectively. Parking Division's holdings in a money market mutual fund were rated AAAm/Aaa-mf/AAAmf as of June 30, 2018 by Standard & Poor's, Moody's, and Fitch, respectively. The certificates of deposit were rated AAAm as of June 30, 2018.

(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

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

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, 2018, 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.

At June 30, 2018, the concentration of the Parking Division's investments (excluding cash deposits) was as follows:

U.S. Treasury notes	11 %
U.S. Treasury bills	2
Federal Home Loan Bank	12
Federal National Mortgage Association	3
Certificates of deposit	52
Money market mutual funds	20
	<hr/>
	100 %

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(3) Restricted Assets

Cash and investments restricted in accordance with bond indentures at June 30, 2018 are as follows:

Series 2016 bonds:		
Debt service	\$	1,159,512
Transferred debt service		<u>966,099</u>
Total series 2016 bonds		<u>2,125,611</u>
Series 2015B bonds:		
Debt service		<u>829,859</u>
Total series 2015B bonds		<u>829,859</u>
Series 2015A bonds:		
Debt service reserve		513,008
Debt service		188,974
Series 2015A project account		<u>16,792</u>
Total series 2015A bonds		<u>718,774</u>
Series 2013A bonds:		
Debt service		<u>91,601</u>
Total series 2013A bonds		<u>91,601</u>
Series 2007B bonds:		
Debt service reserve		448,596
Debt service		42
Net project revenues		—
Parking trust – Parking Division accounts		1,919,986
Repair and replacement		<u>2,672,953</u>
Total series 2007B bonds		<u>5,041,577</u>
Series 2003A and 2003B bonds:		
Gross revenues		150,026
Bond		103,724
Repair and replacement		40,549
Operating reserve		100,000
Redemption		<u>59,393</u>
Total series 2003A and 2003B bonds		<u>453,692</u>
Total restricted cash and investments	\$	<u><u>9,261,114</u></u>

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

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.
- Transferred 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:

- 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 – Moneys deposited into this account pay principal and accrued and unpaid interest on the respective bonds.
- 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.

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

Notes to Basic Financial Statements

June 30, 2018

- 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, 2018:

	<u>Balances, June 30, 2017</u>	<u>Reclassifications and additions</u>	<u>Retirements</u>	<u>Balances, June 30, 2018</u>
Capital assets being depreciated:				
Buildings and parking garages	\$ 74,481,743	263,986	—	74,745,729
Equipment	1,714,857	298,327	(40,914)	1,972,270
Parking meters and lot equipment	8,161,650	(126,467)	—	8,035,183
	<u>84,358,250</u>	<u>435,846</u>	<u>(40,914)</u>	<u>84,753,182</u>
Less accumulated depreciation:				
Buildings and parking garages	(29,093,837)	(2,271,420)	—	(31,365,257)
Equipment	(848,773)	(150,662)	40,914	(958,521)
Parking meters and lot equipment	(3,643,245)	(483,191)	—	(4,126,436)
Total accumulated depreciation	<u>(33,585,855)</u>	<u>(2,905,273)</u>	<u>40,914</u>	<u>(36,450,214)</u>
Total capital assets being depreciated	<u>50,772,395</u>	<u>(2,469,427)</u>	<u>—</u>	<u>48,302,968</u>
Capital assets not being depreciated:				
Parking meters and lot equipment-CWIP	—	228,756	—	228,756
Land	22,903,154	—	—	22,903,154
Total capital assets not being depreciated	<u>22,903,154</u>	<u>228,756</u>	<u>—</u>	<u>23,131,910</u>
	<u>\$ 73,675,549</u>	<u>(2,240,671)</u>	<u>—</u>	<u>71,434,878</u>

Construction in progress consists primarily of revenue control equipment installation at 7th & Pine Garage, brick sealing at Argyle Garage and for roof replacement at Kiel Parking Project.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(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, 2018, the Parking Division recorded a transfer to the City of St. Louis, Missouri of \$1,285,000 for this requirement. Of such amount, \$1,085,000 was still outstanding as of June 30, 2018 and recorded as a due to the City of St. Louis, Missouri.

Additionally, at June 30, 2018, the Parking Division had the following amounts due to the City of St. Louis, Missouri:

- A gross amount of \$489,801, due to the City for reimbursement of Parking Division vouchers paid by the City, net of \$20,493 as of June 30, 2018, representing amounts due to the Parking Division for City parking fees.
- An amount of \$185,069, 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, 2018, the City charged the Parking Division \$152,893 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 2018 were reduced by \$24,672 for Treasury services related to Paymaster and Banking Services and Multigraph Services.

During the year ended June 30, 2018, the City transferred \$1,010,709 to the Parking Division from the City's Tax Increment Financing Special Revenue Fund. Of this transfer, \$660,946 was applied by the Parking Division towards the principal and interest payments on the Series 1999 Argyle bonds. The remaining \$349,763 related to the Buckingham/Euclid TIF project.

During the year ended June 30, 2018, the Parking Division paid an amount of \$327,191 to the City for the Office of Financial Empowerment (OFE), which is in line with the annual appropriation for the fund for fiscal year 2018. 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 \$12,365,000 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 \$13,780,000.

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

Notes to Basic Financial Statements

June 30, 2018

Pursuant to the provisions of the Refunding Indenture, the Issuer has deposited into a refunding account the amount of \$14,094,397, consisting of (1) \$12,346,975 from the proceeds of the Refunding Bonds and (2) \$1,747,421 representing portions of (i) the amount that was on deposit in the Series 2006A Account in the Debt Service Reserve Fund of \$1,457,421 and (ii) the termination of the Forward Delivery Agreement of \$290,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,550,935. 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 \$1,747,421 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, \$324,125 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 \$36,410,000 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 – \$30,615,000
- Parking Revenue Bonds, Series 2007A – \$9,370,000

Pursuant to the provisions of the Refunding Indenture, the Issuer has deposited with the Escrow agent \$41,570,221, consisting of (1) \$38,612,907 from the proceeds of the Refunding Bonds and (2) \$2,957,314 representing portions of (i) the amount that was on deposit in the Series 2006A Account in the Debt Service Reserve Fund of \$2,532,839 and (ii) the amount that was on deposit in the Series 2007A Account in the Debt Service Reserve Fund of \$424,475. 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, 2018, 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 \$1,317,681. 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 \$2,957,314 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.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(c) Series 2015A

On April 2, 2015, the City of St. Louis, Missouri issued \$6,440,000 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 \$1,500,000 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 2007B

On December 13, 2007, the Parking Division issued \$3,335,000 in Series 2007B Parking Revenue Taxable Bonds. The Series 2007B Bonds were issued for the purpose of providing funds, together with other available funds, for the construction of the Downtown Justice Center Garage, adjacent to the City's new criminal justice center. In addition, the Series 2007B Bonds provided funding for debt service reserves, capitalized interest and bond insurance premiums, and other costs of issuance with respect to the Series 2007B Bonds.

(f) Series 2003A and B

On November 20, 2003, the SLPCFC issued \$6,730,000 in Series 2003A Tax Exempt Parking Revenue Bonds at a variable interest rate not to exceed 12% and \$6,882,000 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 \$13,127,018, after the deduction of \$484,982 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 \$6,807,441. 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, 2018, there are no outstanding draws related to this letter of credit.

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

Notes to Basic Financial Statements

June 30, 2018

(g) Revenue Bonds Outstanding

Revenue bonds outstanding at June 30, 2018 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds, interest rates variable, not to exceed 12.00%, payable in varying amounts through 2024	\$ 1,660,000
SLPCFC Series 2003B taxable revenue bonds, interest rates variable, not to exceed 5.00%, payable in varying amounts through 2038	5,593,000
Series 2007B revenue bonds, interest rates variable, not to exceed 6.00%, payable in varying amounts through 2018	430,000
Series 2013A subordinated parking revenue bond, interest rates variable, not to exceed 2.30%, payable in varying amounts through 2022	833,334
Series 2015A subordinated parking revenue bond, interest rates variable, not to exceed 3.50%, payable in varying amounts through 2031	5,745,000
Series 2015B parking revenue refunding bond, interest rates variable, not to exceed 5.00%, payable in varying amounts through 2033	35,125,000
Series 2016 revenue bonds interest ranging from 3.00% to 4.00% payable in varying amounts through 2031	<u>11,705,000</u>
	61,091,334
Unamortized discount and premium	2,886,991
Current portion of revenue bonds payable	<u>(3,383,667)</u>
	<u>\$ 60,594,658</u>

(h) Debt Service Requirements

Debt service requirements of the revenue bonds at June 30, 2018 are as follows:

	Principal	Interest	Total
Year ending June 30:			
2019	\$ 3,383,667	2,349,574	5,733,241
2020	3,516,667	2,210,580	5,727,247
2021	3,663,667	2,066,870	5,730,537
2022	3,806,667	1,918,074	5,724,741
2023	3,965,666	1,756,095	5,721,761
2024–2028	19,766,000	6,215,954	25,981,954
2029–2033	20,461,000	2,158,859	22,619,859
2034–2038	<u>2,528,000</u>	<u>323,163</u>	<u>2,851,163</u>
	<u>\$ 61,091,334</u>	<u>18,999,169</u>	<u>80,090,503</u>

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(i) Changes in Revenue Bonds Payable

Following is a summary of the changes in revenue bonds payable for the year ended June 30, 2018:

Balances, beginning of year, net	\$ 64,195,396
Revenue bonds paid or reclassified as current	(3,413,666)
Amortization of discounts and premiums	<u>(187,072)</u>
Balances, end of year, net	\$ <u>60,594,658</u>
Amount due within one year	\$ <u>3,383,667</u>

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

As required by GASB, 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, 2018 is presented below:

	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>
Loss on bond refunding	\$ 5,264,846	—
Gain on bond refunding	<u>—</u>	<u>(303,214)</u>
Total	\$ <u>5,264,846</u>	<u>(303,214)</u>

For the year ended June 30, 2018, the amortization of the loss on bond refunding for deferred outflows of resources totaled \$346,714, which increased interest expense. The amortization of the gain on bond refunding for deferred inflows of resources totaled (\$20,911), 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.

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

Notes to Basic Financial Statements

June 30, 2018

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 12.43% effective September 30, 2017.

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, 2018 were \$460,803.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(c) Net Pension Liability

The Parking Division reported a liability of \$2,622,467 for its proportionate share of the net pension liability as of June 30, 2018. The net pension liability was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. 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, 2017, the Parking Division's collective proportion was 1.51%, which is the same as its proportion as of September 30, 2016.

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

Valuation date	October 1, 2017
Actuarial cost method	Entry age normal cost method
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 rate	2.50%
Discount rate	7.50%
Projected salary increases	3.00% plus merit component based on employee's years of service
Mortality	RP-2000 Healthy Mortality with 3 year set-forward and generational projections using Scale AA

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

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

Notes to Basic Financial Statements

June 30, 2018

the pension plan's target asset allocation as of September 30, 2017, 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	17.00 %	7.30 %
Small cap	4.00	7.00
International large cap	15.30	7.30
Emerging markets	6.20	9.30
High yield	5.00	5.30
Master limited partnerships	7.50	10.80
Private equity	5.00	9.80
Core fixed income	12.50	3.80
International fixed income	4.00	3.50
Core real estate	10.00	6.50
Treasury inflation protected securities	3.50	3.50
Hedge funds	10.00	5.00
	<u>100.00 %</u>	

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, 2017 actuarial valuation, a 7.50% discount rate was used. The sensitivity of the net pension liability to changes in the discount rate for the year ended June 30, 2018 for the Parking Division is as follows:

	<u>Rate</u>	<u>Net pension liability</u>
1% decrease	6.50 %	\$ 4,116,077
Current rate	7.50	2,622,467
1% increase	8.50	1,344,588

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.

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

Notes to Basic Financial Statements

June 30, 2018

(d) Pension Expense

For the year ended June 30, 2018, the Parking Division recognized pension expense of \$605,476. 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, 2018, 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	\$ —	(62,126)
Net difference between projected and actual earnings on pension plan investments	28,541	—
Changes of assumptions	—	—
Changes in proportion	—	(26,322)
Parking Division contributions subsequent to the measurement date	355,273	—
Total	\$ 383,814	(88,448)

The \$355,273 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, 2019.

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

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:	
2019	\$ 44,111
2020	118,004
2021	(130,560)
2022	(91,462)
2023	—
Thereafter	—
	<u>\$ (59,907)</u>

(f) Pension Funding Project

During fiscal year 2008, the City of St. Louis Municipal Finance Corporation issued \$46,700,000 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, \$887,282 of the proceeds was allocated to the Parking Division. A \$758,489 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, 2018:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due within one year</u>
Revenue bonds payable (note 6)	\$ 64,387,001	—	(3,295,667)	61,091,334	3,383,667
Net pension liability (note 7)	3,169,704	—	(547,237)	2,622,467	—
Pension funding project (note 7)	778,506	—	(20,017)	758,489	—
Unamortized discounts and premiums, net (note 6)	3,074,062	—	(187,071)	2,886,991	—
Other	<u>156,948</u>	<u>—</u>	<u>(68,883)</u>	<u>88,065</u>	<u>—</u>
Total	\$ <u>71,566,221</u>	<u>—</u>	<u>(4,118,875)</u>	<u>67,447,346</u>	<u>3,383,667</u>

PARKING DIVISION OF THE CITY OF ST. LOUIS, MISSOURI

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

Notes to Basic Financial Statements

June 30, 2018

(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.

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, 2018, the Parking Division owed PFPC \$185,069 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 2007B, 2013A, 2015A, 2015B, and 2016. The general purpose of the bonds is to build parking facilities in the City. As of June 30, 2018, the remaining principal and interest requirement is \$69,013,240 payable through fiscal year 2038. Principal and interest paid for the Series 2007B, 2013A, 2015A, 2015B, and 2016 Parking Revenue Bonds was \$5,001,791 for the year ended June 30, 2018. The pledged net revenue recognized for the year ended June 30, 2018 was \$9,327,678.

(11) Capital Commitments and Subsequent Events

The Parking Division is continuing to build its information technology network. All garages have been placed on this network except for the 7th & Pine garage and the Cupples Garage. The transition for the 7th & Pine garage started in July 2018 and Cupples started in September 2018.

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. 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 is being evaluated.

A resolution to the Parking Division's Fiscal 2019 Budget was adopted on June 26, 2018 for a one-time transfer from the unrestricted reserves account to the City of St. Louis General Revenue Fund Reserves account for \$10,000,000 to improve the long-term fiscal well-being of the City of St. Louis.

A resolution to the Parking Division's Fiscal 2018 Budget was adopted on June 26, 2018 for a one-time purchase of two tow trucks and the funding for fourteen Neighborhood Stabilization Officers.

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, 2018

Assets:

Current assets:

Cash and cash equivalents	\$ 438,285
Accounts receivable	<u>20,874</u>
Total current assets	<u>459,159</u>

Noncurrent assets:

Capital assets:

Equipment	3,360
Cupples Garage building	11,159,440
Less accumulated depreciation	<u>(4,637,028)</u>
	6,525,772

Cupples Garage land	<u>1,950,000</u>
Total capital assets	<u>8,475,772</u>
Total noncurrent assets	<u>8,475,772</u>
Total assets	<u>\$ 8,934,931</u>

Liabilities:

Current liabilities:

Accounts payable and accrued expenses	\$ 77,996
Accrued interest	1,900
Accrued salaries and other benefits	5,992
Due to the City of St. Louis, Missouri	16,314
Current portion of revenue bonds payable	<u>417,000</u>
Total current liabilities	<u>519,202</u>

Noncurrent liabilities:

Revenue bonds payable, net	<u>6,836,000</u>
Total noncurrent liabilities	<u>6,836,000</u>
Total liabilities	7,355,202

Net position – net investment in capital assets	<u>1,579,729</u>
Total liabilities and net position	<u>\$ 8,934,931</u>

See accompanying independent auditors' report.

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, 2018

Operating revenues:	
Cupples Garage	\$ 1,215,202
Total operating revenues	<u>1,215,202</u>
Operating expenses:	
Parking Division management fees	158,020
Personal services	141,208
Materials and supplies	9,718
Contractual services	76,264
Insurance	34,087
Utilities	38,415
Miscellaneous	(65)
Depreciation and amortization	<u>325,231</u>
Total operating expenses	<u>782,878</u>
Operating income	<u>432,324</u>
Nonoperating revenues (expenses):	
Investment income	4,272
Interest expense	<u>(266,462)</u>
Total nonoperating expenses, net	<u>(262,190)</u>
Income before transfers	170,134
Transfers from the City of St. Louis, Missouri	<u>—</u>
Change in net position	170,134
Total net position, beginning of year	<u>1,409,595</u>
Total net position, end of year	\$ <u><u>1,579,729</u></u>

See accompanying independent auditors' report.