City of Colorado Springs, Colorado
Parking System Enterprise

2018

Financial Statements

For the year ended December 31, 2018

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Independent Auditor's Report

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs
Colorado Springs, Colorado

We have audited the accompanying financial statements of the City of Colorado Springs Parking System (the Parking System), an enterprise fund of the City of Colorado Springs, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Parking System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parking System'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 Parking System'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.

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City of Colorado Springs

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking System, an enterprise fund of the City of Colorado Springs, Colorado, as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note A.1., the financial statements of the Parking System are intended to present the financial position, changes in financial position and cash flows of only that portion of the business-type activities that is attributable to the transactions of the Parking System. They do not purport to, and do not, present fairly the financial position of the City of Colorado Springs, Colorado, as of December 31, 2018, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note D.4., during the year ended December 31, 2018, the Parking System adopted new accounting guidance, Statement No. 75 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and other postretirement benefits information as listed in the table of contents 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Honorable Mayor and Members
of City Council and City Auditor
City of Colorado Springs

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The monthly permit rates and schedule of debt service coverage supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Supplementary Information 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 it.

BKD, LLP

Colorado Springs, Colorado
June 6, 2019

Colorado Springs Parking System
STATEMENT OF NET POSITION
December 31, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and investments	$	8,479,590
Accounts receivable		40,484
Due from other City funds		77,032
Total current assets		8,597,106
NONCURRENT ASSETS		
Due from other City funds		1,361,927
Capital assets		
Land		2,072,246
Buildings		25,082,242
Construction in progress		200,000
Improvements other than building		14,886,540
Machinery and equipment		342,734
Less accumulated depreciation		(19,024,029)
Total capital assets (net of accumulated depreciation)		23,559,733
Total noncurrent assets		24,921,660
Total assets		33,518,766
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding		87,470
Pension - related amounts		111,636
OPEB - related amounts		12,490
Total deferred outflows of resources		211,596
Total assets and deferred outflows of resources	$	33,730,362

(continued)

The accompanying notes are an integral part of this statement.

Colorado Springs Parking System
STATEMENT OF NET POSITION - Continued
December 31, 2018

LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$	185,738
Accrued salaries and benefits		24,623
Current portion of compensated absences		1,474
Due to other City funds		9,884
Accrued interest payable		13,649
Current portion of revenue bonds payable		700,000
Total current liabilities		935,368
NONCURRENT LIABILITIES		
Compensated absences		28,015
Revenue bonds payable		6,040,000
Net pension liability		727,851
Net OPEB liability		108,251
Total noncurrent liabilities		6,904,117
Total liabilities		7,839,485
DEFERRED INFLOWS OF RESOURCES		
Pension - related amounts		142,454
OPEB - related amounts		698
Total deferred inflows of resources		143,152
NET POSITION		
Net investment in capital assets		16,819,733
Unrestricted net position		8,927,992
Total net position		25,747,725
Total liabilities, deferred inflows and net position	$	33,730,362

The accompanying notes are an integral part of this statement.

Colorado Springs Parking System
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2018

Operating revenues		
Parking garages and parking lots	$	2,419,859
Parking meters		2,322,661
Total operating revenues		4,742,520
Operating expenses		
Salaries and benefits		637,328
Other operating expenses		1,767,174
Depreciation		1,140,202
Total operating expenses		3,544,704
Operating Income		1,197,816
Nonoperating revenues (expenses)		
Investment earnings		182,972
Interest expense		(197,898)
Total nonoperating revenues (expenses)		(14,926)
Change in net position		1,182,890
Total net position, beginning of year, as previously reported		24,658,881
Change in accounting principle, - adoption of GASB 75		(94,046)
Total net position, beginning of year restated		24,564,835
Total net position, end of year	$	25,747,725

The accompanying notes are an integral part of this statement.

Colorado Springs Parking System
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

Cash flows from operating activities		
Receipts from customers	$	4,431,914
Receipts from interfund services provided		354,254
Payments to suppliers		(1,812,457)
Payments to employees		(577,828)
Payments to interfund services used		(225,716)
Net cash provided by operating activities		2,170,167
Cash flows from capital and related financing activities		
Capital expenditures		(571,102)
Principal payments on revenue bonds		(720,000)
Interest payments on revenue bonds		(181,278)
Net cash used in capital and related financing activities		(1,472,380)
Cash flows from investing activities		
Interest received		112,791
Purchases of investments		(3,135,612)
Proceeds from sales and maturities of investments		2,366,759
Principal received for interfund loan		74,016
Interest received for interfund loan		59,172
Net cash used in investing activities	$	(522,874)

(continued)

The accompanying notes are an integral part of this statement.

Colorado Springs Parking System
STATEMENT OF CASH FLOWS - Continued
Year Ended December 31, 2018

Net increase in cash and cash equivalents	$	174,913
Cash and cash equivalents, beginning of year		137,846
Cash and cash equivalents, end of year	$	312,759
Cash	$	312,759
Investments		8,166,831
Cash and investments	$	8,479,590
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	1,197,816
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		1,140,202
(Increase) decrease in assets and deferred outflows of resources		
Receivables		(4,425)
Due from other City funds		48,074
Pension related		123,204
OPEB related		(6,011)
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable		(271,081)
Accrued salaries, benefits, and sick leave benefits		(54,035)
Due to other City funds		81
Net pension liability		(138,586)
Net OPEB liability		7,728
Pension related		126,502
OPEB related		698
Net cash provided by operating activities	$	2,170,167

Noncash capital and related financing and investment activities

The Parking System had an unrealized gain on investments of $11,009

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Financial reporting entity*

The City of Colorado Springs (City) owns and operates the Colorado Springs Parking System (Parking System) which is responsible for providing convenient and affordable parking to all employees, customers and visitors to downtown Colorado Springs, Colorado.

The Parking System is an enterprise fund of the City. These financial statements present only the financial position, changes in financial position and cash flows of the Parking System. These financial statements do not purport to, and do not, present fairly the financial position of the City, the changes in its financial position or, where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Parking Manager directs and manages the Parking System. The Parking Manager reports to the Chief Financial Officer who reports to the Chief of Staff. The Chief of Staff reports to the Mayor, who, in turn, is elected by the citizens of Colorado Springs. Major policy decisions are subject to the approval of the Mayor and the City Council.

2. *Measurement focus, basis of accounting and financial statement presentation*

Parking System funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Parking System distinguishes operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Parking System's principal ongoing operations. The principal operating revenues of the Parking System are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Parking System's policy to use restricted resources first, then unrestricted resources as they are needed.

3. *Assets, deferred outflows, liabilities, deferred inflows and net position*

A. Deposits and investments

For purposes of the statement of cash flows, the Parking System's cash includes cash on hand and demand deposit amounts in the pooled cash and investments account of the City.

In accordance with Colorado state statutes, the City is authorized to invest in obligations of the United States and certain of its instrumentalities; certain international agency securities; general obligation or revenue bonds of any state or local government of the U.S.; bankers acceptances of certain banks; certain commercial paper; local government investment pools; written repurchase agreements properly collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. Investments are carried at market value. Interest income is accrued as realized.

B. Capital assets and depreciation

Capital assets are carried at historical cost. The Parking System capitalizes acquired property that is of a tangible nature, has an estimated useful life of one year or more, and has a value of at least $5,000.

Depreciation of capital assets for the Parking System is provided for using the straight-line method based on the estimated service lives of the assets which are as follows:

Buildings	10 - 40 years
Improvements other than buildings	15 - 25 years
Machinery and equipment	3 - 15 years

Interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized in 2018. Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

C. Deferred outflows of resources and deferred inflows of resources

A deferred outflow of resource is a consumption of net position by the Parking System that is applicable to a future reporting period and a deferred inflow of resource is an acquisition of net position by the Parking System that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statements of net position but are not recognized in the financial statements as revenues, expenses or changes in assets or liabilities until the period(s) to which they relate.

Deferred outflows of resources for the Parking System as of December 31, 2018 consist of deferred losses on previous debt refundings, pension-related amounts, and other postemployment benefits related amounts. Deferred inflows of resources for the Parking System as of December 31, 2018 consist of pension-related amounts and other postemployment benefits related amounts.

D. Restricted net position

In accordance with applicable bond ordinance provisions and federal regulations, certain cash and investments are restricted and have been included in the accompanying statement of net position as restricted cash and investments. Additionally, the bond ordinance and federal regulations also require restriction of net position for specific purposes, including operating expense reserves, debt service reserves and approved capital improvement projects. Net position amounts required to be restricted are shown in the accompanying statement of net position as restricted net position.

E. Compensated absences

The Parking System's employees earn vacation and sick leave in varying amounts. The amount of accumulated, unpaid vacation and sick leave benefits at year-end is accrued and is included on the statement of net position in compensated absences.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary information*

In accordance with City Charter, the Parking System is required to submit a balanced budget to City Council on or before the third Monday of November of each year. The budget is reviewed and modified as appropriate and an appropriation ordinance is prepared to adopt the budget no later than December 31 of each year. Annual appropriations lapse at year-end. The budget of the Parking System is prepared on a modified accrual, non-GAAP, basis of accounting.

2. *Budget/GAAP reconciliation*

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of resultant basis, timing, and perspective for the year ended December 31, 2018, is presented below:

Operating expenses (US GAAP basis)	$	3,544,704
Nonoperating expenses (US GAAP basis)		197,898
		3,742,602
Less: Depreciation		(1,140,202)
Less: Pension expense		(111,120)
Less: OPEB expense		(2,415)
Add: Capital expenditures		571,102
Add: Revenue bonds principal payments		720,000
Less: Other year end accrual entries		(36,758)
Expenditures (budgetary basis)	$	3,743,209
Appropriations	$	5,948,241

NOTE C - DETAILED NOTES

1. *Deposits and investments*

The City pools the cash and investments of its funds, including the Parking System. The City's pooled cash and investments as of December 31, 2018, amounted to $234,052,156. The Parking System's allocated portion of pooled cash and investments as of December 31, 2018, was $8,479,590. The Parking System's portion was approximately 3.62% of the total pooled cash and investments of the City as of December 31, 2018.

The pooled cash and investments of the City and the Parking System as of December 31, 2018 are as follows:

	City	Parking System
Cash on hand	$ 45,849	$ 1,661
Deposits		
Demand, time deposits	8,588,032	311,098
Total pooled cash	8,633,881	312,759
Investments	225,418,275	8,166,831
Total pooled cash & investments	$ 234,052,156	$ 8,479,590

A. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that financial institutions pledge a single institution pool of collateral against all the uninsured public deposits it holds, and the market value of the securities in the pool is required to be in excess of one hundred two percent of the financial institution's total uninsured public deposits.

As of December 31, 2018, the bank balance of the City's bank deposits exclusive of cash not included in pooled cash and investments was $13,904,248. Of the total bank deposits, $573,316 was covered by Federal Depository Insurance and the remainder of $13,330,932 was uninsured but collateralized in accordance with Colorado state law. The Parking System's share of those amounts as of December 31, 2018, was $11,235 and $299,863, respectively.

B. Investments

The City's investments are subject to interest rate, credit, concentration of credit and custodial credit risk. The City has adopted an Investment Policy authorizing all investments be made in accordance with Colorado revised statutes. As a means of limiting its exposure to fair value losses arising from rising interest the City's investment policy limits investment maturities to five years.

Interest rate risk
Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an instrument. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than five years.

Credit risk
Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit (either principal, interest or both). The City's investment policy authorizes the City to invest in obligations of the United States or agencies thereof, commercial paper rated at least A-1 by Standard and Poor's, P-1 by Moody's or F-1 by Fitch, municipal bonds, corporate bonds, bankers acceptances, local government investment pools, specific money market mutual funds, time certificates of deposit, repurchase agreements and obligations of the City of Colorado Springs.

Custodial credit risk

Custodial risk is the risk, that in the event of the failure of a depository financial institution, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. A designated portfolio manager places the City's investments during the fiscal year. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty to the investment purchase or held by the counter party's trust department or agent but not held in the City's name. None of the City's investments owned at December 31, 2018 and 2017 were subject to custodial risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer. Concentration risk is defined by GASB as positions of 5% or more in the securities of any one issuer. The City's pooled investments are in compliance with the City Investment Policy which limits investments with any single issuer other than the Federal Government to 5%. The securities of the Federal Government are defined as obligations of the United States and certain of its instrumentalities. None of the City's investments owned at December 31, 2018 and 2017 were subject to concentration of credit risk.

As of December 31, 2018 the detail of pooled cash and investment held for the City and for Parking is as follows:

Investment Type	Value City	Value Parking	Weighted Avg. Maturity (years)
Money market mutual funds	$ 812,932	$ 29,452	0.00
Colorado Liquid Asset Trust (COLOTRUST)	23,243,626	842,109	0.00
US treasury securities	66,379,676	2,404,914	2.21
US instrumentality securities	63,349,787	2,295,142	1.60
Corporate fixed-income securities	42,877,110	1,553,424	1.16
Supra-national securities	10,008,276	362,597	2.50
Municipal bonds	5,857,520	212,216	1.43
Certificates of deposit	6,681,677	242,075	1.34
Commercial paper	4,473,927	162,089	0.20
Mortgages pooled	1,238,279	44,862	3.48
Bank note	495,465	17,951	0.93
Total value	225,418,275	8,166,831	
Portfolio weighted average maturity			1.53
Reconciliation to Total Cash & Investments			
Add:			
Cash on hand and in bank	8,633,881	312,759	
	$234,052,156	$ 8,479,590	

Credit Quality Distribution for Securities as a Percentage of Total Investments

	S&P Rating	
Money market mutual funds	AAA	0.36%
Colorado Local Government Liquid Asset Trust (COLOTRUST)	AAAm	10.31%
US treasury securities	AA+	29.45%
US instrumentality securities	AA+	28.10%
Domestic corporate fixed-income securities	AA+	1.74%
Domestic corporate fixed-income securities	A+	3.32%
Domestic corporate fixed-income securities	AAA	0.59%
Domestic corporate fixed-income securities	AA	3.72%
Domestic corporate fixed-income securities	AA-	9.66%
Commercial paper	A-1	1.98%
Supra-national securities	AAA	4.44%
Municipal bond	A+	0.35%
Municipal bond	AA+	0.31%
Municipal bond	AA	0.91%
Municipal bond	AAA	0.63%
Municipal bond	AA-	0.40%
Certificate of deposit	A+	1.19%
Certificate of deposit	AA-	1.77%
Bank note	A+	0.22%
Pooled mortgages	AA+	0.55%
		100.00%

Governmental Accounting Standards Board Statement No. 72 (GASB 72) Fair Value Measurement and Application establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. According to GASB 72, an investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The City pooled investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value as follows.

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy.

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The table reflects the fair value hierarchy of the City pooled investments proportional to Parking.

		Fair Value Measurement Using		
	12/31/2018	Level 1	Level 2	Level 3
Investments				
Money market mutual funds	$ 29,452	$ 29,452	$ —	$ —
Colorado Liquid Asset Trust (COLOTRUST)	842,109 *	—	—	—
US Treasury securities	2,404,914	—	2,404,914	—
US Instrumentality securities	2,295,142	—	2,295,142	—
Bank note	1,553,424	—	1,553,424	—
Corporate fixed-income securities	362,597	—	362,597	—
Municipal bonds	212,216	—	212,216	—
Commercial paper	242,075	—	242,075	—
Supra-national securities	162,089	—	162,089	—
Certificates of deposit	44,862	—	44,862	—
Mortgages pooled	17,951	—	17,951	—
Total securities	$8,166,831	$ 29,452	$7,295,270	$ —

* During the year, the City invested in COLOTRUST, a local government investment pool. The fair value is measured at net asset value and is designed to approximated the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

2. *Interfund receivables, payables and transfers*

The composition of interfund receivable balances of $1,438,959 as of December 31, 2018, is as follows:

	Current	Noncurrent
Due from General Fund	$ 77,032	$ 1,361,927

The composition of interfund payable balance of $9,884 as of December 31, 2018, is as follows:

	Current	Noncurrent
Due to Utilities	$ 9,884	$ —

During 2002, the Parking System financed a portion of the construction of a parking garage for the police department, which is part of the General Fund. An agreement was made between the General Fund and the Parking System for repayment of the interfund loan over 360 months beginning in March 2003 at an interest rate of 4 percent.

Maturities for the interfund loan are as follows as of December 31, 2018:

Year ending December 31,	Principal	Interest
2019	$ 77,032	$ 56,156
2020	80,170	53,018
2021	83,436	49,752
2022	86,836	46,352
2023	90,374	42,814
2024-2028	510,190	155,750
2029-2033	510,921	44,569
Totals	$ 1,438,959	$ 448,411

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3. *Capital assets*

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets being depreciated:				
Buildings	$ 25,082,242	$ —	$ —	$ 25,082,242
Improvements other than buildings	14,315,437	571,103	—	14,886,540
Machinery and equipment	367,334	—	(24,600)	342,734
Total capital assets being depreciated	39,765,013	571,103	(24,600)	40,311,516
Less accumulated depreciation:				
Buildings	(12,037,066)	(596,908)	—	(12,633,974)
Improvements other than buildings	(5,512,295)	(540,500)	—	(6,052,795)
Machinery and equipment	(359,065)	(2,795)	24,600	(337,260)
Total accumulated depreciation	(17,908,426)	(1,140,203)	24,600	(19,024,029)
Total capital assets being depreciated, net	$ 21,856,587	$ (569,100)	$ —	$ 21,287,487
Capital assets not being depreciated:				
Land	2,072,246	—	—	2,072,246
Construction in progress	200,000	—	—	200,000
Total capital assets not being depreciated	2,272,246	—	—	2,272,246
Capital assets, net	$ 24,128,833	$ (569,100)	$ —	$ 23,559,733

Note: Immaterial differences may occur due to rounding

4. *Revenue bonds payable*

In 2015, The City of Colorado Springs issued $9,520,000 Parking System Revenue Refunding Bonds, Series 2015 to current refund and defease outstanding Parking System Revenue Refunding Bonds, Series 1999 and Series 2006 and to pay certain costs of issuance.

The reacquisition price for the Series 1999 and Series 2006 Bonds was above the net carrying amount of the old debt by $33,437 and $126,345, respectfully. These amounts are recognized as a deferred loss on refunding in the deferred outflows of resources on the Statement of Net Position. The loss is amortized over the old debt's life, which is four years for the Series 1999 Bonds and 13 years for the Series 2006 Bonds.

The Series 2015 Bonds mature from 2015 to 2027 and have a coupon interest rate of 2.43%. Maturities of the Parking System Revenue Bonds and related interest expense are as follows as of December 31, 2018:

Year ending December 31,	Principal	Interest	Total
2019	$ 700,000	$ 163,782	$ 863,782
2020	715,000	146,772	861,772
2021	735,000	129,398	864,398
2022	750,000	111,537	861,537
2023	770,000	93,312	863,312
2024-2027	3,070,000	181,278	3,251,278
	$ 6,740,000	$ 826,079	$ 7,566,079

Over the years, Parking has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as Parking revenue bonds to finance construction projects.

	Amount Pledged	Term of Commitment
Parking Revenue Bonds	$7,566,079	1999 - 2027

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt is provided in Schedule of Debt Service Coverage in the Supplementary Information section of these financials.

5. *Changes in long-term liabilities*

Long-term liabilities activity for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018 (as restated)	Additions	Reductions	Balance December 31, 2018	Due within one year
Revenue Bonds	$ 7,460,000	$ —	$ (720,000)	$ 6,740,000	$ 700,000
Compensated absences accrued sick leave benefits	66,247	37,923	(74,681)	29,489	1,474
Net pension liability	866,437	—	(138,586)	727,851	—
Net OPEB liability	100,525	14,012	(6,286)	108,251	—
Long term liabilities	$ 8,493,209	$ 51,935	$ (939,553)	$ 7,605,591	$ 701,474

NOTE D - OTHER INFORMATION

1. *Risk management*

The City has established a risk management division to coordinate and administer workers' compensation, property and general liability insurance programs for all its activities and operations. For workers' compensation coverage, the City has purchased commercial insurance to cover losses in excess of $750,000 per occurrence. The City pays losses less than this amount through its Workers' Compensation Self-Insurance fund. The Parking System is included in the Workers' Compensation Self-Insurance program.

For major property coverage, the City has purchased commercial insurance policies with varying deductibles. All deductibles related to these policies are paid from the budget of the individual department so affected. The Parking System is included in the property coverage of the City.

No claims were incurred in excess of the coverage for 2018, 2017 or 2016.

2. *Retirement plans*

A. Defined Benefit Pension Plan

Plan Description: The City participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA"). The City allocates pension-related items to the Parking System in accordance with GASB 68. Allocations to the Parking System are based on amounts contributed for Parking System employees as a percentage of the total City contributions. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Title 24, Article 51, of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at:

https://www.copera.org/resources/forms-publications/2017-cafr

or by writing to:

Colorado PERA,
1301 Pennsylvania Street
Denver, Colorado 80203

or by calling PERA at:

303-832-9550 or 1-800-759-PERA (7372).

All Parking employees, as City employees, are members of the LGDTF. The Mayor, direct reports of the Mayor, and elected officials of the City of Colorado Springs may exempt from membership. The LGDTF of PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- Value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by Federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

On an annual basis, eligible benefit recipients receive post-retirement, cost-of-living adjustments called annual increases (AI). The AI payment month, eligibility and amounts are determined by the date the retiree or deceased member began membership in PERA. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF. If PERA's overall funded status is at or above 103%, the AI cap of 2% will increase by .25% per year. If after PERA's overall funded status subsequently drops below 90%, the AI cap will decrease by .25% per year, but will never drop below 2%.

The LGDTF of Colorado PERA is currently open to new entrants.

The City and its eligible employees are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate (%)
Employer Contribution Rate[1]	10.00
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)
Amount Apportioned to the LGDTF[1]	8.98
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 1	2.20
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 1	1.50
Total Employer Contribution Rate to the LGDTF[1]	12.68

1Rates are expressed as a % of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Parking System is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Parking System were $50,730 for the year ended December 31, 2018.

Collective Net Pension Liability: The components of the Parking's proportionate share of the collective net pension liability for the LGDTF as of December 31, 2018 are as follows:

Total Pension Liability (TPL)	$	3,527,713
Plan Fiduciary Net Position (FNP)		(2,799,862)
Net Pension Liability (NPL)	$	727,851

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of December 31, 2018 the Parking System reported a liability of $727,851 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017.

At December 31, 2017, the Parking System's proportion was 0.0654%, which was an increase of 0.0012% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Parking System's pension expense related to the PERA LGDTF was $161,851.

At December 31, 2018, the Parking System reported deferred outflows of resources and deferred inflows of resources related to pensions for the PERA LGDTF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 45,534	$ —
Net difference between projected and actual earnings on investments	—	141,477
Changes of assumptions	7,689	—
Changes in proportion	7,683	977
Contributions subsequent to the measurement date	50,730	N/A
Total	$ 111,636	$ 142,454

The $50,730 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

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

Year Ended December 31,	Differences between expected and actual experience	Net difference between projected and actual earnings on investment	Changes of assumptions	Net changes in proportion	Total effect of amortized deferred inflow/outflows on pension expense
2019	$ 40,163	$ (14,811)	$ 7,689	$ 5,762	$ 38,803
2020	5,371	(22,755)	—	944	(16,440)
2021	—	(51,452)	—	—	(51,452)
2022	—	(52,459)	—	—	(52,459)
	$ 45,534	$ (141,477)	$ 7,689	$ 6,706	$ (81,548)

The differences between expected and actual experience, changes of assumptions, as well as the Parking System's change in proportion in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The LGDTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2017 measurement period to be 2.14 years. The difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions: The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Rate (%)
Price inflation	2.40
Real wage growth	1.10
Wage inflation	3.50
Salary increase, including wage inflation	3.50 - 10.45
Long-term investments rate of return, net of pension plan investment expenses, including price inflation	7.25
Future post-retirement benefit increases:	
PERA benefit structure hire prior to 1/1/07	2.00
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	30 year expected geometric real rate of return (%)
US Equity - Large Cap	21.20	4.30
US Equity - Small Cap	7.42	4.80
Non US Equity - Developed	18.55	5.20
Non US Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non US Fixed Income - Developed	1.84	0.60
Emerging Market Bonds	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ration reached 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post- retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were established and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 % on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Parking's proportionate share of the net pension liability	$1,159,231	$727,851	$368,234

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA LGDTF financial reports found at

https://www.copera.org/resources/forms-publications/2017-cafr

Subsequent Events: During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, Parking reported a liability of $727,851 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what Parking's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Current Discount Rate	Proportionate Share of Net Pension Liability	Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200	Estimated Share of Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200
7.25%	$ 727,851	7.25%	$ 514,822

B. Defined Contribution Plan

Plan Description: The LGDTF members of the City may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

Funding Policy: The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS ($18,500 in 2018). There is a catch-up provision that allows participants age fifty and older who are contributing the maximum to contribute an additional $6,000 annually to their account.

3. *Postemployment Benefits Other than Pensions*

The Parking's former employees are eligible for postemployment benefits other than pensions (OPEB). The former employees are provided access to and/or subsidies for health care plans based upon the retiree's employee group, employment dates and retirement eligibility dates. Also, the level of retiree life insurance benefit coverage depends upon the retiree's final position with the Parking. Below is a table that summarizes the total/net OPEB liabilities, deferred outflows and inflows, and OPEB expenses associated with each of the plans as a result of the implementation of GASB 75. More detailed notes regarding each plan follows.

For the year ended December 31, 2018

	Total/net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
PERA HCTF	$ 65,858	$ 6,054	$ 1,102	$ 5,550
City OPEB	42,393	6,436	(404)	3,151
Total	$ 108,251	$ 12,490	$ 698	$ 8,701

Note: Immaterial differences may occur due to rounding

A. Colorado PERA Health Care Trust Fund

Parking participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/ deductions from the fiduciary net position of the HCTF have been determined on the same basis as they are reported by HCTF using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description: Eligible employees of Parking are provided with OPEB through the HCTF-a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium

subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at

www.copera.org/investments/pera-financial-reports

or by writing to
Colorado PERA, 1301 Pennsylvania Street
Denver, Colorado 80203

or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372)

All Parking employees are members of the HCTF. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have

both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions: Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Parking is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Parking were $4,072 for the year ended 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: As of December 31, 2018 Parking reported a liability of $65,858 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Parking's proportion of the net OPEB liability was based on the Parking's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, Parking's proportion was 0.00507%, which was an increase of 0.0002% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 Parking recognized OPEB expense of $5,550.

At December 31, 2018, Parking reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 311	$ —
Net difference between projected and actual earnings on investments	—	1,102
Changes in proportion	1,671	—
Contributions subsequent to the measurement date	4,072	N/A
Total	$ 6,054	$ 1,102

The $4,072 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Difference between expected and actual experience	Net difference between projected and actual earnings on investment	Changes in proportion	Total effect of amortized deferred inflows and outflows on OPEB expense
2019	$ 61	$ (276)	$ 328	$ 113
2020	61	(276)	328	113
2021	61	(275)	328	114
2022	61	(275)	328	114
2023	61	—	328	389
Thereafter	6	—	31	37
	$ 311	$ (1,102)	$ 1,671	$ 880

The differences between expected and actual experience as well as the Parking System's changes in proportion in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The HCTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2017 measurement period to be 6.09 years. The net difference between expected and actual investment experience is amortized over a closed five year period.

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Rate %
Actuarial cost method	Entry Age
Price inflation	2.40
Real wage growth	1.10
Wage inflation	3.50
Salary increases, including wage inflation	3.50
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25
Discount rate	7.25
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00
PERACare Medicare plans	5.00
Medicare Part A premiums	3.00
* 3.00% for 2017, gradually rising to 4.25% in 2023	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00	3.25
2019	5.00	3.50
2020	5.00	3.75
2021	5.00	4.00
2022	5.00	4.00
2023	5.00	4.25
Thereafter	5.00	4.25

Mortality assumptions for the determination of the total OPEB liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	30 Year Expected Geometric Real Rate of Return (%)
US equity - large cap	21.20	4.30
US equity - small cap	7.42	4.80
Non US equity - developed	18.55	5.20
Non US equity - emerging	5.83	5.40
Core fixed income	19.32	1.20
High yield	1.38	4.30
Non US fixed income - developed	1.84	0.60
Emerging market debt	0.46	3.90
Core real estate	8.50	4.90
Opportunity fund	6.00	3.80
Private equity	8.50	6.60
Cash	1.00	0.20
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Parking's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the NOL:

	1% Decrease in Trend Rates	Current in Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB liability	$ 64,046	$ 65,858	$ 68,040

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Parking's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the NOL:

	1% Decrease 6.25%	Current Discount rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	$ 74,045	$ 65,858	$ 58,870

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at

https://www.copera.org/resources/forms-publications/2017-cafr

B. City of Colorado Springs OPEB Plan

Parking participates in the City's postemployment benefits other than pension plan, a single-employer defined benefit OPEB plan administered by the City of Colorado Springs. The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the plan using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 as the plan is pay-as-you-go.

Plan description: Uniformed employees who retire from active service with Parking and who begin receiving pension benefit payments are eligible to participate in the City's medical benefits plan as a retiree until the retiree reaches Medicare-eligible age, currently 65. Beginning January 1, 2011, retirees who reach age 65 and are Medicare-eligible are no longer eligible to participate in City's medical benefit plans, but have access to the One Health (formerly Extend Health) private medical plan exchange. "Grandfathered" retirees who have reached age 65 and are not Medicare-eligible are allowed to stay on the City's medical plans.

Civilian employees who retire from active service with Parking and who begin receiving pension benefit payments are not eligible to participate in City's medical benefits plan as they have access to PERA Care. There remain a few civilian retirees who have reached the Medicare-eligible age that have access to One Health (formerly Extend Health) medical plans as they are not eligible to participate in the PERA Care plans. Both uniformed and civilian retirees have access to City's dental and vision benefits plans before and after they reach Medicare-eligible age.

Upon retirement from employment with Parking, the following life insurance benefits are available to the retiree:

- $9,000 for Mayor and Mayoral Appointees
- $6,000 for City Department Heads and other City Executives
- $3,000 for all other Parking retirees

Benefit payments: Medical Plan - Parking's benefit payments for a retiree's medical plan premium vary as follows:

Retirees that were:	**Parking pays:**
Eligible to retire prior to January 1, 1979	The retiree's medical plan premium paid in full
Hired prior to August 1, 1988 and eligible to retire on or after January 1, 1979	$91.40 per month toward the retiree medical plan premium costs, the retiree pays the balance of the premium costs
Hired on or after August 1, 1988	Nothing toward the retiree's medical plan premium costs, retiree pays the full medical plan premium

There is no direct cost to Parking for those uniformed retirees that participate in the medical benefits plan as the retirees are responsible for their full medical plan premium cost.

Dental and Vision Plan - All retirees are required to pay the full dental and vision plan premiums should they choose to participate in City's plans. In addition, the vision plan is not self-funded but rather fully insured.

Retiree Life Plan - Parking pays the following annually for retiree life insurance premiums:

- $13.56 for Mayor and Mayoral Appointees
- $9.00 for City Department Heads and other City Executives
- $4.56 for all other Parking retirees

If the retirement is a disability retirement, the retiree applies for a waiver of premium through the City's carrier. If approved, the retiree receives a life insurance benefit in the amount of one and a half times his or her salary until the retiree attains the age of 65, at which point the life insurance is reduced to the amounts listed above. Parking does not pay for the carrier approved waivers.

Employer benefit payments recognized by Parking were $2,214 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: As of December 31, 2018 Parking reported a liability of $42,393 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date. Parking's proportion of the total OPEB liability was based on Parking's benefit payments for the calendar year 2017 relative to the total benefit payments.

At December 31, 2017, Parking's proportion was 0.1408% percent, which was an increase of 0.0020% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the Parking recognized OPEB expense of $3,151.

At December 31, 2018, the Parking reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,847	$ —
Change in assumptions	2,375	—
Changes in proportion	—	(404)
Benefit payments subsequent to the measurement date	2,214	N/A
Total	$ 6,436	$ (404)

The $2,214 reported as deferred outflows of resources related to OPEB, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December31,	Differences between expected and actual experience	Change in assumptions	Changes in proportion	Total effect of amortized deferred inflows/outflows on pension expense
2019	$ 520	$ 669	$ 114	$ 1,303
2020	520	669	114	1,303
2021	520	669	114	1,303
2022	287	368	62	717
	$ 1,847	$ 2,375	$ 404	$ 4,626

The differences between expected and actual experience, changes of assumptions, as well as the Parking System's change in proportion in the plan are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The average expected remaining service lives for active and inactive members at the beginning of the 2017 measurement period to be 4.55 years.

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Rate %
Actuarial cost method	Entry age
Wage inflation	3.50
Salary increases, including wage inflation	3.50-11.25
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	0.00
Discount rate	3.44

The medical and drug health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	Medical/Drug Cost Trend (%)
2018	7.00
2019	6.75
2020	6.50
2021	6.25
2022	6.00
2023	5.75
2024	5.50
2025	5.25
2026	5.00
2027	4.75
Thereafter	4.50

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation. Health care trend rates assumptions were developed by Segal Consulting's internal guidelines, which are established each year using data sources such as the 2019 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor and Statistics.

Mortality, turnover, disability, retirement and salary scale assumptions are based on the Local Government Division rates in the Colorado Public Employees Retirement Association (PERA) pension valuation as of December 31, 2017 for civilian members as well as the Fire and Police Pension Association (FPPA) 2018 Actuarial Experience Study for the period ending December 31, 2017 for sworn members.

Civilian Mortality Assumptions: Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Sworn Mortality Assumptions: Pre-Retirement mortality rate was based on RP-2014 Mortality Tables for males and female projected to 2018 using the MP-2017 projected scales times 50% and increased by 0.00015, and then projected generationally using scale MP-2017. Post-Retirement mortality rate was based on RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then generationally projected using scale MP-2017. Disabled mortality rates were based on RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales with a minimum probability of 3% for males and 2% for females, and then gererationally projected using scale MP-2017.

All current retired participants are assumed to continue retiree medical coverage. 40% of future eligible retired participants are assumed to elect retiree medical coverage. All participants eligible for the $91.40 are assumed to participate in the program.

Primary changes in assumptions since the previous measurement date of December 31, 2016 include:

- The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate
- Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation

The following presents the total OPEB liability using the current health care cost trend rates applicable to the benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the TOL:

	1% Decrease in Trend Rate	**Current Trend Rate**	**1% Increase in Trend Rate**
Health care cost trend rates	6.00 - 3.50%	7.00 - 4.50%	8.00 - 5.50%
Proportionate share of the total OPEB liability	$ 40,723	$ 42,393	$ 44,597

Discount Rate: The plan is pay-as-you-go. Since there are no dedicated assets and retiree benefits are paid annually in an amount equal to the benefits distributed, the discount rate used was 3.44% based on a yield or index rate for 20-year, tax-exempt general obligation municipal bond rate with an average rating of AA/Aa or higher.

The following presents the proportionate share of the total OPEB liability calculated using the discount rate of 3.44 percent, as well as what the proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current rate:

Sensitivity of the TOL:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	2.44%	3.44%	4.44%
Proportionate share of the total OPEB liability	$ 47,673	$ 42,393	$ 37,990

Because the City's medical and dental plans are self-funded, the plan does not release a separate report. However, the benefits are accounted for under the Employee Benefits Self-Insurance Fund under the City's Internal Service Funds.

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4. *Adoption of New Accounting Standard*

Effective January 1, 2018 the Parking System adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75).* The impact of adoption of GASB 75 is shown as a cumulative effect adjustment to beginning net position in fiscal year 2018. The implementation of GASB 75 required Parking to record a total/net other postemployment benefit (OPEB) liability and related deferred inflows and outflows of resources related to OPEB.

As a result, Parking's restatement of beginning net position balances is as follows:

Beginning net position, as previously reported	$	24,658,881
Implementation of GASB 75		
Total/net OPEB liability at January 1, 2018, under GASB 75		(100,525)
Deferred outflow of resources at January 1, 2018, under GASB 75		6,479
Beginning net position, as restated	$	24,564,835

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REQUIRED SUPPLEMENTARY INFORMATION

Colorado Springs Parking System
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PARKING SYSTEM'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Years ended December 31,

Colorado PERA Local Government Division Trust Fund

	2018	2017	2016	2015
Proportionate share of total pension liability	$ 3,527,713	$ 3,287,681	$ 3,134,937	$ 3,340,637
Proportionate share of fiduciary net position	(2,799,862)	(2,421,244)	(2,409,754)	(2,696,406)
Proportionate share of net pension liability	$ 727,851	$ 866,437	$ 725,183	$ 644,231
Fiduciary net position as a percentage of total pension liability	79.37%	73.65%	76.87%	80.72%
Covered payroll	$ 413,868	$ 378,492	$ 379,110	$ 397,976
Net pension liability as a percentage of covered payroll	175.87%	228.92%	191.29%	161.88%
Proportion of net pension liability	0.0654%	0.0642%	0.0658%	0.0719%

Notes to the Required Supplementary Information
There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 68.

Colorado Springs Parking System
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PARKING SYSTEM'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
Year ended December 31,

Colorado PERA Health Care Trust Fund

	2018
Proportionate share of total OPEB liability	$ 79,855
Proportionate share of fiduciary net position	(13,998)
Proportionate share of net OPEB liability	$ 65,857
Fiduciary net position as a percentage of total OPEB liability	17.53%
Covered employee payroll	$ 413,868
Net OPEB liability as a percentage of covered employee payroll	15.91%
Proportion of net OPEB liability	0.0051%

Notes to the Required Supplementary Information
There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 75 is not available for fiscal years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 75.

Colorado Springs Parking System
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PARKING SYSTEM'S PROPORTIONATE SHARE OF OPEB LIABILITY
Year ended December 31,

City of Colorado Springs OPEB Plan

	2018
Proportionate share of total OPEB liability	$ 42,393
Covered employee payroll	$ 413,909
Total OPEB liability as a percentage of covered employee payroll	10.24%
Proportion of total OPEB liability	0.1408%

Notes to the Required Supplementary Information

Benefit changes	None
Actuarial assumption changes	The discount rate decreased from 3.78% to 3.44% based on changes in the 20-year municipal bond rate. Updated mortality, disability, turnover, retirement and salary scale assumptions were updated to reflect those from the FPPA 2018 Actuarial Experience study and the December 31, 2017 Colorado PERA pension valuation.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

* Information determined under the provisions of GASB 75 is not available for fiscal years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the measurement date in accordance with GASB Statement No. 75.

Colorado Springs Parking System
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PARKING SYSTEM'S CONTRIBUTIONS
Years ended December 31,

Colorado PERA Local Government Division Trust Fund

	Statutorily Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	$ 50,730	$ 50,730	$ —	$ 372,532	13.62
2017	53,782	53,782	—	413,868	12.99
2016	49,409	49,409	—	378,492	13.05
2015	48,565	48,565	—	379,110	12.81

Notes to the Required Supplementary Information
There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 68 is not available for years prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's fiscal year end December 31 in accordance with GASB Statement No. 68.

Colorado Springs Parking System
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PARKING SYSTEM'S CONTRIBUTIONS
Year ended December 31,

Colorado PERA Health Care Trust Fund

	Statutorily Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Employee Payroll
2018	$ 4,072	$ 4,072	$ —	$ 372,532	1.09

Notes to the Required Supplementary Information
There were no significant changes to benefit assumptions and/or actuarial methods for the year ended December 31, 2017, the plan measurement date.

* Information determined under the provisions of GASB 75 is not available for fiscal years prior to 2018. In future reports, additional years will be added until 10 years of historical data are presented. Information presented in this schedule has been determined as of the City's fiscal year end December 31 in accordance with GASB Statement No. 75.

OTHER SUPPLEMENTARY INFORMATION

Colorado Springs Parking System
MONTHLY PERMIT RATES
December 31, 2018
(unaudited)

Facility	Monthly Permit Rates
Parking Structure #1	$80 Reserved, $60 Unassigned *
Parking Structure #2 and #3	$60 *
Parking Lot #4	$25
Parking Lot #5	$50

* For 75 or more permits from one account, monthly rate is discounted to $50.

Colorado Springs Parking System
SCHEDULE OF DEBT SERVICE COVERAGE
December 31, 2018
(unaudited)

Fiscal Year	Applicable Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	$ 4,382,324	$ 1,803,631	$ 2,578,693	$ 595,000	$ 462,876	2.44
2015	4,497,570	2,103,547	2,394,023	655,000	432,974	2.20
2016	4,682,904	1,750,728	2,932,176	695,000	215,420	3.22
2017	4,768,007	1,902,283	2,865,724	710,000	198,531	3.15
2018	4,855,312	2,113,908	2,741,404	720,000	181,278	3.04