

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

Basic Financial Statements

December 31, 2015

(With Independent Auditors' Report Thereon)

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of the Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the "Subdistrict") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Subdistrict'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Subdistrict as of December 31, 2015 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 16 and 17 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 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.

Mayer Hoffman McCann P.C.

St. Louis, Missouri
March 29, 2016

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The management's discussion and analysis (MD&A) of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of major financial activities of the Subdistrict, (3) identify changes in the Subdistrict's financial position (its ability to address the next and subsequent years challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Subdistrict's financial statements.

Financial Highlights

- The Subdistrict's share of tax revenue increased by \$273 thousand from 2014 to 2015. The Subdistrict's share of support is based upon assessed valuations of properties within St. Louis City and St. Louis County.
- The year-end balance of funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District (the District) increased from \$5.26 million in 2014 to \$5.47 million in 2015. The year-end balance is dependent upon the timing of remittances of tax receipts at year end by taxpayers.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Subdistrict's basic financial statements. The Subdistrict's basic financial statements include four components: 1) *Government-wide financial statements*; 2) *Fund financial statements*; 3) *Notes to the financial statements*; and 4) *Required supplementary information*.

Government-wide financial statements

The government-wide financial statements (that is, the **statement of net position** and the **statement of activities**) report information on all of the activities of the Subdistrict. All of the Subdistrict's activities are classified as governmental activities, which normally are supported by tax revenues, as opposed to business-type activities, which rely to a significant extent on charges for services.

The **statement of net position** presents information on all of the Subdistrict's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the Subdistrict is improving or deteriorating. The statement of net position also provides information on unrestricted and restricted net position and net position invested in capital assets.

The **statement of activities** presents information showing how the Subdistrict's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the Subdistrict and the degree to which they are supported by charges for services, operating or capital grants and contributions, tax revenues, and investment income.

The government-wide financial statements include only the Subdistrict itself (the *primary government*). The government-wide financial statements do not include any blended component units. The Missouri Botanical Garden (the Garden) is not considered a component unit of the Subdistrict due to lack of control and financial accountability of the Garden to the Subdistrict.

Fund financial statements

The second set of statements is the fund financial statements (that is, the **balance sheet** and the **statement of revenues, expenditures, and changes in fund balance**) which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The Subdistrict uses fund accounting to demonstrate compliance with finance-related legal requirements. Traditional users of governmental financial statements will find the fund financial statements more familiar.

The Subdistrict uses only one governmental fund type, a general fund, to account for all activities of the Subdistrict. Fund financial statements for governmental funds are prepared using a modified accrual basis of accounting which differs from the full accrual basis of accounting used to prepare the government-wide financial statements. Therefore, the total fund balance for the governmental fund is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for the governmental fund is reconciled to the total change in net position as shown on the statement of activities in the government-wide statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Subdistrict's fund balance has been classified as committed, as the existing resources in the fund have been specifically committed to satisfy certain contractual requirements pertaining to botanical garden services.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information

In addition to the basic financial statements and notes to the financial statements, this report presents required supplementary information concerning the Subdistrict's budgetary comparisons for the general fund.

Financial analysis of the Subdistrict as a whole**Net position**

On a government-wide basis, the Subdistrict's net position was approximately \$9.6 million at fiscal year end and is shown in the table below.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Statements of Net position
December 31, 2015 and 2014**

	Governmental Activities	
	December 31,	
	2015	2014
Assets:		
Current and other assets	\$ 11,661,521	\$ 11,074,003
Total assets	\$ 11,661,521	\$ 11,074,003
Liabilities:		
Other liabilities	\$ 2,020,000	\$ 1,584,000
Total liabilities	\$ 2,020,000	\$ 1,584,000
Net position:		
Unrestricted	\$ 9,641,521	\$ 9,490,003
Total net position and liabilities	\$ 11,661,521	\$ 11,074,003

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the Subdistrict, assets exceeded liabilities by approximately \$9.6 million at the close of the current fiscal year.

Governmental Activities

The following schedule shows the revenues and expenses for the Subdistrict's activities for the years ended December 31, 2015 and 2014.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Statements of Activities
Years Ended December 31, 2015 and 2014**

	Governmental Activities	
	Years Ended December 31, 2015	2014
General revenues:		
Property taxes	\$ 10,302,087	\$ 10,089,774
Interest earnings	11,386	10,495
Excess of ZMD operating fund receipts over disbursements	480,662	420,587
Unrestricted investment earnings	16	17
Total revenues	10,794,151	10,520,873
Expenses:		
General government	42,633	46,105
Payments to Missouri Botanical Garden:		
Botanical services	10,600,000	10,300,000
Total expenses	10,642,633	10,346,105
Change in net position	151,518	174,768
Net position, beginning of year	9,490,003	9,315,235
Net position, end of year	\$ 9,641,521	\$ 9,490,003

The Subdistrict's total revenue for 2015 on a government-wide basis was \$10.8 million. Property taxes net of assessments retained by the District accounted for all but \$11,402 of the Subdistrict's revenue.

The total cost of all programs and services was \$10.6 million. Amounts passed through to the Garden as reimbursement for botanical garden services comprised 99.6% of the Subdistrict's total expenses, while the Subdistrict's general government expenses comprised 0.4% of the total.

Governmental Activities (continued)

Governmental activities increased the Subdistrict's net position in 2015 by \$151,518 over net position of \$9.5 million reported at December 31, 2014.

Financial Analysis of the Subdistrict's Governmental Fund

As previously mentioned, the purpose and focus of the Subdistrict's governmental fund is different than that of the government-wide financial statements. The focus of the Subdistrict's governmental fund is to provide information on the inflows, outflows, and balances of resources that are available for spending, as well as to demonstrate compliance with statutory and other legal requirements. As a result, the fund financial statements reflect a *current financial resources* focus rather than a *total economic resources* focus, which is used in the government-wide financial statements.

Given the focus of the fund financial statements, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Subdistrict's fund balance has been classified as committed, as the existing resources in the fund have been specifically committed to satisfy certain contractual requirements pertaining to botanical garden services.

At the end of the current fiscal year, the committed fund balance of the general fund was \$8.1 million. As a measure of the general fund's liquidity, it may be useful to compare this amount to total fund expenditures and transfers out which calculates to 76%.

The total fund balance in the Subdistrict's general fund decreased by \$32 thousand or 0.4% from December 31, 2014 to December 31, 2015.

General Fund Budgetary Highlights

The final budget for the Subdistrict's general fund represents the original budget, plus any supplemental appropriations approved during the year. No supplemental appropriations were made by the Subdistrict during 2015; therefore, the original budget and the final budget are identical. Budgetary estimates exceeded actual revenues by 0.3% and expenditures totaled 101.92% of budget. The budgeted amounts, however, are prepared on the modified cash basis of accounting; whereas the actual amounts are reported on a modified accrual basis.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Subdistrict. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Botanical Garden Subdistrict
of the Metropolitan Zoological Park and
Museum District of the City of St. Louis
and St. Louis County
c/o Marcia Mellitz, Chair
Missouri Botanical Garden
P.O. Box 299
St. Louis, Missouri 63110

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

Statement of Net Position

December 31, 2015

		<u>Primary Government Governmental Activities</u>
ASSETS		
Cash	\$	4,203
Property taxes receivable, net		6,188,720
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District		<u>5,468,598</u>
Total assets		<u>11,661,521</u>
LIABILITIES		
Voucher payable to Missouri Botanical Garden		<u>2,020,000</u>
Net Position - unrestricted	\$	<u>9,641,521</u>

See accompanying notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

Statement of Activities

December 31, 2015

<u>Functions/Programs</u>	Program Revenues			Changes in Net Position Primary Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental activities:				
General government	\$ 42,633	\$ -	\$ -	(42,633)
Botanical Garden Services:				
Payments to Missouri		-	-	
Botanical Garden	10,600,000	-	-	(10,600,000)
Total primary government	\$ 10,642,633	\$ -	\$ -	(10,642,633)

General revenues:

Receipts from the Metropolitan Zoological Park and Museum District (ZMD):

Property tax revenue	10,302,087
Interest earned while funds were held by ZMD	11,386
Excess ZMD assessments	480,662
Interest income	16
Total general revenues	10,794,151
Change in net position	151,518
Net position—beginning of year	9,490,003
Net position—end of year	\$ 9,641,521

See accompanying notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

**Balance Sheet
Governmental Fund**

December 31, 2015

	<u>General Fund</u>
ASSETS	
Cash	\$ 4,203
Property taxes receivable, net	6,188,720
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	5,468,598
Total assets	<u>\$ 11,661,521</u>
LIABILITIES	
Voucher Payable to Missouri Botanical Garden	<u>2,020,000</u>
Total liabilities	<u>2,020,000</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>1,550,214</u>
Total deferred inflows of resources	<u>1,550,214</u>
Fund balance—committed	<u>8,091,307</u>
Total liabilities and fund balance	<u>\$ 11,661,521</u>
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position:	
Total fund balance—governmental fund—balance sheet	\$ 8,091,307
Property taxes receivable recorded on an accrual basis. Property taxes reported in the government fund are reported on a modified accrual basis whereby amounts not collected within 60 days of year-end are recorded to unavailable revenue	1,550,214
Total net position—governmental activities—statement of net position	<u>\$ 9,641,521</u>

See accompanying notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
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**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund**

December 31, 2015

	<u>General Fund</u>
REVENUES	
Receipts from the Metropolitan Zoological Park and Museum District	\$ 10,118,186
Excess ZMD assessments	480,662
Interest earned	<u>11,386</u>
Total receipts	10,610,234
Interest income	<u>16</u>
Total revenues	<u>10,610,250</u>
 EXPENDITURES	
Payments to the Missouri Botanical Garden	10,600,000
General government	<u>42,633</u>
Total expenditures	<u>10,642,633</u>
Net change in fund balance	(32,383)
Fund balances:	
Beginning of year	<u>8,123,690</u>
End of year	\$ <u><u>8,091,307</u></u>
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	
Net change in fund balance—governmental fund—statement of revenues, expenditures, and changes in fund balance	\$ (32,383)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government fund	<u>183,901</u>
Change in Net Position of Governmental Activities	\$ <u><u>151,518</u></u>

See accompanying notes to basic financial statements.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

The financial statements of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County ("the Subdistrict") have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies of the Subdistrict:

(a) *Reporting Entity*

The Subdistrict's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. In applying the criteria for determining financial accountability, the Subdistrict has determined that no other entities should be included within its basic financial statements.

(b) *Government-wide and Fund Financial Statements*

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all of the activities of the Subdistrict. All of the Subdistrict's activities are classified as governmental activities, which normally are supported by tax revenues, as opposed to business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide statement of activities presents a comparison between direct expenses and program revenues of the Subdistrict. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues to direct expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Subdistrict.

Following the government-wide financial statements are separate financial statements for the Subdistrict's governmental fund. The Subdistrict uses only one governmental fund type, a general fund, to account for all activities of the Subdistrict. The total change in fund balance for the governmental fund is reconciled to the total change in net position for governmental activities as shown on the statement of net position. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Subdistrict is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Subdistrict's fund balance has been classified as committed, as the existing resources in the fund have been specifically committed to satisfy certain contractual requirements pertaining to botanical garden services as more fully described in footnote (4) to the financial statements.

BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
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NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

(c) *Measurement Focus and Basis of Accounting*

Measurement focus refers to what is being expressed in reporting the Subdistrict's financial performance and position. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Subdistrict's governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the Subdistrict, available is defined as expected to be received within 60 days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Support from the Metropolitan Zoological Park and Museum District MBG(the District) represents a continuous appropriation to the Subdistrict by the District. Accordingly the Subdistrict recognizes support from the District based on an allocation of property taxes which are levied by the District, net of management fees.

(d) *Federal Income Taxes*

The Subdistrict is exempt from federal income taxes under Section 115(a) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in these basic financial statements.

(e) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

(f) *Deferred Inflows of Resources and Deferred Outflows of Resources*

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
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NOTES TO BASIC FINANCIAL STATEMENTS

(2) Cash

At December 31, 2015, the carrying amount of the Subdistrict's cash deposits was \$4,203 and the bank balance was \$11,587. These amounts were covered by federal depository insurance.

(3) Property taxes

The District levies property taxes on the assessed value listed as of each January 1 for all real and personal property located in the City of St. Louis and St. Louis County. The levy is based on an annual submission from the Subdistrict, which cannot exceed 4.00 cents per \$100 of assessed valuation. The tax levy was 3.97 cents per \$100 of assessed valuation for 2015. Taxes are levied each October and are due on December 31 for the previous January 1 assessment. Taxes collected by the District on behalf of the Subdistrict are recognized as revenue when credited to the Subdistrict's account with the District. The property taxes receivable is recorded net of an allowance for uncollectible accounts of \$333,616.

(4) Contract with the Missouri Botanical Garden

The Subdistrict and the Missouri Botanical Garden ("the Garden") entered into an annually renewable contract for botanical services in 1983 which renews automatically for one year each December. This agreement provides for the installation, maintenance and improvement of facilities and performance of services which would benefit the general public in exchange for compensation not to exceed the amount of tax revenues received by the Subdistrict from the District, less any Subdistrict expenses. The annual compensation is determined each year based upon an annual budget submitted by the Garden to the Subdistrict.

(5) Budgetary control

The Subdistrict adopts an annual budget based on the operating budget submitted to the Subdistrict by the Garden and estimated Subdistrict administrative expenses. The annual budget is prepared on the modified cash basis of accounting, approved by the Subdistrict's Board of Commissioners, and submitted to the District for use in establishing the annual tax levy.

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
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ST. LOUIS AND ST. LOUIS COUNTY**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund – Budgetary Basis
Required Supplementary Information – Unaudited**

For the year ended December 31, 2015

REVENUES	Original Budget	Final Appropriated Budget	Actual (Budget Basis)	Variance with Final Budget Positive (Negative)
Receipts from the Metropolitan Zoological Park and Museum District	\$ 10,430,000	10,430,000	9,920,851	\$ (509,149)
Excess ZMD assessments	-	-	480,662	480,662
Interest earned	11,200	11,200	11,386	186
Total receipts	<u>\$ 10,441,200</u>	<u>\$ 10,441,200</u>	<u>\$ 10,412,899</u>	<u>\$ (28,301)</u>
Interest income	-	-	16	16
Total revenues	<u>10,441,200</u>	<u>10,441,200</u>	<u>10,412,915</u>	<u>(28,285)</u>
EXPENDITURES				
Current:				
Payments to the Missouri Botanical Garden	10,400,000	10,400,000	10,600,000	(200,000)
General government	41,200	41,200	42,633	(1,433)
Total expenditures	<u>10,441,200</u>	<u>10,441,200</u>	<u>10,642,633</u>	<u>(201,433)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(229,718)</u>	<u>\$ (229,718)</u>

See accompanying independent auditors' report and notes to budgetary basis financial statements.

**BOTANICAL GARDEN SUBDISTRICT
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**Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund- Budgetary Basis
Required Supplementary Information – UNAUDITED**

(1) Explanation of Budgetary Process

The Subdistrict adopts an annual budget based on the operating budget submitted to the Subdistrict by the Garden and estimated Subdistrict administrative expenses. The annual budget is prepared on the modified cash basis of accounting, approved by the Subdistrict's Board of Commissioners, and submitted to the District for use in establishing the annual tax levy. Expenditures in total may not legally exceed appropriations. For the year ended December 31, 2015, expenditures exceeded appropriations by \$229,718 in the General fund.

(2) Explanation of the Differences between the Excess of Revenues over Expenditures – Budget Basis and Net Change in Fund Balance – GAAP Basis

The Subdistrict's budgetary process is based upon accounting for certain transactions on a basis other than GAAP. To provide meaningful comparison of actual results with the budget, the actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund in accordance with a budget basis of accounting.

The major differences between the budget and GAAP basis of accounting are:

- 1) Revenues are recorded when received in cash (budget), as opposed to when they are measurable and available (GAAP).
- 2) Expenditures are recorded when budgeted, as opposed to when the obligation is incurred (GAAP).

Adjustments necessary to reconcile the excess of expenditures over revenues from the GAAP basis to the budget basis of accounting are as follows:

Budget basis	\$	(229,718)
Increase due to:		
Revenue accruals (taxes)		197,335
GAAP basis	\$	(32,383)