

**METROPOLITAN ZOOLOGICAL  
PARK AND MUSEUM DISTRICT**

**FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

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## Independent Auditors' Report

Board of Directors  
Metropolitan Zoological Park and Museum District

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Metropolitan Zoological Park and Museum District (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit**

The financial statements do not include financial data for the District's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component units. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units would have been reported as \$803,929,625, \$78,579,364, \$725,350,261, \$187,755,819, and \$158,738,038 for 2015 and \$773,289,385, \$59,307,973, \$713,981,412, \$202,715,057, and \$187,378,215 for 2014, respectively.

### **Adverse Opinion**

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the Metropolitan Zoological Park and Museum District as of December 31, 2015 and 2014, or the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Metropolitan Zoological Park and Museum District, as of December 31, 2015 and 2014, and the changes in financial position and cash flows thereof for the years 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 on page 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of the Metropolitan Zoological Park and Museum District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan Zoological Park and Museum District's internal control over financial reporting and compliance.

*Kerber, Eck & Braeckel LLP*

St. Louis, Missouri  
March 31, 2016

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

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The management's discussion and analysis of the Metropolitan Zoological Park and Museum District's financial performance provides an overview of the District's financial activities for the years ended December 31, 2015 and 2014. The management's discussion and analysis should not be taken as a replacement for the financial statements but should be read in conjunction with them to enhance understanding of the District's financial performance.

### Financial Highlights

- The District's tax revenues increased from \$74.2 million in 2013 to \$74.5 million in 2014 to \$75.9 million in 2015. The District's 2014 revenues exceeded its 2013 revenues by 0.3%; the 2015 tax revenues were 1.9% greater than those of the preceding year.
- The District Board's 2013, 2014 and 2015 tax resolutions allowed the organization to retain the statutory percentage (5%) from current and future collections of property taxes that result from these levies. The amounts withheld were available for the District's administration. The District's 2015 administration expenses represented approximately 0.71% of the year's net tax revenues.
- The 2014 District administration expenses equaled approximately 0.69% of the year's net tax revenue. During 2015, the Board authorized the distribution of the District's 2014 unused administrative fees to the Subdistricts. The unused administrative fees totaled \$3,369,454 and were apportioned in the following manner:

Subdistrict	Amount of Distribution	
	2015	2014
Zoological Park Subdistrict	\$ 963,733.43	\$ 845,109.64
Art Museum Subdistrict	963,733.43	845,109.64
Science Center Subdistrict	480,662.38	420,587.47
Botanical Garden Subdistrict	480,662.38	420,587.47
History Museum Subdistrict	480,662.38	420,587.78
Total Distribution	<u>\$ 3,369,454.00</u>	<u>\$ 2,951,982.00</u>



# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

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- The following table summarizes the 2015 property tax rates levied by the District Board as well as the maximum tax rates that can be levied for the benefit of each Subdistrict:

<u>Subdistrict</u>	<u>2015 Tax Rate per \$100 of assessed valuation</u>	<u>2014 Tax Rate per \$100 of assessed valuation</u>	<u>Maximum Authorized Levy</u>
Zoological Park Subdistrict	7.93 cents	8.00 cents	8 cents
Art Museum Subdistrict	7.93 cents	8.00 cents	8 cents
Science Center Subdistrict	3.97 cents	3.99 cents	4 cents
Botanical Garden Subdistrict	3.97 cents	3.99 cents	4 cents
History Museum Subdistrict	3.97 cents	3.99 cents	4 cents

- The District's support of the Subdistricts continues to provide a significant portion of each cultural institution's operating revenue. The economic significance of the distributions varies among the Subdistricts.

### Required Financial Statements

The proprietary fund financial statements presented by the District's management include Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. The Statements of Net Position summarize the financial position of the District at December 31. These statements are a snapshot of the District's current assets, capital assets, and current liabilities. These statements also show any restriction on the District's net position. The Statements of Revenues, Expenses, and Changes in Net Position summarize calendar year revenues and expenses. The Statements of Cash Flows account for the net change in cash and cash equivalents resulting from operating activities, capital and related financing activities, and investing activities. These statements assist the reader in determining the sources of cash coming into the District, identifying the items for which cash was expended, and reconciling the beginning and ending cash balances.

These statements are prepared using the accrual basis of accounting. This accounting method recognizes revenue at the time it is earned; an expense is recognized when the related liability is incurred or when economic assets are consumed.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

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Table 1  
Condensed Statements of Net Position  
December 31,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 70,757,533	\$ 69,317,103	\$ 67,704,833
Capital assets	<u>11,353</u>	<u>4,585</u>	<u>7,217</u>
Total assets	<u>\$ 70,768,886</u>	<u>\$ 69,321,688</u>	<u>\$ 67,712,050</u>
Current liabilities	\$ 65,364,252	\$ 63,815,140	\$ 62,480,482
Net position			
Net investment in capital assets	11,353	4,585	7,217
Unrestricted	<u>5,393,281</u>	<u>5,501,963</u>	<u>5,224,351</u>
Total net position	<u>5,404,634</u>	<u>5,506,548</u>	<u>5,231,568</u>
Total liabilities and net position	<u>\$ 70,768,886</u>	<u>\$ 69,321,688</u>	<u>\$ 67,712,050</u>

The District's current assets are composed of cash and cash equivalents and taxes receivable from St. Louis City and County residents. The current liabilities of the District reflect amounts due to suppliers, vendors and the five Subdistricts. Liabilities for Subdistrict funds held on deposit with the District and future tax collections payable to the Subdistricts are the major components of the District's liabilities. Accounts payable and accrued expenses, resulting from District administrative operations, account for a minor portion of the District's liabilities in 2013, 2014, and 2015.



# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

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Table 2  
Condensed Statements of Changes in Net Position  
Year ended December 31,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 75,858,332	\$ 74,462,085	\$ 74,212,762
Operating expenses	<u>76,018,087</u>	<u>74,237,337</u>	<u>74,222,468</u>
Operating income (loss)	(159,755)	224,748	(9,706)
Nonoperating revenue	<u>57,841</u>	<u>50,232</u>	<u>54,192</u>
CHANGE IN NET POSITION	(101,914)	274,980	44,486
Net position at beginning of year	<u>5,506,548</u>	<u>5,231,568</u>	<u>5,187,082</u>
Net position at end of year	<u>\$ 5,404,634</u>	<u>\$ 5,506,548</u>	<u>\$ 5,231,568</u>

The District's 2015 operating revenues exceeded those of 2014 by 1.9% due to allowed revenue growth based on an increase in the consumer price index and a reduction in tax refunds based on State Tax Commission decisions. The 2014 operating revenues exceeded the 2013 operating revenues by 0.3%.

The District's 2014 operating expenses were nearly \$15,000 greater than those recognized in 2013 due to the growth in Subdistrict support of approximately \$50,000. 2015 operating expenses exceeded those incurred in the prior year by nearly \$1.8 million due to growth in Subdistrict support of \$1.8 million.

The District retains a percentage of the total tax revenue for administrative expenses. It has been the District's policy to distribute all retained amounts not used for administrative expenses in a subsequent year. Because of this timing difference between the recognition of revenue and subsequent distribution of retained amounts not used for administrative purposes, the District generally realizes a small amount of operating income or loss each calendar year. The District's net position decreased by \$101,914 in 2015, increased by \$274,980 in 2014, and increased by \$44,486 in 2013.

### Contacting the Metropolitan Zoological Park and Museum District's Management

Questions regarding any of the information provided in this report or requests for additional information should be addressed to: Executive Director, Metropolitan Zoological Park and Museum District, 7733 Forsyth Boulevard, Suite 550, St. Louis, Missouri 63105.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF NET POSITION - PROPRIETARY FUND

December 31,

	Enterprise Fund	
	2015	2014
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,210,524	\$ 3,460,270
Restricted cash and cash equivalents	21,974,633	23,002,857
Accounts receivable		
Assessed property tax and license fees, net of allowance for uncollectibles of \$2,440,728 in 2015 and \$2,859,549 in 2014	45,572,376	42,853,976
Total current assets	70,757,533	69,317,103
Noncurrent assets		
Capital assets, net of accumulated depreciation		
Office furniture and equipment	11,353	4,381
Telephone equipment	-	204
Total noncurrent assets	11,353	4,585
Total assets	\$ 70,768,886	\$ 69,321,688
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 89,965	\$ 95,312
Taxes payable to Subdistricts	65,274,287	63,719,828
Total current liabilities	65,364,252	63,815,140
<b>NET POSITION</b>		
Net investment in capital assets	11,353	4,585
Unrestricted	5,393,281	5,501,963
Total net position	5,404,634	5,506,548
Total liabilities and net position	\$ 70,768,886	\$ 69,321,688

See notes to financial statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

Year ended December 31,

	Enterprise Fund	
	2015	2014
Operating revenues		
Real and personal property tax	\$ 70,438,073	\$ 69,152,098
Merchants' and manufacturers' license	1,390,601	1,392,105
Surtax on commercial real estate	3,809,280	3,847,303
Financial institution tax	359,525	463,942
Provision for uncollectible taxes	(139,147)	(393,363)
	75,858,332	74,462,085
Operating expenses		
Subdistrict support	75,480,854	73,723,019
Salaries and personnel costs	279,219	297,225
Office occupancy	56,996	55,695
Legal fees	77,116	70,980
Other professional fees	78,642	49,993
Insurance	20,271	19,332
Maintenance and service contracts	881	780
Information technology	1,948	2,125
Office supplies and postage	2,647	3,963
Printing	6,500	-
Telephone	2,776	2,743
Subscriptions	1,341	1,548
Miscellaneous	4,532	6,389
Depreciation and amortization	4,364	3,545
	76,018,087	74,237,337
Total operating expenses		
	(159,755)	224,748
Operating income (loss)		
Nonoperating revenue		
Investment income	57,841	50,232
	(101,914)	274,980
CHANGE IN NET POSITION		
Net position at beginning of year	5,506,548	5,231,568
Net position at end of year	\$ 5,404,634	\$ 5,506,548

See notes to financial statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF CASH FLOWS - PROPRIETARY FUND

Year ended December 31,

	Enterprise Fund	
	2015	2014
Cash flows from operating activities		
Receipts from St. Louis City and County taxpayers	\$ 73,139,932	\$ 77,311,996
Payments to and for the benefit of employees	(301,427)	(297,079)
Payments to suppliers, vendors and Subdistricts	(74,163,184)	(72,602,055)
Net cash provided by (used in) operating activities	(1,324,679)	4,412,862
Cash flows from capital and related financing activities		
Purchase of capital assets	(11,132)	(913)
Cash flows from investing activities		
Investment income	57,841	50,232
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,277,970)	4,462,181
Cash and cash equivalents at beginning of year	26,463,127	22,000,946
Cash and cash equivalents at end of year	\$ 25,185,157	\$ 26,463,127
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (159,755)	\$ 224,748
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	4,364	3,545
Changes in assets and liabilities		
Accounts receivable, net	(2,718,400)	2,849,911
Accounts payable	(5,347)	(4,867)
Taxes payable to Subdistricts	1,554,459	1,339,525
Net cash provided by (used in) operating activities	\$ (1,324,679)	\$ 4,412,862
Reconciliation of cash and cash equivalents to statements of net position		
Cash and cash equivalents, unrestricted	\$ 3,210,524	\$ 3,460,270
Cash and cash equivalents, restricted	21,974,633	23,002,857
Total cash and cash equivalents	\$ 25,185,157	\$ 26,463,127

See notes to financial statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Zoological Park and Museum District (the District) was established by Missouri Statute on January 1, 1972. At its inception, the District included three Subdistricts: the Zoological Park Subdistrict, the Art Museum Subdistrict, and the Science Center (Museum of Science & Natural History) Subdistrict. The voters of St. Louis City and County allowed the Botanical Garden to become the group's fourth Subdistrict in 1983; the Missouri History Museum entered the District in 1988.

The statute provides that all tax monies, including real and personal property tax, financial institution tax, merchants' and manufacturers' licenses, commercial real estate surtax, and railroad and utility taxes, received for a Subdistrict shall be segregated from all other funds. The Subdistricts' officers may draw upon these funds when properly authorized vouchers are submitted.

The statute further provides that the District may retain five percent of total tax revenue for administrative expenses. Prior to 2008, the District Board limited the organization's administrative retention percentage to 2% of the collections from each year's tax levy. The 2008 through 2015 tax resolutions allowed the District to retain the statutory percentage (5%) from its current and future collections of 2008 through 2015 property taxes. It has been the District's policy to distribute all retained amounts not used for administrative expenses in a subsequent year.

The Board consists of eight members, each appointed for a four-year term. The Mayor of the City of St. Louis appoints four Board members and the St. Louis County Executive also appoints four Board members.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies, established in GAAP and used by the District, are discussed below.

#### **Reporting Entity**

The financial statements include only the primary government of Metropolitan Zoological Park and Museum District, which consists of all funds that comprise the District's legal entity. The financial statements do not include financial data for the District's legally separate component units.

As defined by generally accepted accounting principles, component units are legally separate entities that should be included in the District's reporting entity because of the significance of their operating or financial relationships with the District. Although legally separate, each Subdistrict is a component unit due to its fiscal dependence and financial burden on the District.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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The District has elected to exclude all component units from these financial statements.

Complete financial statements for each of the District's component units (Subdistricts) can be obtained by contacting each entity's administrator at the following addresses:

Zoological Park Subdistrict 1 Government Drive St. Louis, MO 63110 mzdsl.org	St. Louis Science Center Subdistrict 5050 Oakland Ave St. Louis, MO 63110 slsc.org	Art Museum Subdistrict 1 Fine Arts Drive St. Louis, MO 63110 slam.org
History Museum Subdistrict and the Missouri Historical Society c/o P.O. Box 11940 St. Louis, MO 63122 mohistory.org	Botanical Garden Subdistrict and the Missouri Botanical Garden c/o P.O. Box 299 St. Louis, MO 63166 mobot.org	

### **Basis of Presentation**

All activities of the District are considered business-type activities and are reported in the following proprietary fund:

#### **Enterprise Fund**

The District uses an Enterprise Fund to account for its activities including the collection of tax monies received from the City of St. Louis (City) and from St. Louis County (County), the payment of expenses for operating the District, and the maintenance of assets held by the District for the benefit of the Subdistricts.

### **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The financial statements are prepared using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position, financial position, and cash flows. All assets and liabilities, whether current or noncurrent, are reported.



# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or economic assets are consumed.

### **Cash and Cash Equivalents**

The District considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The statute authorizing the establishment of the District mandates that all tax monies collected for a Subdistrict shall be segregated from all other funds. The District has recognized these tax monies along with the interest earned on such amounts as restricted cash and cash equivalents.

### **Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on or about November 1 and are payable by December 31. All unpaid taxes become delinquent on January 1 of the following year. Taxes are collected by the City and County and remitted to the District. Tax receipts are forwarded to the District at least once each month.

Because some taxes ultimately may not be collected, an allowance for uncollectible taxes is recorded. Increases in the allowance are recorded by a provision for uncollectible taxes. Estimating the amount of uncollectible taxes is subjective. Accordingly, the allowance is maintained by the District at a level considered adequate to cover uncollectible taxes currently anticipated, based on past experience and other general and economic factors.

### **Capital Assets and Depreciation**

The District's capital assets include leasehold improvements, furniture, and equipment. Capital assets are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives range from two to ten years for equipment and furniture.

# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Equity Classifications**

Equity is classified as net position and displayed in three components. Net investment in capital assets consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Net position is reported as restricted when there are constraints imposed on their use through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Net position that does not meet the definition of restricted or net investment in capital assets are reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Taxes Payable to Subdistricts**

The District provides resources to the Subdistricts under a continuing appropriation. Accordingly, the District recognizes a liability to the Subdistricts for their allocable share of tax revenues levied by the District. The amount due to Subdistricts represents the funds collected and held by the District in an account on behalf of the Subdistricts and the estimated support from current and prior year tax assessments which were not collected by year-end.

### **Operating Revenues and Expenses**

The District distinguishes between operating and nonoperating revenues and expenses. Property tax revenues and Subdistrict support constitute the District's principal ongoing operations and therefore are reported as operating. Operating expenses also include the District's administrative expenses. All other revenues and expenses are reported as nonoperating.

### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 during the reporting period. Actual results could differ from those estimates.

## **NOTE 2 – CASH**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2015 and 2014 all deposits were covered by federal depository insurance or by collateral held by the District's agent (Federal Home Loan Bank of Des Moines) in the District's name.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance at January 1, 2015	Additions	Disposals	Balance at December 31, 2015
Leasehold improvements	\$ 45,358	\$ -	\$ -	\$ 45,358
Office furniture and equipment	102,650	11,132	-	113,782
Telephone equipment	4,477	-	-	4,477
	<u>152,485</u>	<u>11,132</u>	<u>-</u>	<u>163,617</u>
Totals at historical cost	152,485	11,132	-	163,617
Less accumulated depreciation				
Leasehold improvements	(45,358)	-	-	(45,358)
Office furniture and equipment	(98,268)	(4,161)	-	(102,429)
Telephone equipment	(4,274)	(203)	-	(4,477)
	<u>(147,900)</u>	<u>(4,364)</u>	<u>-</u>	<u>(152,264)</u>
Total accumulated depreciation	(147,900)	(4,364)	-	(152,264)
Capital assets, net	<u>\$ 4,585</u>	<u>\$ 6,768</u>	<u>\$ -</u>	<u>\$ 11,353</u>

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance at January 1, 2014	Additions	Disposals	Balance at December 31, 2014
Leasehold improvements	\$ 45,358	\$ -	\$ -	\$ 45,358
Office furniture and equipment	101,737	913	-	102,650
Telephone equipment	4,477	-	-	4,477
	<u>151,572</u>	<u>913</u>	<u>-</u>	<u>152,485</u>
Totals at historical cost	151,572	913	-	152,485
Less accumulated depreciation				
Leasehold improvements	(45,358)	-	-	(45,358)
Office furniture and equipment	(94,994)	(3,275)	-	(98,269)
Telephone equipment	(4,003)	(270)	-	(4,273)
	<u>(144,355)</u>	<u>(3,545)</u>	<u>-</u>	<u>(147,900)</u>
Total accumulated depreciation	(144,355)	(3,545)	-	(147,900)
Capital assets, net	<u>\$ 7,217</u>	<u>\$ (2,632)</u>	<u>\$ -</u>	<u>\$ 4,585</u>

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 – LEASE COMMITMENTS

The District leases its office facilities under an operating lease that expires on July 31, 2017. Total rent expense for the years ended December 31, 2015 and 2014 was \$56,996 and \$55,695, respectively.

The District's future minimum lease payments are as follows:

Year ended December 31,	
2016	\$ 50,826
2017	29,972
	<hr/>
	\$ 80,798
	<hr/>

### NOTE 5 – RETIREMENT PLANS

All District employees may participate in a 457(b) Deferred Compensation Plan. Only the employees contribute to the plan and the contributions are made through payroll deductions.

Prior to January 1, 2013, all full-time employees participated in a single-employer defined benefit pension plan administered by the St. Louis Science Center Subdistrict (the Subdistrict) of the Metropolitan Zoological Park and Museum District. The plan provided retirement, disability, and death benefits to plan members and beneficiaries. The contribution requirements of plan members are established by the Subdistrict and may be amended by the Subdistrict. This plan was curtailed on December 31, 2012. An actuarial valuation of the plan was performed as of January 1, 2015. As of that date, the plan had a net pension asset of approximately \$12,000. The District believes its proportionate share of the plan's net pension asset would not be material in relation to the District's financial position and changes in financial position.

Beginning on January 1, 2013, all District employees are eligible to participate in the District's Profit Sharing Plan and Money Purchase Pension Plan administered by the District. The plan requires contributions by the District equaling 7% of each qualifying participant's compensation for each plan year.

The District's required contributions for the years ended December 31, 2015 and 2014 were \$22,925 and \$21,506, respectively.

# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 6 – PROTESTED TAXES**

Each year the City and County remit certain unresolved protested tax payments to the District. When the City or County refunds tax payments to those who are successful in their protests, it withholds the refunded amount from future distributions to taxing districts. The District believes that any future withholdings by the City or the County will not be material in relation to the District's financial position and changes in financial position.

### **NOTE 7 – RISK MANAGEMENT**

The District carries commercial insurance to mitigate any potential risks of loss related to torts; theft of, damage to, and destruction of assets; officers' liability; and injuries to employees and natural disasters. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.





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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

Board of Directors  
Metropolitan Zoological Park and Museum District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Metropolitan Zoological Park and Museum District (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2016. Our report on the financial statements disclosed that the financial statements include only the financial activities of the primary government and that the financial activities of the District's legally separate component units that form the reporting entity are not included.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kerber, Eck & Braedel LLP*

St. Louis, Missouri  
March 31, 2016