

**MINUTES OF THE REGULAR MEETING OF THE AUDIT COMMITTEE OF THE
METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

St. Louis, Missouri
March 31, 2016

A regular meeting of the Audit Committee of the Metropolitan Zoological Park and Museum District was at the District office, 7733 Forsyth Blvd., Suite 550 at 2:15 pm on Thursday March 31, 2016. The primary purpose of the meeting was to review the draft of the December 31, 2015 and 2014 Financial Statements and the December 31, 2015 Report to the Board of Directors.

The Audit Committee of the Metropolitan Zoological Park and Museum District ("District") was called to order. Upon roll call, the following Committee members were present:

Robert E. Eggmann
Michelle Harris

Thelma Cook was absent. Other persons attending the meeting included: Rick Gratza, CPA from Kerber, Eck & Braeckel LLP; ZMD board members Christine Chadwick and Thomas C. Mummert; and J. Patrick Dougherty, Executive Director and Sharon L. Wilcutt, District employee.

Also in attendance were Willis Ryder Arnold, St. Louis Public Radio; Eric Miller, St. Louis Zoo; Katie O'Sullivan, Missouri Botanical Garden; Laura Taylor, St. Louis Science Center.

Mr. Eggmann then asked for public comments. No comments resulted.

Approval of Minutes: Mr. Eggmann called for the approval of the minutes from August 19, 2015 Audit Committee meeting. Mrs. Harris moved that the minutes be approved. Mr. Eggmann seconded the motion. The motion to approve the August 19, 2015 Audit Committee minutes were approved with all members voting 'Aye'.

Rick Gratza presented a summary of Auditors' Results:

FINANCIAL STATEMENTS:

- Management's responsibility to prepare the financial statements;
- Auditors' responsibility to express an opinion on the financial matters;
- The financial statements only include the financial data of the District (primary government) and do not include the financial data of the Subdistricts (component units);
- Balance Sheet - Statements of Net Position – Proprietary Fund;
- Statements of Revenues, Expenses and Changes in Net Position – Proprietary Fund;
- Statements of Cash Flow – Proprietary Fund;

NOTES TO FINANCIAL STATEMENTS

There were no changes in the accounting policies from the previous year.

- Operating Revenues and Expenses note was added to distinguish between operating and nonoperation revenues and expenses.
- Note 5 included new information on GASB 68 – defined contributions plans.
- Summary of opinions were issued in:
 - Business-type activities: Unmodified;
 - Aggregate remaining fund information: Unmodified;
 - Discretely presented component units: Adverse;

- No material weakness in internal control were identified;
- No material noncompliance with laws, regulations, grants or contracts were identified.

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

- Confirmation with the Subdistrict Auditors with respect to payment of expenditures was performed.

Mr. Gratz then introduced the Report to the Board of Directors. He reported that there had been no changes to the District's accounting policies and procedures during the 2015 calendar year.

Ms. Harris moved to approve the Audit Committee accept the 2015 Financial Statements and recommend that the Statements be submitted to the Mayor of the City and the County Executive in accordance with Section 184.380 R.S.Mo. Mr. Eggmann seconded the motion. The motion to forward the 2015 Financial Statements to the Mayor and County Executive was approved with all members voting 'aye'.

Ms. Harris then moved that the 2015 Financial Statements be presented to the full ZMD Board at the May 24, 2016 Regular Board meeting for their review and acceptance. Mr. Eggmann seconded the motion. The motion was approved with all members voting 'aye'.

Mr. Eggmann asked for public comments. No comments resulted.

Mr. Eggmann addressed the committee with comments on the Agreed-upon procedures internal control evaluation. Mr. Eggmann presented the following memo for consideration:

It will be the recommendation of the Chair of the Audit Committee of the ZMD that the ZMD conduct and Agreed-upon Procedures Internal Control Evaluation of each of the Sub-Districts during the calendar year 2016.

The ZMB would retain Rick Gratz and the accounting firm of Kerber, Eck & Braeckel, LLP ("KEB") to perform the Agreed-upon Procedures Internal Control Evaluation. The Agreed-upon Procedures Internal Control Evaluation would pick up where the more general Agreed upon Procedures left off and perform a more in depth analysis of certain critical areas which will be outlined below. The goal of this analysis will be to get more information about very specific topics rather than an overview of all agreed upon procedures.

The 2016 Agreed-upon Procedures Internal Control Evaluation would seek an in depth analysis on the following areas.

1. **Fraud and Data Protection.** *The last time this was looked at very specifically, was approximately 2005-2006 and this area has changed dramatically in those ten years. It would be our request that KEB take a close look at each of the institution's policies regarding the safekeeping of data obtained from employees, members of the public, and donors. In addition, we will ask that KEB look at mechanisms in place for curtailing both internal and external fraud. Finally, we would ask KEB to look into procedures used for terminating employees regarding passwords, combinations, and the like.*
2. **The RFP Process.** *KEB will analyze the RFP process, in particular when it comes to vendor contracts and the provision of professional services. We want to make sure that the process is fair to all parties and that it does not weigh in favor of the vendor or professional currently providing services to the specific organization. We would ask KEB to suggest possible procedures to put in place to make sure the process is fair to all parties and the process takes place within a reasonable timeframe.*
3. **Compensation of Executives.** *KEB will analyze the compensation process for executives for each of the institutions. We would ask KEB to analyze the manner in which they determine if their compensation process is in compliance with the IRS Code as well as similar to similarly situated institutions throughout the United States.*

4. *Rules of Ethics.* KEB would analyze and determine if the rules of ethics in place at each of the institutions to determine if each institution has implemented or is in the process of implementing rules of ethics that parallel in spirit the new rules of ethics approved by the ZMD.

We anticipate that the process will take approximately 2 weeks at each institution for total engagement of approximately 10 weeks on site. Further it is estimated that the cost will be no more than the budgeted amount for the Agreed upon Procedures in 2015.

Finally, this would be a one year task and the ZMD would be free to resume the conducting of the more general Agreed upon Procedure in 2017.

A discussion ensued.

Mr. Eggmann asked for public comments. Requests for a copy of the memo was made by Katie O'Sullivan, Missouri Botanical Garden; Laura Taylor, St. Louis Science Center and Willis Ryder Arnold, St. Louis Public Radio.

There being no other business to come before the Audit Committee, Mrs. Harris moved that the meeting be adjourned. Mr. Eggmann seconded the motion. The meeting adjourned at 2:58 pm

Respectfully submitted,



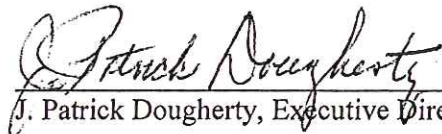
Sharon L. Wilcutt
Acting Secretary

CERTIFICATE

I, J. Patrick Dougherty, do hereby certify that the attached Notice of the Regular Meeting of the Audit Committee was published in accordance with the provisions of Section 610.020 of the Revised Missouri Statutes, by posting said Notice at least twenty-four hours in advance of the date of said meeting in a prominent place easily accessible to the public at the Pierre Laclede Center building, 7733 Forsyth Boulevard, Clayton, Missouri, and by mailing and/or e-mailing a copy of said Notice by ordinary mail to:

- David Hunn
- Stephen Deere
- St. Louis Business Journal
- Riverfront Times
- Susan C. Thomson
- Mark Schlinkmann
- Betsey Bruce
- Patrick Brown
- Jeff Rainford
- Sable Campbell
- Pat Westhoff
- Nancy Fowler
- Eric Miller
- Marcia B. Mellitz
- Alex Heuer
- Jerald L. Kent
- Barbara B. Taylor
- Michael F. Neiforff
- Diane Torioian Keaggy
- Deborah Peterson
- Elise Glickert
- Susan Hegger
- Charlene Prost
- Everett Dietle
- John R. Musgrave
- Adrienne D. Davis
- Matthew W. Geekie
- Erin M. Nolan
- Odester Saunders
- Tonya Sinkovits
- Tom Curran
- Matthew Hathaway
- Rachel Lippmann
- St. Louis Public Radio
- Barb Boyle
- Dustin Deschamp
- Donna Wilkerson
- Harry Rich
- Benjamin C. Washington
- Gloria Wessels
- Willis Arnold
- Ben Uchitelle
- Robert Powell
- Jeffery Bonner
- Brent Benjamin
- Bert Vescolani
- Peter Wyse Jackson
- Francis Levine
- Laura Taylor
- Katie O'Sullivan
- Lelia J. Farr
- Richard Jensen

Signed this 31st day of March 2016


J. Patrick Dougherty, Executive Director

NOTICE OF REGULAR MEETING

Audit Committee

METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

Pursuant to Section 610.020 of the Revised Missouri Statutes, notice is hereby given that a Regular Meeting of the Metropolitan Zoological Park and Museum Audit Committee will be held as follows:

Date: March 31, 2016


Time: 2:15 P.M.

Place: Pierre Laclede Center
7733 Forsyth Boulevard
Suite 550
St. Louis, MO

Agenda:

1. Request the approval of the minutes from the Audit Committee meeting held on August 19, 2015.
2. Review and discuss Draft Copy of the 2015 Financial Statements.
3. Public Comments
4. The Board may also hold a closed meeting, with a closed vote and record, as authorized by Section 610.021(1), (2) and (3), Revised Statutes of Missouri, relating to legal issues, real estate and/or personnel, negotiation of a contract pursuant to Section 610.021(12) RSMO., proprietary information pursuant to Section 610.021(15) and/or confidential or privileged communications with our auditor pursuant to (17).

Further information may be obtained at the District Offices, 7733 Forsyth Blvd., Suite 550, Clayton, Missouri 63105, (314) 862-4222



J. Patrick Dougherty, Executive Director

Mission Statement

The Mission of the Zoo Museum District is to represent the taxpayers of the District in the careful oversight of the financial affairs of the Subdistricts: Missouri Botanical Garden; Missouri History Museum; Saint Louis Art Museum; Saint Louis Science Center; and Saint Louis Zoo.