

METROPOLITAN ZOOLOGICAL
PARK AND MUSEUM DISTRICT

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District'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 opinions 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 Aggregate Discretely Presented Component Units

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 \$1,331,150,250, \$98,206,287, \$1,232,943,963, \$286,451,403, \$225,766,716 for 2020 and \$1,252,868,311, \$80,609,035, \$1,172,259,276, \$382,838,921 and \$227,069,123 for 2019, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Aggregate Discretely Presented Component Units” paragraph, 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, 2020 and 2019, 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

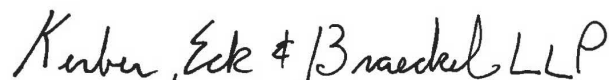
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Metropolitan Zoological Park and Museum District, as of December 31, 2020 and 2019, and the respective changes in financial position and cash 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 pages 6 through 10 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 April 8, 2021 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 solely 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 effectiveness of Metropolitan Zoological Park and Museum District’s 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.



St. Louis, Missouri
April 8, 2021

**Metropolitan Zoological Park and Museum District
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED**

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, 2020 and 2019. 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 net tax revenues increased from \$80.5 million in 2018 to \$85.7 million in 2019 and decreased to \$85.1 million in 2020. The District’s 2019 net tax revenues exceeded those recognized in 2018 by almost 6.43%; the 2020 net tax revenues were approximately 0.68% less than those recognized in the preceding year.
- The District Board of Directors’ 2018, 2019, and 2020 tax resolutions allowed the organization to retain the statutory percentage (5%) from current and future collections of the property tax receipts that result from these levies. The amounts withheld were available for the District’s administration.
- The 2019 and 2020 District administrative expenses represented approximately 0.77% and 0.85%, respectively, of the years’ net tax revenue. During 2020 and 2019, the ZMD Board authorized the distribution of the organization’s unused 2019 and 2018 administrative revenue to the Subdistricts. The unused administrative fees totaled \$3,614,263 and \$3,429,337 in 2019 and 2018, respectively, and were apportioned in the following manner:

Subdistrict	Amount of Distribution	
	2019	2018
Zoological Park Subdistrict	\$ 1,030,910	\$ 977,888
Art Museum Subdistrict	1,030,910	977,888
Science Center Subdistrict	517,481	491,187
Botanical Garden Subdistrict	517,481	491,187
History Museum Subdistrict	517,481	491,187
	<u>\$ 3,614,263</u>	<u>\$ 3,429,337</u>

- The following table displays the 2020 and 2019 property tax rates levied by the District for the benefit of the Subdistricts. The table also lists each Subdistrict’s maximum authorized rate.

Subdistrict	2020 per \$100 of Assessed Valuation	2019 per \$100 of Assessed Valuation	Maximum Authorized Rate
Zoological Park Subdistrict	7.23 cents	7.27 cents	8 cents
Art Museum Subdistrict	7.23 cents	7.27 cents	8 cents
Science Center Subdistrict	3.62 cents	3.65 cents	4 cents
Botanical Garden Subdistrict	3.62 cents	3.65 cents	4 cents
History Museum Subdistrict	3.62 cents	3.65 cents	4 cents

Metropolitan Zoological Park and Museum District
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

- The District’s support of the Subdistricts continues to provide a significant portion of each cultural institution’s operating budget. 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. The statements also show any restriction on the District’s net position. The Statements of Revenues, Expenses, and Changes in Net Position summarize the 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 rather than when collected; it recognizes an expense when the related liability is recognized or when economic assets are consumed rather than when paid.

The District’s current assets include cash and taxes receivable from St. Louis City and County residents. The District’s current liabilities consist of amounts due to suppliers, vendors, and the five Subdistricts. Liabilities for Subdistrict funds held on deposit with the District and future collections payable to the Subdistricts are the major components of the District’s liabilities. Accounts payable and accrued expenses, resulting from administrative operations, represent a small proportion of the District’s liabilities at December 31, 2018, 2019, and 2020.

Metropolitan Zoological Park and Museum District
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 85,117,335	\$ 85,697,673	\$ 80,517,911
Operating expenses	<u>85,381,907</u>	<u>85,951,885</u>	<u>80,839,825</u>
Operating income (loss)	(264,572)	(254,212)	(321,914)
Nonoperating revenue	<u>202,554</u>	<u>537,607</u>	<u>417,633</u>
CHANGE IN NET POSITION	(62,018)	283,395	95,719
Net position at beginning of year	<u>6,125,272</u>	<u>5,841,877</u>	<u>5,746,158</u>
Net position at end of year	<u>\$ 6,063,254</u>	<u>\$ 6,125,272</u>	<u>\$ 5,841,877</u>

The District’s 2020 net operating revenue was almost \$580,000 or 0.68% less than that of the prior year. The major components of the revenue decline included: (1.) The 2020 Financial Institution Tax receipts and interest totaled nearly \$231,000 less than the similarly classified revenue earned in 2019; (2.) Revenue categorized as 2020 Excess Property Tax, M&M Tax, and Surtax totaled approximately \$334,000 less than the amounts recognized in the previous year; (3.) The 2020 current year Property Tax, M&M Tax, and Surtax revenue surpassed the categories’ 2019 revenue by \$177,000; and (4.) The 2020 provision for uncollectible taxes exceeded the previous year’s expense by almost \$190,000.

The District’s 2019 net operating revenue exceeded that recognized in 2018 by more than \$5,000,000. The increase resulted from: (1.) The taxation of property that, in 2018, was identified as new construction and therefore not subject to tax; (2.) The receipt of nearly \$1,100,000 in additional Excess Property Tax, M&M Tax, and Surtax revenue, when compared with similarly classified revenues recognized during the previous year; (3.) The 2019 tax rates permitted re-assessment revenue growth of 1.9%; and (4.) The reduction of more than \$500,000 within the expense category, provision for uncollectible taxes in 2019.

The District retains a percentage of its total revenue for administrative expenses. It has been the District’s policy to distribute all retained amounts not used for administrative expenses to the Subdistricts during a subsequent year. Due to the timing difference between the recognition of revenue and the 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 \$62,018 in 2020 and increased by \$283,395 and \$95,719 in 2019 and 2018, respectively.

Contacting the Metropolitan Zoological Park and Museum District’s Management

Questions regarding any 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	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,660,077	\$ 3,724,543
Restricted cash and cash equivalents	18,844,665	30,019,892
Accounts receivable		
Assessed property tax and license fees, net of allowance for uncollectibles of \$2,295,295 in 2020 and \$2,436,586 in 2019	50,017,732	50,325,720
Total current assets	72,522,474	84,070,155
Noncurrent assets		
Capital assets, net of accumulated depreciation		
Leasehold improvements, office furniture and equipment	8,572	11,559
Total assets	<u>\$ 72,531,046</u>	<u>\$ 84,081,714</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 99,873	\$ 117,755
Taxes payable to Subdistricts	66,367,919	77,838,687
Total current liabilities	66,467,792	77,956,442
NET POSITION		
Net investment in capital assets	8,572	11,559
Unrestricted	6,054,682	6,113,713
Total net position	<u>6,063,254</u>	<u>6,125,272</u>
Total liabilities and net position	<u>\$ 72,531,046</u>	<u>\$ 84,081,714</u>

The accompanying notes are an integral part of these statements.

Metropolitan Zoological Park and Museum District
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUND
Year ended December 31,

	Enterprise Fund	
	<u>2020</u>	<u>2019</u>
Operating revenues		
Real and personal property tax	\$ 78,752,720	\$ 79,076,464
Merchants' and manufacturers' license	1,335,505	1,280,269
Surtax on commercial real estate	4,688,661	4,579,360
Financial institution tax	506,401	738,029
Provision for uncollectible taxes	(165,952)	23,551
	<hr/>	<hr/>
Total operating revenues	85,117,335	85,697,673
Operating expenses		
Subdistrict support	84,656,069	85,293,256
Salaries and personnel costs	378,844	311,421
Office occupancy	64,303	63,525
Professional services		
Legal fees	46,428	85,547
Audit fees	13,447	12,890
Shared services assessment	149,758	34,930
Information technology assessment	-	63,118
Other	2,730	2,081
Insurance	40,002	37,370
Maintenance and service contracts	516	472
Information technology	11,819	13,790
Office supplies and postage	1,085	2,549
Telephone	1,763	1,658
Subscriptions	878	1,054
Miscellaneous	5,941	10,566
Communications	-	10,750
Depreciation and amortization	8,324	6,908
	<hr/>	<hr/>
Total operating expenses	85,381,907	85,951,885
Operating loss	(264,572)	(254,212)
Nonoperating revenue		
Investment income	202,554	537,607
	<hr/>	<hr/>
CHANGE IN NET POSITION	(62,018)	283,395
Net position at beginning of year	<hr/>	<hr/>
	6,125,272	5,841,877
Net position at end of year	<hr/>	<hr/>
	\$ 6,063,254	\$ 6,125,272

The accompanying notes are an integral part of these statements.

Metropolitan Zoological Park and Museum District
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND
Year ended December 31,

	Enterprise Fund	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Receipts from St. Louis City and County taxpayers	\$ 85,425,323	\$ 83,728,219
Payments to and for the benefit of employees	(371,509)	(312,033)
Payments to suppliers, vendors and Subdistricts	(96,490,724)	(79,486,437)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	(11,436,910)	3,929,749
Cash flows from capital and related financing activities		
Purchase of capital assets	(5,337)	(4,539)
Cash flows from investing activities		
Investment income	202,554	537,607
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,239,693)	4,462,817
Cash and cash equivalents at beginning of year	<hr/>	<hr/>
	33,744,435	29,281,618
Cash and cash equivalents at end of year	<hr/>	<hr/>
	\$ 22,504,742	\$ 33,744,435
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (264,572)	\$ (254,212)
Adjustments to reconcile (used in) operating loss to net cash provided by operating activities		
Depreciation and amortization	8,324	6,908
Changes in assets and liabilities		
Accounts receivable, net	307,988	(1,969,454)
Prepaid expense	-	1,188
Accounts payable	(17,882)	30,458
Taxes payable to Subdistricts	(11,470,768)	6,114,861
	<hr/>	<hr/>
Net cash provided (used) by operating activities	\$ (11,436,910)	\$ 3,929,749
Reconciliation of cash and cash equivalents to statements of net position		
Cash and cash equivalents, unrestricted	\$ 3,660,077	\$ 3,724,543
Cash and cash equivalents, restricted	18,844,665	30,019,892
	<hr/>	<hr/>
Total cash and cash equivalents	\$ 22,504,742	\$ 33,744,435
	<hr/>	<hr/>

The accompanying notes are an integral part of these statements.

Metropolitan Zoological Park and Museum District

NOTES TO FINANCIAL STATEMENTS

NOTE A | 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 two percent of the collections from each year's tax levy. The 2008 through 2020 tax resolutions allowed the District to retain the statutory percentage, five percent, from its current and future collections of 2008 through 2020 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.

Section 184.380, RSMo requires the District to submit an annual report to the Mayor of the City of St. Louis and St. Louis County Executive by the second Monday in April. The financial information for each of the District's component units is not made available in time to meet the District's statutory reporting deadline, and therefore, the District has elected to exclude all component units from these financial statements.

Metropolitan Zoological Park and Museum District
NOTES TO 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
mzdstdl.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 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.

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.

Metropolitan Zoological Park and Museum District

NOTES TO FINANCIAL STATEMENTS

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.

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.

Metropolitan Zoological Park and Museum District
NOTES TO FINANCIAL STATEMENTS

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 B | CASH

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2020 and 2019 all deposits were covered by federal depository insurance or by collateral held by the District's agent in the District's name.

NOTE C | CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance at January 1, 2020	Additions	Disposals	Balance at December 31, 2020
Capital assets at historical cost				
Leasehold improvements	\$ 45,358	\$ -	\$ -	\$ 45,358
Office furniture and equipment	121,615	5,337	-	126,952
Accounting software	14,025	-	-	14,025
Telephone equipment	4,477	-	-	4,477
	<hr/>			<hr/>
Totals at historical cost	185,475	5,337	-	190,812
Less accumulated depreciation				
Leasehold improvements	(45,358)	-	-	(45,358)
Office furniture and equipment	(116,290)	(3,649)	-	(119,939)
Accounting software	(7,791)	(4,675)	-	(12,466)
Telephone equipment	(4,477)	-	-	(4,477)
	<hr/>			<hr/>
Total accumulated depreciation	(173,916)	(8,324)	-	(182,240)
	<hr/>			<hr/>
Capital assets, net	\$ 11,559	\$ (2,987)	\$ -	\$ 8,572

Metropolitan Zoological Park and Museum District
NOTES TO FINANCIAL STATEMENTS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance at January 1, 2019	Additions	Disposals	Balance at December 31, 2019
Capital assets at historical cost				
Leasehold improvements	45,358	\$ -	\$ -	\$ 45,358
Office furniture and equipment	117,077	4,538	-	121,615
Accounting software	14,025	-	-	14,025
Telephone equipment	4,477	-	-	4,477
Totals at historical cost	180,937	4,538	-	185,475
Less accumulated depreciation				
Leasehold improvements	(45,358)	-	-	(45,358)
Office furniture and equipment	(114,058)	(2,232)	-	(116,290)
Accounting software	(3,116)	(4,675)	-	(7,791)
Telephone equipment	(4,477)	-	-	(4,477)
Total accumulated depreciation	(167,009)	(6,907)	-	(173,916)
Capital assets, net	\$ 13,928	\$ (2,369)	\$ -	\$ 11,559

NOTE D | LEASE COMMITMENTS

The District leases its office facilities under an operating lease which expires on July 31, 2024.

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

2021	\$ 57,486
2022	58,438
2023	59,390
2024	34,968
	<u>\$ 210,282</u>

Total occupancy expense for the years ended December 31, 2020 and 2019 was \$64,303 and \$63,525, respectively.

NOTE E | 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

Metropolitan Zoological Park and Museum District
NOTES TO FINANCIAL STATEMENTS

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, 2020. As of that date, the plan had a net pension liability of approximately \$1,281,781. The District believes its proportionate share of the plan's net pension liability 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 seven percent of each qualifying participant's compensation for each plan year.

The District's required contributions for the years ended December 31, 2020 and 2019 were \$29,890 and \$27,248, respectively.

NOTE F | 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 G | 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.

NOTE H | TAX ABATEMENTS

Property taxes are levied by the District's Board of Directors for the benefit of each Subdistrict. St. Louis City and County have entered into property tax abatement agreements with local businesses to encourage economic development. The property taxes abated by the County reduced District revenues for the year ended December 31, 2020 by \$981,216. Information related to tax abatements for the City for the year ended December 31, 2020 was not available. The property taxes abated by the City and County reduced District revenues for the year ended December 31, 2019 by \$1,796,112 and \$1,033,621, respectively.

**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, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2021. 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 our opinions 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 entity's 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 from 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 & Braeckel LLP

St. Louis, Missouri
April 8, 2021