

METROPOLITAN ZOOLOGICAL  
PARK AND MUSEUM DISTRICT

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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## Independent Auditors' Report

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Board of Directors  
Metropolitan Zoological Park and Museum District

### Report on the Financial Statements

#### Opinions

We have audited 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, 2023 and 2022, 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.

#### *Unmodified Opinions on the Business-Type Activities*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the primary government of Metropolitan Zoological Park and Museum District, as of December 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Adverse Opinion on the Reporting Entity*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the primary government financial statements do not present fairly the financial position of the reporting entity of Metropolitan Zoological Park and Museum District, as of December 31, 2023 and 2022, or the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metropolitan Zoological Park and Museum District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

#### *Matters Giving Rise to Adverse Opinion on the Primary Government*

The financial statements referred to above include only the primary government of the District, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the District's legal entity. 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 \$1,710,273,943, \$257,842,436, \$1,452,431,507, \$411,340,703, \$287,764,873 for 2023 and \$1,591,294,410, \$261,276,532, \$1,329,940,141, \$218,153,501, \$298,315,188 for 2022.

## **Responsibilities of Management for the Financial Statements**

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 4, 2024 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 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.

*Kurber, Eck & Braeckel LLP*

St. Louis, Missouri  
April 4, 2024

## 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, 2023 and 2022. 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 \$85,935,622 million in 2021 to \$93,992,728 million in 2022 to \$98,068,571 in 2023. The District's 2022 net tax revenues exceeded those recognized in 2021 by approximately 9.38%; the 2023 net tax revenues were approximately 4.34% more than those recognized in 2022.
- The District Board of Directors' 2021, 2022, and 2023 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 2023 and 2022 District administrative expenses represented approximately 0.50% and 0.48%, respectively, of the years' net tax revenue. During 2023 and 2022, the ZMD Board authorized the distribution of the organization's unused 2022 and 2021 administrative revenue to the Subdistricts. The unused administrative fees totaled \$3,496,203 and \$4,194,310 in 2022 and 2021, respectively, and were apportioned in the following manner:

|                              | Amount of Distribution |                     |
|------------------------------|------------------------|---------------------|
|                              | 2022                   | 2021                |
| Zoological Park Subdistrict  | \$ 997,761             | \$ 1,197,642        |
| Art Museum Subdistrict       | 997,761                | 1,197,642           |
| Science Center Subdistrict   | 500,227                | 599,675             |
| Botanical Garden Subdistrict | 500,227                | 599,675             |
| History Museum Subdistrict   | 500,227                | 599,676             |
|                              | <u>\$ 3,496,203</u>    | <u>\$ 4,194,310</u> |

- The following table displays the 2023 and 2022 property tax rates levied by the District for the benefit of the Subdistricts. The table also lists each Subdistrict's maximum authorized rate.

**Metropolitan Zoological Park and Museum District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

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| <u>Subdistrict</u>           | <u>2023<br/>per \$100 of<br/>Assessed Valuation</u> | <u>2022<br/>per \$100 of<br/>Assessed Valuation</u> | <u>Maximum<br/>Authorized Rate</u> |
|------------------------------|-----------------------------------------------------|-----------------------------------------------------|------------------------------------|
| Zoological Park Subdistrict  | 6.66 cents                                          | 7.21 cents                                          | 8 cents                            |
| Art Museum Subdistrict       | 6.66 cents                                          | 7.21 cents                                          | 8 cents                            |
| Science Center Subdistrict   | 3.36 cents                                          | 3.62 cents                                          | 4 cents                            |
| Botanical Garden Subdistrict | 3.36 cents                                          | 3.62 cents                                          | 4 cents                            |
| History Museum Subdistrict   | 3.36 cents                                          | 3.62 cents                                          | 4 cents                            |

- 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.

**Metropolitan Zoological Park and Museum District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

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Condensed Statements of Net Position  
December 31,

|                                    | 2023                 | 2022                 | 2021                 |
|------------------------------------|----------------------|----------------------|----------------------|
| Current assets                     | \$ 94,760,833        | \$ 87,340,980        | \$ 84,274,100        |
| Noncurrent assets                  | 96,377               | 95,532               | 152,560              |
| Total assets                       | <u>\$ 94,857,210</u> | <u>\$ 87,436,512</u> | <u>\$ 84,426,660</u> |
| Current liabilities                | \$ 87,468,559        | \$ 81,071,210        | \$ 78,098,618        |
| Noncurrent liabilities             | -                    | 34,788               | 93,145               |
| Total liabilities                  | <u>87,468,559</u>    | <u>81,105,998</u>    | <u>78,191,763</u>    |
| Net position                       |                      |                      |                      |
| Net investment in capital assets   | 61,589               | 2,387                | 2,898                |
| Unrestricted                       | 7,327,062            | 6,328,127            | 6,231,999            |
| Total net position                 | <u>7,388,651</u>     | <u>6,330,514</u>     | <u>6,234,897</u>     |
| Total liabilities and net position | <u>\$ 94,857,210</u> | <u>\$ 87,436,512</u> | <u>\$ 84,426,660</u> |

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, accrued expenses, and lease liability, resulting from administrative operations, represent a small proportion of the District's liabilities at December 31, 2021, 2022, and 2023.

**Metropolitan Zoological Park and Museum District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

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

|                                   | 2023                | 2022                | 2021                |
|-----------------------------------|---------------------|---------------------|---------------------|
| Operating revenues                | \$ 98,068,571       | \$ 93,992,728       | \$ 85,935,622       |
| Operating expenses                | <u>97,878,954</u>   | <u>94,120,183</u>   | <u>85,854,169</u>   |
| Operating revenue (loss)          | 189,617             | (127,455)           | 81,453              |
| Nonoperating revenue              | <u>868,520</u>      | <u>223,072</u>      | <u>90,190</u>       |
| CHANGE IN NET POSITION            | <u>1,058,137</u>    | <u>95,617</u>       | <u>171,643</u>      |
| Net position at beginning of year | <u>6,330,514</u>    | <u>6,234,897</u>    | <u>6,063,254</u>    |
| Net position at end of year       | <u>\$ 7,388,651</u> | <u>\$ 6,330,514</u> | <u>\$ 6,234,897</u> |

The District's 2023 operating revenue was approximately \$4,075,000 or 4.34% more than that of 2022. The major components of the revenue increase included: (1.) The 2023 Real Estate and Personal Property Tax totaled nearly \$4,915,000 more than the similarly classified revenue earned in 2022, primarily due to the increase in assessed values and newly added property; (2.) Revenue categorized as 2023 Excess Property Tax, M&M Tax, and Surtax totaled approximately \$665,000 less than the amounts recognized in the previous year, primarily due to refunds and adjustments by St. Louis County to prior year Personal Property Tax assessments; (3.) The 2023 current year Miscellaneous, M&M Tax and Surtax revenue increased from the categories' 2022 revenue by about \$415,000; (4.) 2023 Financial Institution Tax receipts and interest totaled nearly \$380,000 less than the similarly classified revenue earned in 2022; and (5.) The 2023 provision for uncollectible taxes resulted in a recovery of previously classified uncollectible taxes receivable, a recovery decrease of about \$210,000 from prior year.

The District's 2022 operating revenue was approximately \$8,050,000 or 9.38% more than that of 2021. The major components of the revenue increase included: (1.) The 2022 Real Estate and Personal Property Tax totaled nearly \$5,810,000 more than the similarly classified revenue earned in 2021, primarily due to the increase in assessed values and newly added property; (2.) Revenue categorized as 2022 Excess Property Tax, M&M Tax, and Surtax totaled approximately \$750,000 more than the amounts recognized in the previous year; (3.) The 2022 current year Miscellaneous, M&M Tax and Surtax revenue increased from the categories' 2021 revenue by about \$420,000; (4.) 2022 Financial Institution Tax receipts and interest totaled nearly \$460,000 more than the similarly classified revenue earned in 2021; and (5.) The 2022 provision for uncollectible taxes resulted in a recovery of previously classified uncollectible taxes receivable, a difference of about \$610,000 from prior year.

**Metropolitan Zoological Park and Museum District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

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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 increased by \$1,058,137, \$95,617, and \$171,643 in 2023, 2022, and 2021, 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: Matthew L. Pollock, CPA, Executive Director, Metropolitan Zoological Park and Museum District, 1001 Highlands Plaza Drive W, Suite 310, St. Louis, Missouri, 63110.

**Metropolitan Zoological Park and Museum District**  
**STATEMENTS OF NET POSITION – PROPRIETARY FUND**  
**December 31,**

|                                                                                                                                  | <b>Enterprise Fund</b> |                      |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|
|                                                                                                                                  | <b><u>2023</u></b>     | <b><u>2022</u></b>   |
| <b>ASSETS</b>                                                                                                                    |                        |                      |
| Current assets                                                                                                                   |                        |                      |
| Cash and cash equivalents                                                                                                        | \$ 12,195,918          | \$ 3,546,071         |
| Restricted cash and cash equivalents                                                                                             | 30,310,410             | 27,307,835           |
| Accounts receivable                                                                                                              |                        |                      |
| Assessed property tax and license fees, net of<br>allowance for uncollectibles of \$1,476,155 in 2023<br>and \$1,915,294 in 2022 | 52,243,227             | 56,481,490           |
| Prepaid expenses                                                                                                                 | 11,278                 | 5,584                |
| Total current assets                                                                                                             | 94,760,833             | 87,340,980           |
| Noncurrent assets                                                                                                                |                        |                      |
| Nondepreciable capital assets - construction in progress                                                                         | 53,252                 | -                    |
| Depreciable capital assets, net of accumulated depreciation                                                                      | 8,337                  | 2,387                |
| Right to use leased assets, net of accumulated amortization                                                                      | 34,788                 | 93,145               |
| Total noncurrent assets                                                                                                          | 96,377                 | 95,532               |
| Total assets                                                                                                                     | <u>\$ 94,857,210</u>   | <u>\$ 87,436,512</u> |
| <b>LIABILITIES</b>                                                                                                               |                        |                      |
| Current liabilities                                                                                                              |                        |                      |
| Accounts payable and accrued expenses                                                                                            | \$ 56,434              | \$ 42,679            |
| Current portion lease liability                                                                                                  | 34,788                 | 58,357               |
| Taxes payable to Subdistricts                                                                                                    | 87,377,337             | 80,970,174           |
| Total current liabilities                                                                                                        | 87,468,559             | 81,071,210           |
| <b>LONG-TERM LIABILITIES</b>                                                                                                     |                        |                      |
| Lease liability, net of current operation                                                                                        | -                      | 34,788               |
| Total liabilities                                                                                                                | 87,468,559             | 81,105,998           |
| <b>NET POSITION</b>                                                                                                              |                        |                      |
| Net investment in capital assets                                                                                                 | 61,589                 | 2,387                |
| Unrestricted                                                                                                                     | 7,327,062              | 6,328,127            |
| Total net position                                                                                                               | 7,388,651              | 6,330,514            |
| Total liabilities and net position                                                                                               | <u>\$ 94,857,210</u>   | <u>\$ 87,436,512</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,**

|                                          | <b>Enterprise Fund</b> |                     |
|------------------------------------------|------------------------|---------------------|
|                                          | <b><u>2023</u></b>     | <b><u>2022</u></b>  |
| <b>Operating revenues</b>                |                        |                     |
| Real and personal property tax           | \$ 91,096,814          | \$ 86,723,393       |
| Merchants' and manufacturers' license    | 1,350,120              | 1,537,952           |
| Surtax on commercial real estate         | 5,323,922              | 4,842,877           |
| Financial institution tax                | 226,221                | 609,488             |
| Provision for uncollectible taxes        | 71,494                 | 279,018             |
|                                          |                        |                     |
| Total operating revenues                 | 98,068,571             | 93,992,728          |
| <b>Operating expenses</b>                |                        |                     |
| Subdistrict support                      | 97,384,294             | 93,673,649          |
| Salaries and personnel costs             | 281,270                | 239,780             |
| Office occupancy                         | 13,148                 | 9,660               |
| Professional services                    |                        |                     |
| Legal fees                               | 50,350                 | 42,703              |
| Audit fees                               | 16,027                 | 14,875              |
| Shared services assessment               | -                      | 561                 |
| Other                                    | 3,119                  | 2,587               |
| Insurance                                | 44,680                 | 46,033              |
| Maintenance and service contracts        | 131                    | 691                 |
| Information technology                   | 14,456                 | 14,672              |
| Office supplies and postage              | 1,520                  | 1,426               |
| Telephone                                | 392                    | 389                 |
| Subscriptions                            | 240                    | 355                 |
| Miscellaneous                            | 7,120                  | 13,799              |
| Depreciation and amortization            | 62,207                 | 59,003              |
|                                          |                        |                     |
| Total operating expenses                 | 97,878,954             | 94,120,183          |
|                                          |                        |                     |
| Operating income (loss)                  | 189,617                | (127,455)           |
| <b>Nonoperating revenue</b>              |                        |                     |
| Investment income                        | 869,552                | 224,996             |
| Interest expense                         | (1,032)                | (1,924)             |
|                                          |                        |                     |
| Total nonoperating revenues              | 868,520                | 223,072             |
|                                          |                        |                     |
| CHANGE IN NET POSITION                   | 1,058,137              | 95,617              |
|                                          |                        |                     |
| <b>Net position at beginning of year</b> | 6,330,514              | 6,234,897           |
|                                          |                        |                     |
| <b>Net position at end of year</b>       | <u>\$ 7,388,651</u>    | <u>\$ 6,330,514</u> |

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,**

|                                                                                                             | <b>Enterprise Fund</b> |                        |
|-------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                             | <b><u>2023</u></b>     | <b><u>2022</u></b>     |
| <b>Cash flows from operating activities</b>                                                                 |                        |                        |
| Receipts from St. Louis City and County taxpayers                                                           | \$ 102,306,834         | \$ 78,100,865          |
| Payments to and for the benefit of employees                                                                | (274,883)              | (264,262)              |
| Payments to suppliers, vendors and Subdistricts                                                             | (91,126,640)           | (90,831,652)           |
| Net cash provided by (used in) operating activities                                                         | 10,905,311             | (12,995,049)           |
| <b>Cash flows from capital and related financing activities</b>                                             |                        |                        |
| Purchase of capital assets                                                                                  | (9,800)                | (1,975)                |
| Purchase of construction in progress                                                                        | (53,252)               | -                      |
| Lease payments                                                                                              | (59,389)               | (58,441)               |
| Net cash used in capital and related financing activities                                                   | (122,441)              | (60,416)               |
| <b>Cash flows from investing activities</b>                                                                 |                        |                        |
| Investment income                                                                                           | 869,552                | 224,996                |
| NET INCREASE (DECREASE) IN CASH<br>AND CASH EQUIVALENTS                                                     | 11,652,422             | (12,830,469)           |
| <b>Cash and cash equivalents at beginning of year</b>                                                       | 30,853,906             | 43,684,375             |
| <b>Cash and cash equivalents at end of year</b>                                                             | <u>\$ 42,506,328</u>   | <u>\$ 30,853,906</u>   |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used in) operating activities</b> |                        |                        |
| Operating income (loss)                                                                                     | \$ 189,617             | \$ (127,455)           |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used in) operating activities  |                        |                        |
| Depreciation and amortization                                                                               | 62,207                 | 59,003                 |
| Changes in assets and liabilities                                                                           |                        |                        |
| Accounts receivable, net                                                                                    | 4,238,263              | (15,891,863)           |
| Prepaid expense                                                                                             | (5,694)                | (5,486)                |
| Accounts payable                                                                                            | 13,755                 | (6,394)                |
| Taxes payable to Subdistricts                                                                               | 6,407,163              | 2,977,146              |
| Net cash provided by (used in) operating activities                                                         | <u>\$ 10,905,311</u>   | <u>\$ (12,995,049)</u> |
| <b>Reconciliation of cash and cash equivalents to<br/>statements of net position</b>                        |                        |                        |
| Cash and cash equivalents                                                                                   | \$ 12,195,918          | \$ 3,546,071           |
| Restricted cash and cash equivalents                                                                        | 30,310,410             | 27,307,835             |
| Total cash and cash equivalents                                                                             | <u>\$ 42,506,328</u>   | <u>\$ 30,853,906</u>   |

The accompanying notes are an integral part of these statements.

## **Metropolitan Zoological Park and Museum District**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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 2023 tax resolutions allowed the District to retain the statutory percentage, five percent, from its current and future collections of 2008 through 2023 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

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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  
stlzoo.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**

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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.

#### *Construction in Progress*

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at December 31, 2023, represents new furniture and fixtures in progress of installation into the District's office space.

#### *Leasing arrangements*

For arrangements where the District is a lessee, a lease liability and a right to use (RTU) nonfinancial assets are recognized at the commencement of the lease term. RTU assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The District uses the estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. The District includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the District will exercise the option. The District has elected to combine lease and non-lease components for all lease contracts and has not recognized RTU assets and lease liabilities for leases with terms for 12 months or less.

The District had no arrangements wherein it was the lessor during 2023 or 2022.

## Metropolitan Zoological Park and Museum District

### NOTES TO FINANCIAL STATEMENTS

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#### *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.

#### *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.

#### *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 B | CASH**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The District received an unexpected tax receipt from St. Louis County totaling approximately \$7,800,000 on the last business day in 2023. As a result, deposits totaling \$5,007,012 were not covered by federal depository insurance or collateral at December 31, 2023. The District's deposits were fully insured or collateralized the next business day. At December 31, 2022 all deposits were covered by federal depository insurance or by collateral held by the District's agent in the District's name.

**Metropolitan Zoological Park and Museum District**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C | CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, was as follows:

|                                                         | Balance at<br>January 1,<br>2023 | Additions | Disposals | Balance at<br>December 31,<br>2023 |
|---------------------------------------------------------|----------------------------------|-----------|-----------|------------------------------------|
| Capital assets not being depreciated                    |                                  |           |           |                                    |
| Construction in progress                                | \$ -                             | \$ 53,252 | \$ -      | \$ 53,252                          |
| Capital assets being depreciated                        |                                  |           |           |                                    |
| Leasehold improvements                                  | 45,358                           | -         | -         | 45,358                             |
| Office furniture and equipment                          | 128,927                          | 9,800     | -         | 138,727                            |
| Accounting software                                     | 14,025                           | -         | -         | 14,025                             |
| Telephone equipment                                     | 4,479                            | -         | -         | 4,479                              |
| Total capital assets being depreciated                  | 192,789                          | 9,800     | -         | 202,589                            |
| Less accumulated depreciation                           |                                  |           |           |                                    |
| Leasehold improvements                                  | (45,358)                         | -         | -         | (45,358)                           |
| Office furniture and equipment                          | (126,540)                        | (3,850)   | -         | (130,390)                          |
| Accounting software                                     | (14,025)                         | -         | -         | (14,025)                           |
| Telephone equipment                                     | (4,479)                          | -         | -         | (4,479)                            |
| Total accumulated depreciation                          | (190,402)                        | (3,850)   | -         | (194,252)                          |
| Right to use leased office space                        | 378,580                          | -         | -         | 378,580                            |
| Less accumulated amortization of<br>leased office space | (285,435)                        | (58,357)  | -         | (343,792)                          |
| Capital assets, net                                     | \$ 95,532                        | \$ 845    | \$ -      | \$ 96,377                          |

**Metropolitan Zoological Park and Museum District**  
**NOTES TO FINANCIAL STATEMENTS**

Capital asset activity for the year ended December 31, 2022, was as follows:

|                                                         | Balance at<br>January 1,<br>2022 (restated) | Additions   | Disposals | Balance at<br>December 31,<br>2022 |
|---------------------------------------------------------|---------------------------------------------|-------------|-----------|------------------------------------|
| Capital assets being depreciated                        |                                             |             |           |                                    |
| Leasehold improvements                                  | \$ 45,358                                   | \$ -        | \$ -      | \$ 45,358                          |
| Office furniture and equipment                          | 126,952                                     | 1,975       | -         | 128,927                            |
| Accounting software                                     | 14,025                                      | -           | -         | 14,025                             |
| Telephone equipment                                     | 4,479                                       | -           | -         | 4,479                              |
| Totals at historical cost                               | 190,814                                     | 1,975       | -         | 192,789                            |
| Less accumulated depreciation                           |                                             |             |           |                                    |
| Leasehold improvements                                  | (45,358)                                    | -           | -         | (45,358)                           |
| Office furniture and equipment                          | (124,054)                                   | (2,486)     | -         | (126,540)                          |
| Accounting software                                     | (14,025)                                    | -           | -         | (14,025)                           |
| Telephone equipment                                     | (4,479)                                     | -           | -         | (4,479)                            |
| Total accumulated depreciation                          | (187,916)                                   | (2,486)     | -         | (190,402)                          |
| Right to use leased office space                        | 378,580                                     | -           | -         | 378,580                            |
| Less accumulated amortization of<br>leased office space | (228,918)                                   | (56,517)    | -         | (285,435)                          |
| Capital assets, net                                     | \$ 152,560                                  | \$ (57,028) | \$ -      | \$ 95,532                          |

**NOTE D | LEASE COMMITMENTS**

The District conducts its operations from leased facility under a 7 year lease that expires on July 31, 2024.

The summary of changes in the long-term lease liability for the year ended December 31, 2023 is as follows:

|                     | Balance January<br>1, 2023 | Issued | Retired     | Balance<br>December 31,<br>2023 | Due<br>Within<br>One Year |
|---------------------|----------------------------|--------|-------------|---------------------------------|---------------------------|
| Leased office space | \$ 93,145                  | \$ -   | \$ (58,357) | \$ 34,788                       | \$ 34,788                 |

The summary of changes in the long-term lease liability for the year ended December 31, 2022 is as follows:

|                     | Balance<br>January 1, 2022 | Issued | Retired     | Balance<br>December 31,<br>2022 | Due<br>Within<br>One Year |
|---------------------|----------------------------|--------|-------------|---------------------------------|---------------------------|
| Leased office space | \$ 149,662                 | \$ -   | \$ (56,517) | \$ 93,145                       | \$ 58,357                 |

**Metropolitan Zoological Park and Museum District**  
**NOTES TO FINANCIAL STATEMENTS**

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The District executed a new facility lease arrangement commencing on January 1, 2024. The new lease term is for 10 years and 6 months, expiring July 13, 2034. The following is a schedule of minimum annual lease payments under the new office lease as of December 31, 2023:

|            |    |                       |
|------------|----|-----------------------|
| 2024       | \$ | 25,804                |
| 2025       |    | 62,383                |
| 2026       |    | 63,469                |
| 2027       |    | 64,556                |
| 2028       |    | 65,643                |
| Thereafter |    | <u>386,341</u>        |
|            | \$ | <u><u>668,196</u></u> |

**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 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, 2023. As of that date, the plan had a net pension liability of approximately \$2,334,353. 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, 2023 and 2022 were \$16,141 and \$13,854, 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.

**Metropolitan Zoological Park and Museum District**  
**NOTES TO FINANCIAL STATEMENTS**

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**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 by \$1,342,823 and \$1,098,642 for the years ended December 31, 2023 and 2022. Information related to the city tax abatements for the year ended December 31, 2023 was not available. The property taxes abated by the City reduced District revenues by \$1,818,479 for the year ended December 31, 2022.

**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**

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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, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated April 4, 2024. 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

**Report on 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 financial statement. 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.

*Kirby, Eck & Braeckel LLP*

St. Louis, Missouri

April 4, 2024