

University of Missouri, St. Louis

IRL @ UMSL

---

UMSLCAB - UMSL's Political Science Millennial  
Era Saint Louis Local Curated Area Budgets

Political Science Department

---

1-1-2006

## Financial Report, 2005

Metropolitan Zoological Park and Museum District

Follow this and additional works at: <https://irl.umsl.edu/cab>

---

### Recommended Citation

Metropolitan Zoological Park and Museum District, "Financial Report, 2005" (2006). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 265.  
<https://irl.umsl.edu/cab/265>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact [marvinh@umsl.edu](mailto:marvinh@umsl.edu).



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

May 31, 2006

J. Patrick Dougherty, CPA, Executive Director  
Metropolitan Zoological Park and Museum District  
7733 Forsyth Boulevard, Suite 550  
Clayton, MO 63105

Fiscal Period: Two Years Ended December 31, 2005 ✓

Dear Mr. Dougherty:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

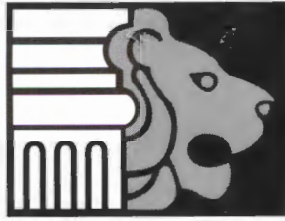
Thank you for your cooperation in sending this information.

Sincerely,

CLAIRE C. McCASKILL  
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst



April 27, 2006

Kay Marshall  
*Chair*

Frankie M. Freeman  
*Vice Chair*

Adrienne Morgan  
*Treasurer*

Donna G. Knight  
*Secretary*

Kenneth J. Rothman  
*Assistant Secretary*

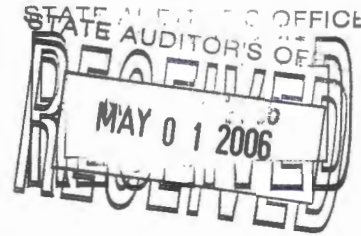
Robert A. Powell  
*Board Member*

David Weber  
*Board Member*

Joyce L. Margulis  
*Immediate Past Chair*

J. Patrick Dougherty  
*Executive Director*

Ms. Claire C. McCaskill  
Missouri State Auditor  
P. O. Box 869, Capitol Building  
Jefferson City, MO 65102

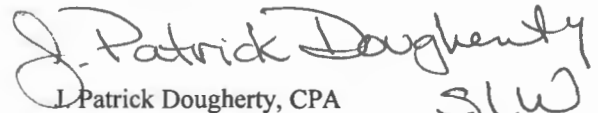


Dear Ms. McCaskill:

In accordance with Section 105.145, RSMo and 15 CSR 40-3.030, enclosed are copies of audited financial reports for the calendar year 2005 of the:

1. Metropolitan Zoological Park and Museum District.
2. Zoological Park Subdistrict.
3. Art Museum Subdistrict.
4. St. Louis Science Center Subdistrict.
5. Botanical Garden Subdistrict and Missouri Botanical Garden.
6. Missouri Historical Society.

Sincerely yours,

  
J. Patrick Dougherty, CPA  
Executive Director SLW

Enclosures

METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

7733 forsyth boulevard suite 550 | clayton missouri 63105 | phone 314.862.4222 | fax 314.862.4427

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**METROPOLITAN ZOOLOGICAL  
PARK AND MUSEUM DISTRICT**

**December 31, 2005 and 2004**

# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

## **CONTENTS**

---

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	3 - 4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5 - 8
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENTS OF NET ASSETS – PROPRIETARY FUND	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUND	10
STATEMENTS OF CASH FLOWS – PROPRIETARY FUND	11
STATEMENTS OF FIDUCIARY NET ASSETS	12
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS	13
NOTES TO FINANCIAL STATEMENTS	14 - 20



CPAs and  
Management Consultants  
One South Memorial Drive, Ste. 950  
St. Louis, MO 63102-2439  
ph 314.231.6232  
fax 314.231.0079  
www.kebcpa.com

## Independent Auditors' Report

Board of Directors  
Metropolitan Zoological Park and Museum District

We have audited the accompanying primary government financial statements of Metropolitan Zoological Park and Museum District (the District) as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements referred to above 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, which U.S. generally accepted accounting principals require to be reported with the financial data of the District's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Metropolitan Zoological Park and Museum District, as of December 31, 2005 and 2004, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the primary government of Metropolitan Zoological Park and Museum District, as of December 31, 2005 and 2004, and its changes in financial position and cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

---

Other Locations

Belleville, IL • Carbondale, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

The management's discussion and analysis on pages 5 through 8 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Kerber, Eck & Boreckel LLP

St. Louis, Missouri  
March 31, 2006

# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year ended December 31, 2005 and 2004**

---

The 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, 2005 and 2004. The management's discussion and analysis should not be taken as a replacement for the financial statements but should be read in conjunction with them to enhance understanding of the District's financial performance.

### **Financial Highlights**

- The District's tax revenue increased from \$62.21 million in 2004 to \$67.27 million in 2005. This represents an increase of approximately 8.1%. The increase results from continued growth in assessed valuations of properties within the District and a tax levy that approaches the maximum allowed by voters.
- The District's Board has limited the organization's operating costs to 2% of the tax revenue collected in 2005. The District's 2005 operating costs approximated .8% of the tax revenues collected during that year.
- The District's distributions to the Subdistricts continue to provide a material impact on the operations of each related cultural institution. The 2005 Subdistrict distributions provide from 25% to more than 50% of the funds required to operate the five specific cultural institutions.

### **Required Financial Statements**

The financial statements presented by the management of the District include Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets and Statements of Cash Flows. These statements are prepared using the full accrual basis of accounting. This method of accounting recognizes revenues at the time they are earned and expenses when the related liability is incurred.

The Statements of Net Assets summarize the financial position of the District as of December 31. These statements are a snapshot of the District's current and other assets as well as capital assets, long-term and other liabilities. These statements also show any restriction on the District's net assets. The Statements of Revenues, Expenses, and Changes in Net Assets summarize calendar year revenues and expenses. The Statements of Cash Flows account for the net change in cash and cash equivalents resulting from operating activities, non-capital financing activities, capital and related financing activities, and investment activities. These statements assist the user in determining the sources of cash coming into the District, the items for which cash was expended, and the beginning and ending cash balance.



# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2005 and 2004

**Table 1**  
**Condensed Statements of Net Assets**  
**December 31,**

	<u>2005</u>	<u>2004</u>	<u>Difference</u>
Current and other assets	\$ 34,730,743	\$ 37,019,477	\$ (2,288,734)
Capital assets	66,829	81,505	(14,676)
<b>Total assets</b>	<b>\$ 34,797,572</b>	<b>\$ 37,100,982</b>	<b>\$ (2,303,410)</b>
Current and other liabilities	\$ 20,759	\$ 48,294	\$ (27,535)
<b>Total liabilities</b>	<b>20,759</b>	<b>48,294</b>	<b>(27,535)</b>
Net assets			
Invested in capital assets, net of related debt	66,829	68,776	(1,947)
Restricted	33,628,667	36,324,478	(2,695,811)
Unrestricted	1,081,317	659,434	421,883
<b>Total net assets</b>	<b>34,776,813</b>	<b>37,052,688</b>	<b>(2,275,875)</b>
<b>Total liabilities and net assets</b>	<b>\$ 34,797,572</b>	<b>\$ 37,100,982</b>	<b>\$ (2,303,410)</b>

The decrease in the District's current assets from 2004 to 2005 is due to the timing of tax receipts from the City and County Collectors of Revenue. In 2005, a larger portion of the current tax assessments was collected before year end which decreased accounts receivable. When tax dollars are received in the District's office, ninety-eight percent (98%) of each dollar is transferred to the District's fiduciary funds.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2005 and 2004

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

	<u>2005</u>	<u>2004</u>	<u>Difference</u>
Operating revenues	\$ 67,272,071	\$ 62,212,837	\$ 5,059,234
Operating expenses	<u>587,445</u>	<u>541,348</u>	<u>46,097</u>
<b>Operating income</b>	66,684,626	61,671,489	5,013,137
Nonoperating revenue	<u>18,037</u>	<u>39,668</u>	<u>(21,631)</u>
<b>Income before transfers</b>	66,702,663	61,711,157	4,991,506
Transfers out	<u>(68,978,538)</u>	<u>(61,218,981)</u>	<u>(7,759,557)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(2,275,875)</b>	<b>492,176</b>	<b>(2,768,051)</b>
Net assets at beginning of year	<u>37,052,688</u>	<u>36,560,512</u>	<u>492,176</u>
Net assets at end of year	<u>\$ 34,776,813</u>	<u>\$ 37,052,688</u>	<u>\$ (2,275,875)</u>

Net income from operations increased from the prior year by approximately \$5.0 million or 8.1%. The increased revenue from operations pertains to tax and license revenues. As previously discussed, growing assessments of property within the District contributed to this revenue increase.

The District also experienced an increase in 2005 operating expenses. The prime source of this additional expense is related to the increased provision for uncollectible taxes.

Transfers to Subdistricts totaled approximately \$7.8 million more in 2005 than in 2004. The variance is a result of the timing of tax receipts from the City and County Collectors of Revenue. When tax dollars are received in the District's office, ninety-eight percent (98%) of each dollar is transferred to the District's fiduciary funds.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2005 and 2004

---

**Table 3**  
**Condensed Statements of Cash Flows**  
**Year ended December 31,**

	<u>2005</u>	<u>2004</u>	<u>Difference</u>
Cash flows from operating activities	\$ 69,157,848	\$ 61,461,123	\$ 7,696,725
Cash flows from noncapital financing activities	(68,993,161)	(72,168,831)	3,175,670
Cash flows from capital and related financing activities	(14,945)	(26,045)	11,100
Cash flows from investing activities	<u>18,343</u>	<u>41,390</u>	<u>(23,047)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	168,085	(10,692,363)	10,860,448
Cash and cash equivalents at beginning of year	<u>608,701</u>	<u>11,301,064</u>	<u>(10,692,363)</u>
Cash and cash equivalents at end of year	<u>\$ 776,786</u>	<u>\$ 608,701</u>	<u>\$ 168,085</u>

Cash flows from operating activities increased by \$7.7 million or 12.5% from the prior year due to an increase in receipts from St. Louis City and County taxpayers. Tax receipts increased due to the increase in assessed valuations throughout the District.

Cash flows from noncapital financing activities decreased by \$3.2 million or 4.4% from the prior year due to decreased transfers to the District's fiduciary funds. The District received a large unexpected tax receipt in late December, 2003, that was transferred to the District's fiduciary funds on January 2, 2004.

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

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

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF NET ASSETS - PROPRIETARY FUND

December 31,

	Enterprise Fund	
	2005	2004
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 776,786	\$ 608,701
Accounts receivable		
Assessed property and license fees, net of allowance for uncollectibles of \$2,461,167 in 2005 and \$2,533,754 in 2004	33,953,957	36,410,437
Prepaid expenses	-	339
<b>Total current assets</b>	<b>34,730,743</b>	<b>37,019,477</b>
<b>Noncurrent assets</b>		
Capital assets, net of accumulated depreciation		
Leasehold improvements	21,544	26,080
Office furniture and equipment	43,808	53,637
Telephone equipment	1,477	1,788
<b>Total noncurrent assets</b>	<b>66,829</b>	<b>81,505</b>
<b>Total assets</b>	<b>\$ 34,797,572</b>	<b>\$ 37,100,982</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 20,759	\$ 20,942
Capital lease obligation	-	12,729
Tax transfers payable to District fiduciary funds	-	14,623
<b>Total current liabilities</b>	<b>20,759</b>	<b>48,294</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	66,829	68,776
Restricted for the benefit of subdistricts	33,628,667	36,324,478
Unrestricted	1,081,317	659,434
<b>Total net assets</b>	<b>34,776,813</b>	<b>37,052,688</b>
<b>Total liabilities and net assets</b>	<b>\$ 34,797,572</b>	<b>\$ 37,100,982</b>

The accompanying notes are an integral part of these statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUND Year ended December 31,

	<b>Enterprise Fund</b>	
	<b>2005</b>	<b>2004</b>
<b>Operating revenues</b>		
Real and personal property tax	\$ 61,812,366	\$ 57,018,172
Merchants' and manufacturers' license	1,939,992	1,857,224
Surtax on commercial real estate	3,369,431	3,210,239
Financial institution tax	150,282	127,202
<b>Total operating revenues</b>	<b>67,272,071</b>	<b>62,212,837</b>
<b>Operating expenses</b>		
Salaries and personnel costs	157,272	183,601
Provision for uncollectible taxes	291,994	224,754
Office occupancy	52,862	52,667
Legal fees	25,810	25,182
Other professional fees	17,731	15,096
Insurance	9,731	10,572
Maintenance and services contracts	5,933	3,662
Computer	257	2,998
Office supplies and postage	1,953	2,329
Telephone	2,920	1,954
Subscriptions	1,342	954
Miscellaneous	3,054	3,596
Depreciation	12,050	9,447
Amortization	4,536	4,536
<b>Total operating expenses</b>	<b>587,445</b>	<b>541,348</b>
<b>Operating income</b>	<b>66,684,626</b>	<b>61,671,489</b>
<b>Nonoperating revenue (expense)</b>		
Investment income	18,343	41,390
Loss on donated asset	-	(285)
Interest expense	(306)	(1,437)
<b>Total nonoperating revenue</b>	<b>18,037</b>	<b>39,668</b>
<b>Excess of revenues over expenses before transfers</b>	<b>66,702,663</b>	<b>61,711,157</b>
<b>Transfers out</b>		
District fiduciary funds	(68,978,538)	(61,218,981)
<b>CHANGE IN NET ASSETS</b>	<b>(2,275,875)</b>	<b>492,176</b>
Net assets at beginning of year	37,052,688	36,560,512
Net assets at end of year	<b>\$ 34,776,813</b>	<b>\$ 37,052,688</b>

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>2005</b>	<b>2004</b>
<b>Cash flows from operating activities</b>		
Receipts from St. Louis City and County taxpayers	\$ 69,436,557	\$ 61,753,556
Payments to and for the benefit of employees	(157,400)	(183,729)
Payments to suppliers and vendors	(121,309)	(108,704)
<b>Net cash provided by operating activities</b>	<b>69,157,848</b>	<b>61,461,123</b>
<b>Cash flows from noncapital financing activities</b>		
Cash transfers to District's fiduciary funds	(68,993,161)	(72,168,831)
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(1,910)	(8,666)
Principal paid on capital lease obligation	(12,729)	(15,942)
Interest paid	(306)	(1,437)
<b>Net cash used in capital and related financing activities</b>	<b>(14,945)</b>	<b>(26,045)</b>
<b>Cash flows from investing activities</b>		
Investment income	18,343	41,390
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>168,085</b>	<b>(10,692,363)</b>
Cash and cash equivalents at beginning of year	608,701	11,301,064
Cash and cash equivalents at end of year	<u>\$ 776,786</u>	<u>\$ 608,701</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 66,684,626	\$ 61,671,489
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	12,050	9,447
Amortization	4,536	4,536
Changes in assets and liabilities		
Receivables, net	2,456,480	(234,527)
Prepaid expense	339	(339)
Accounts payable	(183)	10,517
<b>Net cash provided by operating activities</b>	<b><u>\$ 69,157,848</u></b>	<b><u>\$ 61,461,123</u></b>

The accompanying notes are an integral part of these statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF FIDUCIARY NET ASSETS

December 31,

	Private-Purpose Trusts	
	2005	2004
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,862,307	\$ 13,432,764
Receivable from District enterprise fund	-	14,623
Total assets	<u>\$ 19,862,307</u>	<u>\$ 13,447,387</u>
<b>NET ASSETS</b>		
Held for benefit of the subdistricts	<u>\$ 19,862,307</u>	<u>\$ 13,447,387</u>

The accompanying notes are an integral part of these statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

Year ended December 31,

	Private-Purpose Trusts	
	2005	2004
<b>ADDITIONS</b>		
Transfers from the District		
Revenue account	\$ 68,047,825	\$ 60,549,380
Operating account	930,713	669,601
Total transfers	<u>68,978,538</u>	<u>61,218,981</u>
Investment earnings		
Interest	394,328	129,131
<b>Total additions</b>	<u><b>69,372,866</b></u>	<u><b>61,348,112</b></u>
<b>DEDUCTIONS</b>		
Voucher distributions to subdistricts	<u>62,957,946</u>	<u>60,024,101</u>
<b>CHANGE IN NET ASSETS</b>	<b>6,414,920</b>	<b>1,324,011</b>
Net assets at beginning of year	<u>13,447,387</u>	<u>12,123,376</u>
Net assets at end of year	<u><u>\$ 19,862,307</u></u>	<u><u>\$ 13,447,387</u></u>

The accompanying notes are an integral part of these statements.



# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

---

### 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. The District receives all tax revenues on behalf of the Zoological Park Subdistrict, the Art Museum Subdistrict, the St. Louis Science Center (formerly the Museum of Science & Natural History) Subdistrict, the Botanical Garden Subdistrict, and the Missouri History Museum Subdistrict.

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 Subdistrict's officers may draw upon these funds when properly authorized vouchers are submitted.

The statute further provides that the District's administrative expenses may not exceed five percent of its total revenue collected; however, the District Board of Directors (the Board) limited 2005 operating expenses to two percent.

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 generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### 1. 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 GASB No. 14, as amended by GASB No. 39, 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 on the District.

The five Subdistricts account for their financial activities under a variety of accounting methods. This lack of conformity in the selection and application of accounting principles makes the presentation of the Subdistricts' discretely presented financial data, within the financial statements, less meaningful. As a result, the component unit financial activities have not been included in the basic financial statements.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 1. Reporting Entity – Continued

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, Missouri 63110	St. Louis Science Center Subdistrict 5050 Oakland Ave St. Louis, Missouri 63110	Art Museum Subdistrict 1 Fine Arts Drive St. Louis, Missouri 63110
History Museum Subdistrict and the Missouri Historical Society c/o P.O. Box 11940 St. Louis, Missouri 63122	Botanical Garden Subdistrict and the Missouri Botanical Garden c/o P.O. Box 299 St. Louis, Missouri 63166	

#### 2. Basis of Presentation

The accounts of the District are organized and operated on a basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and managerial requirements.

The funds of the District are described below:

#### Proprietary Funds

##### Enterprise Fund

The Enterprise Fund is used to account for all of the District's activities including the collection of tax monies received from the City of St. Louis (City) and from St. Louis County (County) and for the expenses of operating the District.

#### Fiduciary Funds

##### Private-Purpose Trusts

The Private-Purpose Trusts are used to account for assets held by the District in a trustee capacity on behalf of the Subdistricts.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

---

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 3. 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.

##### Measurement focus

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

##### Basis of accounting

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

#### 4. 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.

#### 5. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and 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 on a monthly basis.

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 charged to expense. Estimating the amount of uncollectible taxes is necessarily 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, economic and political factors.

#### 6. Capital assets and depreciation

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

# **METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2005 and 2004**

---

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **7. Equity Classifications**

In the proprietary fund financial statements, equity is classified as net assets and displayed in three components. Net assets invested in capital assets, net of related debt, 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 net assets. Net assets are reported as restricted when there are constraints imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt, are reported as unrestricted. The District first utilizes restricted resources for all required transfers to the Subdistricts.

#### **8. Use of Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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 AND INVESTMENTS**

#### **Deposits**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2005 the carrying amount of the deposits under District control was \$155,431 and the bank balance was \$162,938. Of the bank balance, \$100,000 was covered by federal depository insurance and \$55,431 was covered by collateral held by the pledging financial institution's agent in the District's name.

#### **Investments**

The District may purchase any investments allowed by the Missouri State Treasurer. These include (1) obligations of the United States Government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. Government agencies or instrumentalities of any maturity, as provided by law. The District records all interest revenue related to investment activities in the fund which owns the security. The District has no investment policy that would further limit its investment choices.

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE B – CASH AND INVESTMENTS - Continued

At December 31, 2005, the District's investments consist solely of overnight repurchase agreements totaling \$20,483,462. Repurchase agreements are entered into on a daily basis to earn interest income on excess funds. The carrying value of the District's investments approximates their fair market value. The securities underlying the repurchase agreement consist of various Fannie Mae and Federal Home Loan Bank issues held by the counterparty's agent in the District's name. All such securities have been rated Aaa and AAA by Moody's Investor Services and Standard and Poor's, respectively.

### NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance at January 1, 2005	Additions	Disposals	Balance at December 31, 2005
Leasehold improvements	\$ 45,358	\$ -	\$ -	\$ 45,358
Office furniture and equipment	89,181	1,910	-	91,091
Telephone equipment	3,110	-	-	3,110
Totals at historical cost	<u>137,649</u>	<u>1,910</u>	<u>-</u>	<u>139,559</u>
Less accumulated depreciation				
Leasehold improvements	(19,278)	(4,536)	-	(23,814)
Office furniture and equipment	(35,544)	(11,739)	-	(47,283)
Telephone equipment	(1,322)	(311)	-	(1,633)
Total accumulated depreciation	<u>(56,144)</u>	<u>(16,586)</u>	<u>-</u>	<u>(72,730)</u>
<b>Capital assets, net</b>	<u>\$ 81,505</u>	<u>\$ (14,676)</u>	<u>\$ -</u>	<u>\$ 66,829</u>

# METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

---

### NOTE D – LEASE COMMITMENTS

The District leases its office facilities under an operating lease that expires on July 30, 2010. Total rent expense for the years ended December 31, 2005 and 2004 was \$52,862 and \$52,667, respectively.

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

Year ended December 31	
2006	\$ 47,575
2007	49,954
2008	53,284
2009	53,284
2010	<u>31,082</u>
Total minimum lease payments required	<u>\$ 235,179</u>

### NOTE E – RETIREMENT PLANS

All District employees may participate in a 457(b) Deferred Compensation Plan. Only the employee contributes to the plan and the contributions are made through payroll deductions. After one year of employment, all full-time employees participate 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 provides 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. The District's required contributions for the years ended December 31, 2005 and 2004 were not significant.

### 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 results of operations. For the tax year ended December 31, 2005, the County changed its former practice and now escrows all taxes paid in protest. Included in the taxes receivable at December 31, 2005, are taxes of approximately \$668,000 and \$6,419,000, paid under protest by taxpayers and held in escrow by the City and the County, respectively.

**METROPOLITAN ZOOLOGICAL PARK AND MUSEUM DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2005 and 2004**

---

**NOTE G – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the District carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.