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Basic Financial Statements, 2004

Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County

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**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

Basic Financial Statements

December 31, 2004



**Mayer
Hoffman
McCann P.C.**
An Independent CPA Firm



Mayer Hoffman McCann P.C.

An Independent CPA Firm

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
of the Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County:

We have audited the accompanying financial statements of the governmental activities and governmental fund of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) as of and for the year ended December 31, 2004, which collectively comprise the Subdistrict's basic financial statements. These financial statements are the responsibility of the Subdistrict's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Subdistrict, as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Subdistrict has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of December 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and page 17, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mayer Hoffman McCann P.C.

St. Louis, Missouri
April 8, 2005

**BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

The management's discussion and analysis (MD&A) of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of major financial activities of the Subdistrict, (3) identify changes in the Subdistrict's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Subdistrict's financial statements.

Financial Highlights

- Due to the fact that the Subdistrict's basic financial statements for the year ended December 31, 2004 is the first year of the implementation of the requirements established by the Government Accounting Standards Board (GASB) Statement No. 34 for financial reporting, comparisons of financial information from the previous year are limited. Such comparisons will be included in future years' MD&A when such data being compared is formulated on the same accounting principles.
- The Subdistrict's share of tax revenue less assessments increased from \$7 million in 2003 to \$13.6 million in 2004. This represents an increase of approximately 94.3%. The increase results from the continued growth in the assessed valuations of properties within the Metropolitan Zoological Park and Museum District, and a small increase in Subdistrict tax rates, from 3.2 cents per \$100 of assessed valuation in 2003 to 3.94 cents per \$100 of assessed valuation in 2004 and the adoption of GASB 34, resulting in the accrual basis recording of property tax receivable.
- The year-end balance of funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District increased from \$1.2 million in 2003 to \$2.5 million in 2004. The increase is due to a greater number of taxpayers from the City of St. Louis and St. Louis County paying their property tax bill prior to the last day of the year, when these taxes are due, resulting in a larger balance of funds held within the Subdistrict's account.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Subdistrict's basic financial statements. The Subdistrict's basic financial statements include four components: 1) *Government-wide financial statements*; 2) *Fund financial statements*; 3) *Notes to the financial statements*; and 4) *Required supplementary information*.

Government-wide financial statements

The government-wide financial statements (that is, the **statement of net assets** and the **statement of activities**) report information on all of the activities of the Subdistrict. All of the Subdistrict's activities are classified as governmental activities, which normally are supported by tax revenues, as opposed to business-type activities, which rely to a significant extent on charges for services.

The **statement of net assets** presents information on all of the Subdistrict's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the Subdistrict is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets.

The **statement of activities** presents information showing how the Subdistrict's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the Subdistrict and the degree to which they are supported by charges for services, operating or capital grants and contributions, tax revenues, and investment income.

The government-wide financial statements include only the Subdistrict itself (the *primary government*). The government-wide financial statements do not include any blended component units. The Missouri Botanical Garden (the Garden) is not considered a component unit of the Subdistrict due to lack of control and financial accountability of the Garden over the Subdistrict.

Fund financial statements

The second set of statements is the fund financial statements (that is, the **balance sheet** and the **statement of revenues, expenditures, and changes in fund balance**) which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The Subdistrict uses fund accounting to demonstrate compliance with finance-related legal requirements. Traditional users of governmental financial statements will find the fund financial statements more familiar.

The Subdistrict uses only one governmental fund type, a general fund, to account for all activities of the Subdistrict. Fund financial statements for governmental funds are prepared using a modified accrual basis of accounting which differs from the full accrual basis of accounting used to prepare the government-wide financial statements. Therefore, the total fund balance for the governmental fund is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for the governmental fund is reconciled to the total change in net assets as shown on the statement of activities in the government-wide statements.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information

In addition to the basic financial statements and notes to the financial statements, this report presents required supplementary information concerning the Subdistrict's budgetary comparisons for the general fund.

Financial analysis of the Subdistrict as a whole

This is the first year for the Subdistrict to prepare financial statements using GASB 34 guidelines. As a result, comparative data is not available; however, comparable data will be available in future years. The adoption of GASB 34 resulted in a prior period adjustment to increase net assets by \$198,408 to recognize property tax receivables on the government-wide statements under the accrual basis of accounting.

Net assets

On a government-wide basis, the Subdistrict's net assets were approximately \$ 7.6 million at fiscal year end and are shown in the table below.

**Botanical Garden Subdistrict
Of the Metropolitan Zoological Park
And Museum District of the City of
St. Louis and St. Louis County
Schedule of Net Assets
December 31, 2004**

	<u>Governmental Activities</u>
Assets:	
Current and other assets	\$ 8,072,640
Total assets	<u>8,072,640</u>
Liabilities:	
Long-term liabilities outstanding	89,105
Other liabilities	<u>405,527</u>
Total liabilities	<u>494,632</u>
Net assets:	
Unrestricted	<u>7,578,008</u>
Total net assets and liabilities	<u>\$ 8,072,640</u>

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the Subdistrict, assets exceeded liabilities by \$7.6 million at the close of the current fiscal year.

Governmental Activities

The following schedule shows the revenues and expenses for the Subdistrict's activities for the year ended December 31, 2004.

**Botanical Garden Subdistrict
Of the Metropolitan Zoological Park
And Museum District of the City of
St. Louis and St. Louis County
Schedule of Changes in Net Assets
Year Ended December 31, 2004**

	Governmental Activities
General revenues:	
Property taxes	\$ 13,503,164
Interest earnings	23,790
Excess of ZMD operating fund receipts over disbursements	94,518
Unrestricted investment earnings	183
Total revenues	13,621,655
Expenses:	
General government	16,107
Payments to Missouri Botanical Garden:	
Botanical services	7,400,331
Total expenses	7,416,438
Change in net assets	6,205,217
Net assets, beginning of year	1,174,383
Prior period adjustment- GASB 34	198,408
Net assets, end of year	\$ 7,758,008

The Subdistrict's total revenue on a government-wide basis was \$13.6 million. Property taxes net of assessments retained by the Metropolitan Zoological Park and Museum District accounted for all but \$183 of the Subdistrict's revenue.

The total cost of all programs and services was \$7.4 million. Amounts passed through to the Missouri Botanical Garden as reimbursement for botanical garden services comprised 99.8% of

the Subdistrict's total expenses, while the Subdistrict's general government expenses comprised only 0.2% of the total.

Governmental activities increased the Subdistrict's net assets by \$6.4 million. Since this is the first year for government-wide reporting, comparative analysis to the previous year cannot be reported.

Financial Analysis of the Subdistrict's Governmental Fund

As previously mentioned, the purpose and focus of the Subdistrict's governmental fund is different than that of the government-wide financial statements. The focus of the Subdistrict's governmental fund is to provide information on the inflows, outflows, and balances of resources that are available for spending, as well as to demonstrate compliance with statutory and other legal requirements. As a result, the fund financial statements reflect a *current financial resources* focus rather than a *total economic resources* focus, which is used in the government-wide financial statements.

Given the focus of the fund financial statements, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$2.5 million. As a measure of the general fund's liquidity, it may be useful to compare this amount to total fund expenditures and transfers out which calculates to 33.4%.

The total fund balance in the Subdistrict's general fund increased by \$1.3 million or by 111.5% from December 31, 2003 to December 31, 2004. The change in the current fiscal year's fund balance is primarily due to the same factors identified for the increase in net assets on the statement of activities: more timely payment of property taxes by citizens of the City of St. Louis and St. Louis County, growing property values within the City of St. Louis and St. Louis County, and an increase in the Subdistrict's tax rate from 3.2 cents of \$100 assessed valuation in 2003 to 3.94 cents per \$100 of assessed valuation in 2004.

General Fund Budgetary Highlights

The final budget for the Subdistrict's general fund represents the original budget, plus any supplemental appropriations approved during the year. No supplemental appropriations were made by the Subdistrict during 2004; therefore, the original budget and the final budget are identical. Revenues exceeded budgetary estimates by 32.7% and expenditures totaled 105.7% of budget. The budgeted amounts, however, are prepared on the cash basis of accounting; whereas the actual amounts are reported on a modified accrual basis.

Long-term Debt

During 2003, the Subdistrict borrowed \$176,270 from the Missouri Department of Natural Resources at an annual interest rate of 4.1% and a maturity of August 1, 2007. The note is

repaid in semi-annual installments. The proceeds from this note were used for projects at the Garden relating to energy efficiency of certain Garden assets. As of December 31, 2004, \$130,519 remains outstanding.

During 2002, the Subdistrict borrowed \$19,843 from the Missouri Department of Natural Resources at an annual interest rate of 4.6% and a maturity of October 1, 2006. The note is repaid in semi-annual installments. The proceeds from this note were used for projects at the Garden relating to energy efficiency of certain Garden assets. As of December 31, 2004, \$9,113 remains outstanding.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Botanical Garden Subdistrict
of the Metropolitan Zoological Park and
Museum District of the City of St. Louis
and St. Louis County
c/o Stolar Partnership
911 Washington Avenue
St. Louis, MO 63101

**Botanical Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Statement of Net Assets
December 31, 2004**

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash	\$ 3,392
Due from Missouri Botanical Garden	139,632
Property taxes receivable	5,093,941
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>2,835,675</u>
Total assets	<u>8,072,640</u>
LIABILITIES	
Accounts payable and other liabilities	355,000
Long-term liabilities	
Due within one year	50,527
Due in more than one year	<u>89,105</u>
Total liabilities	<u>494,632</u>
NET ASSETS- unrestricted	<u><u>\$ 7,578,008</u></u>

See accompanying notes to basic financial statements.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Statement of Activities
For the year ended December 31, 2004**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Changes in Net Assets Primary Government Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental activities:				
General government	\$ 16,107	\$ -	\$ -	\$ (16,107)
Museum services:				
Payments to Missouri				
Botanical Garden	7,400,331	-	-	(7,400,331)
Total primary government	<u>\$ 7,416,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(7,416,438)</u>
General revenues:				
Receipts from the Metropolitan Zoological Park and Museum District (ZMD):				
Property tax revenue				13,503,164
Interest earned while funds were held by ZMD				23,790
Excess ZMD assessments				94,518
Interest income				183
Total general revenues				<u>13,621,655</u>
Change in net assets				6,205,217
Net assets - beginning of year				1,174,383
Prior period adjustment- adoption of GASB 34				198,408
Net assets - end of year				<u>\$ 7,578,008</u>

See accompanying notes to basic financial statements.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County
Balance Sheet
Governmental Fund
December 31, 2004**

	General Fund
ASSETS	
Cash	\$ 3,392
Funds held for the Subdistrict by the Metropolitan Zoological Park and Museum District	<u>2,835,675</u>
Total assets	<u><u>\$ 2,839,067</u></u>
LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 355,000
Fund balance - unreserved	<u>2,484,067</u>
Total liabilities and fund balance	<u><u>\$ 2,839,067</u></u>
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Assets:	
Total Net Assets- governmental fund- balance sheet	\$ 2,484,067
Property taxes receivable recorded on an accrual basis. Property taxes reported in the government fund on are reported on a modified accrual basis.	<u>5,093,941</u>
Total Net Assets- governmental activities- statement of net assets	<u><u>\$ 7,578,008</u></u>

See accompanying notes to basic financial statements.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County**
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the year ended December 31, 2004

	<u>General Fund</u>
REVENUES	
Receipts from the Zoological Park and Museum District:	
St. Louis City property taxes	\$ 1,311,687
St. Louis County property taxes	7,295,944
Excess ZMD assessments	94,518
Interest earned	23,790
Total receipts	<u>8,725,939</u>
Interest income	183
Total revenues	<u>8,726,122</u>
EXPENDITURES	
Current:	
Payments to the Missouri Botanical Garden	7,400,331
General government	16,107
Total expenditures	<u>7,416,438</u>
Net change in fund balance	<u>1,309,684</u>
Fund balances:	
Beginning of year	1,174,383
End of year	<u><u>\$ 2,484,067</u></u>

See accompanying notes to basic financial statements.

**THE BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

The financial statements of the Botanical Garden Subdistrict of the Metropolitan Zoological Park and Museum District of the City of St. Louis and St. Louis County (the Subdistrict) have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements and interpretations of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements.

For the year ended December 31, 2004, the Subdistrict has implemented GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as well as the related Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Disclosures*. These statements establish new financial reporting requirements for state and local governments. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected. Certain of the significant changes in the statements include the following:

- A Management Discussion and Analysis ("MD&A") section has been added, which provides an analysis of the Subdistrict's overall financial position and results of operations.
- Government-wide financial statements are prepared using the full accrual method of accounting for all of the Subdistrict's activities, including its long-term debt.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Subdistrict is implementing all provisions of GASB Statements No. 34, No. 37, and No. 38 in the current year.

The following is a summary of the more significant accounting policies of the Subdistrict:

(a) *Reporting Entity*

The Subdistrict's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. In applying the criteria for determining financial accountability, the Subdistrict has determined that no other entities should be included within its basic financial statements.

(b) *Government-wide and Fund Financial Statements*

The government-wide financial statements (that is, the statement of net assets and the statement of activities) report information on all of the activities of the Subdistrict. All of the Subdistrict's activities are classified as governmental activities, which normally is

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OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

supported by tax revenues, as opposed to business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Subdistrict and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues to direct expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Subdistrict.

Following the government-wide financial statements are separate financial statements for the Subdistrict's governmental fund. The Subdistrict uses only one governmental fund type, a general fund, to account for all activities of the Subdistrict. The total liabilities for the governmental fund is reconciled to total liabilities for governmental activities as shown on the statement of net assets.

(c) *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The accounts of the Subdistrict are maintained on the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the Subdistrict, available is defined as expected to be received within 60 days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The St. Louis City and St. Louis County property taxes received by the Subdistrict from the Metropolitan Zoological Park and Museum District (the District) are considered

**THE BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

voluntary nonexchange transactions under GASB Statement No. 33, since these taxes are levied under the District's taxing and power and subsequently provided to the Subdistrict. As such, the Subdistrict does not recognize St. Louis City and St. Louis County property taxes as revenue until these taxes have been collected by the District and deposited within the Subdistrict's account with the District.

(d) *Federal Income Taxes*

The Subdistrict is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in these basic financial statements.

(e) *Use of Estimates*

The preparation of 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/expenditures during the reporting period. Actual results could differ from those estimates.

(f) *Implementation of New Accounting Pronouncements*

Effective January 1, 2004, the Subdistrict adopted GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – For State and Local Governments* (GASB No. 34), GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* (GASB No. 37), and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (GASB No. 38). These statements represent a significant change in the financial reporting model used by state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group, but distinguish between the Subdistrict's governmental activities, business-type activities (if applicable), and activities of its discretely presented component unit on the statement of net assets and statement of activities.

In addition to the government-wide financial statements the Subdistrict has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the Subdistrict's general fund, which is similar to that previously presented for this fund in the Subdistrict's financial statements, although the format of financial statements has been modified by GASB No. 34.

GASB No. 34 also includes, as required supplementary information, Management's Discussion and Analysis, which provides an analytical overview of the Subdistrict's

**THE BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
AND MUSEUM DISTRICT OF THE CITY OF
ST. LOUIS AND ST. LOUIS COUNTY**

NOTES TO BASIC FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

financial activities. In addition, a budgetary comparison schedule is presented that compares the original and final revised budgets for the Subdistrict's general fund with actual results.

(2) Cash and cash equivalents

At December 31, 2004, the carrying amount of the Subdistrict's cash deposits was \$3,392, and the bank balance was \$5,412. These amounts were entirely covered by federal depository insurance.

(3) Notes Payable

Notes payable at December 31, 2004:

Note payable, Missouri Department of Natural Resources, semi-annual payments of \$2,411 including interest at 4.6%. Matures October 1, 2006.	\$ 9,113
Note payable, Missouri Department of Natural Resources, semi-annual payments of \$25,515 including interest at 4.1%. Matures August 1, 2007.	130,519
	(50,527)
Less: current portion	\$ 89,105

The proceeds from these notes were used for projects at the Garden relating to energy efficiency. Therefore, the Subdistrict has recorded a receivable from the Garden at the same terms as the Notes payable above.

The following is a schedule of maturities for the years ending December 31:

2005	\$ 50,527
2006	52,642
2007	36,463
	\$ 139,632

(4) Property taxes

The District levies property taxes on the assessed value listed as of each January 1 for all real and personal property located in the City of St. Louis and St. Louis County. The levy is based on an annual submission from the Subdistrict, which cannot exceed 4.0 cents per \$100 of assessed valuation. The tax levy was 3.94 cents per \$100 of assessed valuation for

**THE BOTANICAL GARDEN SUBDISTRICT
OF THE METROPOLITAN ZOOLOGICAL PARK
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ST. LOUIS AND ST. LOUIS COUNTY**

NOTES TO BASIC FINANCIAL STATEMENTS

(4) Property taxes (continued)

2004. Taxes are levied each October and are due on December 31 for the previous January 1 assessment. Taxes collected by the District on behalf of the Subdistrict are recognized as revenue when credited to the Subdistrict's account with the District. The property taxes receivable is recorded net of an allowance for uncollectible accounts of \$350,905.

(5) Contract with the Missouri Botanical Garden

The Subdistrict and the Garden entered into an annually renewable contract for botanical services in 1983 which renews automatically for one year each December. This agreement provides for the installation, maintenance and improvement of facilities and to perform services which would benefit the general public in exchange for compensation not to exceed the amount of tax revenues received by the Subdistrict from the District, less any Subdistrict expenses. The annual compensation is determined each year based upon an annual budget submitted by the Garden to the Subdistrict.

(6) Budgetary control

The Subdistrict adopts an annual budget based on the operating budget submitted to the Subdistrict by the Garden and estimated Subdistrict administrative expenses. The annual budget is prepared on the cash basis of accounting, approved by the Subdistrict's Board of Commissioners, and submitted to the District for use in establishing the annual tax levy. Expenditures in total may not legally exceed appropriations.

(7) Prior period adjustment

As a result of implementing GASB Statement No. 34, the net assets of the governmental activities on the government-wide financial statements and the net assets of the proprietary fund have been retroactively stated to increase property taxes receivable and net assets by \$198,408 to account for property taxes assessed in previous years that were not recorded.

**Botanical Garden Subdistrict
of the Metropolitan Zoological Park
and Museum District of the City of
St. Louis and St. Louis County**
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund**
Required Supplementary Information - UNAUDITED
For the year ended December 31, 2004

REVENUES	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Receipts from the Metropolitan Zoological Park and Museum District:				
St. Louis City property taxes			\$ 1,311,687	
St. Louis County property taxes			7,295,944	
Excess of ZMD Operating Fund receipts over disbursements			94,518	
Interest earned			23,790	
Total receipts	<u>\$ 6,577,000</u>	<u>\$ 6,577,000</u>	<u>\$ 8,725,939</u>	<u>\$ 2,148,939</u>
Interest income	-	-	183	183
Total revenues	<u>6,577,000</u>	<u>6,577,000</u>	<u>8,726,122</u>	<u>2,149,122</u>
EXPENDITURES				
Current:				
Payments to the Missouri Botanical Garden	7,000,000	7,000,000	7,400,331	400,331
General government	17,500	17,500	16,107	(1,393)
Total expenditures	<u>7,017,500</u>	<u>7,017,500</u>	<u>7,416,438</u>	<u>398,938</u>
Excess of revenues over expenditures	<u>\$ (440,500)</u>	<u>\$ (440,500)</u>	<u>\$ 1,309,684</u>	<u>\$ 1,750,184</u>

See accompanying independent auditors' report.