

OKLAHOMA CITY ZOOLOGICAL TRUST

A Component Unit of the City of Oklahoma City, Oklahoma

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

WITH

INDEPENDENT AUDITOR'S REPORT



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TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 3
Management's Discussion and Analysis	4 - 7
Basic Financial Statements:	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Notes to the Financial Statements	11 - 36
Required Supplementary Information:	
Defined Benefit Pension Plan	37
Other Post-Employment Benefit Plan	38 - 39
Supplementary Information:	
Combining Statement of Net Position as of June 30, 2022.....	40
Combining Statement of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2022.....	41
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42 - 43

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Oklahoma City Zoological Trust
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oklahoma City Zoological Trust (Trust), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of June 30, 2022 and 2021, 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.

Basis for Opinion

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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on July 1, 2021, the Trust adopted Government Accounting Standards Board Statement 87: *Leases* and restated the prior year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 Trust'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.

Auditor's Responsibilities for the 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 auditor's report that includes our opinion. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we

- exercise professional judgment 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 Trust'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust'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 and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022 on our consideration of the Trust'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 the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, Kansas
November 23, 2022

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

Introduction

Within this section of the Oklahoma City Zoological Trust's (Trust) annual financial report, the Trust's management provides narrative discussion and analysis of the Trust's financial activities for the years ended June 30, 2022 and 2021. This should be read in conjunction with the accompanying financial statements of the Trust. The Trust is a blended component unit of the City of Oklahoma City, Oklahoma (City).

Financial Highlights

Trust assets and deferred outflows of resources exceeded liabilities by \$119,978,274 (net position) as of June 30, 2022. This compares to the restated previous year when assets and deferred outflows of resources exceeded liabilities by \$102,472,458.

Trust liabilities and deferred inflows of resources increased by \$25,652,125 to \$83,934,034 for fiscal year 2022.

Total net position at June 30, 2022, is comprised of the following:

- Net investment in capital assets of \$82,148,726 includes capital assets, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets. The balance as of June 30, 2021 (restated) was \$84,896,455.
- Restricted for debt service includes investments in trust accounts of \$0. The balance as of June 30, 2021 (restated) was \$22,600.
- Restricted for health claims of \$113,636 includes the cash in trust accounts, net of the related liability for claims incurred but not yet reported. The balance as of June 30, 2021 (restated) was \$264,690.
- Unrestricted of \$37,715,912 represents the portion available to maintain the Trust's continuing obligations to citizens and creditors. The balance as of June 30, 2021 (restated) was \$17,288,713.

Overview of the Financial Statements

Management's discussion and analysis introduced the Trust's basic financial statements. The basic financial statements include the: 1) statements of net position; 2) statements of revenues, expenses and changes in net position; 3) statements of cash flows; and 4) notes to the financial statements. Additional information to supplement the basic financial statements is also included in this report.

Basic Financial Statements

These statements provide both long and short-term financial information about the overall status of the Trust. The Trust's financial reporting uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The statements of net position presents information that includes all of the Trust's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Trust as a whole is improving or deteriorating.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

The statement of revenues, expenses and changes in net position reports how the Trust's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The statement of cash flows reports the inflows and outflows of the Trust's cash.

Financial Analysis

The Trust's net position at June 30, 2022, is \$119,978,274. This is an increase of \$17,505,816 from the restated June 30, 2021, net position of \$102,472,458. The overall financial position of the Trust improved during the 2022 and 2021 fiscal years. The following table provides a summary of net position:

Summary of Net Position

	2022	2021 (restated)	2020	2022 versus 2021 (restated)		2021 (restated) versus 2020	
				Amount Change	Percent Change	Amount Change	Percent Change
Assets							
Current and other assets	\$ 82,323,742	\$ 59,048,714	\$ 35,801,315	\$ 23,275,028	39.4%	\$ 23,247,399	64.9%
Capital assets	116,120,140	95,555,528	92,796,575	20,564,612	21.5%	2,758,953	3.0%
Total assets	198,443,882	154,604,242	128,597,890	43,839,640	28.4%	26,006,352	20.2%
Deferred Outflows of Resources	5,468,426	6,150,125	2,582,218	(681,699)	-11.1%	3,567,907	138.2%
Total assets and deferred outflows of resources	<u>\$ 203,912,308</u>	<u>\$ 160,754,367</u>	<u>\$ 131,180,108</u>	<u>\$ 43,157,941</u>	26.8%	<u>\$ 29,574,259</u>	22.5%
Liabilities							
Current liabilities	\$ 4,640,671	\$ 2,504,098	\$ 2,701,390	\$ 2,136,573	85.3%	\$ (197,292)	-7.3%
Noncurrent liabilities	47,637,350	28,196,661	25,269,263	19,440,689	68.9%	2,927,398	11.6%
Total liabilities	52,278,021	30,700,759	27,970,653	21,577,262	70.3%	2,730,106	9.8%
Deferred Inflows of Resources	31,656,013	27,581,150	9,639,467	4,074,863	14.8%	17,941,683	186.1%
Total liabilities and deferred inflows of resources	<u>\$ 83,934,034</u>	<u>\$ 58,281,909</u>	<u>\$ 37,610,120</u>	<u>\$ 25,652,125</u>	44.0%	<u>\$ 20,671,789</u>	55.0%
Net Position							
Net investment in capital assets	\$ 82,148,726	\$ 84,896,455	\$ 84,057,293	\$ (2,747,729)	-3.2%	\$ 839,162	1.0%
Restricted for debt service	-	22,600	24,009	(22,600)	-100.0%	(1,409)	-5.9%
Restricted for health claims	113,636	264,690	931,746	(151,054)	-57.1%	(667,056)	-71.6%
Unrestricted	37,715,912	17,288,713	8,556,940	20,427,199	118.2%	8,731,773	102.0%
Total net position	<u>\$ 119,978,274</u>	<u>\$ 102,472,458</u>	<u>\$ 93,569,988</u>	<u>\$ 17,505,816</u>	17.1%	<u>\$ 8,902,470</u>	9.5%

The increase in current and other assets is due to an increase in cash, investments and net pension assets. The increase in capital assets is due to an increase in construction in progress.

The increase in current liabilities at year-end is due to an increase in accounts payable from construction invoices received at year end and the current portion of the bonds payable.

The increase in long-term liabilities at year-end is primarily due to the proceeds received from the issuance of a new bond.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

Summary of Changes in Net Position

During 2022, operating revenues increased 16.3% primarily due to an increase in concessions revenue. Operating expenses increased 3.6% due to a decrease in personnel services expenses offset by an increase in maintenance, operations and contractual services expenses. Sales tax payments from the City increased 14.4% due to improving economic conditions. Interest expense increased 338.8% due to the cost of issuance, underwriter's discount and increased interest from the new bond issuance.

In fiscal year 1991, voters passed a permanent 1/8 cent sales tax increase dedicated to the Trust. In accordance with state statutes, the state collects the monies and remits them to the City. Monies are paid by the City to the Trust on a monthly basis.

During 2022, donations from Oklahoma Zoological Society, Inc. increased by 43.3% due to the capital campaign of the Expedition Africa exhibit being constructed.

	2022	2021 (restated)	2020	2022 versus 2021 (restated)		2021 (restated) versus 2020	
				Amount Change	Percent Change	Amount Change	Percent Change
Operating Revenues	\$ 13,043,002	\$ 11,212,975	\$ 7,647,838	\$ 1,830,027	16.3%	\$ 3,565,137	46.6%
Nonoperating Revenues							
Sales tax payments from the City	16,909,008	14,785,511	14,008,624	2,123,497	14.4%	776,887	5.5%
Interest revenue - leases	646,763	692,308	-	(45,545)	-6.6%	692,308	100.0%
Investment income	50,991	30,412	436,589	20,579	67.7%	(406,177)	-93.0%
Capital contributions	-	438,857	-	(438,857)	-100.0%	438,857	100.0%
Grants	5,755,135	-	-	5,755,135	100.0%	-	0.0%
Donations	3,319,813	2,316,616	915,368	1,003,197	43.3%	1,401,248	153.1%
Total revenue	<u>39,724,712</u>	<u>29,476,679</u>	<u>23,008,419</u>	<u>10,248,033</u>	<u>34.8%</u>	<u>6,468,260</u>	<u>28.1%</u>
Operating Expenses	21,025,554	20,302,250	19,553,577	723,304	3.6%	748,673	3.8%
Nonoperating Expenses							
Interest expense	1,193,342	271,959	309,975	921,383	338.8%	(38,016)	-12.3%
Total expenses	<u>22,218,896</u>	<u>20,574,209</u>	<u>19,863,552</u>	<u>1,644,687</u>	<u>8.0%</u>	<u>710,657</u>	<u>3.6%</u>
Change in Net Position	17,505,816	8,902,470	3,144,867	8,603,346	96.6%	5,757,603	183.1%
Net Position, Beginning of Year	<u>102,472,458</u>	<u>93,569,988</u>	<u>90,425,121</u>	<u>8,902,470</u>	<u>9.5%</u>	<u>3,144,867</u>	<u>3.5%</u>
Net Position, End of Year	<u>\$ 119,978,274</u>	<u>\$ 102,472,458</u>	<u>\$ 93,569,988</u>	<u>\$ 17,505,816</u>	<u>17.1%</u>	<u>\$ 8,902,470</u>	<u>9.5%</u>

Capital Assets and Debt Administration

The 2017 updated Master Plan envisions spending approximately \$71.8M over a 10-year period. Individual elements of the plan and their estimated costs are approximately: the Galapagos Tortoise - \$534,000, condor/Raptor Aviary - \$1,408,000, Amphibian Plaza - \$768,000, Cheetah/Wild Dog Exhibit - \$2,162,000, Office/Education - \$8,000,000, Africa Savanna Exhibit - \$32,000,000, Sea Lion Cove - \$27,000,000.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2022 and 2021

Capital Assets, Net of Accumulated Depreciation

Capital Assets

The Trust's investment in capital assets, net of accumulated depreciation, as of June 30, 2022, was \$116,120,140. The increase of \$20,564,612 or 21.5% from June 30, 2021 (restated) as compared to \$2,758,953 or 3.0% from June 30, 2020, is primarily because of the increase in construction in progress due to the Expedition Africa Exhibit, Sea Lion Cove Exhibit and administration building being constructed. Improvements also increased due to the Cheetah & Dog Exhibit and Lake Park Improvements construction projects being completed.

				<u>2022 versus 2021 (restated)</u>		<u>2021 (restated) versus 2020</u>	
	<u>2022</u>	<u>2021 (restated)</u>	<u>2020</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
Nondepreciable Assets							
Construction in progress	\$ 26,686,931	\$ 6,076,057	\$ 4,701,251	\$ 20,610,874	339.2%	\$ 1,374,806	29.2%
Depreciable Assets							
Buildings and grounds	68,274,803	70,571,986	72,857,858	(2,297,183)	-3.3%	(2,285,872)	-3.1%
Improvements	18,335,256	14,503,898	13,508,378	3,831,358	26.4%	995,520	7.4%
Equipment and other	2,823,150	4,403,587	1,729,088	(1,580,437)	-35.9%	2,674,499	154.7%
Total	<u>\$ 116,120,140</u>	<u>\$ 95,555,528</u>	<u>\$ 92,796,575</u>	<u>\$ 20,564,612</u>	<u>21.5%</u>	<u>\$ 2,758,953</u>	<u>3.0%</u>

Long-Term Debt

At the end of fiscal years 2022 and 2021 (restated), the Trust had total debt outstanding, net of discount and premium, of \$32,696,974 and \$8,957,550, respectively. This debt is collateralized by the sales tax revenues received from the City. See Note 4 to the accompanying financial statements for more information regarding debt.

Outstanding Bonds Payable

				<u>2022 versus 2021 (restated)</u>		<u>2021 (restated) versus 2020</u>	
	<u>2022</u>	<u>2021 (restated)</u>	<u>2020</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
				<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>
Bond Payable	<u>\$ 32,696,974</u>	<u>\$ 8,957,550</u>	<u>\$ 9,516,150</u>	<u>\$ 23,739,424</u>	<u>265.0%</u>	<u>\$ (558,600)</u>	<u>-5.9%</u>

Economic Factors

Economic factors significantly affecting the City's economic strength is its central locations at the intersections of interstate highways I-35 and I-40; a regional transportation hub in Will Rogers World Airport; ample water supplies; and numerous performing arts, entertainment and recreational facilities.

The source for economic data is the Oklahoma State University Center for Applied Economic Research.

Contacting the Trust's Financial Management

This financial report is designed to provide a general overview of the Trust's finances, comply with finance-related laws and regulations and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, please contact the Trust's Finance Department, 2101 NE 50th St., Oklahoma City, Oklahoma 73111.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2022</u>	<u>2021 (restated)</u>
Current Assets		
Cash	\$ 30,767,891	\$ 26,024,686
Accounts receivable, net of allowance	1,653,786	1,358,871
Leases receivable	193,809	501,389
Inventories	153,688	124,263
Sales tax receivable from the City	2,406,460	2,286,834
Cash, restricted	192,636	350,690
	<u>35,368,270</u>	<u>30,646,733</u>
Total current assets		
Noncurrent Assets		
Investments, restricted	25,483,438	10,772,597
Accounts receivable	374,161	995,647
Leases receivable	16,439,928	16,633,737
Net pension asset	4,657,945	--
Capital assets		
Construction in progress	26,686,931	6,076,057
Other capital assets, net of accumulated depreciation	89,433,209	89,479,471
	<u>163,075,612</u>	<u>123,957,509</u>
Total noncurrent assets		
Total assets	<u>198,443,882</u>	<u>154,604,242</u>
Deferred Outflows of Resources		
OPEB plan	3,011,667	2,867,074
Pension plan	2,456,759	3,283,051
	<u>5,468,426</u>	<u>6,150,125</u>
Total deferred outflows of resources		
	<u><u>\$ 203,912,308</u></u>	<u><u>\$ 160,754,367</u></u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2022</u>	<u>2021</u> <u>(restated)</u>
Current Liabilities		
Accounts payable	\$ 2,520,742	\$ 1,152,781
Lease liability	23,374	22,507
Wages and benefits payable	214,605	537,406
Compensated absences	175,649	193,804
Bonds payable, current	1,650,000	575,000
Bond interest payable	56,301	22,600
	<u>4,640,671</u>	<u>2,504,098</u>
Noncurrent Liabilities		
Bonds payable, net	31,046,974	8,382,550
Lease liability	1,892,090	1,915,465
Net pension liability	--	2,209,355
Unearned revenue	22,077	154,209
Net OPEB liability	14,676,209	15,535,082
	<u>47,637,350</u>	<u>28,196,661</u>
Total liabilities	<u>52,278,021</u>	<u>30,700,759</u>
Deferred Inflows of Resources		
OPEB plan	6,281,319	5,875,571
Pension plan	5,541,829	593,147
Service concession arrangement	1,652,743	2,298,026
Lease revenue	18,180,122	18,814,406
	<u>31,656,013</u>	<u>27,581,150</u>
Net Position		
Net investment in capital assets	82,148,726	84,896,455
Restricted for debt service	--	22,600
Restricted for health claims	113,636	264,690
Unrestricted	37,715,912	17,288,713
	<u>119,978,274</u>	<u>102,472,458</u>
	<u>\$ 203,912,308</u>	<u>\$ 160,754,367</u>

The accompanying notes are an integral
part of these financial statements.

OKLAHOMA CITY ZOOLOGICAL TRUST

A Component Unit of the City of Oklahoma City, Oklahoma

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021 (restated)</u>
Operating Revenues		
Zoo admissions	\$ 4,208,414	\$ 4,770,452
Concessions	4,560,618	2,091,269
Zoo activities	2,839,268	3,058,307
Rent	1,434,702	958,663
Other	--	334,284
	<u>13,043,002</u>	<u>11,212,975</u>
Operating Expenses		
Personnel services	9,896,445	11,655,744
Maintenance, operations and contractual services	5,083,612	3,002,260
Materials and supplies	1,757,399	1,612,667
Depreciation	4,026,333	4,026,605
Other	261,765	4,974
	<u>21,025,554</u>	<u>20,302,250</u>
Total operating revenues	<u>13,043,002</u>	<u>11,212,975</u>
Total operating expenses	<u>21,025,554</u>	<u>20,302,250</u>
Operating loss	<u>(7,982,552)</u>	<u>(9,089,275)</u>
Nonoperating Revenues (Expenses)		
Grants	5,755,135	--
Donations	3,319,813	2,316,616
Capital contribution	--	438,857
Investment income	50,991	30,412
Interest revenue - leases	646,763	692,308
Interest expense	(1,193,342)	(271,959)
Sales tax revenues from the City	16,909,008	14,785,511
	<u>25,488,368</u>	<u>17,991,745</u>
Total nonoperating revenues	<u>25,488,368</u>	<u>17,991,745</u>
Change in net position	<u>17,505,816</u>	<u>8,902,470</u>
Net Position, Beginning of Year	<u>102,472,458</u>	<u>93,569,988</u>
Net Position, End of Year	<u>\$ 119,978,274</u>	<u>\$ 102,472,458</u>

The accompanying notes are an integral
part of these financial statements.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u> (restated)
Operating Activities		
Cash received from customers	\$ 13,236,678	\$ 12,807,479
Cash payments to suppliers for goods and services	(6,537,395)	(5,052,418)
Cash payments to employees for services	(12,492,894)	(12,818,039)
Net cash flow from operating activities	<u>(5,793,611)</u>	<u>(5,062,978)</u>
Noncapital Financing Activities		
Sales tax payments from the City	16,789,382	14,418,652
Grants received	5,755,135	--
Donations received	2,763,762	2,253,146
Net cash flow from noncapital financing activities	<u>25,308,279</u>	<u>16,671,798</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(24,203,229)	(3,439,865)
Proceeds from sale of capital assets	173,473	--
Proceeds from issuance of bonds	25,280,924	--
Amortization of bond premium, net of discount	(26,500)	1,400
Principal paid on debt	(1,515,000)	(560,000)
Payments on leases	(22,508)	(21,640)
Donations received	556,051	63,470
Interest revenue – leases	646,763	692,308
Interest paid on debt	(1,159,641)	(273,368)
Net cash flow from capital and related financing activities	<u>(269,667)</u>	<u>(3,537,695)</u>
Investing Activities		
Purchase of investments	(14,710,841)	--
Proceeds from sale of investments	--	797,659
Investment income	50,991	30,412
Net cash flow from investing activities	<u>(14,659,850)</u>	<u>828,071</u>
Change in cash	4,585,151	8,899,196
Cash, Beginning of Year	<u>26,375,376</u>	<u>17,476,180</u>
Cash, End of Year	<u><u>\$ 30,960,527</u></u>	<u><u>\$ 26,375,376</u></u>
Reconciliation to Cash		
Unrestricted	\$ 30,767,891	\$ 26,024,686
Restricted	192,636	350,690
Total cash	<u><u>\$ 30,960,527</u></u>	<u><u>\$ 26,375,376</u></u>

	<u>2022</u>	<u>2021</u> (restated)
Reconciliation of Operating Loss to Net Cash		
Flow From Operating Activities		
Operating loss	\$ (7,982,552)	\$ (9,089,275)
Adjustments to reconcile operating loss to net cash flow from operating activities		
Depreciation	4,026,333	4,026,605
Changes in operating assets and liabilities		
Accounts receivable	326,571	1,932,920
Leases receivable	501,389	295,868
Inventories	(29,425)	2,660
Accounts payable	726,938	(269,434)
Wages and benefits payable	(322,801)	86,314
Compensated absences	(18,155)	52,700
Other accrued liabilities	--	(266,241)
Unearned revenue	(132,132)	100,498
Net pension liability/asset	(6,867,300)	2,629,898
Deferred outflows/inflows – pension	5,774,974	(2,009,018)
Deferred outflows/inflows – OPEB	261,155	(1,533,428)
Deferred inflows – service concession arrangement	(565,449)	(1,635,114)
Deferred inflows – leases	(634,284)	(634,284)
Net OPEB liability	(858,873)	1,246,353
Net cash used in operating activities	<u>\$ (5,793,611)</u>	<u>\$ (5,062,978)</u>
Noncash Capital and Financing Activities		
Capital from service concession arrangements	<u>\$ --</u>	<u>\$ 1,175,787</u>
Capital asset addition included in accounts payable	<u>\$ 641,023</u>	<u>\$ 210,294</u>
Capital right-of-use asset addition from leases	<u>\$ --</u>	<u>\$ 1,959,612</u>

The accompanying notes are an integral part of these financial statements.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

The Oklahoma City Zoological Trust (Trust) was created by the City of Oklahoma City, Oklahoma (City) on January 7, 1975, under the laws of the State of Oklahoma (State) for the purpose of developing, maintaining, operating and managing the Oklahoma City Zoo (Zoo). Trustees include the Mayor, the City Manager, one member of the City Council and six other persons who are recommended by the Oklahoma Zoological Society, Inc. (Society), selected by the Mayor and approved by the City Council. The City Council also approves the Trust's sales tax budget. If the Trust terminates, the Trust agreement provides that the assets shall revert to the City. While the Trust is a legally separate entity whose beneficiary is the City, it is a blended component unit of the City reported as a proprietary fund, and the accompanying financial statements are blended in the City's annual comprehensive financial report, a copy of which may be obtained from the City's Accounting Services Division.

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

The Society is an Oklahoma not-for-profit organization that was created in 1954 to support and promote the Zoo. The Society does this through membership drives, annual fundraising, capital campaigns, marketing special events and public relations. The Society is not included in the accompanying financial statements of the Trust as it does not meet the definition of a component unit.

Measurement Focus and Basis of Accounting

As a proprietary fund, the Trust is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the related liability is incurred.

The Trust is organized into accounts in order to achieve sound and efficient financial administration and reporting. Each account is considered a separate accounting entity, while all accounts are combined in the basic financial statements. The accounts include the following:

- The **operating account** is used to account for the Trust's operations and all financial resources except those accounted for in other accounts.
- The **designated account**, established by the Board of Trustees, is used to account for the resources received in the settlement of the estate of a donor. The donor places no restrictions on the use of the funds.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The **sales tax account** is used to account for that portion of the City's sales tax, which is earmarked specifically for use by the Trust. This account also includes bond funds, which are used for construction.

When both restricted and unrestricted resources are available for use, it is the Trust's policy to use restricted resources first and then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets that are current in nature are reported with current assets and liabilities in the accompanying financial statements.

Operating and Nonoperating Revenues and Expenses

Operating income or loss includes revenues and expenses related to the primary, continuing operations of the Trust. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the accompanying financial statements.

Use of Estimates

The preparation of 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Cash and Investments

The Board of Trustees formally adopted the City's deposit and investment policy for unrestricted accounts in addition to policies specified in the zoo's sales tax revenue note indentures applicable to the Trust's sales tax fund as restricted by the note indentures.

Cash includes only cash deposits in order to appropriately report investment activity. Investments are reported at fair value, and are comprised of funds deposited into trustee banks in accordance with the investment policy specified in the debt agreements for restricted deposits and investments.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The value of the Trust's investments in money market funds, mutual funds invested in U.S. Treasury securities and U.S. Treasury Notes are valued using quoted market prices, and therefore are classified as Level 1.

Accounts Receivable

The Trust records accounts receivable for services provided to citizens, schools or corporate customers. The Trust also records receivables for long-term contracts. As of June 30, 2022 and 2021, management has estimated reserves for uncollectable receivables of \$838 for both years.

Leases Receivable

Leases receivable are reported for lease arrangements in which the Trust is providing the right for another entity to use its nonfinancial assets as stated in a contract for a period of time in an exchange or exchange like transaction. Management determines the allowance for uncollectible leases by identifying known leases that will not be collected and by estimating the remaining leases that are likely not to be collected. Currently, management has determined that all leases receivable are collectable.

Inventories

Inventories consist of animal food and certain operating supplies and are valued at cost on the first-in, first-out (FIFO) method.

Sales Tax Receivable from the City

During fiscal year 1991, voters passed a sales tax increase earmarked specifically for the purpose of funding certain zoo activities. In accordance with state statutes, the state collects the monies and remits them to the City, who accounts for the receipt of the sales taxes and interest earned on related deposits in a separate limited-purpose fund. The Trust records such amounts as a receivable from the City at the time the City earns the taxes.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with the City ordinance authorizing the tax, the Trust records such activity in the sales tax account. Monies are paid by the State to the City on a monthly basis. The funds are invested in the City's investment pool and are reported in the City's comprehensive annual financial report. Funds are transferred from the City upon request from the Trust.

Capital Assets and Depreciation

Capital assets are stated at actual or estimated historical cost, net of accumulated depreciation. Donated capital assets are stated at estimated fair value at the date of donation. Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service. Capital assets consist of only those items acquired since the formation of the Trust whose cost is greater than or equal to \$7,500. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Buildings and grounds	5 - 50 years
Improvements	2 - 20 years
Equipment and other	3 - 10 years

The cost to acquire zoo animals is expensed at the acquisition date.

Maintenance and repairs to capital assets are charged to operations, while renewals and betterments are capitalized. When capital assets are disposed of or sold, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Compensated Absences

Employees are granted paid time off (PTO) benefits in varying amounts depending on tenure with the Trust. These benefits accumulate pro rata by two-week periods and must be taken within the calendar year. Employees can elect to carry over a maximum of 40 hours into the next calendar year. PTO benefits are accrued as earned.

Sick leave benefits accrue to employees at the rate of five hours per two-week pay period to a maximum accrual of 520 hours. Employees are not entitled to payment of their sick leave balance at termination; therefore, no liability related to sick leave is recorded in the accompanying basic financial statements.

Deferred Outflows of Resources/Deferred Inflows of Resources

The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Trust has deferred outflows for pension activity and OPEB activity that qualify for reporting in this category. The Trust has deferred inflows for pension activity, service concession arrangements, lease revenue and OPEB activity that qualify for reporting in this category.

See Note 5 for more information on the pension deferred resources, Note 10 for more information on the service concession arrangement deferred resources, Note 6 for more information on OPEB deferred resources, and Note 7 for more information on the lease revenue deferred resources.

Defined Benefit Pension Plan

The Trust's full-time employees are eligible to participate in the City's Employee Retirement System (ERS). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the ERS and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Oklahoma City Post-Retirement Medical Plan (OPEBT) and additions to/deductions from OPEBT's fiduciary net position have been determined on the same basis as they are reported by OPEBT. For this purpose, OPEBT recognizes benefit payments when due and payable in accordance with the benefit terms.

Net Position

Net position of the Trust is classified in three components. The net investment in capital assets consists of capital assets reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted expendable net position is non-capital assets, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantor or donors, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.

Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted expendable net position.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restatement

On July 1, 2021, the Trust adopted GASB statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about the governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Trust implemented this standard as of July 1, 2020 and restated the following balances as of and for the year ended June 30, 2021.

	As of June 30, 2021		
	As previously reported	GASB 87 implementation	As restated
Leases receivable - current	\$ --	\$ 501,389	\$ 501,389
Leases receivable - long-term	--	16,633,737	16,633,737
Capital assets	87,567,654	1,911,817	89,479,471
Unearned lease revenue - current	47,023	(47,023)	--
Unearned lease revenue	1,970,673	(1,970,673)	--
Deferred inflow - leases	--	18,814,406	18,814,406
Lease liability - current	--	22,507	22,507
Lease liability - long-term	--	1,915,465	1,915,465
Net position	16,976,452	312,261	17,288,713
Rent revenue	1,312,555	(353,892)	958,663
Depreciation	3,978,810	47,795	4,026,605
Interest revenue - leases	--	692,308	692,308
Interest expense	293,599	(21,640)	271,959

There was no cumulative impact to net position as of July 1, 2020 to report.

Revenue Recognition

Operating revenues are recorded when goods and services are provided. Sales tax revenues are recorded when earned. Donation revenues, predominantly from the Society, are recorded when known and when receipt of revenue is reasonably assured.

Contributions

Contributions of capital assets received from other entities, including those from other City funds, grants and assistance received from other governmental units for the acquisition of capital assets are recorded as capital contributions. The contributions are valued at acquisition cost.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discounts and Premiums

Discounts and premiums are capitalized and amortized over the term of the instrument using a method which approximates the effective interest method.

Income Tax

The Trust is exempt from federal income tax under Section 115 of the Internal Revenue Code.

New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Provisions of this statement are effective for financial statements for the Trust's year ending June 30, 2022 and now postponed until June 30, 2023 per GASB Statement No. 95.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the Trust's fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new standard defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the Trust's fiscal year ending June 30, 2023.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: 1) classification and reporting of derivative instruments within the scope of Statement No. 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; 2) clarification of certain provisions in Statement No. 87, Statement No. 94 and Statement No. 96; 3) extension of the period during which the London Interbank offered Rate (LIBOR) is considered an appropriate benchmark interest rate of the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; 4) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program; 5) disclosures related to nonmonetary transactions; 6) pledges of future revenues when resources are not received by the pledging government; 7) clarification of provisions in Statement No. 34 related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63; and 8) terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this statement for items 1 and 2 are effective for financial statements for the Trust's fiscal year ending June 30, 2024, and June 30, 2023, respectively. All other provisions of this statement are effective upon issuance.

GASB statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the Trust's fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the Trust's fiscal year ending June 30, 2024.

Subsequent Events

These financial statements considered subsequent events through November 23, 2022, the date the financial statements were available to be issued.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure the Trust's deposits may not be returned or the Trust will not be able to recover collateral securities in the possession of an outside party. The City/Trust policy requires deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C- or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the City Treasurer. The Trust's deposits were \$30,960,527 and \$26,375,376, as of June 30, 2022 and 2021, respectively. All of the Trust's deposits held by a counterparty were fully insured or collateralized.

Investments

As of June 30, 2022 and 2021, the Trust had the following investments and maturities:

<u>Types of Investments</u>	<u>Fair Value Amount</u>	<u>Cost</u>	<u>Ratings (1)</u>	<u>Weighted- Average Days to Maturity (2)</u>
U.S. Treasury Notes				
2022	\$ --	\$ --	N/A	N/A
2021	\$ 10,269,946	\$ 9,944,602	N/A	N/A
Mutual funds – invested in U.S. Treasury securities				
2022	\$ 25,381,394	\$ 25,381,394	AAAm/Aaa-mf	46
2021	\$ --	\$ --	N/A	N/A
Money market funds				
2022	\$ 102,044	\$ 102,044	AAAm/Aaa-mf	10
2021	\$ 502,651	\$ 502,651	AAAm/Aaa-mf	44

(1) Ratings are provided where applicable to indicate associated credit risk.

(2) Interest rate risk is estimated using weighted-average days to maturity.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the City Council complying with state statutes and the City charter. City/Trust funds may be invested in: 1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged;

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

2) Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those insured by or fully guaranteed as principal and interest by federal agencies or U.S. government-sponsored enterprises; 3) collateralized or insured certificates of deposit and other evidence of deposits at banks, savings banks, savings and loan associations and credit unions located in the Oklahoma when secured by appropriate collateral; 4) repurchase agreements that have underlying collateral of direct obligations or obligations of the United States government, its agencies and instrumentalities; 5) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized investments (domestic securities) with restrictions as specified in state law; 6) savings accounts or certificates of savings and loan associations, banks, and credit unions, to the extent the accounts are fully insured by the Federal Deposit Insurance; 7) State and Local Government Series (SLGS); 8) City direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the City is a beneficiary and judgments rendered against the City by a court of record provided it is a prudent investment; and 9) prime commercial paper with a maturity date less than 180 days which represents less than 10% of the outstanding paper of an issuing corporation.

Under the policy, the City/Trust may not invest in reverse repurchase agreements, derivative instruments created from, whose value depends on, or is derived from, the value of one or more underlying assets or indices of asset value and/or has no call options prior to the desired maturity or is a variable rate instrument. Collateralization is further restricted to permitted investments shown previously as items 1 and 2.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity period, a single issuer or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase.

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Cumulatively, portfolios may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the total portfolio may be placed with any single financial institution with the exception of repurchase agreements. U.S. government securities, SLGS, repurchase agreements, money market funds, and city judgments are excluded from these restrictions.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Maturity Limitations		Investment-Type Limitations	
Percentage of Total Principal		Percentage of Total Invested Principal	
Maximum % (1)		Maximum % (3)	
0 - 1 year	100%	Repurchase agreements	100%
1 - 3 years	90%	U.S. Treasury securities (2)	100%
3 - 5 years	90%	Certificates of deposit	50%
		Money market funds	100%
		Savings account	100%
		U.S. noncancellable agencies securities	100%
		U.S. callable agencies securities	20%
		Prime commercial paper	7.5%
		Direct debt obligations and judgements	5%

Except in instances of specifically matched cash flows, the portfolio is structured as follows:

- 1) For maturities limited to 0-1 year the minimum percentages allowed under the policy are 5-25%.
- 2) Includes SLGS.
- 3) For investments listed, there is no minimum percentage specified under the policy.

The City/Trust policy also allows surplus cash, certificates of deposit and repurchase agreements to be collateralized with securities with longer maturities if such maturity does not exceed 10 years.

Custodial credit risk is the risk that in the event of the failure of the counterparty the Trust will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City/Trust policy provides that investment collateral is held by a third-party custodian with whom the City has a current custodial agreement in the City's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. City policy is more restrictive than the requirements of Oklahoma law found in Title 62 of the Oklahoma Statutes as follows: Statutes allow investment in any agencies or instrumentalities of the U.S. government; negotiable certificates of deposit are permitted investments without collateralization restrictions (limited to 10% of investable funds and not more than half of the 10% may be invested in any one financial institution); prime banker's acceptances are acceptable investment instruments (limited to 270 days maturity or less and may comprise no more than 10% of investable funds with no more than half of the 10% in any one commercial bank); prime commercial paper is also permitted (restricted to 180 days maturity or less and may not comprise more than 10% of the outstanding paper of an issuing corporation with no more than 7.5% of investable funds permitted to be in commercial paper); purchase of municipal direct debt is not limited to Oklahoma City direct debt and may include Oklahoma counties and school districts.

The Trust's investment policy is more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the *Uniform Prudent Management of Institutional Funds Act of 1972*. These statutes restrict public trust investing to the Prudent Investor Rule defined by Title 60 of the Oklahoma Statutes to consider the purposes, terms, distribution requirements and other circumstances of the Trust and to exercise reasonable care,

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

skill and caution. Investment decisions must be evaluated not in isolation, but in the context of the Trust's portfolio as a whole and as a part of the overall investment strategy having risk and return objective reasonably suited to the Trust.

Trust investments were restricted for the following purposes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted cash - health claims	\$ 192,636	\$ 350,690
Restricted investments - construction account	<u>25,483,438</u>	<u>10,772,597</u>
	<u>\$ 25,676,074</u>	<u>\$ 11,123,287</u>

Summary of Fair Values

The carrying values of deposits and investments shown above are included in the accompanying statements of net position as follows (fair value leveling is specified in Footnote 1):

	<u>2022</u>	<u>2021</u>
Fair value		
Cash	\$ 30,960,527	\$ 26,375,376
Investments	<u>25,483,438</u>	<u>10,772,597</u>
	<u>\$ 56,443,965</u>	<u>\$ 37,147,973</u>
	<u>2022</u>	<u>2021</u>
Included in the following balances sheet captions		
Cash	\$ 30,767,891	\$ 26,024,686
Cash, restricted	192,636	350,690
Noncurrent restricted investments	<u>25,483,438</u>	<u>10,772,597</u>
	<u>\$ 56,443,965</u>	<u>\$ 37,147,973</u>

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital assets activity for the periods ended June 30, 2022 and 2021 (restated) was:

	Balance, July 1, 2021	Additions	Deletions	Transfers	Balance, June 30, 2022
Depreciable capital assets					
Buildings and grounds	\$ 109,123,642	\$ --	\$ 3	\$ --	\$ 109,123,639
Improvements	27,036,138	1,477,177	761,025	2,626,056	30,378,346
Right-of-use assets	1,959,612	--	--	--	1,959,612
Equipment and other	7,396,747	91,650	95,000	38,495	7,431,892
Total depreciable capital assets	145,516,139	1,568,827	855,676	2,664,551	148,893,489
Less accumulated depreciation					
Buildings and grounds	38,551,655	2,297,181	--	--	40,848,836
Improvements	11,288,876	1,321,697	567,661	--	12,042,912
Right-of-use assets	47,795	47,203	--	--	94,998
Equipment and other	6,148,342	360,252	35,060	--	6,473,534
Total accumulated depreciation	56,036,668	4,026,333	602,721	--	59,460,280
Depreciable capital assets, net of accumulated depreciation	<u>\$ 89,479,471</u>	<u>\$ (2,538,109)</u>	<u>\$ 173,475</u>	<u>\$ 2,664,551</u>	<u>\$ 89,433,209</u>
Nondepreciable capital assets					
Construction in progress	<u>\$ 6,076,057</u>	<u>\$ 23,275,425</u>	<u>\$ --</u>	<u>\$ (2,664,551)</u>	<u>\$ 26,686,931</u>
	Balance, July 1, 2020	Additions	Deletions	Transfers	Balance, June 30, 2021
Depreciable capital assets					
Buildings and grounds	\$ 109,113,201	\$ 10,441	\$ --	\$ --	\$ 109,123,642
Improvements	23,603,798	1,497,616	--	1,934,724	27,036,138
Right-of-use assets	--	1,959,612	--	--	1,959,612
Equipment and other	7,388,388	8,359	--	--	7,396,747
Total depreciable capital assets	140,105,387	3,476,028	--	1,934,724	145,516,139
Less accumulated depreciation					
Buildings and grounds	36,255,343	2,296,312	--	--	38,551,655
Improvements	10,095,420	1,193,456	--	--	11,288,876
Right-of-use assets	--	47,795	--	--	47,795
Equipment and other	5,659,300	489,042	--	--	6,148,342
Total accumulated depreciation	52,010,063	4,026,605	--	--	56,036,668
Depreciable capital assets, net of accumulated depreciation	<u>\$ 88,095,324</u>	<u>\$ (550,577)</u>	<u>\$ --</u>	<u>\$ 1,934,724</u>	<u>\$ 89,479,471</u>
Nondepreciable capital assets					
Construction in progress	<u>\$ 4,701,251</u>	<u>\$ 3,309,530</u>	<u>\$ --</u>	<u>\$ (1,934,724)</u>	<u>\$ 6,076,057</u>

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

4. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions, excluding unamortized premiums or discounts, for the years ended June 30, 2022 and 2021 (restated):

Description and Purpose	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2022					
Revenue Bonds Series					
2021 – direct placement, net of \$4,780,924 premium	\$ --	\$25,280,924	\$ 967,937	\$24,312,987	\$ 1,060,000
Revenue Bonds Series					
2019 - direct placement, net of \$21,013 discount	8,957,550	--	573,563	8,383,987	590,000
Lease liability	1,937,972	--	22,508	1,915,464	23,374
Unearned revenue	154,209	--	132,132	22,077	--
Net pension liability	2,209,355	--	2,209,355	--	--
Net OPEB obligation	15,535,082	--	858,873	14,676,209	--
	<u>\$28,794,168</u>	<u>\$25,280,924</u>	<u>\$4,764,368</u>	<u>\$ 49,310,724</u>	<u>\$ 1,673,374</u>
2021 (restated)					
Revenue Bonds - direct placement, net of \$22,450 discount	\$ 9,516,150	\$ --	\$ 558,600	\$ 8,957,550	\$ 575,000
Unearned revenue	254,707	--	100,498	154,209	--
Lease liability	--	1,959,612	21,640	1,937,972	22,507
Net pension liability	--	2,209,355	--	2,209,355	--
Net OPEB obligation	14,288,729	1,246,353	--	15,535,082	--
	<u>\$ 24,059,586</u>	<u>\$ 5,415,320</u>	<u>\$ 680,738</u>	<u>\$ 28,794,168</u>	<u>\$ 597,507</u>

Revenue Bonds

On March 28, 2019, the Trust issued \$10,030,000 of direct placement sales tax revenue bank notes, which mature through 2034 (Series 2019 Note), for the purpose of financing the costs of facilities, improvements and equipment for the Oklahoma City Zoo and Botanical Garden. The bonds are collateralized by the sales tax revenues received from the City pursuant to the Bond Indenture.

On August 11, 2021, the Trust issued \$20,500,000 of direct placement sales tax revenue bonds, which mature through 2036 (Series 2021 Bonds), for the purpose of financing the costs of facilities, improvements and equipment for the Oklahoma City Zoo and Botanical Garden. The bonds are collateralized by the sales tax revenues received from the City pursuant to the Bond Indenture.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

4. LONG-TERM OBLIGATIONS (CONTINUED)

Proceeds from tax-exempt bonds issued after September 1, 1996, are subject to the 1996 *Tax Reform Act*. The Trust complies with Internal Revenue Service regulations in order to maintain tax-exempt status on the bonds. The Trust had no arbitrage rebate liability at June 30, 2022 or 2021.

Annual debt service requirements to maturity for bonds payable are as follows:

Fiscal Year	Interest Rate Percentage	Principal	Interest	Total
2023	3.02 - 5.00%	\$ 1,650,000	\$ 1,097,381	\$ 2,747,381
2024	3.02 - 5.00%	1,715,000	1,037,163	2,752,163
2025	3.02 - 5.00%	1,780,000	974,541	2,754,541
2026	3.02 - 5.00%	1,840,000	909,515	2,749,515
2027	3.02 - 5.00%	1,905,000	842,236	2,747,236
Thereafter	3.02 - 5.00%	19,075,000	3,982,336	23,057,336
		<u>\$ 27,965,000</u>	<u>\$ 8,843,172</u>	<u>\$ 36,808,172</u>

Lease Liabilities

Description and purpose	Date of amended lease agreement	Amount of original agreement	Lease term	Implied interest rates	Amount outstanding	
					June 30, 2022	June 30, 2021
Oklahoma Zoological Trust						
Remington Park land	9/21/2005	\$ 3,300,000	75 years	4.01%	\$ 1,488,219	\$ 1,505,706
City of Nichol Hills						
Remington Park land	9/21/2005	945,000	75 years	4.01%	427,245	432,266
		<u>\$ 4,245,000</u>			<u>\$ 1,915,464</u>	<u>\$ 1,937,972</u>

The principal and interest requirements to maturity as of June 30, 2022, are as follows:

Fiscal Year	Total to be Paid	Principal	Interest
2023	\$ 96,301	\$ 23,374	\$ 72,892
2024	96,301	24,347	71,954
2025	96,301	25,322	70,979
2026	96,301	26,337	69,964
2027	96,301	27,392	68,909
Thereafter	3,274,234	1,788,692	1,281,340
	<u>\$ 3,551,494</u>	<u>\$ 1,915,464</u>	<u>\$ 1,636,038</u>

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEE RETIREMENT PLAN

Plan Description

All full-time employees of the Trust are eligible to participate in the City's Employee Retirement System (ERS), a single-employer defined benefit public retirement system. The executive director and division directors can elect to participate in a 401(a) plan instead of the City's ERS.

The ERS issues a separate stand-alone report that includes the financial statements and required supplementary information. The report can be obtained from the City's Accounting Services Division at 100 N. Walker, Oklahoma City, Oklahoma 73102.

The Trust's covered payroll approximated \$7,068,000 and \$7,842,000 for the years ended June 30, 2022 and 2021, respectively. The total payroll for all trust employees approximated \$8,821,500 and \$8,230,000 for the years ended June 30, 2022 and 2021, respectively.

Eligibility, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	6.89% of covered payroll
Plan member contributions	6.00% of covered payroll
Eligible to participate	Full-time trust employees
Funding of administrative costs	Investment earnings
Period required vesting	Five years
Eligibility for distribution	30 years credited service regardless of age or age 60 with 20 years (pre-March 1967 hires); or 25 years credited service regardless of age or age 65 with five years (post-March 1967 hires); or age 55 with five years on a reduced basis or five years of service, with benefits to begin at age 65 (60 with 10 years if pre-March 1967 hire)
Postretirement benefit increases	Cost of living adjustments, compounded annually, increases must be approved by the ERS Board
Provisions for disability benefits	Yes
Provisions for death benefits	Yes

Employer contribution rates are determined by the City Council based on an actuarially determined rate recommended by an independent actuary. Contributions to the ERS from the Trust were \$523,530 and \$451,992 for the years ended June 30, 2022 and 2021.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Asset or Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net pension assets or liabilities are reported when the ERS's fiduciary net position exceeds the employer's total pension liability, or the employer's proportionate share of the ERS's fiduciary net position exceeds the employer's proportionate share of the total liability for cost-sharing, multiple employer plans. Net pension asset (liability) information allocated to the Trust for the years ended June 30, 2022 and 2021 was as follows:

	June 30, 2022	June 30, 2021
Net pension assets (liabilities)	\$ 4,657,945	\$ (2,209,355)
Measurement date	June 30, 2021	June 30, 2020
Valuation date	December 31, 2020	December 31, 2019
Proportion	4.81%	4.67%

The net pension amount is measured by the ERS each June 30, and the total pension asset/liability used to calculate the net pension amount is determined by an actuarial valuation as of each December 31. Update procedures are used to roll forward the total pension liability to each June 30. The Trust's proportion of the collective ERS net pension amount is based on the ratio of the Trust's contributions to ERS relative to the total employer contributions from all entities participating in the ERS.

For the years ended June 30, 2022 and 2021, the Trust recognized pension (income) expense of \$(1,092,326) and \$620,880, respectively. At June 30, 2022 and 2021, the Trust reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 478,122	\$ 374,991	\$ 148,524	\$ 593,147
Changes of assumptions	1,455,107	--	1,831,595	--
Net difference between projected and actual earnings on pension plan investments	--	5,166,838	850,940	--
Trust's contributions made subsequent to the measurement date	523,530	--	451,992	--
Total	<u>\$ 2,456,759</u>	<u>\$ 5,541,829</u>	<u>\$ 3,283,051</u>	<u>\$ 593,147</u>

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

At June 30, 2022 and 2021, the Trust reported \$523,530 and \$451,992, respectively, as deferred outflows of resources related to pensions resulting from trust contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net pension liability at June 30, 2022. Other amounts reported as deferred outflows of resources at June 30, 2022, related to pensions will be recognized in pension expense as follows:

2022	\$ (890,220)
2023	(783,664)
2024	(905,089)
2025	(1,165,434)
2026	130,807
2027	5,000
	<u>\$ (3,608,600)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return ⁽¹⁾	7.00%
Discount rate ⁽¹⁾	7.00%
Projected salary increases ⁽¹⁾	3.25% including inflation
Postretirement benefit increases (maximum) ⁽¹⁾	2.00%
Inflation ⁽¹⁾	2.25%
Mortality	RP-2014 Blue Collar Healthy Annuitant Combined Mortality Table projected to 2025 using scale MP-2016

(1) There were no changes in the actuarial assumptions during the fiscal year

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period covering January 1, 2014 through December 31, 2018. A report dated December 31, 2018 presented the results of the experience study.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. These best estimates and the ERS's target asset allocation are summarized in the following table:

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

	Long-Term Expected Real Rate of Return	Target Allocation
Core bonds	2.59%	3.00%
Core plus	2.86%	8.00%
Global bonds	2.32%	5.00%
Absolute return	4.25%	4.00%
U.S. large cap equity	7.14%	18.00%
U.S. small cap equity	8.45%	10.00%
International developed equity	7.95%	11.00%
Emerging market equity	9.10%	6.00%
Long / short equity	5.73%	10.00%
Private equity	10.39%	10.00%
Core real estate	6.68%	10.00%
Opportunistic real estate	9.68%	5.00%
		<u>100.00%</u>

Discount Rate

A single discount rate of 7% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Trust's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The net pension asset of the Trust has been calculated using a discount rate of 7%. The following presents the net pension asset using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Trust's net pension asset (liability), June 30, 2022	\$ 575,042	\$ 4,657,945	\$ 9,017,336
Trust's net pension asset (liability), June 30, 2021	\$ (7,054,696)	\$ (2,209,355)	\$ 1,827,202

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City provides post-employment health care benefits for retired employees and their dependents through the City of Oklahoma City Post-Retirement Medical Plan (OPEBT), a single-employer defined benefit health care plan. The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. OPEBT issues a separate report that can be obtained from the City's Human Resource Department at 420 W. Main, Suite 110, Oklahoma City, Oklahoma 73102.

Benefits Provided

The City provides postretirement health care benefits to its retirees. OPEBT covers all current retirees who elected postretirement medical coverage and future retired general employees.

The City provides subsidized medical benefits either through a fully-insured health plan or through a self-insured Group Indemnity Plan. Benefits include general inpatient and outpatient medical services and prescription drug coverage. General employees are eligible for membership in OPEBT if they retire from the City on or after age 60 with 15 years of service or at any age with 25 years of service if hired before January 1, 2017. General employees that were hired after January 1, 2017 are not eligible to receive premium sharing upon retirement. Coverage for dependents can continue upon the death of the retiree. Spouses of employees who die in active service while eligible for benefits can receive coverage.

Contributions

The City contributes 50% of the premium as a subsidy toward medical coverage of retirees and their dependents effective January 1, 2021 (previous calendar year was 50%). The retirees and their dependents are responsible for paying the remaining 50% of the premium, effective January 1, 2020 (previous calendar year was 50%). The City also intends to make additional contributions to the irrevocable trust that has been established for the funding of OPEBT's net OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Trust's net OPEB liability of \$14,676,209 and \$15,535,082 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of that date. The Trust's proportion of the collective OPEBT net OPEB liability is based on the ratio of the Trust's total employees relative to the total employees for the City as a whole.

For the year ended June 30, 2022 and 2021, the Trust recognized OPEB income of \$131,117 and OPEB expense of \$391,633, respectively.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

At June 30, 2022 and 2021, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$2,545,665	\$4,947,082	\$2,401,072	\$4,222,130
Employer contributions	466,002	--	466,002	--
Changes of assumptions	--	1,334,237	--	1,653,441
Total	<u>\$3,011,667</u>	<u>\$6,281,319</u>	<u>\$2,867,074</u>	<u>\$5,875,571</u>

The \$466,002 reported as deferred outflows of resources related to OPEB resulting from Trust contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflows (Inflows) of Resources
2023	\$ (1,186,485)
2024	(1,175,885)
2025	(458,406)
2026	(398,596)
2027	(273,008)
Thereafter	(243,274)
	<u>\$ (3,735,654)</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	30 years, open
Actuarial asset valuation method	Four-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Discount Rate	3.35%
Inflation	3.00%
Projected salary increases	3.00%
Initial health care trend rates	8.00% (6.00% for Medicare age)
Ultimate health care trend rates	4.50% (4.50% for Medicare age)
Mortality table	RPH-2014 Blue Collar Headcount-weighted Mortality Table fully generation using Scale MP-2016 (set forward 5 years for disabled retirees). This is a change from 2021 when the Mortality rates were based on the RP-2000 Combined Mortality Table fully generational used Scale AA (set forward 7 years for disabled retirees).

Discount Rate and Long Term Expected Rate of Return

The discount rate used to measure the total OPEB liability was 3.35%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the net position is exhausted are discounted at the 20-year municipal bond rate. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to not be available to make all projected future benefit payments of current plan members after 2021. Therefore, the 20-year municipal bond rate based on a range of indices from 1.94%-2.19% was applied to projected benefit payments after 2029 to determine the total OPEB liability. The discount rate remained at 3.35% during the year. These best estimates and the OPEB's target asset allocation are summarized in the following table:

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

	Long-Term Expected Real Rate of Return	Target Allocation
Domestic equity	7.50%	60.00%
Domestic bonds	2.50%	30.00%
International equity	8.50%	10.00%
International bonds	3.50%	0.00%
Real estate	4.50%	0.00%
		<u>100.00%</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Trust, as well as what the Trust's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.35%) or 1-percentage-point higher (4.35%) than the current discount rate:

	1% Decrease <u>2.35%</u>	Discount Rate <u>3.35%</u>	1% Increase <u>4.35%</u>
Net OPEB Liability - 2022	\$ 18,262,846	\$ 14,718,132	\$ 11,969,802
Net OPEB Liability - 2021	\$ 18,928,980	\$ 15,535,082	\$ 12,865,300

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Trust, as well as what the Trust's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.00% decreasing to 7.00%) or 1-percentage-point higher (8.00% increasing to 9.00%) than the current healthcare cost trend rates:

	1% Decrease <u>7.00%</u>	Healthcare Trend Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Net OPEB Liability - 2022	\$ 11,705,885	\$ 14,718,132	\$ 18,685,590
Net OPEB Liability - 2021	\$ 12,570,425	\$ 15,535,082	\$ 19,405,750

The OPEBT issues a publicly available Annual Comprehensive Financial Report (ACFR) which may be obtained from the City's Accounting Services Division at 100 N. Walker, Oklahoma City, Oklahoma 73102. The ACFR includes the financial statements and required supplementary information of the OPEBT.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

7. LESSOR LEASES

The Trust has entered into several leasing agreements with landowners. In conjunction with the leases stated in Note 4, the Trust has the following lease receivables:

The Trust is entitled to receive one-half of 1% of Global Gaming RP, LLC's total annual handle, as defined in the agreement, that exceeds \$187 million and 1% of the gross gaming revenues in excess of \$60 million each year. Contingent lease revenue earned during the years ended June 30, 2022 and 2021, approximated \$636,575 and \$279,821, respectively.

On February 5, 2013, the Trust entered into a sublease agreement with 3Horse Productions, LLC (3Horse) in which 3Horse will lease and operate the Zoo Amphitheater through November 27, 2017, with a five-year optional extension. On December 20, 2017, the Trust renewed the agreement for an addition five-year extension. The contract stipulated that 3Horse invest \$100,000 in improvements to the Zoo Amphitheater before April 1, 2013. In addition, 3Horse will pay \$258,000 a year in rent, adjusted by the greater of \$3,000 or the Consumer Price Index rate annually, and \$1 per ticket sold for concerts held at the amphitheater. The future payments include in the measurement of the lease receivable at an implied discount rate of 4.01% and are as follows:

Year Ending June 30, 2022	Total to be received	Principal	Interest
2023	\$ 835,000	\$ 193,809	\$ 641,191
2024	835,000	201,327	633,673
2025	835,000	209,093	625,907
2026	835,000	217,160	617,840
2027	835,000	225,538	609,462
2028 – 2032	4,175,000	1,265,125	2,909,875
2033 – 2037	4,175,000	1,528,744	2,646,256
2038 – 2042	4,175,000	1,847,294	2,327,706
2043 – 2047	4,175,000	2,232,222	1,942,778
2048 – 2052	4,175,000	2,697,358	1,477,642
2053 – 2057	4,175,000	3,259,416	915,584
2058 – 2061	3,006,515	2,756,651	249,864
	<u>\$ 32,231,513</u>	<u>\$ 16,633,737</u>	<u>\$ 15,597,776</u>

Contingent rental income for the year ended June 30, 2022 and 2021 was \$636,575 and \$289,821, respectively, and is included in rent revenue on the Statement of Revenues, Expenses and Changes in Net Position.

8. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, the Trust recorded payments from the City derived from sales tax receipts of \$16,909,008 and \$14,785,511, respectively.

The City leases to the Trust real and personal property of the Zoo at no cost to the Trust. This agreement gives the Trust the right to operate and realize the revenues of the Zoo. The City

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

8. RELATED-PARTY TRANSACTIONS (CONTINUED)

also leases to the Trust the main portion of the Remington Park Race Track site at no cost to the Trust.

The City provides certain services to the Trust. Charges for those services for the years ended June 30, 2022 and 2021, are \$709,699 and \$731,923, respectively, and include administrative, insurance, printing, postage and workers' compensation expenses.

The Society leases a small portion of the Remington Park Race Track site to the Trust for \$74,821 per year expiring in 2064. Also, for fiscal years 2022 and 2021, the Society provided Zoo support and donated approximately \$2,635,810 and \$2,047,188, respectively, in Society membership dues, purchase of admission tickets, catering and other payments used to support Zoo operations and activities. Of the amounts provided, the Trust recognized approximately \$3,630,000 and \$2,179,000 for fiscal years 2022 and 2021, respectively, as donations in the Trust's financial statements. As of June 30, 2022 and 2021, the Trust had a receivable from the Society of approximately \$606,000 and \$131,000, respectively.

9. RISK MANAGEMENT

The Zoo 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. The Zoo pays an insurance premium to the City for property loss and workers' compensation insurance coverage. Significant losses are covered by commercial insurance policies for all other programs except employee health, dental and life insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Substantially all of the Zoo's employees and their dependents are eligible to participate in the Zoo's employee health insurance plan, which includes dental and life insurance. The Zoo is self-insured for health claims of participating employees and dependents up to an annual amount of \$65,000 per individual. Commercial stop-loss insurance coverage is purchased for claims in excess of the annual amount. For fiscal year 2022 and 2021 self-insured health claims were \$489,370 and \$899,661 respectively. A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Zoo's estimate will change by a material amount in the near term.

Activity in the Zoo's accrued employee health claims liability, included in accounts payable on the accompanying statements of net position, during 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 86,000	\$ 37,202
Current year claims incurred and changes in estimates for		
claims incurred in prior years	482,370	948,459
Claims and expenses paid	<u>(489,370)</u>	<u>(899,661)</u>
Balance, end of year	<u>\$ 79,000</u>	<u>\$ 86,000</u>

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS

10. SERVICE CONCESSION ARRANGEMENTS

During 2017 the Trust entered into an agreement with Lancer Hospitality Oklahoma, LLC (Lancer), under which Lancer has the exclusive right to provide food services, catering services and room rentals through March 22, 2024. The Trust has reported \$973,091 and \$797,112 in concession commissions through June 30, 2022 and 2021, respectively. Lancer will pay various commission percentages based on adjusted gross receipts to the Trust (commission percentage ranges from 32-34%). Lancer has guaranteed minimum payments, related to the above commission percentages, over the course of the arrangement; the present value of these guaranteed payments is estimated to be \$995,647. Lancer is required to operate and maintain the facilities in accordance with the agreement.

During 2018 the Trust entered into an agreement with Lancer, under which Lancer has the exclusive right to provide retail services through March 22, 2024. Lancer will pay various commission percentages based on adjusted gross receipts to the Trust (commission percentage ranges from 32-34%). The Trust has reported \$629,770 in merchandise commissions through June 30, 2021, respectively. During 2021 Lancer withdrew from the agreement as the operator for retail services. As such the Zoo no longer recognized guaranteed minimum payments, related to the above commission percentages, over the course of the arrangement.

As part of both agreements above, Lancer had made investments in capital assets and improvements to existing zoo facilities to operate in accordance with their agreements. The net book value of these asset improvements related to concession improvements and gift shops totaled \$1,175,787 as of June 30, 2022 and 2021. The residual value of the gift shop of \$438,857 upon Lancer's withdrawal from the retail agreement is still being maintained by the Zoo and is shown as a capital contribution for the period ended June 30, 2021.

As of June 30, 2022, Lancer still operates asset improvements related to concessions with a residual net book value of \$657,096.

The Trust reports a receivable and deferred inflow of resources in the amount of \$1,652,743 at year end pursuant to the service concession arrangements.

REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
Defined Benefit Pension Plan

I. Schedule of Proportionate Share Information	2022	2021	2020	2019	2018	2017	2016
Trust's proportion of the net pension asset	4.81%	4.67%	4.35%	4.44%	4.46%	4.46%	4.18%
Trust's proportionate share of the net pension asset (liability)	\$ 4,657,945	\$ (2,209,355)	\$ 420,543	\$ 1,244,139	\$ 1,115,826	\$ (52,322)	\$ 1,958,668
Trust's covered-employee payroll	\$ 7,841,607	\$ 8,274,080	\$ 6,144,696	\$ 6,025,585	\$ 8,396,367	\$ 5,938,606	\$ 4,449,222
Trust's proportionate share of the net pension asset as a percentage of its covered-employee payroll	59.4%	26.7%	6.84%	20.65%	13.29%	-0.88%	44.02%
Plan fiduciary net position as a percentage of the total pension asset	111.43%	94.14%	101.30%	103.92%	103.69%	99.82%	107.52%

*The amounts presented for each fiscal year were determined as of the measurement date.

II. Schedule of Employer Contributions	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 523,530	\$ 451,992	\$ 337,394	\$ 312,047	\$ 305,688	\$ 305,688	\$ 327,691
Contributions in relation to the contractually required contribution	<u>523,530</u>	<u>451,992</u>	<u>337,394</u>	<u>312,047</u>	<u>305,688</u>	<u>305,688</u>	<u>327,691</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Trust's covered-employee payroll	\$ 7,068,428	\$ 7,841,607	\$ 8,274,080	\$ 6,144,696	\$ 6,025,585	\$ 8,396,367	\$ 5,938,606
Contributions as a percentage of covered-employee payroll	7.41%	5.76%	4.08%	5.08%	5.07%	3.64%	5.52%

Notes to Schedules

Only the 2016 through 2022 fiscal year information is presented because the 10-year data is not yet available.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
Other Post-Employment Benefit Plan

I. Schedule of Proportionate Share Information	2022	2021	2020	2019	2018
Trust's proportion of the OPEB liability	3.51%	3.50%	3.36%	3.39%	3.61%
Trust's proportionate share of the OPEB liability	\$ 14,676,209	\$ 15,535,082	\$ 14,288,729	\$ 14,266,481	\$ 18,841,596
Trust's covered-employee payroll	\$ 7,841,607	\$ 8,274,080	\$ 6,144,696	\$ 6,025,585	\$ 8,396,367
Trust's proportionate share of the net pension asset as a percentage of its covered-employee payroll	187.16%	187.76%	232.54%	236.77%	224.40%
Plan fiduciary net position as a percentage of the total pension asset	18.70%	13.80%	13.10%	12.00%	8.50%

*The amounts presented for each fiscal year were determined as of the measurement date.

Notes to Schedules

Only the 2018 through 2022 fiscal year information is presented because the 10-year data is not yet available.

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
Other Post-Employment Benefit Plan

Schedule of Trust Contributions

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 641,945	\$ 672,214	\$ 734,909	\$ 853,057	\$ 869,950
Contributions in relation to the contractually required contribution	<u>467,333</u>	<u>489,311</u>	<u>489,311</u>	<u>493,680</u>	<u>571,000</u>
Contribution deficiency (excess)	<u>\$ 174,612</u>	<u>\$ 182,903</u>	<u>\$ 245,598</u>	<u>\$ 359,377</u>	<u>\$ 298,950</u>
 Covered-employee payroll	 \$ 7,068,428	 \$ 7,841,607	 \$ 8,274,080	 \$ 6,144,696	 \$ 6,025,585
 Contributions as a percentage of covered-employee payroll	 6.61%	 6.24%	 5.91%	 8.03%	 9.48%

Notes to Schedules

Only the 2018 through 2022 fiscal year information is presented because the 10-year data is not yet available.

SUPPLEMENTARY INFORMATION

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
COMBINING STATEMENT OF NET POSITION
June 30, 2022

	Operating Account	Designated Account	Sales Tax Account	Total
Current Assets				
Cash	\$ 5,458,467	\$ 102,768	\$ 25,206,656	\$ 30,767,891
Accounts receivable, net of allowance	1,653,786	--	--	1,653,786
Leases receivable	193,809	--	--	193,809
Inventories	153,688	--	--	153,688
Sales tax receivable from the City	--	--	2,406,460	2,406,460
Cash, restricted	192,636	--	--	192,636
	<u>7,652,386</u>	<u>102,768</u>	<u>27,613,116</u>	<u>35,368,270</u>
Total current assets				
	<u>7,652,386</u>	<u>102,768</u>	<u>27,613,116</u>	<u>35,368,270</u>
Noncurrent Assets				
Investments, restricted	--	--	25,483,438	25,483,438
Accounts receivable	374,161	--	--	374,161
Leases receivable	16,439,928	--	--	16,439,928
Net pension asset	4,657,945	--	--	4,657,945
Capital assets				
Construction in progress	--	--	26,686,931	26,686,931
Other capital assets, net of accumulated depreciation	6,487,127	--	82,946,082	89,433,209
	<u>27,959,161</u>	<u>--</u>	<u>135,116,451</u>	<u>163,075,612</u>
Total noncurrent assets				
	<u>27,959,161</u>	<u>--</u>	<u>135,116,451</u>	<u>163,075,612</u>
Total assets	<u>35,611,547</u>	<u>102,768</u>	<u>162,729,567</u>	<u>198,443,882</u>
Deferred Outflows of Resources				
OPEB plan	3,011,667	--	--	3,011,667
Pension plan	2,456,759	--	--	2,456,759
	<u>5,468,426</u>	<u>--</u>	<u>--</u>	<u>5,468,426</u>
Total deferred outflows of resources				
	<u>5,468,426</u>	<u>--</u>	<u>--</u>	<u>5,468,426</u>
	<u>\$ 41,079,973</u>	<u>\$ 102,768</u>	<u>\$ 162,729,567</u>	<u>\$ 203,912,308</u>

OKLAHOMA CITY ZOOLOGICAL TRUST
A Component Unit of the City of Oklahoma City, Oklahoma
COMBINING STATEMENT OF NET POSITION
June 30, 2022

	Operating Account	Designated Account	Sales Tax Account	Total
Current Liabilities				
Accounts payable	\$ 1,275,897	\$ 10,000	\$ 1,234,845	\$ 2,520,742
Lease liability	23,374	--	--	23,374
Wages and benefits payable	214,605	--	--	214,605
Compensated absences	175,649	--	--	175,649
Bonds payable, current	--	--	1,650,000	1,650,000
Bond interest payable	--	--	56,301	56,301
	<u>1,689,525</u>	<u>10,000</u>	<u>2,941,146</u>	<u>4,640,671</u>
Noncurrent Liabilities				
Bonds payable, net	--	--	31,046,974	31,046,974
Lease liability	1,892,090	--	--	1,892,090
Unearned revenue	22,077	--	--	22,077
Net OPEB liability	<u>14,676,209</u>	<u>--</u>	<u>--</u>	<u>14,676,209</u>
	<u>16,590,376</u>	<u>--</u>	<u>31,046,974</u>	<u>47,637,350</u>
Total liabilities	<u>18,279,901</u>	<u>10,000</u>	<u>33,988,120</u>	<u>52,278,021</u>
Deferred Inflows of Resources				
Service concession arrangement	1,652,743	--	--	1,652,743
OPEB liability	6,281,319	--	--	6,281,319
Pension plan	5,541,829	--	--	5,541,829
Lease revenue	<u>18,180,122</u>	<u>--</u>	<u>--</u>	<u>18,180,122</u>
	<u>31,656,013</u>	<u>--</u>	<u>--</u>	<u>31,656,013</u>
Net Position				
Net investment in capital assets	4,571,663	--	77,577,063	84,064,190
Restricted for health claims	113,636	--	--	113,636
Unrestricted	<u>(13,541,240)</u>	<u>92,768</u>	<u>51,164,384</u>	<u>35,800,448</u>
	<u>(8,855,941)</u>	<u>92,768</u>	<u>128,741,447</u>	<u>119,978,274</u>
	<u>\$ 41,079,973</u>	<u>\$ 102,768</u>	<u>\$ 162,729,567</u>	<u>\$ 203,912,308</u>

OKLAHOMA CITY ZOOLOGICAL TRUST

A Component Unit of the City of Oklahoma City, Oklahoma

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2022

	Operating Account	Designated Account	Sales Tax Account	Total
Operating Revenues				
Zoo admissions	\$ 4,208,414	\$ --	\$ --	\$ 4,208,414
Concessions	4,560,618	--	--	4,560,618
Zoo activities	2,839,268	--	--	2,839,268
Rent	1,434,702	--	--	1,434,702
Total operating revenues	13,043,002	--	--	13,043,002
Operating Expenses				
Personnel services	9,896,445	--	--	9,896,445
Maintenance, operations and contractual services	5,083,612	--	--	5,083,612
Materials and supplies	1,580,352	--	177,047	1,757,399
Depreciation	437,072	--	3,589,261	4,026,333
Other	261,765	--	--	261,765
Total operating expenses	17,259,246	--	3,766,308	21,025,554
Operating loss	(4,216,244)	--	(3,766,308)	(7,982,552)
Nonoperating Revenues (Expenses)				
Grants	--	5,755,135	--	5,755,135
Donations	3,319,813	--	--	3,319,813
Investment income	23,015	3,538	24,438	50,991
Interest revenue - leases	646,763	--	--	646,763
Interest expense	22,509	--	(1,215,851)	(1,193,342)
Sales tax revenues from the City	--	--	16,909,008	16,909,008
Total nonoperating revenues	4,012,100	5,758,673	15,717,595	25,488,368
Change in net position before transfers	(204,144)	5,758,673	11,951,287	17,505,816
Transfers Between Accounts	2,735,144	(5,712,135)	2,976,991	--
Change in net position	2,531,000	46,538	14,928,278	17,505,816
Net Position, Beginning of Year (restated)	(11,386,941)	46,230	113,813,169	102,472,458
Net Position, End of Year	\$ (8,855,941)	\$ 92,768	\$ 128,741,447	\$ 119,978,274

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Oklahoma City Zoological Trust
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Oklahoma City Zoological Trust (Trust), a blended component unit of the City of Oklahoma City, Oklahoma (City), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2022.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 Trust'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 would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 on the effectiveness of the Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
November 23, 2022