

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Independent Auditor's Reports and Financial Statements
June 30, 2015 and 2014



Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
June 30, 2015 and 2014

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Independent Auditor's Report

Board of Trustees
Oklahoma City Zoological Trust
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Oklahoma City Zoological Trust (the Trust), a component unit of the City of Oklahoma City, Oklahoma, which are comprised of the statements of net position as of June 30, 2015 and 2014, 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 basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 2* to the financial statements, in 2015, the Trust adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and pension and other postemployment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB, 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; however, we noted that the 2014 and 2013 balances presented in the management's discussion and analysis do not reflect the adjustments for GASB Statement No. 68.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedules of net position information and revenues, expenses and changes in net position information, listed in the table of contents, are 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 audits 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 information 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 December 4, 2015, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2015

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014

Introduction

Within this section of the Oklahoma City Zoological Trust's (the 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, 2015 and 2014. 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 (the City).

Financial Highlights

Trust assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,046,582 for fiscal year 2015. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities by \$75,866,537.

Total net position at June 30, 2015, is comprised of the following:

- Net investment in capital assets of \$64,437,920 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
- Net position restricted for debt service of \$492,948 includes investments in trust accounts.
- Net position restricted for health claims of \$81,410 includes the cash in trust accounts, net of the related liability for claims incurred but not yet reported.
- Unrestricted net position of \$15,034,304 represents the portion available to maintain the Trust's continuing obligations to citizens and creditors.

Total liabilities and deferred inflows of resources of the Trust increased by \$2,183,840 to \$12,312,700 during the fiscal year.

Overview of the Financial Statements

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

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 statement of net position presents information that includes all of the Trust's assets and deferred outflows of resources and 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.

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 trust cash.

Financial Analysis

The Trust's net position at June 30, 2015, was \$80,046,582. This is an increase of \$4,180,045 over the net position at June 30, 2014, of \$75,866,537. The overall financial position of the Trust improved during the 2015 and 2014 fiscal years. The following table provides a summary of net position:

Summary of Net Position

	2015	2014	2013	2015 versus 2014		2014 versus 2013	
				Amount Change	Percent Change	Amount Change	Percent Change
Assets							
Current and other assets	\$ 25,237,520	\$ 21,497,275	\$ 20,015,410	\$ 3,740,245	17.4%	\$ 1,481,865	7.4%
Capital assets	<u>66,632,257</u>	<u>64,328,397</u>	<u>61,705,633</u>	<u>2,303,860</u>	3.6%	<u>2,622,764</u>	4.3%
Total assets	91,869,777	85,825,672	81,721,043	6,044,105	7.0%	4,104,629	5.0%
Deferred Outflows of Resources	<u>489,505</u>	<u>169,725</u>	<u>203,670</u>	<u>319,780</u>	188.4%	<u>(33,945)</u>	-16.7%
Total assets and deferred outflows of resources	<u>\$ 92,359,282</u>	<u>\$ 85,995,397</u>	<u>\$ 81,924,713</u>	<u>\$ 6,363,885</u>	7.4%	<u>\$ 4,070,684</u>	5.0%
Liabilities							
Current liabilities	\$ 2,665,303	\$ 2,886,952	\$ 2,292,091	\$ (221,649)	-7.7%	\$ 594,861	26.0%
Noncurrent liabilities	<u>7,691,078</u>	<u>7,241,908</u>	<u>7,120,301</u>	<u>449,170</u>	6.2%	<u>121,607</u>	1.7%
Total liabilities	<u>\$ 10,356,381</u>	<u>\$ 10,128,860</u>	<u>\$ 9,412,392</u>	<u>\$ 227,521</u>	2.2%	<u>\$ 716,468</u>	7.6%
Deferred Inflows of Resources	<u>1,956,319</u>	<u>-</u>	<u>-</u>	<u>1,956,319</u>	100.0%	<u>-</u>	0.0%
Total liabilities and deferred inflows of resources	<u>\$ 12,312,700</u>	<u>\$ 10,128,860</u>	<u>\$ 9,412,392</u>	<u>\$ 2,183,840</u>	21.6%	<u>\$ 716,468</u>	7.6%
Net Position							
Net investment in capital assets	\$ 64,437,920	\$ 60,742,996	\$ 58,376,708	\$ 3,694,924	6.1%	\$ 2,366,288	4.1%
Restricted for debt service	492,948	296,241	99,128	196,707	66.4%	197,113	198.8%
Restricted for health claims	81,410	255,940	232,406	(174,530)	-68.2%	23,534	100.0%
Unrestricted	<u>15,034,304</u>	<u>14,571,360</u>	<u>13,804,079</u>	<u>462,944</u>	3.2%	<u>767,281</u>	5.6%
Total net position	<u>\$ 80,046,582</u>	<u>\$ 75,866,537</u>	<u>\$ 72,512,321</u>	<u>\$ 4,180,045</u>	5.5%	<u>\$ 3,354,216</u>	4.6%

The increase in current and other assets in 2015 and 2014 was primarily due to the buildup of funds related to the anticipated capital needs of the Trust in future years. The increase in capital assets during 2015 was due to construction of the veterinary hospital of approximately \$3.1 million, other construction projects of \$0.2 million and other miscellaneous additions of approximately \$1.7 million, offset by depreciation of approximately \$2.7 million. The increase in capital assets during 2014 was due to construction of the veterinary hospital of approximately \$4.4 million and other miscellaneous additions of approximately \$1.3 million, offset by retirements of approximately \$1.0 million and depreciation of approximately \$2.9 million. The increase in deferred outflows of resources of \$0.3 million is due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during 2015.

The decrease in current liabilities was primarily due to a decrease in accounts payable from construction invoices. During fiscal year 2014, current liabilities increased due to an increase in accounts payable from construction invoices.

The increase in long-term liabilities at year-end and 2014 is primarily due to an increase in the Trust's other postemployment benefits (OPEB) obligation. The increase in deferred inflows of resources of \$2.0 million is due to the implementation of GASB Statement No. 68 during 2015.

Summary of Changes in Net Position

	2015	2014	2013	2015 versus 2014		2014 versus 2013	
				Amount Change	Percent Change	Amount Change	Percent Change
Operating Revenues	\$ 10,999,343	\$ 10,431,625	\$ 8,980,381	\$ 567,718	5.4%	\$ 1,451,244	16.2%
Nonoperating Revenues							
Sales tax payments from the City	13,648,546	13,399,445	12,925,414	249,101	1.9%	474,031	3.7%
Investment income	62,206	60,625	38,053	1,581	2.6%	22,572	59.3%
Donations	831,865	992,000	2,617,724	(160,135)	-16.1%	(1,625,724)	-62.1%
Total revenues	<u>25,541,960</u>	<u>24,883,695</u>	<u>24,561,572</u>	<u>658,265</u>	2.6%	<u>322,123</u>	1.3%
Operating Expenses	21,741,501	21,343,933	20,320,052	397,568	1.9%	1,023,881	5.0%
Nonoperating Expenses							
Interest expense	158,172	185,546	202,442	(27,374)	-14.8%	(16,896)	-8.3%
Total expenses	<u>21,899,673</u>	<u>21,529,479</u>	<u>20,522,494</u>	<u>370,194</u>	1.7%	<u>1,006,985</u>	4.9%
Change in Net Position	3,642,287	3,354,216	4,039,078	288,071	8.6%	(684,862)	-17.0%
Net Position, Beginning of Year	<u>75,866,537</u>	<u>72,512,321</u>	<u>68,473,243</u>	<u>3,354,216</u>	4.6%	<u>4,039,078</u>	5.9%
Change in Accounting Principle	<u>537,758</u>	-	-	-	100.0%	-	0.0%
Net Position, End of Year	<u>\$ 80,046,582</u>	<u>\$ 75,866,537</u>	<u>\$ 72,512,321</u>	<u>\$ 3,642,287</u>	4.8%	<u>\$ 3,354,216</u>	4.6%

During 2015, operating revenues increased 5.4% primarily due to a 2.27% increase in attendance. Operating expenses increased 1.9% due to an increase in personnel services and materials and supplies expense offset by a decrease in depreciation expense. Sales tax payments from the City increased 1.9% due to improved economic conditions. Investment income increased 2.6% due to a relatively stable cash balance during the year.

During 2014, operating revenues increased 16.2% due to 11.5% increase in attendance. Operating expenses increased 5.0% due to an increase in personnel services expense offset by a decrease in materials and supplies. Sales tax payments from the City increased 3.7% due to improved economic conditions. Investment income increased 59.3% due to an increased cash balance during the year.

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 2015 and 2014, the donations from Oklahoma Zoological Society, Inc., decreased by 16.1% and 62.1%, respectively, due to an increase in 2013 of donations for the veterinary hospital that were not repeated in 2015 or 2014.

Capital Assets and Debt Administration

The 2010 Master Plan envisions spending approximately \$69,000,000 over a 10-year period. Individual elements of the plan and their estimated costs are approximately: Veterinary Hospital – \$9,000,000; World Plaza – \$2,500,000; northwest zoo improvements – \$2,500,000; Africa Phase 1 – \$21,000,000; zip line, ropes course, safari boat – \$800,000; northeast zoo improvements – \$27,000,000; signage – \$2,500,000; and parking lot improvements – \$3,000,000. To date, the Trust has spent approximately \$10,300,000 on these projects.

Capital Assets, Net of Accumulated Depreciation

Capital Assets

The Trust's investment in capital assets, net of accumulated depreciation, as of June 30, 2015, was \$66,632,257. The increase of \$2,303,860 or 3.6% from June 30, 2014, is due primarily to the construction on the veterinary hospital.

The Trust's investment in capital assets, net of accumulated depreciation, as of June 30, 2014, was \$64,328,397. The increase of \$2,622,764 or 4.3% from June 30, 2013, is due primarily to the construction on the veterinary hospital.

	2015	2014	2013	2015 versus 2014		2014 versus 2013	
				Amount Change	Percent Change	Amount Change	Percent Change
Nondepreciable Assets							
Construction in progress	\$ 8,886,084	\$ 5,611,588	\$ 1,187,749	\$ 3,274,496	58.4%	\$ 4,423,839	372.5%
Depreciable Assets							
Buildings and grounds	50,944,587	52,625,769	54,404,553	(1,681,182)	-3.2%	(1,778,784)	-3.3%
Improvements	5,186,816	4,518,585	4,970,861	668,231	14.8%	(452,276)	-9.1%
Equipment and other	1,614,770	1,572,455	1,142,470	42,315	2.7%	429,985	37.6%
Total	<u>\$ 66,632,257</u>	<u>\$ 64,328,397</u>	<u>\$ 61,705,633</u>	<u>\$ 2,303,860</u>	3.6%	<u>\$ 2,622,764</u>	4.3%

Long-Term Debt

At the end of fiscal years 2015 and 2014, the Trust had total bonded debt outstanding of \$2,590,595 and \$3,171,994, respectively. This debt is collateralized by the sales tax revenues received from the City. See *Note 5* to the accompanying financial statements for more information regarding bonded debt.

Bond Rating

The Trust's bond is rated Aa2 by Moody's. This rating is disclosed on the face of the final official statement for the bond. The bond rating has not changed since issuance.

Outstanding Bond

	2015	2014	2013	2015 versus 2014		2014 versus 2013	
				Amount Change	Percent Change	Amount Change	Percent Change
Revenue bond	<u>\$ 2,590,595</u>	<u>\$ 3,171,994</u>	<u>\$ 3,723,393</u>	<u>\$ (581,399)</u>	-18.3%	<u>\$ (551,399)</u>	-14.8%

Economic Factors

Economic factors significantly affecting the City's economic strength is its central location at the intersection 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, 2015 and 2014

Assets and Deferred Outflows of Resources

	2015	2014
Assets		
Cash	\$ 17,721,810	\$ 16,844,128
Accounts receivable, net of allowance; 2015 – \$4,082, 2014 – \$40,151	415,019	429,277
Inventories	1,010,931	889,859
Sales tax receivable from the City	1,862,716	1,875,401
Prepaid expenses	42,701	40,674
Cash, restricted	196,591	332,392
Total current assets	21,249,768	20,411,731
Noncurrent Assets		
Investments, restricted	1,340,873	1,085,544
Net pension asset	2,646,879	-
Capital assets		
Construction in progress	8,886,084	5,611,588
Other capital assets, net of accumulated depreciation	57,746,173	58,716,809
Total noncurrent assets	70,620,009	65,413,941
Total assets	91,869,777	85,825,672
Deferred Outflows of Resources		
Loss on refunding, net	135,780	169,725
Employer contributions	353,725	-
Total deferred outflows of resources	489,505	169,725
Total assets and deferred outflows of resources	\$ 92,359,282	\$ 85,995,397

Liabilities and Deferred Inflows of Resources

	<u>2015</u>	<u>2014</u>
Current Liabilities		
Accounts payable	\$ 1,099,648	\$ 1,544,549
Wages and benefits payable	293,694	246,277
Compensated absences	235,029	180,518
Bonds payable, current	605,000	575,000
Bond interest payable	8,251	10,647
Unearned lease revenue	47,023	47,023
Other accrued liabilities	<u>376,658</u>	<u>282,938</u>
Total current liabilities	<u>2,665,303</u>	<u>2,886,952</u>
Noncurrent Liabilities		
Bonds payable, net	1,985,595	2,596,994
Unearned lease revenue	2,246,959	2,294,868
Net OPEB obligation	<u>3,458,524</u>	<u>2,350,046</u>
Total noncurrent liabilities	<u>7,691,078</u>	<u>7,241,908</u>
Total liabilities	10,356,381	10,128,860
Deferred Inflows of Resources		
	<u>1,956,319</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 12,312,700</u>	<u>\$ 10,128,860</u>
Net Position		
Net investment in capital assets	\$ 64,437,920	\$ 60,742,996
Restricted for debt service	492,948	296,241
Restricted for health claims	81,410	255,940
Unrestricted	<u>15,034,304</u>	<u>14,571,360</u>
Total net position	<u>\$ 80,046,582</u>	<u>\$ 75,866,537</u>

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Zoo admissions	\$ 2,947,487	\$ 2,702,666
Concessions	3,058,038	2,984,087
Zoo activities	3,612,667	3,471,998
Rent	1,381,151	1,272,874
	<u>10,999,343</u>	<u>10,431,625</u>
Operating Expenses		
Personnel services	10,838,337	10,656,880
Maintenance, operations and contractual services	4,164,519	4,034,947
Materials and supplies	3,794,195	3,240,873
Depreciation	2,635,072	2,940,628
Other	309,378	470,605
	<u>21,741,501</u>	<u>21,343,933</u>
Operating Loss	<u>(10,742,158)</u>	<u>(10,912,308)</u>
Nonoperating Revenues (Expenses)		
Donations	831,865	992,000
Investment income	62,206	60,625
Interest expense	(158,172)	(185,546)
Sales tax payments from the City	13,648,546	13,399,445
	<u>14,384,445</u>	<u>14,266,524</u>
Change in Net Position	<u>3,642,287</u>	<u>3,354,216</u>
Net Position, Beginning of Year, as Previously Reported	75,866,537	72,512,321
Change in Accounting Principle	<u>537,758</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	<u>76,404,295</u>	<u>72,512,321</u>
Net Position, End of Year	<u>\$ 80,046,582</u>	<u>\$ 75,866,537</u>

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Operating Activities		
Cash received from customers	\$ 11,059,412	\$ 10,439,976
Cash payments to suppliers for goods and services	(7,940,397)	(8,110,474)
Cash payments to employees for services	(10,134,458)	(9,769,438)
Net cash used in operating activities	(7,015,443)	(7,439,936)
Noncapital Financing Activities		
Sales tax payments from the City	13,661,232	16,283,911
Donations received	527,204	545,080
Net cash provided by noncapital financing activities	14,188,436	16,828,991
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,834,627)	(4,955,738)
Principal paid on bonds	(545,000)	(515,000)
Donations received	304,661	446,920
Interest paid on bonds	(163,022)	(190,271)
Net cash used in capital and related financing activities	(6,237,988)	(5,214,089)
Investing Activities		
Purchase of investments	(13,886,879)	(17,181,958)
Proceeds from sale of investments	13,631,549	16,832,776
Investment income	62,206	60,624
Net cash used in investing activities	(193,124)	(288,558)
Increase in Cash	741,881	3,886,408
Cash, Beginning of Year	17,176,520	13,290,112
Cash, End of Year	\$ 17,918,401	\$ 17,176,520
Reconciliation to Cash		
Unrestricted	\$ 17,721,810	\$ 16,844,128
Restricted	196,591	332,392
Total cash	\$ 17,918,401	\$ 17,176,520

See Notes to Financial Statements

	<u>2015</u>	<u>2014</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (10,742,158)	\$ (10,912,308)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	2,635,072	2,940,628
Loss on disposal of capital assets	83,344	197,541
Net pension asset	(152,802)	-
Changes in operating assets and liabilities		
Accounts receivable	14,258	109,484
Inventories	(121,072)	(211,260)
Prepaid expenses	(2,027)	(28,964)
Accounts payable	367,450	(321,366)
Wages and benefits payable	47,417	(164,575)
Compensated absences	54,511	10,891
Other accrued liabilities	93,720	189,964
Deferred lease revenue	(47,909)	(291,097)
Deferred employer contributions	(353,725)	-
Net OPEB obligation	<u>1,108,478</u>	<u>1,041,126</u>
Net cash used in operating activities	<u>\$ (7,015,443)</u>	<u>\$ (7,439,936)</u>
Noncash Capital and Financing Activities		
Capital asset addition included in accounts payable	<u>\$ 252,127</u>	<u>\$ 1,064,478</u>

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Note 1: Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The Oklahoma City Zoological Trust (the Trust) was created by the City of Oklahoma City, Oklahoma (the City) on January 7, 1975, under the laws of the State of Oklahoma (the State) for the purpose of developing, maintaining, operating and managing the Oklahoma City Zoo (the 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. (the 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 component unit of the City reported as a proprietary fund, and the accompanying financial statements are blended in the City's comprehensive annual financial report, a copy of which may be obtained from the City's Accounting Services Division.

Organization and Reporting Entity

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 economic resources received and held by the Society for the benefit of the Trust are not significant to the Trust's overall financial position. 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:

Operating Account

The operating account is used to account for the Trust's operations and all financial resources except those accounted for in other funds.

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Designated Animal Account

Established by the Lease and Operating Agreement between the City and the Trust dated June 11, 1985, the designated animal account receives funds from the sale of zoo animals. These funds may be expended for approved animal purchases or for approved minor zoo improvements.

Designated Account

Established by the Board of Trustees, the designated account 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.

Sales Tax Account

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 outflow of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 bond indenture applicable to the Trust's sales tax fund as restricted by the indenture.

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Cash includes only cash deposits in order to appropriately report investment activity. Investments are comprised of funds deposited into trustee banks in accordance with the investment policy specified in the bond indenture for restricted deposits and investments.

Investments are reported at fair value based on quoted market prices.

Sales Tax Receivable from the City of Oklahoma City

During the year ended June 30, 1991, voters passed a sales tax increase, which was 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. In accordance with the city ordinance authorizing the tax, the Trust records such activity in a separate fund, the Sales Tax Fund. Monies are paid by the State to the City on a monthly basis. Funds are transferred upon request from the Trust. The funds are invested in the City's investment pool and are reported in the City's comprehensive annual financial report.

Accounts Receivable

The Trust records accounts receivable for services provided to citizens, schools or corporate customers. For the years ended June 30, 2015 and 2014, management has estimated reserves for uncollectable receivables of \$4,082 and \$40,151, respectively.

Inventories

Inventories consist of gift shop merchandise, concession food, animal food and certain operating supplies and are valued at the lower of cost or market value on the first-in, first-out (FIFO) method.

Capital Assets and Depreciation

Capital assets are stated at actual or estimated historical cost, net of accumulated depreciation. Donated capital assets are stated at fair market 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

Individual animals are expensed when purchased.

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Maintenance and repairs to property and equipment are charged to operations, while renewals and betterments are capitalized. When property or equipment 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.

Interest Capitalization

Interest costs related to revenue bonds are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time to get them ready for their intended purpose. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. There was no interest capitalized for the years ended June 30, 2015 and 2014.

Revenue Recognition

Operating revenues are recorded when goods and services are provided.

Bond Discount

The bond discounts and premiums have been capitalized and are being amortized over the term of the bonds using a method which approximates the effective interest method.

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.

Unearned Lease Revenue

Unearned lease revenue from the Remington Park Race Track facility owned by Global Gaming RP, LLC is being amortized over the initial lease term and the five renewal option periods for a term of 75 years (see *Note 8*).

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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. Investments are reported at fair value.

Income Tax

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

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation. The reclassifications had no effect on the changes in financial position.

Note 2: Change in Accounting Principle

During 2015, the Trust implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB 68*, and amendments to certain provisions for GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 and 68*. GASB Statement No. 68, as amended, establishes standards for measuring and recognizing assets and liabilities, deferred outflows of resources, deferred inflows of resources and expenses for employers providing pension plans. It also includes certain note disclosures and required supplementary information. The provision of these statements was retroactively applied and accordingly, the Trust's net position as of July 1, 2014, was increased by \$537,758. See *Note 6*. The Trust has not restated the financial statements for the fiscal year ending June 30, 2014, as restatement of this prior period is not practicable.

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Note 3: 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.

At June 30, 2015 and 2014, all bank balances of trust accounts were insured or collateralized with securities held by the Trust or collateralized with securities held by the trustee bank's trust department in the Trust's name.

Investments

The general bond indenture for the Oklahoma City Zoological Trust Sales Tax and Revenue Bonds (Bond Indenture) requires the use of trust accounts. The bond account is used to segregate resources accumulated for debt service payments over the next 12 months. The bond reserve account is used for proceeds of revenue bond issuances set aside to make up potential future deficiencies in the bond account or to make the last bond principal and interest payments.

As of June 30, 2015 and 2014, the Trust had the following investments and maturities:

Types of Investments	Fair Value/ Carrying Amount	Cost	Ratings (1)	Weighted- Average Days to Maturity (2)
Money market funds				
2015	\$ 1,340,873	\$ 1,340,873	AAAm/Aaa	54
2014	\$ 1,085,544	\$ 1,085,544	AAAm/Aaa	48

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

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

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Credit Risk – 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; 2) obligations of the Government National Mortgage Association, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation or any federal farm credit bank, federal land bank or federal home loan bank notes or bonds; 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 City 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 whose investments consist of the authorized investments (domestic securities) with restrictions as specified in state law; 6) State and Local Government Series (SLGS); and 7) 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.

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 values 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 – 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 – 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 and city judgments are excluded from these restrictions.

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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%
		Judgments	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 – 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 be 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 Bond Indenture prescribes authorized investments for accounts restricted under the indenture as follows:

- 1) Direct obligations unconditionally guaranteed by the United States of America

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- 2) Bonds or debentures payable in cash issued by the following federal agencies:
 - Export Import Bank of the United States
 - Federal Financing Bank
 - Farmers Home Administration
 - Federal Housing Administration
 - Maritime Administration
 - Public Housing Authorities
 - Government National Mortgage Association
- 3) Investments fully insured by the FDIC, including:
 - Certificates of deposit
 - Savings accounts
 - Deposit accounts
 - Depository receipts
- 4) Certificates of deposit in excess of FDIC insurance properly secured by collateral security consisting of obligations described in 1) and 2) above
- 5) Commercial paper
- 6) Money market funds
- 7) Investment agreements

The bond indenture provides that investments mature in no more than 6 to 60 months, depending on the purpose of the funds and the requirements of the account in which funds are deposited (bond, operating and maintenance, construction, etc.).

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, 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 objectives reasonably suited to the Trust.

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Trust cash and investments were restricted for the following purposes at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Restricted cash – health claims	\$ 196,591	\$ 332,392
Refunding Series bond issue		
Bond reserve account	637,364	637,295
Bond principal account	<u>703,509</u>	<u>448,249</u>
	<u>\$ 1,537,464</u>	<u>\$ 1,417,936</u>

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the accompanying statements of net position as follows:

	<u>2015</u>	<u>2014</u>
Carrying value		
Deposits	\$ 17,918,401	\$ 17,176,520
Investments	<u>1,340,873</u>	<u>1,085,544</u>
	<u>\$ 19,259,274</u>	<u>\$ 18,262,064</u>
Included in the following balance sheet captions		
Cash	\$ 17,721,810	\$ 16,844,128
Cash, restricted	196,591	332,392
Noncurrent restricted investments	<u>1,340,873</u>	<u>1,085,544</u>
	<u>\$ 19,259,274</u>	<u>\$ 18,262,064</u>

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Note 4: Capital Assets

Capital assets consist of the following:

	Balance, July 1, 2014	Additions	Deletions	Transfers	Balance, June 30, 2015
Depreciable capital assets					
Buildings and grounds	\$ 77,245,628	\$ -	\$ (21,758)	\$ -	\$ 77,223,870
Improvements	10,584,476	1,243,083	(269,843)	-	11,557,716
Equipment and other	5,948,962	504,717	(766,463)	-	5,687,216
Total depreciable capital assets	<u>93,779,066</u>	<u>1,747,800</u>	<u>(1,058,064)</u>	<u>-</u>	<u>94,468,802</u>
Less accumulated depreciation					
Buildings and grounds	24,619,859	1,681,182	(21,758)	-	26,279,283
Improvements	6,065,891	554,823	(249,814)	-	6,370,900
Equipment and other	4,376,507	399,067	(703,128)	-	4,072,446
Total accumulated depreciation	<u>35,062,257</u>	<u>2,635,072</u>	<u>(974,700)</u>	<u>-</u>	<u>36,722,629</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 58,716,809</u>	<u>\$ (887,272)</u>	<u>\$ (83,364)</u>	<u>\$ -</u>	<u>\$ 57,746,173</u>
Nondepreciable capital assets					
Construction in progress	<u>\$ 5,611,588</u>	<u>\$ 3,274,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,886,084</u>
	Balance, July 1, 2013	Additions	Deletions	Transfers	Balance, June 30, 2014
Depreciable capital assets					
Buildings and grounds	\$ 77,178,457	\$ -	\$ (191,871)	\$ 259,042	\$ 77,245,628
Improvements	10,485,795	908,575	(365,570)	(444,324)	10,584,476
Equipment and other	5,807,066	428,519	(444,529)	157,906	5,948,962
Total depreciable capital assets	<u>93,471,318</u>	<u>1,337,094</u>	<u>(1,001,970)</u>	<u>(27,376)</u>	<u>93,779,066</u>
Less accumulated depreciation					
Buildings and grounds	22,773,904	2,001,218	(153,383)	(1,880)	24,619,859
Improvements	5,514,934	489,909	(263,786)	324,834	6,065,891
Equipment and other	4,664,596	449,501	(387,260)	(350,330)	4,376,507
Total accumulated depreciation	<u>32,953,434</u>	<u>2,940,628</u>	<u>(804,429)</u>	<u>(27,376)</u>	<u>35,062,257</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 60,517,884</u>	<u>\$ (1,603,534)</u>	<u>\$ (197,541)</u>	<u>\$ -</u>	<u>\$ 58,716,809</u>
Nondepreciable capital assets					
Construction in progress	<u>\$ 1,187,479</u>	<u>\$ 4,424,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,611,588</u>

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Note 5: Long-Term Obligations

The following is a summary of long-term obligation transactions for the years ended June 30, 2015 and 2014:

Description and Purpose	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2015					
Revenue bonds	\$ 3,140,000	\$ -	\$ 575,000	\$ 2,565,000	\$ 605,000
Unearned lease revenue	2,341,891	-	47,909	2,293,982	47,023
Net OPEB obligation	<u>2,350,046</u>	<u>1,108,478</u>	<u>-</u>	<u>3,458,524</u>	<u>-</u>
	<u>\$ 7,831,937</u>	<u>\$ 1,108,478</u>	<u>\$ 622,909</u>	<u>\$ 8,317,506</u>	<u>\$ 652,023</u>
2014					
Revenue bonds	\$ 3,685,000	\$ -	\$ 545,000	\$ 3,140,000	\$ 575,000
Unearned lease revenue	2,632,288	-	290,397	2,341,891	47,023
Net OPEB obligation	<u>1,308,920</u>	<u>1,041,126</u>	<u>-</u>	<u>2,350,046</u>	<u>-</u>
	<u>\$ 7,626,208</u>	<u>\$ 1,041,126</u>	<u>\$ 835,397</u>	<u>\$ 7,831,937</u>	<u>\$ 622,023</u>

Revenue Bonds Payable

On June 30, 1999, the Trust issued \$8,500,000 of revenue bonds, which mature through 2019 (Series 1999 Bonds), for the purpose of financing the construction of certain facilities and the improvement of existing facilities. The bonds are collateralized by the sales tax revenues received from the City pursuant to the Bond Indenture.

During 2005, a portion of the Series 1999 Bonds was refunded by issuing \$5,660,000 in revenue bonds. As a result of this refunding, the Trust recognized a deferred amount on refunding which is being amortized over 14 years, the remaining life of the refunded debt. Revenue bonds payable are reflected net of unamortized premiums of \$25,596 and \$31,994 at June 30, 2015 and 2014, respectively.

The Bond Indenture requires the use of a project account, an interest account, a principal account and a bond fund reserve account. These accounts are held by a trustee bank and managed pursuant to the terms of the Bond Indenture. The Bond Indenture provides that sales tax revenue will be deposited into a revenue fund, and transfers will be made to the respective accounts for current requirements on a monthly basis.

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, 2015 or 2014.

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

Fiscal Year	Interest Rate Percentage	Outstanding Principal	Interest	Total
2016	3.75%	\$ 605,000	\$ 97,124	\$ 702,124
2017	3.80%	630,000	74,333	704,333
2018	3.88%	650,000	50,289	700,289
2019	4.00%	<u>680,000</u>	<u>24,933</u>	<u>704,933</u>
		<u>\$ 2,565,000</u>	<u>\$ 246,679</u>	<u>\$ 2,811,679</u>

Note 6: Employee Retirement Plan

All full-time employees of the Trust are eligible to participate in the City's ERS, a single-employer defined benefit public employee retirement system. The executive director and division directors can elect to participate in a 401(a) plan instead of the City's ERS. The Trust's covered payroll approximated \$4,449,222 and \$4,888,000 for the years ended June 30, 2015 and 2014, respectively. The total payroll for all trust employees approximated \$7,551,000 and \$6,655,000 for the years ended June 30, 2015 and 2014, respectively.

Actuarial valuations are performed annually. Unless otherwise indicated, information in this note is provided as of the latest actuarial valuation, December 31, 2014, which is also the measurement date.

Eligibility, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	8.0% of covered payroll
Plan member contributions	6.0% of covered payroll
Eligible to participate	Full-time trust employees
Funding of administrative costs	Investment earnings
Period required vesting	Five years

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Eligibility for distribution	30 years credited service regardless of age or age 60 with 10 years service (pre-March 1967 hires); or 25 years credited service regardless of age or age 65 with five years service (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 service 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

Plan Membership

	<u>2014</u>	<u>2013</u>
Nonvested active members	761	762
Fully vested active members	1,726	1,697
Retirees and beneficiaries currently receiving benefits	1,345	1,324
Terminated plan members entitled to but not yet receiving benefits	<u>82</u>	<u>83</u>
	<u>3,914</u>	<u>3,866</u>

Plan Assets

There are no assets legally reserved for purposes other than the payment of plan member benefits. The plan held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose market value exceeds 5% or more of net position available for benefits. There are no long-term contracts for contributions.

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

	Long-Term Expected Real Rate of Return
Core bonds	3%
Core plus	3%
Global bonds	3%
Absolute return	4%
U.S. large cap equity	8%
U.S. small cap equity	9%
International developed equity	9%
Emerging market equity	10%
Long/short equity	8%
Private equity	11%
Core real estate	5%
Opportunistic real estate	0%
Commodities	4%

Discount Rate

A single discount rate of 7.5% 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 7.5%. The projections 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.

Oklahoma City Zoological Trust
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Pension Cost and Net Pension Asset

Net pension assets are reported when the plan's net assets exceed the employers' total pension liability, or the employers' proportionate share of the plan's net assets exceed the employers' proportionate share of the total pension liability for cost-sharing, multiple employers' plans. The Trust's proportionate share of the ERS net pension asset was \$2,646,879 at June 30, 2015.

Annual required contributions (ARC) were made for all years shown below. There were no net pension obligations outstanding for the current year or previous two years. Three-year trend information of the City's annual pension cost and net pension obligations to the ERS is as follows:

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2015	\$ -	100%	\$ -
2014	\$ 8,872,000	100%	\$ -
2013	\$ 11,320,094	100%	\$ -

Actuarial methods and assumptions used to determine the ARC are as follows:

Valuation date	December 31, 2013
Actuarial assumptions	
Investment rate of return	7.5%
Projected salary increases	3.75%–7.25%
Postretirement benefit increases (maximum)	2.0%
Inflation	3.75%
Other	RP 2000 mortality table projected to 2010

The Measurement Date is June 30, 2014. Updated procedures were used to rollforward the total net pension asset to the measurement date.

Employer contribution rates are determined by the City Council. 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.

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Related-Party Transactions

As of June 30, 2015 and 2014, the ERS held judgments in the amount of \$3,336,000 and \$2,576,000, respectively. The judgments earn interest of 5.25%. State statutes permit the ERS to purchase judgments rendered against the City throughout the year. In October of each year, the City (through the property tax levy process) pays the ERS for the principal amount and earned interest for each purchased judgment.

Funding Status

The required schedule of funding progress as of the last actuarial date was as follows:

Actuarial accrued liability (AAL)	\$ 607,295,000
Actuarial value of plan assets (AVA)	\$ 628,686,000
Unfunded actuarial accrued liability (UAAL)	\$ (21,391,000)
Funded ratio (AVA/AAL)	103.5%
Covered payroll (Active Plan Members)	\$ 124,142,000
UAAL as a percentage of covered payroll	(17.2%)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the years ended December 31, 2014 and 2013. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the current contribution rate and trust contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

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Changes in the total pension liability, plan fiduciary net position and the net pension asset are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance, beginning of year	\$ 24,636,662	\$ 24,792,049	\$ 155,387
Changes for the year			
Service cost	640,465	-	(640,465)
Interest	1,827,566	-	(1,827,566)
Differences between expected and actual experience	(193,293)	-	193,293
Contributions – employer		382,370	382,370
Contributions – employee	-	319,877	319,877
Net investment income	-	4,079,765	4,079,765
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(19,892)	(19,892)
Other changes	(4,110)	-	4,110
Net changes	2,270,628	4,762,120	2,491,492
Balance, end of year	\$ 26,907,290	\$ 29,554,169	\$ 2,646,879

The net pension asset of the Trust has been calculated using a discount rate of 7.50%. The following presents the net pension asset (liability) using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Trust's net pension asset	\$ (560,695)	\$ 2,646,879	\$ 5,348,948

Oklahoma City Zoological Trust
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June 30, 2015 and 2014

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2015 and 2014, the Trust recognized pension expense of \$(152,802) and \$355,717, respectively. At June 30, 2015, the Trust reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 165,263
Net difference between projected and actual earnings on pension plan investments	-	1,791,056
Trust's contributions made subsequent to the measurement date of the net pension asset	353,725	-
Total	\$ 353,725	\$ 1,956,319

At June 30, 2015, the Trust reported \$353,725 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, 2016. Other amounts reported as deferred inflows of resources at June 30, 2015, related to pensions will be recognized in pension expense as follows:

2015	\$ 475,781
2016	475,781
2017	475,781
2018	475,781
2019	28,015
Thereafter	25,180
	\$ 1,956,319

Funding Status and Funding Progress

The required supplementary information, including the schedule of funding progress, immediately following the notes to financial statements presents certain 10-year trend information for as many years for which the information measured in conformity with GASB Statement No. 68 is available. A copy of the actuarial report referred to in this note may be obtained from the City Finance Department, Account Services Division, 100 N. Walker, Suite 300, Oklahoma City, Oklahoma 73102.

Oklahoma City Zoological Trust
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Notes to Financial Statements
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Note 7: Other Post-Employment Benefits

Plan Description

The City provides postemployment health care benefits for retired employees and their dependents through the City of Oklahoma City PostRetirement 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 55 with five years of service or at any age with 25 years of service. 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.

Funding Policy

The City contributes 58% of the premium as a subsidy toward medical coverage of retirees and their dependents effective January 1, 2015 (previous calendar year was 60%). The retirees and their dependents are responsible for paying the remaining 42% of the premium, effective January 1, 2015 (previous calendar year was 40%). The City also intends to make additional contributions to the irrevocable trust that has been established for the funding of OPEBT's postretirement benefit obligation.

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
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Notes to Financial Statements
June 30, 2015 and 2014

Annual Required Contributions – Actuarial Assumptions

Valuation date	July 1, 2014
Actuarial cost method	Projected unit credit with linear proration to decrement
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	4.9%
Blended discount rate method	The discount rate is based on the expected long-term return on the investments that are used to finance the benefit programs
Inflation	3%
Projected salary increases	3%
Initial health care trend rates	8.0% (8.5% for Medicare age)
Ultimate health care trend rates	4.5% (4.5% for Medicare age)
Mortality table	RP 2000 combined mortality table projected to 2010 using scale AA

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributions to the Plan and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributions	Net OPEB Obligation
June 30, 2015	\$ 36,411,598	\$ 18,815,545	52%	\$ 139,611,921
June 30, 2014	\$ 34,407,410	\$ 19,619,034	57%	\$ 122,015,868
June 30, 2013	\$ 3,325,975	\$ 19,904,516	60%	\$ 107,227,492

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June 30, 2015 and 2014

The net OPEB obligation as of June 30, 2015 and 2014, was calculated as follows:

	2015		2014	
	OPEBT	Trust	OPEBT	Trust
Annual required contribution	\$ 35,920,317	\$ 1,093,522	\$ 33,975,672	\$ 1,028,063
Interest on net OPEB obligation	5,990,979	182,383	5,264,870	159,309
Adjustment to annual required contribution	<u>(5,499,698)</u>	<u>(167,427)</u>	<u>(4,833,132)</u>	<u>(146,246)</u>
Annual OPEB cost	36,411,598	1,108,478	34,407,410	1,041,126
Contributions made	<u>(18,815,545)</u>	<u>-</u>	<u>(19,619,034)</u>	<u>-</u>
Increase in net OPEB obligation	17,596,053	1,108,478	14,788,376	1,041,126
Net OPEB obligation, beginning of year	<u>122,015,868</u>	<u>2,350,046</u>	<u>107,227,492</u>	<u>1,308,920</u>
Net OPEB obligation, end of year	<u><u>\$ 139,611,921</u></u>	<u><u>\$ 3,458,524</u></u>	<u><u>\$ 122,015,868</u></u>	<u><u>\$ 2,350,046</u></u>

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2014, was as follows:

AAL	\$ 474,680,748
AVA	\$ 34,027,895
UAAL	\$ 440,652,853
Funded ratio (AVA/AAL)	7%
Covered payroll (active plan members)	\$ 213,091,393
UAAL as a percentage of covered payroll	206.8%

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

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Notes to Financial Statements
June 30, 2015 and 2014

Note 8: Leases

The Trust has various agreements whereby land is leased by the Trust from the City, the Society and the City of Nichols Hills. The Nichols Hills lease is a 25-year renewable operating lease at an expense of \$21,480 per year. This leased property is subleased under an operating lease to Global Gaming RP, LLC through December 31, 2023, with four renewal options for 10 years each through calendar year 2063. The Trust received an advance rental of \$4,000,000 and incurred initial costs of \$557,249. The net amount less income earned to date is recorded as unearned lease revenue and is being amortized to income over the term of the lease period, including the renewal options.

Minimum annual future rental payments to the Trust, net of amounts payable by the Trust to the Society and the City of Nichols Hills through 2019 are approximately \$817,000 per year. In addition, 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 rental revenue earned during the years ended June 30, 2015 and 2014, approximated \$377,000 and \$343,000, respectively.

The Trust entered into an amended and restated lease and operating agreement dated as of June 19, 1990, whereby the City leased to the Trust its presently existing and hereafter acquired zoo facilities until December 31, 2063, or to such later date as all bonds or any indebtedness of the Trust, secured by revenues of the Zoo, is paid or provisions for payment made.

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. The contract stipulated that 3Horse invest \$100,000 in improvements to the Zoo Amphitheatre 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. On January 15, 2015, the sublease agreement was amended to reduce the amount due under the original sublease agreement by \$120,000 for 2015 only to allow 3Horse to invest in additional capital improvements to the Zoo Amphitheater. These improvements were required to be completed by May 1, 2015.

Oklahoma City Zoological Trust
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Notes to Financial Statements
June 30, 2015 and 2014

The future minimum lease receipts (payments) at June 30, 2015, were:

	Lease Receipts	Lease Payments	Net Lease Receipts
2016	\$ 1,042,653	\$ (65,480)	\$ 977,173
2017	1,105,653	(65,480)	1,040,173
2018	834,993	(65,480)	769,513
2019	834,993	(65,480)	769,513
2020	834,993	(65,480)	769,513
2021–2025	4,174,965	(327,400)	3,847,565
2026–2030	4,174,965	(327,400)	3,847,565
2031–2035	4,174,965	(327,400)	3,847,565
2035–2040	4,174,965	(327,400)	3,847,565
204–2045	4,174,965	(327,400)	3,847,565
2046–2050	4,174,965	(327,400)	3,847,565
2051–2055	4,174,965	(327,400)	3,847,565
2055–2060	4,174,965	(327,400)	3,847,565
2061–2064	3,339,950	(261,920)	3,078,030
	<u>\$ 41,392,955</u>	<u>\$ (3,208,520)</u>	<u>\$ 38,184,435</u>

Net rental income for all operating leases consisted of:

	2015	2014
Minimum rental expense	\$ (96,301)	\$ (96,301)
Contingent rental expense	(37,541)	(36,754)
Sublease rental income	1,086,951	987,826
Sublease contingent rental income	377,115	375,920
Other rental income	50,927	42,183
	<u>\$ 1,381,151</u>	<u>\$ 1,272,874</u>

Note 9: Related-Party Transactions

During the years ended June 30, 2015 and 2014, the Trust recorded payments from the City derived from sales tax receipts approximating \$13,648,000 and \$13,399,000, 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 also leases to the Trust the main portion of the Remington Park Race Track site at no cost to the Trust.

Oklahoma City Zoological Trust
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Notes to Financial Statements
June 30, 2015 and 2014

The City provides certain services to the Trust. Charges for those services for the years ended June 30, 2015 and 2014, approximated \$947,000 and \$916,000, 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 2015 and 2014, the Society provided zoo support and donated approximately \$1,480,000 and \$1,225,000, 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 \$744,000 and \$980,000 for fiscal years 2015 and 2014, respectively, as donations in the Trust's financial statements. As of June 30, 2015 and 2014, the Trust had a receivable from the Society of approximately \$252,000 and \$295,000, respectively.

Note 10: 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 aggregate amount of \$1,059,680. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. 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 2015 and 2014 is summarized as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 76,452	\$ 74,688
Current year claims incurred and changes in estimates for claims		
incurred in prior years	757,355	497,737
Claims and expenses paid	<u>(718,626)</u>	<u>(495,973)</u>
Balance, end of year	<u>\$ 115,181</u>	<u>\$ 76,452</u>

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	2015
Trust's proportion of the net pension asset	4.31%
Trust's proportionate share of the net pension asset	\$ 2,646,879
Trust's covered-employee payroll	\$ 4,217,000
Trust's proportionate share of the net pension asset as a percentage of its covered-employee payroll	159%
Plan fiduciary net position as a percentage of the total pension asset	110.29%
*The amounts present for each fiscal year were determined as of December 31	
II. Schedule of Employer Contributions	2015
Contractually required contribution	\$ 337,384
Contributions in relation to the contractually required contribution	337,384
Contribution deficiency (excess)	-
Trust's covered-employee payroll	\$ 4,217,000
Contributions as a percentage of covered-employee payroll	8.00%

Note to Schedules

Only the current fiscal year 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 Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/14	\$ 34,028,000	\$ 474,681,000	\$ 440,653,000	7%	\$ 213,091,000	207%
7/1/13	\$ 26,316,000	\$ 451,029,000	\$ 424,713,000	6%	\$ 203,860,000	208%
7/1/12	\$ 19,199,000	\$ 433,863,000	\$ 414,664,000	4%	\$ 197,923,000	210%

II. Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percentage Contributed
2015	\$ 18,816,000	\$ 35,920,000	52%
2014	\$ 19,619,000	\$ 33,976,000	58%
2013	\$ 19,905,000	\$ 32,881,000	61%

Notes to Required Supplementary Information

See *Note 7* for actuarial assumptions and other information used to determine the annual required contributions.

Supplementary Information

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Combining Schedule – Statement of Net Position Information
June 30, 2015

	Operating Account	Designated Animal Account	Designated Account	Sales Tax Account	Total
Assets and Deferred Outflows of Resources					
Cash	\$ 731,860	\$ 2,947	\$ 12,975	\$ 16,974,028	\$ 17,721,810
Accounts receivable, net of allowance; of	415,019	-	-	-	415,019
Inventories	1,010,931	-	-	-	1,010,931
Sales tax receivable from the City	-	-	-	1,862,716	1,862,716
Prepaid expenses	31,680	-	-	11,021	42,701
Cash, restricted	196,591	-	-	-	196,591
Total current assets	<u>2,386,081</u>	<u>2,947</u>	<u>12,975</u>	<u>18,847,765</u>	<u>21,249,768</u>
Noncurrent Assets					
Investments, restricted	-	-	-	1,340,873	1,340,873
Net pension asset	2,646,879	-	-	-	2,646,879
Capital assets					
Construction in progress	-	-	-	8,886,084	8,886,084
Other capital assets, net of accumulated depreciation	6,393,909	-	-	51,352,264	57,746,173
Total noncurrent assets	<u>9,040,788</u>	<u>-</u>	<u>-</u>	<u>61,579,221</u>	<u>70,620,009</u>
Total assets	11,426,869	2,947	12,975	80,426,986	91,869,777
Deferred Outflows of Resources					
Loss on refunding, net	-	-	-	135,780	135,780
Employer contributions	353,725	-	-	-	353,725
Total assets and deferred outflows of resources	<u>\$ 11,780,594</u>	<u>\$ 2,947</u>	<u>\$ 12,975</u>	<u>\$ 80,562,766</u>	<u>\$ 92,359,282</u>

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Combining Schedule – Statement of Net Position Information, continued
June 30, 2015

	Operating Account	Designated Animal Account	Designated Account	Sales Tax Account	Total
Liabilities					
Current Liabilities					
Accounts payable	\$ 847,521	\$ -	\$ -	\$ 252,127	\$ 1,099,648
Wages and benefits payable	293,694	-	-	-	293,694
Compensated absences	235,029	-	-	-	235,029
Bonds payable, current	-	-	-	605,000	605,000
Bond interest payable	-	-	-	8,251	8,251
Unearned lease revenue	47,023	-	-	-	47,023
Other accrued liabilities	376,658	-	-	-	376,658
	<u>1,799,925</u>	<u>-</u>	<u>-</u>	<u>865,378</u>	<u>2,665,303</u>
Total current liabilities					
Noncurrent Liabilities					
Bonds payable, net	-	-	-	1,985,595	1,985,595
Unearned lease revenue	2,246,959	-	-	-	2,246,959
Net OPEB obligation	3,458,524	-	-	-	3,458,524
	<u>5,705,483</u>	<u>-</u>	<u>-</u>	<u>1,985,595</u>	<u>7,691,078</u>
Total noncurrent liabilities					
Deferred Inflows of Resources					
	<u>1,956,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,956,319</u>
Total liabilities and deferred inflows of resources	<u>\$ 9,461,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,850,973</u>	<u>\$ 12,312,700</u>
Net Position					
Net investment in capital assets	\$ 6,393,909	\$ -	\$ -	\$ 58,044,011	\$ 64,437,920
Restricted for debt service	-	-	-	492,948	492,948
Restricted for health claims	81,410	-	-	-	81,410
Unrestricted	(4,156,452)	2,947	12,975	19,174,834	15,034,304
	<u>\$ 2,318,867</u>	<u>\$ 2,947</u>	<u>\$ 12,975</u>	<u>\$ 77,711,793</u>	<u>\$ 80,046,582</u>
Total net position					

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Combining Schedule – Statement of Revenues, Expenses and Changes in
Net Position Information
Year Ended June 30, 2015

	Operating Account	Designated Animal Account	Designated Account	Sales Tax Account	Total
Operating Revenues					
Zoo admissions	\$ 2,947,487	\$ -	\$ -	\$ -	\$ 2,947,487
Concessions	3,058,038	-	-	-	3,058,038
Zoo activities	3,612,667	-	-	-	3,612,667
Rent	1,381,151	-	-	-	1,381,151
	<u>10,999,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,999,343</u>
Total operating revenues					
	<u>10,999,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,999,343</u>
Operating Expenses					
Personnel services	10,838,337	-	-	-	10,838,337
Maintenance, operations and contractual services	4,164,519	-	-	-	4,164,519
Materials and supplies	3,499,924	1,161	-	293,110	3,794,195
Depreciation	491,222	-	-	2,143,850	2,635,072
Other	296,173	-	-	13,205	309,378
	<u>19,290,175</u>	<u>1,161</u>	<u>-</u>	<u>2,450,165</u>	<u>21,741,501</u>
Total operating expenses					
	<u>19,290,175</u>	<u>1,161</u>	<u>-</u>	<u>2,450,165</u>	<u>21,741,501</u>
Operating Loss	<u>(8,290,832)</u>	<u>(1,161)</u>	<u>-</u>	<u>(2,450,165)</u>	<u>(10,742,158)</u>
Nonoperating Revenues (Expenses)					
Donations	831,865	-	-	-	831,865
Investment income	61,764	-	284	158	62,206
Interest expense	-	-	-	(158,172)	(158,172)
Sales tax payments from the City	-	-	-	13,648,546	13,648,546
	<u>893,629</u>	<u>-</u>	<u>284</u>	<u>13,490,532</u>	<u>14,384,445</u>
Total nonoperating revenues (expenses)					
	<u>893,629</u>	<u>-</u>	<u>284</u>	<u>13,490,532</u>	<u>14,384,445</u>
Change in Net Position Before Transfers	<u>(7,397,203)</u>	<u>(1,161)</u>	<u>284</u>	<u>11,040,367</u>	<u>3,642,287</u>
Transfers Between Accounts	<u>6,337,746</u>	<u>(2,857)</u>	<u>134</u>	<u>(6,335,023)</u>	<u>-</u>
Change in Net Position	<u>(1,059,457)</u>	<u>(4,018)</u>	<u>418</u>	<u>4,705,344</u>	<u>3,642,287</u>
Net Position, Beginning of Year, as Previously Reported	2,840,566	6,965	12,557	73,006,449	75,866,537
Change in Accounting Principle	<u>537,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,758</u>
Net Position, Beginning of Year, as Restated	<u>3,378,324</u>	<u>6,965</u>	<u>12,557</u>	<u>73,006,449</u>	<u>76,404,295</u>
Net Position, End of Year	<u>\$ 2,318,867</u>	<u>\$ 2,947</u>	<u>\$ 12,975</u>	<u>\$ 77,711,793</u>	<u>\$ 80,046,582</u>

**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 (the Trust), a component unit of the City of Oklahoma City, Oklahoma (the City), which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2015, which contained an *Emphasis of Matter* paragraph regarding a change in accounting principle.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Trust's 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Board of Trustees
Oklahoma City Zoological Trust

Compliance

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Matters

The 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* of the City should be read in conjunction with this report.

We also noted certain matters that we reported to the Trust's management in a separate letter dated December 4, 2015.

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.

BKD, LLP

Oklahoma City, Oklahoma
December 4, 2015

Oklahoma City Zoological Trust
A Component Unit of the City of Oklahoma City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2015

**Reference
Number**

Finding

No matters are reportable.