OKLAHOMA CITY ZOOLOGICAL TRUST

A Component Unit of the City of Oklahoma City, Oklahoma

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

WITH

INDEPENDENT AUDITOR'S REPORT

AGH
CPAs & ADVISORS

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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 financial statements of the Oklahoma City Zoological Trust (Trust), a blended component unit of the City of Oklahoma City, Oklahoma, as of and for the year ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Trust's 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, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary 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 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The combining statements of net position and revenues, expenses and changes in net position 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. Such 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 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 6, 2020 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 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.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 6, 2020
Wichita, KS

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, 2020 and 2019. 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 $93,569,988 (net position) as of June 30, 2020. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities by $90,425,121.

Trust liabilities and deferred inflows of resources decreased by $1,976,583 to $37,610,120 for fiscal year 2020.

Total net position at June 30, 2020, is comprised of the following:

- Net investment in capital assets of $84,057,293 includes capital assets, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.

- Restricted for debt service includes investments in trust accounts of $24,009.

- Restricted for health claims of $931,746 includes the cash in trust accounts, net of the related liability for claims incurred but not yet reported.

- Unrestricted of $8,556,940 represents the portion available to maintain the Trust's continuing obligations to citizens and creditors.

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) statement 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.

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, 2020, is $93,569,988. This is an increase of $3,144,867 from the June 30, 2019, net position of $90,425,121. The overall financial position of the Trust improved during the 2020 and 2019 fiscal years. The following table provides a summary of net position:

Summary of Net Position

	2020	2019	2018	2020 versus 2019 Amount Change	2020 versus 2019 Percent Change	2019 versus 2018 Amount Change	2019 versus 2018 Percent Change
Assets							
Current and other assets	$ 35,801,315	$ 37,101,990	$ 22,315,597	$ (1,300,675)	-3.5%	$ 14,786,393	66.3%
Capital assets	92,796,575	90,962,948	90,741,330	1,833,627	2.0%	221,618	0.2%
Total assets	128,597,890	128,064,938	113,056,927	532,952	0.4%	15,008,011	13.3%
Deferred Outflows of Resources	2,582,218	1,946,886	1,775,260	635,332	32.6%	171,626	9.7%
Total assets and deferred outflows of resources	$ 131,180,108	$ 130,011,824	$ 114,832,187	$ 1,168,284	0.9%	$ 15,179,637	13.2%
Liabilities							
Current liabilities	$ 2,701,390	$ 2,487,880	$ 3,366,028	$ 213,510	8.6%	$ (878,148)	-26.1%
Noncurrent liabilities	25,269,263	25,842,813	20,967,834	(573,550)	-2.2%	4,874,979	23.2%
Total liabilities	27,970,653	28,330,693	24,333,862	(360,040)	-1.3%	3,996,831	16.4%
Deferred Inflows of Resources	9,639,467	11,256,010	8,731,150	(1,616,543)	-14.4%	2,524,860	28.9%
Total liabilities and deferred inflows of resources	$ 37,610,120	$ 39,586,703	$ 33,065,012	$ (1,976,583)	-5.0%	$ 6,521,691	19.7%
Net Position							
Net investment in capital assets	$ 84,057,293	$ 81,177,063	$ 91,828,958	$ 2,880,230	3.5%	$ (10,651,895)	-11.6%
Restricted for debt service	24,009	76,673	2,782	(52,664)	-68.7%	73,891	2656.0%
Restricted for health claims	931,746	804,709	537,232	127,037	15.8%	267,477	49.8%
Unrestricted	8,556,940	8,366,676	(10,601,797)	190,264	2.3%	18,968,473	-178.9%
Total net position	$ 93,569,988	$ 90,425,121	$ 81,767,175	$ 3,144,867	3.5%	$ 8,657,946	10.6%

The decrease in current and other assets is due to a decrease in net pension asset and accounts receivable offset by an increase in cash and investments at year end. Capital assets were comparable to prior year and after the offset by depreciation, increased by approximately $1.8 million.

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

The decrease in long-term liabilities at year-end is primarily due to principal payments of bonds payable.

Summary of Changes in Net Position

During 2020, operating revenues decreased 26% primarily due to COVID-19 causing a significant decrease in attendance from prior year. Operating expenses increased 8.2% due to an increase in personnel services expenses. Sales tax payments from the City decreased 1.9% due to deteriorating economic conditions. Investment income increased 61.8% due to an increase in investments and higher returns.

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 2020, donations from Oklahoma Zoological Society, Inc. decreased by 55.5% due to a decrease in membership and inability to hold fundraising events because of COVID-19. During 2019, donations from Oklahoma Zoological Society, Inc. increased by 7.2% due to stead increase in membership and donations.

The Change in Accounting Principle recorded during fiscal year 2018 was to reconcile beginning net position as of July 1, 2017 for the adoption of GASB 75: *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.*

				2020 versus 2019		2019 versus 2018	
	2020	2019	2018	Amount Change	Percent Change	Amount Change	Percent Change
Operating Revenues	$ 7,647,838	$ 10,328,573	$ 9,919,812	$ (2,680,735)	-26.0%	$ 408,761	4.1%
Nonoperating Revenues							
Sales tax payments from the City	14,008,624	14,283,715	13,899,229	(275,091)	-1.9%	384,486	2.8%
Investment income	436,589	269,880	142,297	166,709	61.8%	127,583	89.7%
Donations	915,368	2,054,902	1,916,765	(1,139,534)	-55.5%	138,137	7.2%
Total revenue	23,008,419	26,937,070	25,878,103	(3,928,651)	-14.6%	1,058,967	4.1%
Operating Expenses	19,553,577	18,075,490	19,795,007	1,478,087	8.2%	(1,719,517)	-8.7%
Nonoperating Expenses							
Interest expense	309,975	203,634	83,090	106,341	52.2%	120,544	145.1%
Total expenses	19,863,552	18,279,124	19,878,097	1,584,428	8.7%	(1,598,973)	-8.0%
Change in Net Position	3,144,867	8,657,946	6,000,006	(5,513,079)	-63.7%	2,657,940	44.3%
Net Position, Beginning of Year	90,425,121	81,767,175	89,585,466	8,657,946	10.6%	(7,818,291)	-8.7%
Change in Accounting Principle	-	-	(13,818,297)	-	0.0%	13,818,297	100.0%
Net Position, End of Year	$ 93,569,988	$ 90,425,121	$ 81,767,175	$ 3,144,867	3.5%	$ 8,657,946	10.6%

Capital Assets and Debt Administration

The 2017 updated Master Plan envisions spending approximately $71.4M over a 10-year period. Individual elements of the plan and their estimated costs are approximately: the Galapagos Tortoise - $504,000, Adventure Islands - $200,000, The Pachyderm - $12,369,000, Condor/Raptor Aviary - $1,008,000, Amphibian Plaza - $504,000, African Savanna/Giraffe Barn - $14,877,000, The Farm - $6,093,000, Event Center - $10,183,750, Event Gardens - $2,235,000, the Preserve - $10,479,000, Sea Lion Cove - $12,978,000.

Capital Assets, Net of Accumulated Depreciation

Capital Assets

The Trust's investment in capital assets, net of accumulated depreciation, as of June 30, 2020, was $92,796,575. The increase of $1,833,627 or 2% from June 30, 2019 as compared to $221,618 or 0.2% from June 30, 2018, is primarily because of the construction in progress additions of the African Savanna Exhibit, Condor Exhibit, Amphibian Plaza, and Lake Park Improvements project in the current year.

				2020 versus 2019		2019 versus 2018	
	2020	2019	2018	Amount Change	Percent Change	Amount Change	Percent Change
Nondepreciable Assets							
Construction in progress	$ 4,701,251	$ 850,209	$ 21,472,344	$ 3,851,042	453.0%	$ (20,622,135)	-96.0%
Depreciable Assets							
Buildings and grounds	72,857,858	74,986,873	53,892,153	(2,129,015)	-2.8%	21,094,720	39.1%
Improvements	13,508,378	13,623,700	13,632,731	(115,322)	-0.8%	(9,031)	-0.1%
Equipment and other	1,729,088	1,502,166	1,744,102	226,922	15.1%	(241,936)	-13.9%
Total	$ 92,796,575	$ 90,962,948	$ 90,741,330	$ 1,833,627	2.0%	$ 221,618	0.2%

Long-Term Debt

At the end of fiscal years 2020 and 2019, the Trust had total debt outstanding, net of discount, of $9,516,150 and $10,004,925, 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

				2020 versus 2019		2019 versus 2018	
	2020	2019	2018	Amount Change	Percent Change	Amount Change	Percent Change
Revenue bond	$ 9,516,150	$ 10,004,925	$ 686,399	$ (488,775)	-4.9%	$ 9,318,526	1357.6%

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, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020	2019
Current Assets		
Cash	**$ 16,507,232**	$ 16,079,462
Accounts receivable, net of allowance	**1,334,456**	1,536,642
Receivable from primary government	**--**	27,388
Inventories	**126,923**	102,360
Sales tax receivable from the City	**1,919,975**	1,989,934
Prepaid expenses	**--**	3,520
Cash, restricted	**968,948**	903,493
Total current assets	**20,857,534**	20,642,799
Noncurrent Assets		
Investments, restricted	**11,570,256**	10,583,384
Accounts receivable, noncurrent	**2,952,982**	4,296,170
Receivable from primary government, noncurrent	**--**	335,499
Net pension asset	**420,543**	1,244,138
Capital assets		
Construction in progress	**4,701,251**	850,209
Other capital assets, net of accumulated depreciation	**88,095,324**	90,112,739
Total noncurrent assets	**107,740,356**	107,422,139
Total assets	**128,597,890**	128,064,938
Deferred Outflows of Resources		
OPEB liability	**1,173,035**	615,202
Pension plan	**1,409,183**	1,331,684
Total deferred outflows of resources	**2,582,218**	1,946,886
	$ 131,180,108	$ 130,011,824

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2020	2019
Current Liabilities		
Accounts payable	**$ 1,211,921**	$ 975,328
Wages and benefits payable	**451,092**	409,306
Compensated absences	**141,104**	114,793
Bonds payable, current	**560,000**	490,000
Bond interest payable	**24,009**	76,673
Current portion of unearned lease revenue	**47,023**	47,023
Other accrued liabilities	**266,241**	374,757
Total current liabilities	**2,701,390**	2,487,880
Noncurrent Liabilities		
Bonds payable, net	**8,956,150**	9,514,925
Unearned lease revenue	**2,024,384**	2,061,407
Net OPEB liability	**14,288,729**	14,266,481
Total noncurrent liabilities	**25,269,263**	25,842,813
Total liabilities	**27,970,653**	28,330,693
Deferred Inflows of Resources		
Service concession arrangement	**3,933,140**	5,351,322
OPEB	**4,978,030**	4,918,169
Pension plan	**728,297**	986,519
Total deferred inflows of resources	**9,639,467**	11,256,010
Net Position		
Net investment in capital assets	**84,057,293**	81,177,063
Restricted for debt service	**24,009**	76,673
Restricted for health claims	**931,746**	804,709
Unrestricted	**8,556,940**	8,366,676
Total net position	**93,569,988**	90,425,121
	$ 131,180,108	$ 130,011,824

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, 2020 and 2019

	2020	2019
Operating Revenues		
Zoo admissions	$ 2,598,775	$ 4,057,631
Concessions	1,562,013	2,006,762
Zoo activities	1,816,411	2,571,312
Rent	1,670,639	1,692,868
Total operating revenues	7,647,838	10,328,573
Operating Expenses		
Personnel services	10,886,613	8,606,431
Maintenance, operations and contractual services	3,173,146	3,515,387
Materials and supplies	1,466,103	1,881,882
Depreciation	3,894,116	3,743,312
Other	133,599	328,478
Total operating expenses	19,553,577	18,075,490
Operating loss	(11,905,739)	(7,746,917)
Nonoperating Revenues (Expenses)		
Donations	915,368	2,054,902
Investment income	436,589	269,880
Interest expense	(309,975)	(203,634)
Sales tax payments from the City	14,008,624	14,283,715
Total nonoperating revenues	15,050,606	16,404,863
Change in net position	3,144,867	8,657,946
Net Position, Beginning of Year	90,425,121	81,767,175
Net Position, End of Year	$ 93,569,988	$ 90,425,121

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, 2020 and 2019

	2020	2019
Operating Activities		
Cash received from customers	**$ 9,556,099**	$ 12,027,699
Cash payments to suppliers for goods and services	**(5,460,509)**	(6,713,621)
Cash payments to employees for services	**(12,224,548)**	(10,962,345)
Net cash flow from operating activities	**(8,128,958)**	(5,648,267)
Noncapital Financing Activities		
Sales tax payments from the City	**14,078,583**	14,244,797
Donations received	**259,589**	1,685,241
Net cash flow from noncapital financing activities	**14,338,172**	15,930,038
Capital and Related Financing Activities		
Acquisition and construction of capital assets	**(4,970,071)**	(3,788,143)
Proceeds from sale of capital assets	**--**	18,000
Proceeds from bonds payable, net of discount	**1,225**	10,004,925
Principal paid on debt	**(490,000)**	(686,399)
Donations received	**655,779**	369,661
Interest paid on debt	**(362,639)**	(95,283)
Net cash flow from capital and related financing activities	**(5,165,706)**	5,822,761
Investing Activities		
Purchase of investments	**(897,636)**	(10,583,384)
Proceeds from sale of investments	**--**	1,118,799
Investment income	**347,353**	269,880
Net cash flow from investing activities	**(550,283)**	(9,194,705)
Change in cash	**493,225**	6,909,827
Cash, Beginning of Year	**16,982,955**	10,073,128
Cash, End of Year	**$ 17,476,180**	$ 16,982,955
Reconciliation to Cash		
Unrestricted	**$ 16,507,232**	$ 16,079,462
Restricted	**968,948**	903,493
Total cash	**$ 17,476,180**	$ 16,982,955

	2020	2019
Reconciliation of Operating Loss to Net Cash Flow From Operating Activities		
Operating loss	**$ (11,905,739)**	$ (7,746,917)
Adjustments to reconcile operating loss to net cash flow from operating activities		
Depreciation	**3,894,116**	3,743,312
Loss on disposal of capital assets	**19,196**	24,254
Changes in operating assets and liabilities		
Accounts receivable	**1,545,374**	1,699,126
Receivable from primary government	**362,887**	--
Inventories	**(24,563)**	46,328
Prepaid expenses	**3,520**	9,795
Accounts payable	**(540,275)**	(1,184,475)
Wages and benefits payable	**41,786**	269,174
Compensated absences	**26,311**	5,440
Other accrued liabilities	**(108,516)**	(71,734)
Deferred lease revenue	**(37,023)**	(58,432)
Net pension liability/asset	**823,595**	(128,312)
OPEB and pension deferrals	**(2,251,875)**	2,319,289
Net OPEB liability	**22,248**	(4,575,115)
Net cash used in operating activities	**$ (8,128,958)**	$ (5,648,267)
Noncash Capital and Financing Activities		
Capital asset addition included in accounts payable	**$ 776,868**	$ 219,041
Amortization of bond premium and deferred refunding	**$ --**	$ 33,945

The accompanying notes are an integral part of these 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 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 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.

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

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.

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 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, 2020 and 2019, management has estimated reserves for uncollectable receivables of $838 and $499, respectively.

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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2020 and 2019.

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 7).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 and Note 6 for more information on OPEB activity.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). The statement establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this standard. The provisions of this statement were originally effective for the financial statements for the Trust's fiscal year ending April 30, 2020 and now postponed until April 30, 2021 per GASB Statement No. 95.

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments based on the principle that leases are financing of the right to use an underlying asset.

The main rules of GASB 87 with respect to government entities that are lessees require that the lessees:

- Recognize the following: (a) a lease liability, and (b) an intangible asset representing the lessee's right to use the leased asset; and
- Report in its financial statements: (a) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability, and (c) note disclosures about the lease.

Under GASB 87, government entities that are lessors must:

- Recognize: (a) a lease receivable, and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and
- Report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable, and (c) note disclosures about the lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB 87 provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. GASB 87 also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The provisions of this statement were originally effective for financial statements for the Trust's fiscal year ending April 30, 2021 and now postponed until April 30, 2023 per GASB Statement No. 95.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (GASB 88): GASB 88 specifies disclosures that should be made in the financial statements related to debt. It also provides a definition of debt so that governments know which types of liabilities should be included in those disclosures. If a government has direct borrowings or direct placements, disclosures related to these should be provided separately from disclosures related to other types of debt. The provisions of this statement were originally effective for financial statements for the Trust's fiscal year ending April 30, 2020 and now postponed until April 30, 2021 per GASB Statement No. 95.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for financial statements for the Trust's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92), which 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: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the Trust's financial reporting, other provisions of this statement are were originally effective for financial statements for the Trust's fiscal year ending June 30, 2022 and now postponed until June 30, 2023 per GASB Statement No. 95.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), which provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the Trust's fiscal year ending June 30, 2022 and now postponed until June 30, 2023 per GASB Statement No. 95.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), which 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, 2024.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, (GASB 95). The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which 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 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, 2024.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97), which provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for financial statements for the Trust's fiscal year ending June 30, 2023

The Trust has not completed its assessment of the impact of the adoption of these statements.

Subsequent Events

These financial statements considered subsequent events through November 6, 2020, the date the financial statements were available to be issued.

Reclassification

Certain amounts from the prior year have been reclassified to conform to the current year presentation.

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 $17,476,180 and $16,982,955, as of June 30, 2020 and 2019, respectively. All of the Trust's deposits held by a counterparty were fully insured or collateralized.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The general bond indenture (for the Series 1999 Bond) for the Oklahoma City Zoological Trust Sales Tax and Revenue Bonds (Bond Indenture) required the use of trust accounts. The bond account was used to segregate resources accumulated for debt service payments over the next 12 months. The bond reserve account was 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. During 2019, the Series 1999 Bond was paid off and there was no longer a requirement for segregated trust accounts. The Trust began investing in US Treasury Notes, which mature in November 2020.

As of June 30, 2020 and 2019, the Trust had the following investments and maturities:

Types of Investments	Fair Value Amount	Cost	Ratings (1)	Weighted-Average Days to Maturity (2)
US Treasury Notes				
2020	$ 10,063,024	$ 9,944,602	N/A	N/A
2019	$ 9,973,788	$ 9,944,602	N/A	N/A
Money market funds				
2020	$ 1,507,232	$ 1,507,232	AAAm/Aaa-mf	42
2019	$ 609,596	$ 609,596	AAAm/Aaa-mf	27

(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; 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 which 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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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 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 matching 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 and city judgments are excluded from these restrictions.

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%
		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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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 Bond Indenture prescribed authorized investments for accounts restricted under the indenture as follows:

1. Direct obligations unconditionally guaranteed by the United States of America

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

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The Bond Indenture provided 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 objective reasonably suited to the Trust.

Trust investments were restricted for the following purposes at June 30, 2020 and 2019:

	2020	2019
Restricted cash - health claims	$ 968,948	$ 903,493
Construction account	11,570,256	10,583,384
	$ 12,539,204	$ 11,486,877

Summary of Fair Values

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

	2020	2019
Fair value		
Deposits	$ 17,476,180	$ 16,982,955
Investments	11,570,256	10,583,384
	$ 29,046,436	$ 27,566,339

	2020	2019
Included in the following balances sheet captions		
Cash	$ 16,507,232	$ 16,079,462
Cash, restricted	968,948	903,493
Noncurrent restricted investments	11,570,256	10,583,384
	$ 29,046,436	$ 27,566,339

3. CAPITAL ASSETS

Capital assets consist of the following:

	Balance, July 1, 2019	Additions	Deletions	Transfers	Balance, June 30, 2020
Depreciable capital assets					
Buildings and grounds	$ 108,948,284	$ 164,917	$ --	$ --	$ 109,113,201
Improvements	22,631,375	741,461	--	230,962	23,603,798
Equipment and other	6,797,245	758,557	(167,414)	--	7,388,388
Total depreciable capital assets	138,376,904	1,664,935	(167,414)	230,962	140,105,387
Less accumulated depreciation					
Buildings and grounds	33,961,411	2,293,932	--	--	36,255,343
Improvements	9,007,675	1,087,745	--	--	10,095,420
Equipment and other	5,295,079	512,439	(148,218)	--	5,659,300
Total accumulated depreciation	48,264,165	3,894,116	(148,218)	--	52,010,063
Depreciable capital assets, net of accumulated depreciation	$ 90,112,739	$ (2,229,181)	$ (19,196)	$ 230,962	$ 88,095,324
Nondepreciable capital assets					
Construction in progress	$ 850,209	$ 4,082,004	$ --	$ (230,962)	$ 4,701,251

	Balance, July 1, 2018	Additions	Deletions	Transfers	Balance, June 30, 2019
Depreciable capital assets					
Buildings and grounds	$ 85,682,224	$ 2,474,432	$ (39,971)	$ 20,831,599	$ 108,948,284
Improvements	22,042,716	866,553	(478,925)	201,031	22,631,375
Equipment and other	6,737,048	253,334	(195,507)	2,370	6,797,245
Total depreciable capital assets	114,461,988	3,594,319	(714,403)	21,035,000	138,376,904
Less accumulated depreciation					
Buildings and grounds	31,790,071	2,211,311	(39,971)	--	33,961,411
Improvements	8,409,985	1,068,770	(471,080)	--	9,007,675
Equipment and other	4,992,946	463,231	(161,098)	--	5,295,079
Total accumulated depreciation	45,193,002	3,743,312	(672,149)	--	48,264,165
Depreciable capital assets, net of accumulated depreciation	$ 69,268,986	$ (148,993)	$ (42,254)	$ 21,035,000	$ 90,112,739
Nondepreciable capital assets					
Construction in progress	$ 21,472,344	$ 412,864	$ --	$ (21,035,000)	$ 850,209

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, 2020 and 2019:

Description and Purpose	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2020					
Revenue bonds – direct placement, net of $23,850 discount	$ 10,004,925	$ --	$ 488,775	$ 9,516,150	$ 560,000
Unearned lease revenue	2,108,430	--	37,023	2,071,407	47,023
Net OPEB obligation	14,266,481	22,248	--	14,288,729	--
	$ 26,379,836	$ 22,248	$ 525,798	$ 25,876,286	$ 607,023
2019					
Revenue bonds, net of $25,075 discount	$ 680,000	$10,004,925	$ 680,000	$ 10,004,925	$ 490,000
Unearned lease revenue	2,166,862	--	58,432	2,108,430	47,023
Net OPEB obligation	18,841,596	--	4,575,115	14,266,481	--
	$ 21,688,458	$10,004,925	$ 5,313,547	$ 26,379,836	$ 537,023

Revenue Bonds

On March 28, 2019, the Trust issued $10,030,000 of direct placement sales tax revenue bonds, which mature through 2034 (Series 2019 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.

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

During 2005, a portion of the Series 1999 Bonds were refunded by issuing $5,660,000 in revenue bonds. As a result of this refunding, the Trust recognized a deferred amount on refunding which was amortized over 14 years, the remaining life of the refunded debt. Revenue bonds payable are reflected net of unamortized premiums of $0 and $6,399 at June 30, 2020 and 2019.

The Series 1999 Bond Indenture requires the use of 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 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, 2020 or 2019.

4. LONG-TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year	Interest Rate Percentage	Principal	Interest	Total
2021	3.02%	$ 560,000	$ 288,108	$ 848,108
2022	3.02%	575,000	271,196	846,196
2023	3.02%	590,000	253,831	843,831
2024	3.02%	610,000	236,013	846,013
2025	3.02%	630,000	217,591	847,591
Thereafter	3.02%	6,575,000	1,032,387	7,607,387
		$ 9,540,000	$ 2,299,126	$ 11,839,126

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 $8,274,000 and $6,145,000 for the years ended June 30, 2020 and 2019, respectively. The total payroll for all trust employees approximated $8,494,000 and $7,770,000 for the years ended June 30, 2020 and 2019, respectively.

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Eligibility, Contribution Methods and Benefit Provisions

Year established and governing authority	1958; City Council ordinance
Determination of contribution requirements	Actuarially determined
Employer contributions	5.23% 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 $337,394 and $322,729 for the years ended June 30, 2020 and 2019.

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

Net pension assets 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, 2020 and 2019 was as follows:

	June 30, 2020	June 30, 2019
Net pension assets (liabilities)	$ 420,543	$ 1,244,138
Measurement date	June 30, 2019	June 30, 2018
Valuation date	December 31, 2018	December 31, 2017
Proportion	4.35%	4.44%

The net pension asset is measured by the ERS each June 30, and the total pension liability used to calculate the net pension asset 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 asset 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, 2020 and 2019, the Trust recognized pension expense of $487,874 and $132,479, respectively. At June 30, 2020 and 2019, the Trust reported deferred outflows or resources and deferred inflows of resources related to the pension plan from the following sources:

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 170,347	$ 728,297	$ --	$ 986,519
Changes of assumptions	597,311	--	763,535	--
Net difference between projected and actual earnings on pension plan investments	304,131	--	256,102	--
Trust's contributions made subsequent to the measurement date	337,394	--	312,047	--
Total	$ 1,409,183	$ 728,297	$1,331,684	$ 986,519

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

At June 30, 2020, the Trust reported $337,394 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, 2020. Other amounts reported as deferred outflows of resources at June 30, 2020, related to pensions will be recognized in pension expense as follows:

2020	$	257,028
2021		(187,643)
2022		60,279
2023		156,646
2024		46,833
Thereafter		10,349
	$	343,492

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%
Discount rate	7.10%
Projected salary increases	3.25% including inflation
Postretirement benefit increases (maximum)	2.00%
Inflation	2.25%
Mortality	RP-2000 Healthy Life mortality table, adjusted for mortality improvements to 2010

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period covering January 1, 2008 through December 31, 2012. A report dated December 4, 2013 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:

5. EMPLOYEE RETIREMENT PLAN (CONTINUED)

	Long-Term Expected Real Rate of Return	Target Allocation
Core bonds	2.62%	5.00%
Core plus	2.89%	7.50%
Global bonds	2.43%	7.50%
Absolute return	4.25%	5.00%
U.S. large cap equity	7.20%	20.00%
U.S. small cap equity	8.41%	10.00%
International developed equity	8.14%	10.00%
Emerging market equity	9.39%	5.00%
Long / short equity	5.64%	10.00%
Private equity	10.40%	5.00%
Core real estate	6.79%	6.00%
Opportunistic real estate	9.79%	4.00%
Commodities	0.00%	5.00%
		100.00%

Discount Rate

A single discount rate of 7.1% 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 7.1%. 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 7.1%. The following presents the net pension asset using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
Trust's net pension asset (liability), June 30, 2020	$ (3,492,440)	$ 420,543	$ 3,720,634
Trust's net pension asset (liability), June 30, 2019	$ (2,609,775)	$ 1,244,138	$ 4,482,766

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, 2020 (previous calendar year was 50%). The retirees and their dependents are responsible for paying the remaining 50% of the premium, effective January 1, 2019 (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 $14,288,729 and $14,266,481 was measured as of June 30, 2019 and 2018, 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, 2020 and 2019, the Trust recognized OPEB expense of $520,220 and $1,946,451, respectively.

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

At June 30, 2020, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2020		June 30, 2019	
	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	$ 683,724	$ 3,084,290	$ 121,522	$ 2,698,347
Employer contributions	489,311	--	493,680	--
Changes of assumptions	--	1,893,740	--	2,219,822
Total	$ 1,173,035	$ 4,978,030	$ 615,202	$ 4,918,169

The $489,311 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, 2020. 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**
2020	$ (910,694)
2021	(910,694)
2022	(897,927)
2023	(887,779)
2024	(200,995)
Thereafter	(486,217)
	$ (4,294,306)

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

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.

Valuation date	June 30, 2020
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	4.05%
Inflation	3.00%
Projected salary increases	3.25%
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	RP 2000 combined mortality table projected to 2010 using scale AA

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

Long-Term Expected Rate of Return

The discount rate used to measure the total OPEB liability was 4.05%. 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 2020. Therefore, the 20-year municipal bond rate based on a range of indices from 2.79%-3.51% was applied to projected benefit payments after 2020 to determine the total OPEB liability. The discount rate decreased from 4.25% on June 30, 2018 to 4.05% on June 30, 2019. These best estimates and the OPEB's target asset allocation are summarized in the following table:

	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%
		100.00%

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 (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate:

	1% Decrease 3.05%	Discount Rate 4.05%	1% Increase 5.05%
Net OPEB Liability	$ 11,925,782	$ 14,288,729	$ 17,279,136

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 7.00%	Healthcare Trend Rate 8.00%	1% Increase 9.00%
Net OPEB Liability	$ 11,680,906	$ 14,288,729	$ 17,670,442

The OPEBT issues a publicly available Comprehensive Annual Financial Report (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 the OPEBT.

7. 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 2064 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.

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, 2020 and 2019, approximated $605,750 and $590,500, 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, 2064 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. 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 minimum lease receipts and payments at June 30, 2020 were:

	Lease Receipts	Lease Payments	Net Lease Receipts
2021	$ 1,139,031	$ 96,301	$ 1,042,730
2022	1,148,152	96,301	1,051,851
2023	835,000	96,301	738,699
2024	835,000	96,301	738,699
2025	835,000	96,301	738,699
2026 – 2030	4,174,965	481,505	3,693,460
2031 – 2035	4,174,965	481,505	3,693,460
2036 – 2040	4,174,965	481,505	3,693,460
2041 – 2045	4,174,965	481,505	3,693,460
2046 – 2050	4,174,965	481,505	3,693,460
2051 – 2055	4,174,965	481,505	3,693,460
2056 – 2060	4,174,965	481,505	3,693,460
2061 – 2064	3,339,972	385,204	2,954,768
	$ 37,356,910	$ 4,237,244	$ 33,119,666

7. LEASES (CONTINUED)

Net rental income for all operating leases consisted of:

	2020	2019
Minimum rental expense	$ (96,301)	$ (96,301)
Contingent rental expense	(65,000)	(63,363)
Sublease rental income	1,177,199	1,168,601
Sublease contingent rental income	640,837	668,657
Other rental income	13,904	15,274
	$ 1,670,639	$ 1,692,868

8. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2020 and 2019, the Trust recorded payments from the City derived from sales tax receipts of $14,008,624 and $14,283,715, 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.

The City provides certain services to the Trust. Charges for those services for the years ended June 30, 2020 and 2019, approximately $719,000 and $723,000, 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 2020 and 2019, the Society provided Zoo support and donated approximately $113,000 and $1,513,000, 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 $762,000 and $1,892,000 for fiscal years 2020 and 2019, respectively, as donations in the Trust's financial statements. As of June 30, 2020 and 2019, the Trust had a receivable from the Society of approximately $980,000 and $833,000, 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.

9. RISK MANAGEMENT (CONTINUED)

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 2020 and 2019 self-insured health claims were $1,087,575 and $794,929, 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 2020 and 2019 is summarized as follows:

	2020	2019
Balance, beginning of year	$ 98,784	$ 71,097
Current year claims incurred and changes in estimates for claims incurred in prior years	951,589	822,616
Claims and expenses paid	(1,087,575)	(794,929)
Balance, end of year	$ (37,202)	$ 98,784

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19's effect on the Trust's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the operations. However, if the pandemic continues to evolve it is likely to have a negative impact on operating revenues, donations and sales tax payment from the City.

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 $600,951 and $864,419 in concession commissions through June 30, 2020 and 2019, respectively. Lancer will pay various commission percentages based on adjusted gross receipts to the Trust. 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 $3,820,369. 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. The Trust has reported $535,908 and $636,576 in merchandise commissions through June 30, 2020 and 2019,

10. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

respectively. 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 $3,042,768. Lancer is required to operate and maintain the facilities in accordance with the agreement.

The Trust reports a receivable and deferred inflow of resources in the amount of $3,933,140 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	2020	2019	2018	2017	2016	2015
Trust's proportion of the net pension asset	4.35%	4.44%	4.46%	4.46%	4.18%	4.31%
Trust's proportionate share of the net pension asset (liability)	$ 420,543	$ 1,244,139	$ 1,115,826	$ (52,322)	$ 1,958,668	$ 2,646,879
Trust's covered-employee payroll	$ 6,144,696	$ 6,025,585	$ 8,396,367	$ 5,938,606	$ 4,449,222	$ 4,888,000
Trust's proportionate share of the net pension asset as a percentage of its covered-employee payroll	6.84%	20.65%	13.29%	-0.88%	44.02%	54.15%
Plan fiduciary net position as a percentage of the total pension asset	101.30%	103.92%	103.69%	99.82%	107.52%	110.29%

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

II. Schedule of Employer Contributions	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 337,394	$ 312,047	$ 305,688	$ 305,688	$ 327,691	$ 337,384
Contributions in relation to the contractually required contribution	337,394	312,047	305,688	305,688	327,691	337,384
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Trust's covered-employee payroll	$ 8,274,080	$ 6,144,696	$ 6,025,585	$ 8,396,367	$ 5,938,606	$ 4,449,222
Contributions as a percentage of covered-employee payroll	4.08%	5.08%	5.07%	3.64%	5.52%	7.58%

Notes to Schedules

Only the 2015 through 2020 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	2020	2019	2018
Trust's proportion of the OPEB liability	3.36%	3.39%	3.61%
Trust's proportionate share of the OPEB liability	$ 14,288,729	$ 14,266,481	$ 18,841,596
Trust's covered-employee payroll	$ 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	232.54%	236.77%	224.40%
Plan fiduciary net position as a percentage of the total pension asset	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 2020 fiscal year information is presented because the 10-year data is not yet available.

Other Post-Employment Benefit Plan

Schedule of Trust Contributions

	2020	2019	2018
Contractually required contribution	$ 734,909	853,057	$ 869,950
Contributions in relation to the contractually required contribution	489,311	493,680	571,000
Contribution deficiency (excess)	$ 245,598	$ 359,377	$ 298,950
Covered-employee payroll	$ 8,274,080	$ 6,144,696	$ 6,025,585
Contributions as a percentage of covered-employee payroll	5.91%	8.03%	9.48%

Notes to Schedules

Only the 2018 through 2020 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, 2020

	Operating Account	Designated Account	Sales Tax Account	Total
Current Assets				
Cash	$ 314,931	$ 44,113	$ 16,148,188	$ 16,507,232
Accounts receivable, net of allowance	1,334,456	--	--	1,334,456
Inventories	126,923	--	--	126,923
Sales tax receivable from the City	--	--	1,919,975	1,919,975
Cash, restricted	968,948	--	--	968,948
Total current assets	2,745,258	44,113	18,068,163	20,857,534
Noncurrent Assets				
Investments	--	--	11,570,256	11,570,256
Accounts receivable, noncurrent	2,952,982	--	--	2,952,982
Net pension asset	420,543	--	--	420,543
Capital assets				
Construction in progress	--	--	4,701,251	4,701,251
Other capital assets, net of accumulated depreciation	4,317,611	--	83,777,713	88,095,324
Total noncurrent assets	7,691,136	--	100,049,220	107,740,356
Total assets	10,436,394	44,113	118,117,383	128,597,890
Deferred Outflows of Resources				
OPEB liability	1,173,035	--	--	1,173,035
Pension plan	1,409,183	--	--	1,409,183
Total deferred outflows of resources	2,582,218	--	--	2,582,218
	$ 13,018,612	$ 44,113	$ 118,117,383	$ 131,180,108

	Operating Account	Designated Account	Sales Tax Account	Total
Current Liabilities				
Accounts payable	$ 435,053	$ --	$ 776,868	$ 1,211,921
Wages and benefits payable	451,092	--	--	451,092
Compensated absences	141,104	--	--	141,104
Bonds payable, current	--	--	560,000	560,000
Bond interest payable	--	--	24,009	24,009
Current portion of unearned lease revenue	47,023	--	--	47,023
Other accrued liabilities	266,241	--	--	266,241
Total current liabilities	1,340,513	--	1,360,877	2,701,390
Noncurrent Liabilities				
Bonds payable, net	--	--	8,956,150	8,956,150
Unearned lease revenue	2,024,384	--	--	2,024,384
Net OPEB liability	14,288,729	--	--	14,288,729
Total noncurrent liabilities	16,313,113	--	8,956,150	25,269,263
Total liabilities	17,653,626	--	10,317,027	27,970,653
Deferred Inflows of Resources				
Service concession arrangement	3,933,140	--	--	3,933,140
OPEB liability	4,978,030	--	--	4,978,030
Pension plan	728,297	--	--	728,297
Total deferred inflows of resources	9,639,467	--	--	9,639,467
Net Position				
Net investment in capital assets	4,317,611	--	79,739,682	84,057,293
Restricted for debt service	--	--	24,009	24,009
Restricted for health claims	931,746	--	--	931,746
Unrestricted	(19,523,838)	44,113	28,036,665	8,556,940
Total net position	(14,274,481)	44,113	107,800,356	93,569,988
	$ 13,018,612	$ 44,113	$ 118,117,383	$ 131,180,108

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, 2020

	Operating Account	Designated Account	Sales Tax Account	Total
Operating Revenues				
Zoo admissions	$ 2,598,775	$ --	$ --	$ 2,598,775
Concessions	1,562,013	--	--	1,562,013
Zoo activities	1,816,411	--	--	1,816,411
Rent	1,670,639	--	--	1,670,639
Total operating revenues	7,647,838	--	--	7,647,838
Operating Expenses				
Personnel services	10,886,613	--	--	10,886,613
Maintenance, operations and contractual services	3,173,146	--	--	3,173,146
Materials and supplies	1,382,117	--	83,986	1,466,103
Depreciation	436,985	--	3,457,131	3,894,116
Other	133,599	--	--	133,599
Total operating expenses	16,012,460	--	3,541,117	19,553,577
Operating loss	(8,364,622)	--	(3,541,117)	(11,905,739)
Nonoperating Revenues (Expenses)				
Donations	915,368	--	--	915,368
Investment income	167,011	3,027	266,551	436,589
Interest expense	--	--	(309,975)	(309,975)
Sales tax payments from the City	--	--	14,008,624	14,008,624
Total nonoperating revenues	1,082,379	3,027	13,965,200	15,050,606
Change in net position before transfers	(7,282,243)	3,027	10,424,083	3,144,867
Transfers Between Accounts	6,357,475	--	(6,357,475)	--
Change in net position	(924,768)	3,027	4,066,608	3,144,867
Net Position, Beginning of Year	(13,349,713)	41,086	103,733,748	90,425,121
Net Position, End of Year	$ (14,274,481)	$ 44,113	$ 107,800,356	$ 93,569,988

AGH CPAs & ADVISORS

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

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, 2020 and 2019, 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 6, 2020.

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

November 6, 2020
Wichita, KS