

FRESNO COUNTY
ZOO
AUTHORITY

Annual Report

2011 • 2012



Now Open!

How we built a seashore inland!

A new day dawns at Fresno Chaffee Zoo...

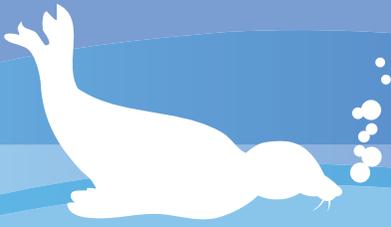


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*"Memory: A child walking along a seashore.
You never can tell what small pebble it will pick up
and store away among its treasured things."*

~ Pierce Harris

Introduction by the Chair of Zoo Authority Board

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2012 Fresno County Zoo Authority Board and Staff

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Breaking ground!

2220 Tulare Street • 6th Floor • Fresno, CA 93721
Phone: 559.600.4305 • www.zooauthority.org
zooauthority@co.fresno.ca.us

*The
BIG
Dig!*

News From the Zoo Authority



PAUL B. CLARK
Chairman

RALPH WATERHOUSE
Vice Chairman

JOHN W. GRAY, DVM
Board Member

GERALD V. LYLES
Board Member

KENT L. STRATFORD
Board Member

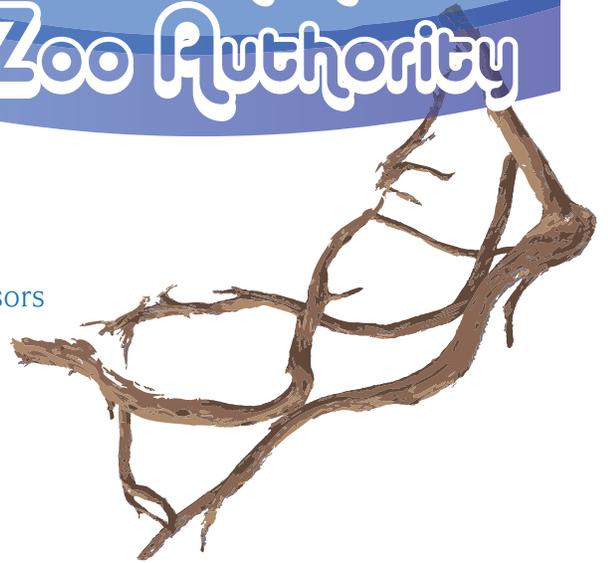
PAUL A. TOSTE, DVM
Board Member

ASHLEY SWEARENGIN
Board Member

OLIVER BAINES
Mayor's Alternate

November 30, 2012

Fresno County Board of Supervisors
Hall of Records
2281 Tulare Street, Room 300
Fresno, CA 93721



Dear Supervisors,

On behalf of the Fresno County Zoo Authority, please find the enclosed Annual Report to the Board of Supervisors for the fiscal year 2011-2012.

The Fresno County Zoo Authority is in its eighth year of existence. Four of our seven board members were members of the initial board formed in 2005.

We continue to have a positive working relationship with Fresno's Chaffee Zoo Corporation and it has been a pleasure to work with Zoo Director Scott Barton and his staff. We take our responsibility to you and the taxpayers of Fresno County very seriously as we determine the allowable uses of Measure Z funds always taking into account the intentions of the taxpayers.

The Zoo Authority approved the Chaffee Zoo's Master Plan in concept in July of 2007. Subsequently, as the lead agency, the City of Fresno proceeded with the Environmental Impact Report (EIR). The process was complex and has had delays: the zoo master plan became the "Roeding Park Master Plan." The City of Fresno approved the EIR in June 2011. Mayor Swearengin's attention to the EIR helped move the process through the city's review. The first major project, Sea Lion Cove, began construction and is proceeding ahead of schedule. Sea Lion Cove is going to be a major recreation and education asset to the residents of Fresno County and it will also draw tourism revenue into the county.





*Working
from the
ground up!*

News From the Zoo Authority

During the fiscal year ending June 30, 2012 the authority disbursed funds in the amount of \$2,842,057 for operations, including small projects within the existing zoo. We also approved the release of \$7,399,438 for capital projects spent primarily on for the Sea Lion Cove exhibit.

Since inception, through June 30, 2012, the Zoo Authority has collected \$75,040,820 in Measure Z revenue and disbursed \$20,581,784 for Zoo Operations, and \$9,734,412 for Capital Funds. The Zoo Authority spent \$790,848 in administrative expenses, primarily related to professional and specialized services provided by Fresno County staff including clerical accounting, legal, and the services of the coordinator.

Fresno County Zoo Authority board members would like to express their sincerest appreciation for all of the County staff's hard work and dedication. We truly appreciate the support we have been given. It has been our pleasure to once again serve the County of Fresno in overseeing the distribution of Measure Z Funds during the past fiscal year.

Ralph Waterhouse
Board Member
559-600-4305





Coastal Rocks Rise Inland



Acknowledgements

The Fresno County Zoo Authority greatly appreciates the investment of personal time and effort by board members of the Fresno's Chaffee Zoo Corporation and the cordial and collaborative relationship between the Authority's and Zoo's staff.

We also acknowledge and appreciate the prompt and enthusiastic assistance from many Fresno County employees, without whom the needs and goals of the Zoo Authority Board could not be met.

ADMINISTRATIVE OFFICE

John Hays, Senior Administrative Analyst

AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR

Eliz Manoukian, Accounting and Financial Manager

Lawrence Seymour, Division Chief, Financial Reporting and Audits

COUNTY COUNSEL

Diana Panoo, Administrative Services Assistant

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Elizabeth Avalos, Administrative Secretary

Pat Srisukwatana, Systems Procedures Analyst

INTERNAL SERVICES DEPARTMENT, GRAPHIC COMMUNICATION SERVICES

Gina Barr, Graphic Arts Technician II

INTERNAL SERVICES DEPARTMENT, INFORMATION TECHNOLOGY DIVISION

Jackelyn Celis, Programmer Analyst

Daniel Moore, Senior Information Technology Analyst

PUBLIC WORKS AND PLANNING

Christina Chaparro, Office Assistant II

Sally Godfrey, Program Technician II

Kevin Olivas, Office Assistant III

*"By the sea, by the sea, by the beautiful sea!
You and me, you and me, oh how happy we'll be!"*

- Harold R. Atteridge





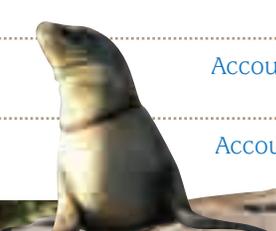
Zoo Authority Board and Staff

ZOO AUTHORITY BOARD 2012

| Board Member | Position | Date Appointed | Nominated By | Term Expiration |
|--------------------|--------------------------|----------------|--|-----------------|
| PAUL B. CLARK | <i>Chair</i> | 3/3/2009 | District 5 Supervisor <i>Deborah Poochigian</i> | 1/7/2013 |
| RALPH WATERHOUSE | <i>Vice Chair</i> | 1/10/2006 | 2006 Board of Supervisors <i>Chairman Phil Larson</i> | 1/7/2013 |
| JOHN W. GRAY, DVM | <i>Board Member</i> | 2/8/2005 | District 4 Supervisor <i>Judy Case</i> | 1/3/2014 |
| GERALD V. LYLES | <i>Board Member</i> | 2/8/2005 | District 2 Supervisor <i>Susan Anderson</i> | 1/7/2013 |
| KENT L. STRATFORD | <i>Board Member</i> | 2/8/2005 | District 3 Supervisor <i>Henry Perea</i> | 1/7/2013 |
| PAUL A. TOSTE, DVM | <i>Board Member</i> | 12/4/2007 | District 1 Supervisor <i>Phil Larson</i> | 1/3/2014 |
| ASHLEY SWEARENGIN | <i>Board Member</i> | N/A | Ex Officio - Mayor of Fresno | N/A |
| OLIVER BAILES | <i>Mayor's Alternate</i> | N/A | Mayor's Appointment | N/A |

ZOO AUTHORITY STAFF

| Staff Member | Title | County Dept. | Position |
|--|----------------------------------|--|-------------------------------|
| JOHN NAVARRETTE | <i>Administrator</i> | County Administrative Office | County Administrative Officer |
| CATHERINE CROSBY | <i>Coordinator</i> | Public Works & Planning <i>Resources Division</i> | Staff Analyst III |
| CHRISTINA CHAPARRO | <i>Clerk</i> | Public Works & Planning <i>Resources Division</i> | Office Assistant II |
| ZACHARY REDMOND | <i>Counsel</i> | County Counsel | Deputy County Counsel |
| ROBERT DELAY <i>Through October 2011</i> | <i>Treasurer</i> | Auditor-Controller Treasurer-Tax Collector | Senior Accountant |
| JEFF BLANKS <i>From November 2011</i> | <i>Treasurer/ Accountant</i> | Auditor-Controller Treasurer-Tax Collector | Senior Accountant |
| JAMIE FLAHERTY <i>Through November 2011</i> | <i>Accountant</i> | Auditor-Controller | Accountant II |
| MARC YOUNG <i>From January 2012</i> | <i>Accountant</i> | Auditor-Controller Treasurer-Tax Collector | Accountant I |





2011-2012

Zoo Authority Milestones with the help of...

2004



JULY
Resolution creating the Fresno County Zoo Authority (Authority), and ordinance providing for a transactions and use tax of 0.1% for a period of ten years commencing on April 1, 2005, adopted by the Fresno County Board of Supervisors.

NOVEMBER
The Fresno County electorate approved Measure Z by 73.42%.

JANUARY
Adoption of initial Authority by-laws.

APRIL
Board of Supervisors completes appointments, and Authority Board holds first meeting.

JUNE
First Measure Z tax receipts received.

JULY
Agreement between Authority and County of Fresno to provide Authority with professional and technical services, including administration, accounting, legal and technical services.

Adopted Authority logo reminiscent of that used by the 2004 Measure Z campaign. Launched website for anyone to access information regarding the Authority. Initiated streaming audio of Authority meetings.

NOVEMBER
Finance Agreement entered into between the City of Fresno and the Fresno's Chaffee Zoo Corporation (FCZC).

JANUARY
Agreement between the City of Fresno and FCZC, providing for the lease of grounds and facilities to FCZC, and for operation of the zoo by FCZC.

First year Authority authorized funds to FCZC.

MAY
Lewis Greene becomes director of Fresno Chaffee Zoo. Approved letter to Association of Zoos and Aquariums guaranteeing funding for necessary zoo projects prior to adoption of a master plan.

2006 continued

OCTOBER
Approved FCZC request for capital projects funds for development of master plan.

NOVEMBER
Received first audit of the Authority receipts and expenditures from April 2004 inception through June 2006.

APRIL
Approved contract with Environmental Impact Report consultant. Approved \$1,250,000 for small capital projects within the current zoo that would demonstrate to the public the Fresno Chaffee Zoo is actively working on improvements.

JULY
Following public presentations, the Authority approved the proposed Chaffee Zoo Master Plan with stipulations the City of Fresno must participate in paying for items outside the footprint of the Zoo, and that the "Kids Zone" will not be deleted from the list of items to be completed by 2014.

AUGUST
Approved funding requests for master planning and tree survey.

2007

JANUARY
Authority by-laws amended and subsequently approved providing among other things for Mayor of the City of Fresno to appoint a member of the Fresno City Council to serve on the Authority Board as the Mayor's alternate.

JUNE
Additional approvals of funds to FCZC for Capital projects including: Master planning services, Environmental Impact Report services, pre-design engineering and architectural services for three permanent zoo facilities.

2008

FEBRUARY
Approved request for \$1.2 million for Environmental Impact Report, pre-design engineering and beginning design of animal and non-animal facilities, and for improvements

2009

2009

FEBRUARY continued
and updating of Stingray Bay, Tropical Treasures and existing infrastructure.

MAY
Fresno native Scott Barton becomes Director of Fresno Chaffee Zoo.

JUNE
Approved a Capital Projects Policy to define criteria for capital projects that qualify for reimbursement of Measure Z funds.

AUGUST
Approved \$1.05m for Central Coast Themed Sea Lion Exhibit design.

Approved \$165,000 for Environmental Impact Report.

OCTOBER
Approved \$121,000 for Stingray Bay as permanent exhibit.



2010

APRIL
Approved reallocation of \$50,000 from Reptile Building renovation budget to new Dino Dig exhibit.

AUGUST
Approved \$80,000 for pre-construction work on Sea Lion Cove exhibit.

2011

JANUARY
City of Fresno Planning Commission certifies Roeding Park Master Plan Environmental Impact Report.

MAY
Implemented email address: zooauthority@co.fresno.ca.us to enhance transparency of Zoo Authority Board.

JUNE
Fresno City Council approves Roeding Park Master Plan Environmental Impact Report.

Measure Z funds available for Chaffee Zoo operations and capital projects: \$47 million.

2011 continued

JULY
Approved \$9.3 million for construction of Sea Lion Cove exhibit.

Approved \$150,000 for conceptual design of Africa exhibit.

Approved \$50,000 for design of utility improvements, including storm water, fiber-optic, sewer, water and electrical.

SEPTEMBER
Ground breaking for Sea Lion Cove exhibit, expected to open September 2012.

NOVEMBER
Adopted a resolution that as a condition of the receipt of Measure Z Funds, the Fresno Chaffee Zoo shall follow their policy on procurement, bidding and selection for construction projects.

JANUARY
900 jobs were created using local contractors for Sea Lion Cove.

2011 attendance was up 15%, and revenue up 10% over 2010.

Approved zoo's Measure Z operating budget of \$3.4 million.

Approved zoo's Measure Z capital budget of \$595,000 for renovation of existing exhibits, and animal acquisition.



2012

MARCH
Approved \$125,000 for Digital X-ray machine.

Approved \$60,000 for walkway improvements near Giraffe exhibit.

Approved \$4 million for Africa exhibit design.

APRIL - MAY
Construction on Sea Lion Cove continues ahead of schedule.

Africa exhibit design is 1/3 complete.

JUNE
Over \$48M is available for new exhibits.

Over \$11M in Measure Z Tax was received in Fiscal Year 2011-12.

Sea Lion Cove opens August 27, 2012.

"Sit in reverie and watch the changing color of the waves that break upon the idle seashore of the mind."

~ Henry Wadsworth Longfellow





Unaudited Treasurer's Exhibits

A, B, C, D and E

Exhibit A

Fresno County Zoo Authority Cash Balance



Filling

Exhibit B

Cash Disbursement by Category to Fresno's Chaffee Zoo Corporation during Fiscal Year 2011-12



the Pool...

Exhibit C

Cash Disbursements by Fund to Fresno's Chaffee Zoo Corporation during Fiscal Year 2011-12



Sea Lions

Exhibit D

*Fresno County Zoo Authority Measure Z
Sales Tax Proceeds Budget (Cash Basis)
for Fiscal Year Ended June 30, 2012*



Move In!

Exhibit E

*Fresno County Zoo Authority Measure Z
Sales Tax Proceeds (Cash Basis) by Fiscal Year
From Inception to June 30, 2012*





Unaudited Treasurer's Exhibits A, B and C

Fresno County Zoo Authority Cash Balance

As of June 30, 2012

Exhibit A

| | | |
|---|------------|----------------------|
| Cash Available for Administration (2%) Fresno County Zoo Authority | | \$ 797,504 |
| Cash Available for Zoological Activities (98%) | | |
| Operations | 4,540,877 | |
| Capital Projects | 43,675,692 | |
| Total Cash Available for Zoological Activities | | 48,216,569 |
| Total Cash Balance as of June 30, 2012 | | \$ 49,014,073 |

Cash Disbursements By Category To FCZC During Fiscal Year 2011-12

For Operations

Exhibit B

| | |
|---|------------------|
| Salaries & Benefits | \$ 2,793,596 |
| Insurance | 48,261 |
| Bank Charges | 200 |
| Total Operations Disbursed to FCZC During Fiscal Year 2011-12 | 2,842,057 |

For Capital Projects

| | |
|---|--------------|
| Project | |
| Capital Improvements* | \$ 7,399,357 |
| Bank Charges | 80 |
| Total Capital Projects Disbursed to FCZC During Fiscal Year 2011-12 | 7,399,437 |

Total FCZC Disbursements

\$ 10,241,494

*Includes Sea Lion Exhibit Design

Fiscal Year Cash Disbursements by Fund to FCZC

From Inception to June 30, 2012

Exhibit C

| | FY-2006 | FY-2007 | FY-2008 | FY-2009 | FY-2010 | FY-2011 | FY-2012 | Total |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Operations | \$ 1,538,300 | \$ 2,805,819 | \$ 4,082,456 | \$ 3,603,994 | \$ 3,095,657 | \$ 2,613,501 | \$ 2,842,057 | \$ 20,581,784 |
| Capital Projects | \$ - | 140,070 | 239,631 | 565,268 | 722,760 | 667,245 | 7,399,437 | 9,734,411 |
| Total Disbursements | <u>\$ 1,538,300</u> | <u>\$ 2,945,889</u> | <u>\$ 4,322,087</u> | <u>\$ 4,169,262</u> | <u>\$ 3,818,417</u> | <u>\$ 3,280,746</u> | <u>\$ 10,241,494</u> | <u>\$ 30,316,195</u> |

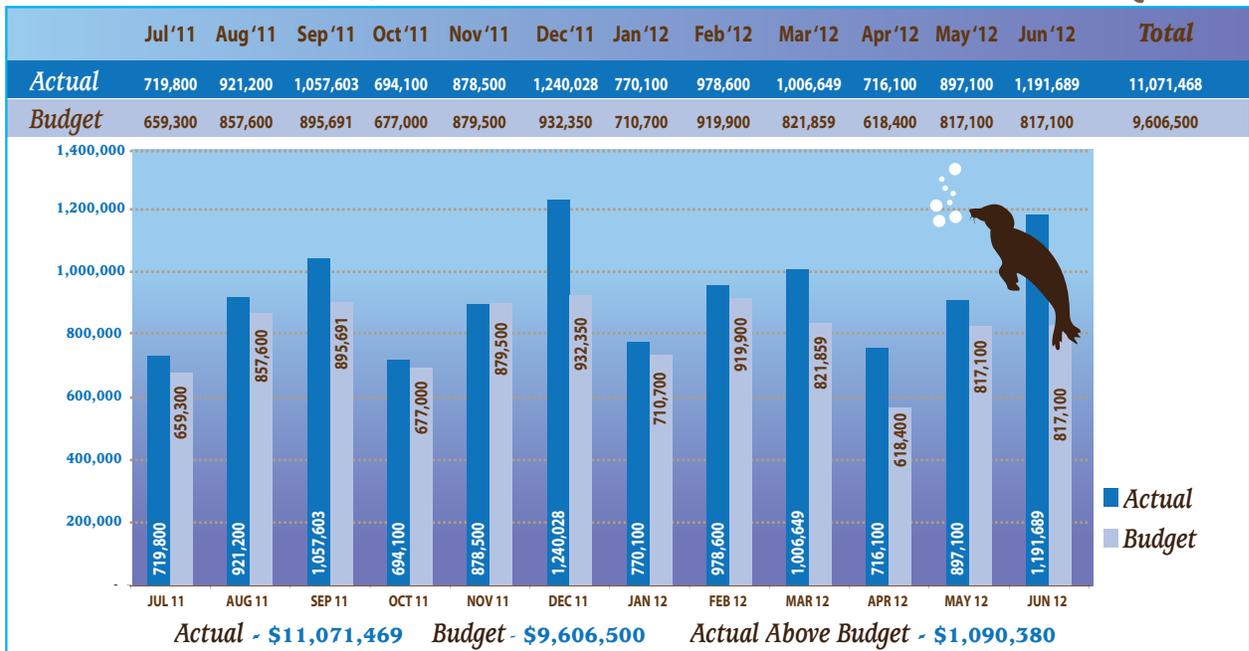
*Note: No disbursements were made prior to FY-2006.



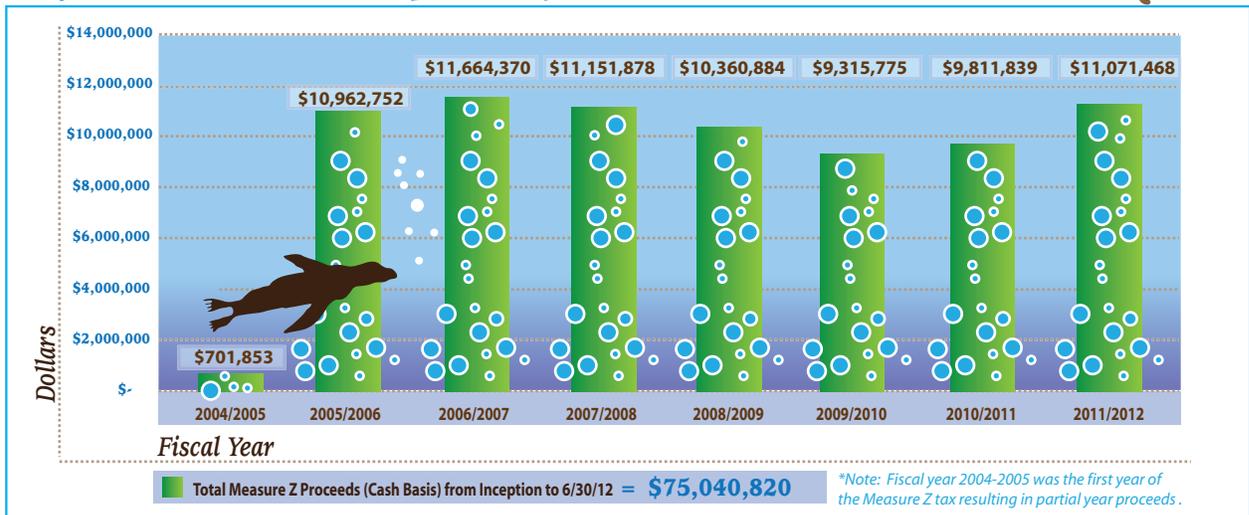


Unaudited Treasurer's Exhibits D and E

Fresno County Zoo Authority Measure Z Sales Tax Proceeds Budget (Cash Basis) For Fiscal Year Ended June 30, 2012 Exhibit D



Fresno County Zoo Authority Measure Z Sales Tax Proceeds (Cash Basis) By Fiscal Year From Inception To June 30, 2012 Exhibit E

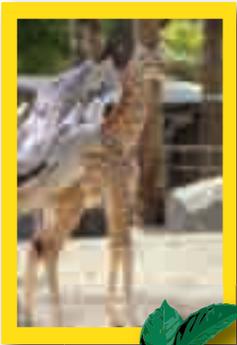




We also welcomed another major addition...
Baba, our beautiful baby girl giraffe!



Introduction to Audited Financial Statements



Audited Financial Statements

The Zoo Authority's financial statements for fiscal year ended June 30, 2012 were audited by Brown, Armstrong, CPA; an independent accounting firm. The audit was conducted 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. These audited financial statements, as well as the independent auditor's report are presented in Appendix A. The notes to the financial statements should be read in conjunction with the statements as they are an integral part of the statements and provide disclosures required by generally accepted accounting principles (GAAP).



Financial highlights can be found on page 3. Additional information which is an integral part of the financial statements can be found on pages 15-20.

Financial information for administration by the Zoo Authority is presented on pages 8-11. Financial information in relation to the operations and capital projects trust funds (funds for zoological purposes) is presented on pages 12-13.

The variation between estimated and actual revenue and expenditures is presented in the Budgetary Comparison Schedule on page 23. As further discussed on page 24, the Authority adopted an operating budget for fiscal year ended June 30, 2012.



Disbursements To Fresno's Chaffee Zoo Corporation

During fiscal year 2012, a total of \$10,241,494 was disbursed to the Fresno's Chaffee Zoo Corporation; \$2,842,057 for operations and \$7,399,437 for capital projects. The Statement of Fiduciary Net Assets on page 12 presents cash balances available for operations and capital projects to be used for Zoological purposes as of June 30, 2012. This statement also presents funds held in trust for operations and capital projects based on the accrual basis of accounting.



MEASURE



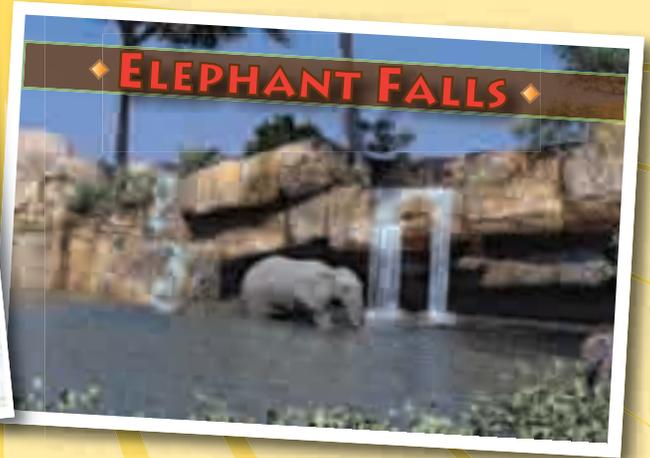
Another Great Project from Measure **Z** Coming Soon...

THE AFRICAN SAVANNA

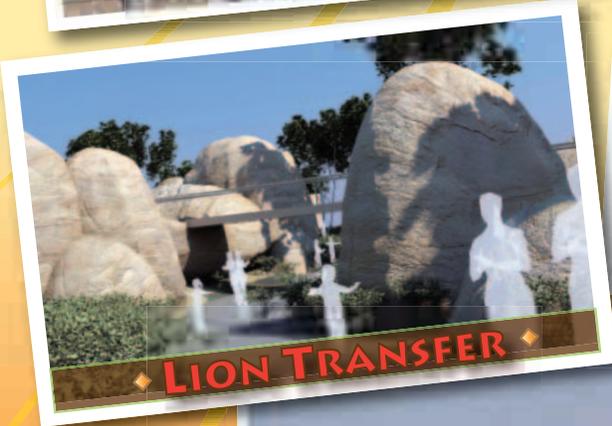
APPENDIX A



EXPANSION OVERVIEW



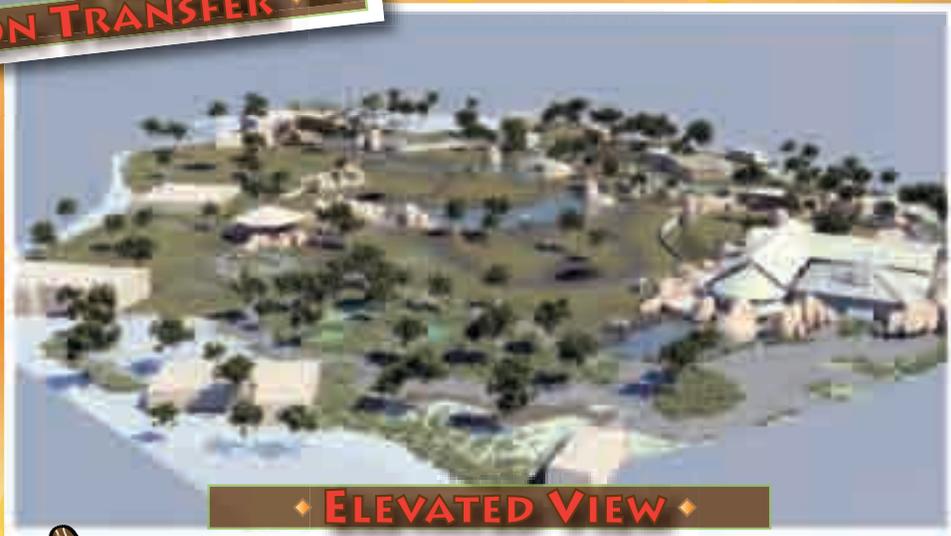
ELEPHANT FALLS



LION TRANSFER



SAFARI LODGE



ELEVATED VIEW

MORE FROM
MEASURE



To be revealed soon!

**FRESNO COUNTY ZOO AUTHORITY
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2012

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fresno County Zoo Authority
Fresno, California

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Fresno County Zoo Authority (the Authority), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Authority, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with *Accounting Principles* generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2012, on our consideration of the Authority'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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

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FAX: (559) 233-1112
- 4300 CLARKBENT AVENUE
SUITE 100
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FAX: (559) 233-1112



limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 18, 2012

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2012

This section of the Fresno County Zoo Authority (Authority) financial report presents a discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2012. Please read the information contained in this discussion and analysis in conjunction with the Authority's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded liabilities (referred to as net assets) at the end of the 2011-2012 fiscal year by \$814,078. This amount is considered restricted net assets.
- Liabilities of the Authority totaled \$27,278 at June 30, 2012. This amount primarily consists of expenses related to professional and specialized services provided by the County of Fresno.
- The Authority's total net assets increased by \$83,251 from fiscal year 2010-2011 to 2011-2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) **Government-wide** financial statements; 2) **Fund** financial statements, and 3) **Notes** to the basic financial statements. Required Supplementary Information (RSI) is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a brief overview of the Authority's finances, in a manner similar to a private sector business. Therefore, the statements are reported using the accrual basis of accounting. Please refer to Note 1 for further information on the accrual basis of accounting.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the Authority that are principally supported by intergovernmental revenues and sales taxes (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority are general government activities only. During the fiscal year reported, the Authority did not have any business-type activities.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The fund financial statements are reported using the modified accrual basis of accounting, which was designed to reflect budgetary processes used by governments. See Note 1-C for further information regarding the modified accrual basis of accounting. The Authority's funds can be divided into two categories: governmental fund (general fund) and fiduciary funds (private-purpose trust fund).

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Authority's General Fund budgetary comparison schedule is presented in R51. The Authority adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule is thus provided for the General Fund to demonstrate compliance with this budget.

The Authority reports on individual major governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance.

The governmental funds financial statements can be found on pages 10-11 of this report.

Fiduciary funds are used to account for resources held by the Authority in a trustee or agency capacity for others (i.e. Fresno Chaffee Zoo). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The type of fiduciary fund used by the Authority can be further classified as a *private-purpose trust fund*. There are two basic financial statements used to report information on fiduciary funds, the statement of fiduciary net assets (required for all fiduciary funds), and the statement of changes in fiduciary net assets (required for all fiduciary funds except agency funds).

The fiduciary fund financial statements can be found on pages 12-13 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 15-18 of this report.

Required Supplementary Information is presented for the budgetary comparison schedule of the General Fund, which is presented immediately following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$814,879 at the close of fiscal year 2011-2012. The Authority has no investments in capital assets.

Governmental activities: Governmental activities increased the Authority's net assets by \$63,751 from fiscal year 2010-2011 to 2011-2012. The key element of this increase relates to sales tax revenue exceeding total expenditures by \$51,537.

**FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2012**

FINANCIAL ANALYSIS OF THE AUTHORITY FUNDS

As noted earlier, the Authority uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General Fund. The focus of the Authority's governmental fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Authority's financing requirements.

At June 30, 2012, the Authority's governmental fund reported a fund balance of \$814,579, an increase of \$63,251 in comparison with the balance of \$751,628 reported at June 30, 2011.

Revenues for the governmental fund totaled \$234,247 in fiscal year 2011-2012. Revenue was primarily comprised from Measure 7 sales tax (95%). The remaining 5% was interest.

Expenditures for governmental funds totaled 5170,996 in fiscal year 2011-2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2011-2012 fiscal year, actual revenues were above those estimated in the final budget by \$23,512. Actual expenditures were below budgeted amounts by \$43,634. This difference in expenditures is primarily due to no expenses being incurred in many of the budgeted line items such as data processing, transportation and travel, publications, memberships, and less than anticipated expenditures for professional and specialized services.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fresno County Auditor-Controller's Office, 2281 Tulare Street, Fresno, California 93721.

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BASIC FINANCIAL STATEMENTS

FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2012

| | Governmental Activities |
|----------------------------|----------------------------|
| ASSETS | |
| Cash and investments | \$ 797,604 |
| Interest receivable | 2,723 |
| Due from other governments | <u>41,930</u> |
| Total assets | <u>842,157</u> |
| LIABILITIES | |
| Accrued liabilities | <u>27,278</u> |
| Total liabilities | <u>27,278</u> |
| NET ASSETS | |
| Restricted | <u>814,879</u> |
| Total net assets | <u>\$ 814,879</u> |

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

| Functions/Programs | Expenses | Program Revenues - Charges for Services | Net Expenses and Changes in Net Assets of Governmental Activities |
|--------------------------|------------|--|--|
| Governmental activities- | | | |
| General government | 170,996 | \$ - | \$ (170,996) |
| Total | \$ 170,996 | \$ - | (170,996) |

General revenues:

| | |
|-----------|---------|
| Sales tax | 222,533 |
| Interest | 11,714 |

Total general revenues 234,247

Change in net assets 63,261

Restricted Net assets - beginning 751,628

Restricted Net assets - ending \$ 814,879

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2012**

| ASSETS | <u>General Fund</u> |
|---|---------------------|
| Cash and investments | \$ 707,604 |
| Interest receivable | 2,720 |
| Due from other governments | <u>11,930</u> |
| Total assets | <u>\$ 812,157</u> |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accrued liabilities | <u>\$ 27,270</u> |
| Total liabilities | <u>27,270</u> |
| Fund balance: | |
| Restricted | 814,879 |
| Total fund balance | <u>814,879</u> |
| Total liabilities and fund balance | <u>\$ 842,157</u> |
| Reconciliation of the Balance Sheet to the Statement of Net Assets | |
| Total fund balance - governmental fund | \$ 814,879 |
| Differences | <u>-</u> |
| Restricted Net assets - governmental activities | <u>\$ 814,879</u> |

The accompanying notes are an integral part of this statement

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -- GOVERNMENTAL FUND
For the Year Ended June 30, 2012**

| REVENUES | (General Fund) |
|--|-------------------|
| Measure Z sales tax | \$ 222,533 |
| Interest | <u>11,714</u> |
| Total revenues | <u>234,247</u> |
| EXPENDITURES | |
| Current: | |
| Office expense | 4,460 |
| PeopleSoft Charges | 451 |
| Professional and specialized services | <u>166,086</u> |
| Total expenditures | <u>170,997</u> |
| Excess of revenues over expenditures | <u>63,251</u> |
| Net change in fund balance | 63,251 |
| FUND BALANCE - RESTRICTED | |
| Fund balance - beginning | <u>751,528</u> |
| Fund balance - ending | <u>\$ 814,879</u> |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities | |
| Net change in fund balance - governmental fund | \$ 63,251 |
| Differences | <u>-</u> |
| Change in net assets - governmental activities | <u>\$ 63,251</u> |

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
June 30, 2012**

| ASSETS | <u>Operations</u> | <u>Capital Projects</u> | <u>Total</u> |
|------------------------------------|---------------------|-----------------------------|----------------------|
| Cash and investments | 4,540,877 | 43,675,692 | \$ 48,216,569 |
| Due from other governments | 684,324 | 1,368,648 | 2,052,972 |
| Interest receivable | 14,806 | 161,424 | 176,230 |
| Total assets | \$ 5,239,807 | \$ 45,194,764 | \$ 50,434,571 |
| RESTRICTED NET ASSETS | | | |
| Held in trust for operations | 5,239,807 | \$ | \$ 5,239,807 |
| Held in trust for capital projects | - | 45,194,764 | 45,194,764 |
| Total restricted net assets | \$ 5,239,807 | \$ 45,194,764 | \$ 50,434,571 |

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2012**

| | <u>Operations</u> | <u>Capital Projects</u> | <u>Total</u> |
|--------------------------------------|---------------------|-------------------------|----------------------|
| ADDITIONS | | | |
| Measure L Sales tax | 3,634,701 | 7,269,402 | \$ 10,904,103 |
| Interest | 59,612 | 673,322 | 732,934 |
| Total additions | <u>3,694,313</u> | <u>7,942,724</u> | <u>11,636,037</u> |
| DEDUCTIONS | | | |
| Disbursements to non-profit | <u>7,842,057</u> | <u>7,399,438</u> | <u>15,241,495</u> |
| Total deductions | <u>7,842,057</u> | <u>7,399,438</u> | <u>15,241,495</u> |
| Net Increase (decrease) | 851,256 | 543,286 | 1,394,542 |
| Restricted Net Assets | | | |
| Net assets held in trust - beginning | <u>4,388,951</u> | <u>44,651,478</u> | <u>49,040,429</u> |
| Net assets held in trust - ending | <u>\$ 5,239,807</u> | <u>\$ 45,194,764</u> | <u>\$ 50,434,571</u> |

The accompanying notes are an integral part of this statement.

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FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fresno County Zoo Authority (Authority) was created by the approval of Measure Z by the voters of Fresno County (County) in November 2004. Measure Z authorized the imposition of a 0.1% sales and use tax (the sales tax) in the County for 10 years. The Authority may spend up to 2% of the revenue for its own administrative expenses. The remaining 98% of the revenue must be used exclusively for the support of zoos, zoological facilities, and related zoological purposes within the County. Of this 98%, at least 2/3 must be spent on capital improvement projects, and up to 1/3 may be spent on operations and maintenance of the facilities. The 0.1% sales tax commenced April 1, 2005 and will expire on April 30, 2015.

The basic financial statements of the Authority include all of its financial activities. The Authority is the sole independent agency responsible for administering Measure Z funds and is governed by a seven-member board consisting of six qualified electors (Fresno County voters) and the City of Fresno Mayor. The six qualified electors are appointed by the Fresno County Board of Supervisors.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fundary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Authority does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority applies all private sector standards of accounting and financial reporting issued prior to December 1, 1989 for the government-wide financial statements to the extent that those standards do not conflict with or contradict GASB guidance. The Authority has elected not to apply any standards of the Financial Accounting Standards Board issued after this date.

FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the Authority's individual funds including governmental and fiduciary funds. Separate statements for each fund category are presented. The balance sheet, and statement of revenues, expenditures, and changes in fund balance focus on the presentation of the major governmental fund, the general fund. These two statements are used to report information regarding the Authority's own operations and programs (up to 2% of Measure 2 sales tax revenue). The statement of fiduciary net assets and the statement of changes in fiduciary assets provide information regarding the 98% of sales tax proceeds and related disbursements, which are exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County. Disbursements of Measure 2 funds during fiscal year ended June 30, 2012, were made to the Fresno's Chaffee Zoo Corporation (the entity operating the Fresno Chaffee Zoo).

The Authority reports the following major governmental fund:

- The *general fund* is used to account for the revenue (up to 2% of Measure 2 sales tax revenue) and expenditures necessary to carry out basic operating activities of the Authority. Activities of the general fund include professional and specialized services required for the administration of Measure 2 funds.

The Authority reports the following fiduciary fund:

- The *Private-Purpose Trust Fund* is used to account for the portion of Measure 2 sales tax proceeds (and related disbursements), exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County (no less than 98% of total Measure 2 proceeds). During fiscal year ended June 30, 2012, disbursements of measure 2 funds were made to the Fresno's Chaffee Zoo Corporation (FCZC) which is the entity operating the Fresno Chaffee Zoo.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable.

FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Fund Balance

Cash and Investments

Investments for the Authority are reported at fair value.

Due from Other Governments

Due from other governments represent sales tax receipts in the months subsequent to the Authority's fiscal year end relating to the prior year's sales activity. The Authority has contracted with the California State Board of Equalization for collection and distribution of the 0.1% sales tax. The Board of Equalization receives an administrative fee for providing this service. The Authority records sales tax revenues net of such fees.

Accrued Liabilities

The Authority has agreements with the County of Fresno, whereby the County provides legal, accounting and other professional and technical services. Accrued liabilities reported on the financial statements of the Authority primarily consist of professional and specialized services provided by the County of Fresno.

Net Assets

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as unrestricted only.

- **Unrestricted Net Assets.** This category represents net assets of the Authority, not restricted for any project or other purpose.

Use of Management Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A reconciliation of the total fund balance for governmental fund to the total net assets of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total fund balance and total net assets for the fiscal year ended June 30, 2012.

A reconciliation of the total net change in fund balance for governmental funds to the total changes in net assets of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total net change in fund balance and total changes in net assets for the fiscal year ended June 30, 2012.

FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2012

NOTE 3 – CASH, INVESTMENTS, AND DEPOSITS

The Authority, under contract, maintains specific cash deposits and investments with the Fresno County Auditor-Controller/Treasurer-Tax Collector, and participates in the common investment pool of the County. The County is restricted by State code in the types of investments it can engage in.

NOTE 4 – BUDGET/DISBURSEMENTS

The Authority adopts an Annual appropriated budget for its General Fund which is approved by its board. A budgetary comparison schedule is thus provided for the General Fund to demonstrate compliance with this budget.

Measure 2 funded the items of the Fresno County Zoo Corporation's (FCZC) operating and capital projects budgets for calendar year 2011 and 2012 were approved by the Authority's board. FCZC is the entity operating the Fresno Chaffee Zoo and functions separately from the Authority operating on a calendar year basis (ending December 31). The Authority's oversight of FCZC extends only to the administration of Measure 2 funds.

During fiscal year ended June 30, 2012, disbursements totaling \$10,241,496 were made to FCZC; \$2,842,057 for operations, and \$7,399,438 for capital projects.

Undistributed sales tax revenue net of expenses incurred during the fiscal year are classified as "net assets held in trust" in the statement of fiduciary net assets. The balances reported at June 30, 2012, was as follows:

| Hold in Trust for: | |
|---------------------------|------------|
| Operations | 5,239,807 |
| Capital Projects | 45,194,764 |
| Total | 50,434,571 |

NOTE 5 – LIABILITIES

Liabilities of the Authority totaled \$27,278 at June 30, 2012. This amount primarily consisted of expenses related to professional and specialized services provided by the County of Fresno.

NOTE 6 – SUBSEQUENT EVENTS

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through the audit report date, which is the date the financial statements were issued.

Note 7- FUND BALANCE

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable** Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact.
- **Restricted** Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional or enabling legislation.
- **Committed** Amounts constrained to specific purposes by the Authority itself, using the Authority's highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned** Amounts the Authority *intends* to use for a specific purpose. Intent can be expressed by the Authority at either the highest level of decision making or by an official or body to which the Authority delegates the authority. This is also the classification for residual funds in the Authority's special revenue fund.
- **Unassigned** The residual classification for the Authority's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Authority establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved construction contracts. Assigned fund balance is established by the Authority through adoption or amendment of the budget or future year budget plan as intended for a specific purpose.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

The Zoo Authority's general fund balance of \$814,879 is considered restricted. This is because the monies are derived from Measure Z and are required to be spent in a manner that is consistent with the limitations placed on its use.

Note 8 – RECENTLY RELEASED STANDARDS BY GASB

Recently released standards by GASB affecting future fiscal years are as follows.

GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements* addresses accounting and financial reporting issues related to public-private and public public partnerships. The statement is effective for periods beginning after December 15, 2011. The Authority has not fully judged the effect of the implementation of GASB Statement No. 60 as of the date of the basic financial statements.

GASB Statement No. 61 *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15,

2012. As of the date of the basic financial statements, the Authority has not made an assessment of any changes that will occur upon this statement's implementation.

GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. However, as the statement codifies what is in current practice, there is no net effect on the Company's accounting or financial reporting upon the statement's implementation.

GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position modifies current financial reporting of those elements. The largest change will be the replacement of the current Statement of Net (Plan if retirement activity) Assets with a Statement of Net (Plan) Position and a Statement of Changes in Net Position instead of the current Statement of Changes in (Plan) Net Assets upon implementation for periods beginning after December 15, 2011. The Authority will implement this change for the fiscal year ended June 30, 2013.

GASB Statement No. 64 - Derivative Instruments - Application of Hedge Accounting Termination Provisions amends current accounting and financial reporting related to terminations of swap agreements due to default or other termination events. In certain instances where swap counterparties or credit support providers are replaced, hedge accounting may continue rather than cease. The provisions of GASB Statement No. 64 are effective for financial statements beginning after June 15, 2011. As of the date of the basic financial statements, the Authority has not made an assessment of any changes that will occur upon this statement's implementation.

Additional standards were released by GASB during the year:

GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities. The provisions of GASB Statement No. 65 are effective for financial statements beginning after December 15, 2012. The Authority will implement this change for the fiscal year ended June 30, 2013.

GASB Statement No. 66 - Items Technical Corrections- 2012- and amendment of GASB Statements No. 10 and No. 62. The provisions of GASB Statement No. 66 are effective for financial statements beginning after December 15, 2012. As of the date of the basic financial statements, the Authority has not made an assessment of any changes that will occur upon this statement's implementation.

GASB Statement No. 67 - Financial Reporting for Pension Plans- an amendment of GASB Statement No. 26. The provisions of GASB Statement No. 67 are effective for financial statements beginning after June 15, 2013. The Authority has not fully judged the effect of the implementation of GASB Statement No. 67 as of the date of the basic financial statements.

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. The Authority has not fully judged the effect of the implementation of GASB Statement No. 68 as of the date of the basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**FRESNO COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Resources: | | | | |
| Sales tax | \$ 182,130 | \$ 182,130 | \$ 222,503 | \$ 30,403 |
| Interest | 12,500 | 12,500 | 11,714 | (786) |
| Total resources | 204,630 | 204,630 | 234,247 | 29,617 |
| Charges to appropriations: | | | | |
| Current | | | | |
| Office expenses | 6,000 | 6,000 | 4,160 | 1,840 |
| Professional and specialized services | 129,584 | 135,880 | 168,065 | 29,785 |
| Postage | 1,500 | 1,500 | - | 1,500 |
| Data processing services | 3,000 | 3,000 | - | 3,000 |
| Memberships | 1,000 | 1,000 | - | 1,000 |
| Trans, travel and education | 5,000 | 5,000 | - | 5,000 |
| Publications and legal notices | 1,000 | 1,000 | - | 1,000 |
| Telephone | 500 | 500 | - | 500 |
| PeopleSoft Financials Charges | 750 | 750 | 451 | 299 |
| Contingencies | 58,298 | - | - | - |
| Total charges to appropriations | 204,630 | 214,630 | 170,996 | 40,034 |
| Change in net assets | \$ | \$ (10,000) | \$ 63,251 | \$ 73,251 |
| NET ASSETS - RESTRICTED | | | | |
| Net assets - beginning | | | 751,828 | |
| Net assets - ending | | | <u>\$ 814,879</u> | |

(See note to budgetary comparison schedule.)

**FRESNO COUNTY ZOO AUTHORITY
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012**

Budgets and Budgetary Data

The Authority adopts a legal annual operating budget for its general fund. All budget transfers and expenditures are approved by the Zoo Authority Board or by the Authority Administrator prior to disbursement. The legal level of budgetary control is at the object level. The final budget revenue and expenditure amounts represent the original budget modified by any amendments and adjustments that have occurred during the year. Unencumbered appropriations lapse at year end.

A budgetary comparison schedule for the general fund is presented on Page 23. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2011-2012. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

OTHER AUDITOR'S REPORT



BROWN ARMSTRONG

Certified Public Accountants

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

To the Board of Directors
Fresno County Zoo Authority
Fresno, California

We have audited the financial statements of the governmental activities (the general fund), and the aggregate remaining fund information of the Fresno County Zoo Authority (the Authority), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 16, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

MAIN OFFICE

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SUITE 200

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This report is intended solely for the information and use of management, Board of Directors, others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown, Armstrong
Accountancy Corporation*

Bakersfield, California
November 18, 2012