

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

For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 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 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 Authority'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 Authority'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 opinions.

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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

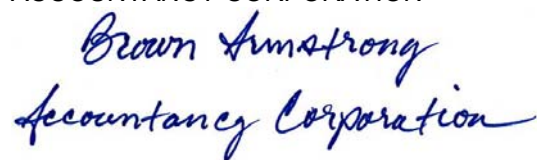
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, 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* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California
November 10, 2021

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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, 2021. 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 and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources (referred to as net position) at the end of the 2020-2021 fiscal year by \$2,396,679. This amount is considered restricted net position.
- Liabilities of the Authority totaled \$2,262 at June 30, 2021. This amount primarily consists of expenses related to professional and specialized services provided by the County of Fresno.
- The Authority's total net position increased by \$342,670 during fiscal year 2020-2021.

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 broad 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 position* presents information on all of the Authority's assets and deferred outflows of resources, along with its liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 7-8 of this report.

Funds 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

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2021

accrual basis of accounting. The Authority's funds can be divided into two categories: governmental funds (General Fund) and fiduciary funds (private-purpose trust funds).

Statement of Net Position (condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets:		
Current assets	\$ 2,398,941	\$ 2,071,246
Total assets	<u>\$ 2,398,941</u>	<u>\$ 2,071,246</u>
Liabilities:		
Current liabilities	\$ 2,262	\$ 17,237
Total liabilities	<u>\$ 2,262</u>	<u>\$ 17,237</u>
Net position:		
Restricted	\$ 2,396,679	\$ 2,054,009
Total net position	<u>\$ 2,396,679</u>	<u>\$ 2,054,009</u>

Statement of Activities (condensed)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues:		
General revenues	\$ 408,524	\$ 350,134
Total revenues	<u>\$ 408,524</u>	<u>\$ 350,134</u>
Expenses:		
Governmental activities	\$ 65,854	\$ 92,391
Total expenses	<u>\$ 65,854</u>	<u>\$ 92,391</u>
Net position beginning	\$ 2,054,009	\$ 1,796,266
Change in net position	342,670	257,743
Net position ending	<u>\$ 2,396,679</u>	<u>\$ 2,054,009</u>

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 Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Authority's General Fund budgetary comparison

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2021

schedule is presented in Required Supplementary Information. 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 one 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 fund financial statements can be found on pages 9-10 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 funds used by the Authority can be further classified as a *private-purpose trust funds*. There are two basic financial statements used to report information on fiduciary funds: the statement of fiduciary net position (required for all fiduciary funds) and the statement of changes in fiduciary net position (required for all fiduciary funds except agency funds).

The fiduciary funds financial statements can be found on pages 11-12 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 13-19 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 financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,396,679 at the close of fiscal year 2020-2021. The Authority has no investments in capital assets.

Governmental activities: Governmental activities increased the Authority's net position by \$342,670 during fiscal year 2020-2021. The key element of this increase relates to sales tax revenue exceeding total expenditures by \$309,485.

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.

**FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

At June 30, 2021, the Authority's governmental fund reported a fund balance of \$2,396,679, an increase of \$342,670 in comparing to the balance of \$2,054,009 reported at June 30, 2020.

Revenues for the governmental fund totaled \$408,524 in fiscal year 2020-2021. Revenue was primarily comprised from Measure Z sales tax revenue (89%). The remaining 11% was interest.

Expenditures for governmental funds totaled \$65,854 in fiscal year 2020-2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2020-2021 fiscal year, actual revenues were above those estimated in the final budget by \$81,808 due to a net increase in sales tax revenue and interest revenue. Actual expenditures were below current year budgeted amounts by \$84,886. This difference in expenditures is primarily due to the consolidation of certain positions and a more efficient delegation of professional service hours provided by the County of Fresno.

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 POSITION
June 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	\$ 2,308,501
Interest receivable	15,195
Due from other governments	75,245
Total assets	2,398,941
 LIABILITIES	
Accrued liabilities	2,262
Total liabilities	2,262
 NET POSITION	
Restricted	2,396,679
Total net position	\$ 2,396,679

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues - Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Expenses and Changes in Net Position of Governmental Activities</u>
Governmental activities-				
General government	\$ 65,854	\$ -	\$ -	\$ (65,854)
Total	<u>\$ 65,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (65,854)</u>

General revenues:

Sales tax	375,339
Interest	33,185
Total general revenues	<u>408,524</u>
Change in net position	<u>342,670</u>
Net position - beginning	<u>2,054,009</u>
Net position - ending	<u>\$ 2,396,679</u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>General Fund</u>
Cash and investments	\$ 2,308,501
Interest receivable	15,195
Due from other governments	75,245
Total assets	<u>2,398,941</u>
Deferred outflows of resources	-
Total assets & deferred outflows of resources	<u>\$ 2,398,941</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	<u>\$ 2,262</u>
Total liabilities	<u>2,262</u>
Deferred inflows of resources	<u>-</u>
Fund balance:	
Restricted	<u>2,396,679</u>
Total fund balance	<u>2,396,679</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,398,941</u>
Reconciliation of the Balance Sheet to the Statement of Net Position	
Total fund balance - governmental fund	\$ 2,396,679
Differences	<u>-</u>
Net position - governmental activities	<u>\$ 2,396,679</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, 2021**

REVENUES	<u>General Fund</u>
Measure Z sales tax	\$ 375,339
Interest	<u>33,185</u>
Total revenues	<u>408,524</u>
EXPENDITURES	
Current:	
PeopleSoft charges	632
Professional and specialized services	<u>65,222</u>
Total expenditures	<u>65,854</u>
Excess of revenues over expenditures	<u>342,670</u>
Net change in fund balance	342,670
FUND BALANCE	
Fund balance - beginning	<u>2,054,009</u>
Fund balance - ending	<u><u>\$ 2,396,679</u></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	\$ 342,670
Differences	<u>-</u>
Change in net position - governmental activities	<u><u>\$ 342,670</u></u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2021**

	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 7,100,201	\$ 38,088,961	\$ 45,189,162
Due from other governments	1,229,006	2,458,014	3,687,020
Interest receivable	43,157	287,815	330,972
Total assets	<u>8,372,364</u>	<u>40,834,790</u>	<u>49,207,154</u>
LIABILITIES			
Due to non-profit	108,159	4,501,919	4,610,078
Total liabilities	<u>108,159</u>	<u>4,501,919</u>	<u>4,610,078</u>
NET POSITION			
Held in trust for operations	8,264,205	-	8,264,205
Held in trust for capital projects	-	36,332,871	36,332,871
Total net position	<u>\$ 8,264,205</u>	<u>\$ 36,332,871</u>	<u>\$ 44,597,076</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended June 30, 2021

	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
ADDITIONS			
Measure Z sales tax	\$ 6,140,874	\$ 12,250,757	\$ 18,391,631
Interest	107,970	687,717	795,687
Reimbursements	-	-	-
Total additions	<u>6,248,844</u>	<u>12,938,474</u>	<u>19,187,318</u>
DEDUCTIONS			
Disbursements to non-profit	<u>6,423,067</u>	<u>23,228,411</u>	<u>29,651,478</u>
Total deductions	<u>6,423,067</u>	<u>23,228,411</u>	<u>29,651,478</u>
Change in net position	(174,223)	(10,289,937)	(10,464,160)
Net position held in trust - beginning	<u>8,438,428</u>	<u>46,622,808</u>	<u>55,061,236</u>
Net position held in trust - ending	<u>\$ 8,264,205</u>	<u>\$ 36,332,871</u>	<u>\$ 44,597,076</u>

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

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, expired on April 30, 2015, and on November 4, 2014, the measure was approved by the voters for an additional ten years.

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 position and the statement of activities report information on all of the non-fiduciary 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 are 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*.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 Z sales tax revenue). The statement of fiduciary net position and the statement of changes in fiduciary net position 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 Z funds during the fiscal year ended June 30, 2021, 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 Z 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 Z funds.

The Authority reports the following fiduciary funds:

- The *Private-Purpose Trust Funds* are used to account for the portion of Measure Z 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 Z proceeds). During the fiscal year ended June 30, 2021, disbursements of Measure Z 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 the accrual basis of 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position 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, 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.

Net Position

The classification of net position into three components – net investment in capital assets, restricted net position, and unrestricted net position – is required by Governmental Accounting Standards Board (GASB) Statement No. 34 (and subsequently GASB Statement No. 63). These classifications are defined as follows:

- Net Investment in Capital Assets – This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted – This category represents net position that has external restrictions imposed by creditors, grantors, contributors, and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents funds which are undesignated and available for general operations.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

A reconciliation of the total fund balance for the governmental fund to the total net position 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 position for the fiscal year ended June 30, 2021.

A reconciliation of the total net change in fund balance for the governmental fund to the total change in net position 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 change in net position for the fiscal year ended June 30, 2021.

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 in which it can engage.

NOTE 4 – BUDGET/DISBURSEMENTS

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

Measure Z-funded line items of Fresno’s Chaffee Zoo Corporation’s (FCZC) operating and capital projects budgets for calendar years 2020 and 2021 were approved by the Authority’s board members. 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 Z funds.

During fiscal year ended June 30, 2021, disbursements totaling \$29,651,478 were made to FCZC: \$6,423,067 for operations and \$23,228,411 for capital projects.

Undistributed sales tax revenue net of expenses incurred during the fiscal year are classified as “net position held in trust” in the statement of fiduciary net position. The balance reported at June 30, 2021, is as follows:

Held in Trust For:	
Operations	\$ 8,264,205
Capital projects	36,332,871
Total	\$ 44,597,076

NOTE 5 – LIABILITIES

Liabilities of the Authority totaled \$2,262 at June 30, 2021. This amount primarily consisted of expenses related to professional and specialized services provided by the County of Fresno.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - 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 authority or by an official or body to which the Authority delegates the authority. This is also the classification for residual funds.
- **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 Authority's General Fund balance of \$2,396,679 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – RECENTLY RELEASED STANDARDS BY GASB

During the fiscal year ending June 30, 2021, the Authority implemented the following standards:

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2019. The Authority has determined the implementation of GASB Statement No. 84 has no effect on the basic financial statements.

GASB Statement No. 90 – *Majority Equity Interests*. The provisions of GASB Statement No. 90 are effective for financial statements beginning after December 15, 2019. The Authority has determined the implementation of GASB Statement No. 90 has no effect on the basic financial statements.

Recently released GASB standards affecting future years are as follows:

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for periods beginning after June 15, 2021. The Authority has determined the implementation of GASB Statement No. 87 has no effect on the basic financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The provisions of GASB Statement No. 89 are effective for financial statements beginning after December 15, 2020. The Authority has determined the implementation of GASB Statement No. 89 has no effect on the basic financial statements.

GASB Statement No. 91 – *Conduit Debt Obligations*. The provisions of GASB Statement No. 91 are effective for financial statements beginning after December 15, 2021. The Authority has determined the implementation of GASB Statement No. 91 has no effect on the basic financial statements.

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The removal of LIBOR as an appropriate benchmark for interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority has not fully judged the effect of the implementation of this statement as of the date of these financial statements.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority has not fully judged the impact of implementation of this statement on the financial statements.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The Authority has not fully judged the effect of the implementation of this standard on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 7... (Continued)

GASB Statement No. 97 – *Certain Component Units Criteria, and Accounting and Financial Reporting of Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment to GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32.* The requirements in paragraph 4 as it applies to defined contribution plans, defined other postemployment benefit (OPEB) plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are applicable for reporting periods beginning after June 15, 2021. The Authority has determined the implementation of GASB Statement No. 97 has no effect on the basic financial statements.

GASB Statement No. 98 – *The Annual Comprehensive Financial Report.* The requirements of this statement are effective for fiscal years ending after December 15, 2021. The Authority has determined the implementation of GASB Statement No. 98 has no effect on the basic financial statements.

NOTE 8 – 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. Events were considered through November 10, 2021 which is the date of issuance of the Authority's independent auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

**FRESNO COUNTY ZOO AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Resources:				
Measure Z Sales tax	\$ 301,716	\$ 301,716	\$ 375,339	\$ 73,623
Interest	25,000	25,000	33,185	8,185
Total resources	<u>326,716</u>	<u>326,716</u>	<u>408,524</u>	<u>81,808</u>
Charges to appropriations:				
Current:				
Office expenses	6,000	6,000	-	6,000
Professional and specialized services	119,258	137,690	65,222	72,468
Postage	1,000	1,000	-	1,000
Data processing services	1,500	1,500	-	1,500
Memberships	500	500	-	500
Transportation, travel, and education	2,500	2,500	-	2,500
Publications and legal notices	500	500	-	500
Telephone	250	250	-	250
PeopleSoft charges	800	800	632	168
Contingencies	-	-	-	-
Total charges to appropriations	<u>132,308</u>	<u>150,740</u>	<u>65,854</u>	<u>84,886</u>
Change in net position	<u>\$ 194,408</u>	<u>\$ 175,976</u>	342,670	<u>\$ 166,694</u>
NET POSITION				
Net position - beginning			<u>2,054,009</u>	
Net position - ending			<u>\$ 2,396,679</u>	

The accompanying note is an integral part of this schedule.

**NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

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 Authority's Board of Directors 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. The Authority uses an encumbrance system as an extension of normal budgetary accounting. Under the encumbrance system, the expenditure of monies is encumbered in order to reserve that portion of applicable appropriations. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end; encumbered appropriations at year-end are carried forward in the ensuing new fiscal year's budget but are kept separate from the new fiscal year's budget. The encumbrances are reported as prior budget year appropriations on all financial reports but are available for expenditure in the new fiscal year.

A budgetary comparison schedule for the General Fund is presented on Page 20. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2020-2021. Actual expenditures appearing on the schedule are presented using the accrual basis of accounting.

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OTHER AUDITOR'S REPORT

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**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, in accordance with the 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 governmental activities, the general fund, and the aggregate remaining fund information of Fresno County Zoo Authority (the Authority), as of and for the year ended June 30, 2021, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 10, 2021