



FRESNO COUNTY
ZOO
AUTHORITY

2006

ANNUAL REPORT



2220 Tulare Street • 6th Floor • Fresno, CA 93721
Phone: 559.262.4385 • www.zooauthority.org

April 24, 2007

BRINA L. HARWOOD
CHAIR

GERALD V. LYLES
VICE CHAIR

ALAN AUTRY
BOARD MEMBER

MANUEL CUNHA, Jr
BOARD MEMBER

JOHN W. GRAY
BOARD MEMBER

KENT STRATFORD
BOARD MEMBER

RALPH WATERHOUSE
BOARD MEMBER

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, it has been our pleasure once again to serve the County of Fresno in overseeing the distribution of Measure Z Funds. Our Annual Report for the fiscal year ending June 30, 2006 follows.

In 2006 we were able to continue cultivating a wonderful working relationship with the Zoo Corporation staff and have streamlined the process of transferring funds.

As of June 30, 2006, \$9,956,045 was available to the Zoo Corporation, with \$7,664,524 available in the Capital Improvements Account and \$2,291,522 available in the Operations Account.

The Zoo Authority released \$1,538,300 for Zoo Operations in Fiscal Year 2005-06. No funds were requested for Capital Improvements.

Additionally, in accordance with the Agreement between Fresno County Zoo Authority and County of Fresno for Professional and Technical Services, Exhibit 1, §A.1.c, the Zoo Authority has performed its first audit from the beginning of the zoo tax collection in April 2004 through June 3, 2006. A copy is included in this report.

We believe you will find that we have made cautious decisions with our expenditures, as we are mindful of our accountability to our friends and neighbors throughout the County. We have continued with the use of County Staff to perform administrative and accounting duties. In doing so, we are very much aware of how fortunate we are to have such exemplary staff to assist us in the execution of Zoo Authority duties.

The redevelopment of the Chaffee Zoo will be an understandably lengthy process, requiring many deliberate decisions on the part of Mr. Greene and the Zoo Corporation. After making the necessary improvements to maintain AZA accreditation and overcoming a significant staffing shortage, the Corporation and staff have definitely taken steps to ensure that Measure Z was deserving of the support of the people of Fresno County, and proven that Mr. Greene was well worth the wait.

I feel confident in saying that the groundwork has been laid so that, once the Master Plan is complete and the Zoo Corporation is poised to begin, we will be able to accommodate their funding requests expeditiously, and we look forward to watching as improvements unfold.

If you should have any questions, please feel free to contact me.

A handwritten signature in blue ink, appearing to read "Brina Harwood". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

Brina Harwood
2007 Chair
Fresno County Zoo Authority

ACKNOWLEDGMENTS

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 staff of the Fresno Chaffee Zoo.

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

ADMINISTRATIVE OFFICE

Gayle Johnson, Administrative Assistant to Bart Bohn
Gayle Surabian, Public Information Officer
Brandi Orth, Principal Administrative Analyst

AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR

Maryann Le, Accounting and Financial Division Chief
George Gomez, Accounting and Financial Manager

COUNTY COUNSEL

Sandy Hill, Administrative Services Assistant

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Elizabeth Avalos, FCERA Administrative Secretary
Pat Srisukwatana, Systems Procedures Analyst

GRAPHIC COMMUNICATION SERVICES

Gina Barr, Graphic Arts Technician II

INFORMATION TECHNOLOGY SYSTEMS DEPARTMENT

Daniel Moore, IT Analyst

PUBLIC WORKS AND PLANNING

Michael Denney, Financial Services Manager
Karla Carsey, Account Clerk III
Sally Godfrey, Program Technician II
Kevin Olivas, Office Assistant III

2005-2006 Zoo Authority Board

BOARD MEMBER	POSITION	DATE APPOINTED	NOMINATED BY	TERM EXPIRATION
Ron Gentzler, DVM	Chair	4/5/2005	Board of Supervisors 2005 Chair Judy Case	1/2/2006
Brina Harwood	Chair Vice Chair	2/8/2005	District 5 Supervisor Bob Waterston	1/5/2009
Gerald V. Lyles	Vice Chair Board Member	3/8/2005	District 2 Supervisor Susan Anderson	1/5/2009
Paul A. Toste, DVM	Board Member	2/8/2005	District 1 Supervisor Phil Larson	1/8/2007
Kent L. Stratford	Board Member	2/8/2005	District 3 Supervisor Henry Perea	1/5/2009
John W. Gray, DVM	Board Member	2/8/2005	District 4 Supervisor Judy Case	1/8/2007
Ralph Waterhouse	Board Member	1/10/2006	Board of Supervisors 2006 Chair Phil Larson	1/8/2007
Alan Autry	Board Member	N/A	Ex Officio - Mayor of Fresno	N/A

2005-2006 Zoo Authority Staff

STAFF MEMBER	TITLE	FROM COUNTY DEPT.	POSITION
Bart Bohn	Administrator	County Administrative Office	County Administrative Officer
John Weiser	Coordinator (Through September 2005)	County Administrative Office	Principal Administrative Analyst
Catherine Crosby	Coordinator (Starting September 2005)	Public Works and Planning Transportation Division	Transportation Planner
Barbara Grunwald	Counsel	County Counsel	Deputy County Counsel
Jennifer Hoey	Treasurer (Through June 2006)	Auditor-Controller Treasurer-Tax Collector	Deputy Auditor-Controller
Mavet Mora	Treasurer (Starting June 2006)	Auditor-Controller Treasurer-Tax Collector	Accountant II
Camilla Cannon	Accountant	Auditor-Controller Treasurer-Tax Collector	Accountant I
Gael Storm	Clerk to the Board	Office of Clerk to the Board of Supervisors	Assistant Clerk to the Board of Supervisors

ZOO AUTHORITY HIGHLIGHTS OF FISCAL YEAR 2005-2006

AUGUST 2005

- The Board approved a logo designed by Gina Barr, Graphic Arts Technician of the Graphic Communications Division.

SEPTEMBER 2005

- Catherine Crosby of Public Works and Planning assumed John Weiser's duties as Coordinator for the Authority.

OCTOBER 2005

- The Board approved a preliminary operations and maintenance budget submitted by Fresno's Chaffee Zoo Corporation.
- The Board approved and launched a web site (www.zooauthority.org) designed by Daniel Moore, IT Analyst of the Information Technology Services Division.

NOVEMBER 2005

- The Board approved its own "Procedures for Approving and Administering Measure Z Funds" which includes guidelines for Zoo Authority Board administrative budgeting and spending, as well as guidelines for disbursement of Measure Z funds to Fresno's Chaffee Zoo Corporation.
- The Board approved disbursement procedures for transferring the tax revenue to Fresno's Chaffee Zoo Corporation (FCZC).
- The Board determined that the requirement in the ordinance that two-thirds of tax revenue be allocated to "capital improvement projects" should be interpreted to limit this portion of tax revenue to improvements to buildings and grounds. Personal property, even if it is capitalized for accounting purposes (vehicles, telephone system, etc.), must be purchased from the one-third available for "operations and maintenance."

DECEMBER 2005

- The Board approved a formal contract with FCZC regarding procedures for the distribution of tax revenue.
- The Board approved broadcast of Board meetings via Internet streaming audio at the Fresno County Employees' Retirement Association.

JANUARY 2006

- Ralph Waterhouse, replacing Ron Gentzler, was sworn in as the one-year term member by appointing Board of Supervisors 2006 Chairman Phil Larson. Brina Harwood was elected 2006 Chair, and Gerald Lyles, Vice Chairman.
- Internet streaming audio of meetings begins.
- FCZC took over operation of the zoo.
- The Board agreed with advice from the counsel to FCZC that FCZC is required to pay prevailing wages in capital improvement projects funded by ZA.
- Monthly financial reports from FCZC began.

FEBRUARY 2006

- The Board approved revised procedures for approving and administering Measure Z funds.
- The Board approved the first disbursement of Measure Z funds to FCZC.

MARCH 2006

- The Board approved a travel policy for board members.
- The Board approved its first annual report from April 2004-December 2005.

APRIL 2006

- The Board presented its first annual report to the Board of Supervisors.

MAY 2006

- The Board approved 2006-07 Zoo Authority Board Administrative Budget.
- The Board approved hiring of the auditor used by the County of Fresno to perform the outside audit for the Zoo Authority.
- The Board approved a letter to the American Zoo and Aquarium Association guaranteeing funding for necessary projects at the Fresno Chaffee Zoo prior to adoption of a master plan next year.

JUNE 2006

- Mavet Mora assumed Jennifer Hoey's duties as Authority Treasurer.
- Board Members and staff toured the Chaffee Zoo with new Zoo Director Lewis Greene.

INTRODUCTION TO AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

The Zoo Authority's financial statements were audited by Price, Paige, and Company, an independent accounting firm, for the fiscal years ended June 30, 2006 and 2005. 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. The information provided for fiscal year ended June 30, 2006 is comprised of a full fiscal year cycle, while that provided for fiscal year ended June 30, 2005 represents a partial fiscal year, as this was the first year of the Authority's operations. 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 of the financial statements (Appendix A). Additional information, which is an integral part of the financial statement, can be found on pages 14-17 of Appendix A.

Financial information for administration by the Zoo Authority is presented in pages 8-11 of Appendix A. Financial information in relation to the operations and capital projects for zoological purposes is presented in pages 12-13 of Appendix A.

As further discussed on page 17 of the financial statements, the Authority adopted an operating budget for fiscal year ended June 30, 2006. The variance between estimated and actual revenue and expenditures is presented in the Budgetary Comparison Schedule on page 20 of the financial statements (Appendix A).

DISBURSEMENTS TO FRESNO'S CHAFFEE ZOO CORPORATION

During fiscal year 2006, a total of \$1,538,300 was disbursed to the Fresno's Chaffee Zoo Corporation for operations. Page 12 of Appendix A presents cash balances available for operations and capital projects to be used for Zoological purposes as of June 30, 2006.



TREASURER'S EXHIBITS A and B

EXHIBIT A

Fresno County Zoo Authority Cash Balance

As of June 30, 2006

Cash Available for Administration (2%)		
□	Fresno County Zoo Authority □	\$151,682
Cash Available for Zoological Activities (98%)		
□	Operations □	2,291,522
□	Capital Projects □	<u>7,664,524</u>
□	□	
	Total Cash Available for Zoological Activities □	<u>9,956,046</u>
	Total Cash Balance as of June 30, 2006 □	<u><u>\$10,107,728</u></u>

EXHIBIT B

Cash Disbursement to Fresno's Chaffee Zoo Corporation For Operations

For Fiscal Year Ended June 30, 2006

2006

February* □	\$375,180
March □	243,090
April □	243,090
May □ □	433,850
June □ □	<u>243,090</u>
Total Disbursements □	<u><u>\$1,538,300</u></u>

* No disbursements were made prior to February 2006

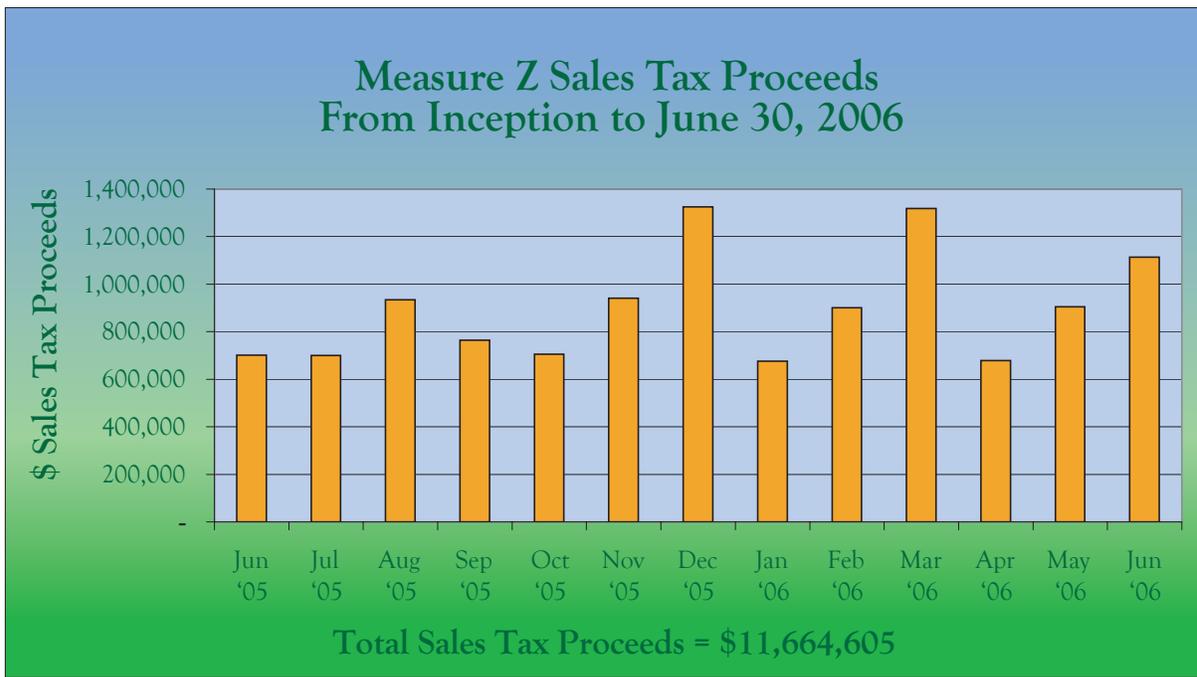


TREASURER'S EXHIBIT C

EXHIBIT C

Fresno County Zoo Authority Measure Z Sales Tax Proceeds From Inception to June 30, 2006

	Jun '05	Jul '05	Aug '05	Sep '05	Oct '05	Nov '05	Dec '05	Jan '06	Feb '06	Mar '06	Apr '06	May '06	Jun '06	TOTAL
Sales Tax	701,853	700,400	933,800	764,524	705,400	940,500	1,324,459	676,000	901,300	1,319,000	678,900	905,200	1,113,269	11,664,605



APPENDIX

**FRESNO COUNTY ZOO AUTHORITY
FRESNO, CALIFORNIA**

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

**FOR THE YEARS ENDED
JUNE 30, 2006 AND 2005**

FRESNO COUNTY ZOO AUTHORITY
June 30, 2006 and 2005

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statements of Net Assets.....	8
Statements of Activities.....	9
Fund Financial Statements:	
Balance Sheets – Governmental Fund	10
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	11
Statements of Fiduciary Net Assets – Special Purpose Trust Fund.....	12
Statements of Changes in Fiduciary Net Assets – Special Purpose Trust Fund.....	13
Notes to the Financial Statements.....	14
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund.....	20
Note to Budgetary Comparison Schedule – General Fund.....	21
OTHER AUDITOR'S REPORT:	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25



Independent Auditor's Report

Board of Directors
Fresno County Zoo Authority
Fresno, California

We have audited the accompanying financial statements of the Fresno County Zoo Authority, as of and for the years ended June 30, 2006 and 2005, 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fresno County Zoo Authority, as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows thereof, for the years 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 16, 2006, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, on pages 3 through 5, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Price Paige & Company

Clovis, California
November 16, 2006

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FRESNO COUNTY ZOO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006 AND 2005

This section of the Fresno County Zoo Authority (Authority) comparative financial report presents a discussion and analysis of the Authority's financial performance during the fiscal years ended June 30, 2006 and June 30, 2005. The information provided for fiscal year ended June 30, 2006, is comprised of a full fiscal-year cycle, while that provided for fiscal year ended June 30, 2005 depicts a partial fiscal year, as this was the first year of the Authority's operations. This explains the large fluctuations from fiscal year ended June 30, 2005 to June 30, 2006. 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 2005-2006 fiscal year by \$146,650, and by \$21,103 at the end of the 2004-2005 fiscal year. The amounts for both fiscal years are considered unrestricted net assets.
- Liabilities of the Authority totaled \$20,746 at June 30, 2006. This amount primarily consists of expenses related to professional and specialized services provided by the County of Fresno. No liabilities were reported by the Authority at June 30, 2005.
- The Authority's total net assets increased by \$125,547 from fiscal year 2004-2005 to 2005-2006.

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 for fiscal year 2005-2006 only. No RSI is included for fiscal year 2004-2005 because no budget was adopted during the first year of the Authority's operations.

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 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 years 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.

FRESNO COUNTY ZOO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006 AND 2005

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 fund (private-purpose trust fund).

Governmental fund is 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 fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable 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 the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund 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 fund balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities. The Authority's General Fund budgetary comparison schedule is presented in RSI. 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 for fiscal year 2005-2006 only. No RSI is included for fiscal year 2004-2005 because no budget was adopted during the first year of the Authority's operations.

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

The governmental fund 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 14-17 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.

FRESNO COUNTY ZOO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006 AND 2005

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 \$146,650 at the close of fiscal year 2005-2006 and by \$21,103 at the close of the fiscal year 2004-2005.

The Authority has no investments in capital assets.

Governmental activities: Governmental activities increased the Authority's net assets by \$125,547 from fiscal year 2004-2005 to 2005-2006. The key element of this increase relates to sales tax revenue exceeding total expenditures by \$125,547 for fiscal year 2005-2006 and by \$21,103 for fiscal year 2004-2005.

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 spendable resources. Such information is useful in assessing the Authority's financing requirements.

At June 30, 2006, the Authority's governmental fund reported a fund balance of \$146,650, an increase of \$125,547 in comparison with the balance of \$21,103 reported at June 30, 2005.

Revenues for the governmental fund totaled \$228,754 in fiscal year 2005-2006, and \$21,639 in fiscal year 2004-2005. This increase was as a result of the Authority receiving sales tax revenue for the first time at the end of fiscal year 2004-2005 (partial year of activity). However, during fiscal year 2005-2006, the Authority received a full year of sales tax revenue.

Expenditures for governmental funds totaled \$103,207 in fiscal year 2005-2006 and \$536 in fiscal year 2004-2005.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2005-2006 fiscal year, actual revenues exceeded those estimated in the final budget by \$25,802. Actual expenditures were below budgeted amounts by \$99,745. This difference in expenditures is primarily due to a lower-than-expected cost of professional and specialized services, as a result of low levels of activity experienced during the first full fiscal year of operations.

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 Auditor-Controller's Office; 2281 Tulare Street, Fresno, CA 93715.

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BASIC FINANCIAL STATEMENTS

FRESNO COUNTY ZOO AUTHORITY

STATEMENTS OF NET ASSETS

June 30, 2006 and 2005

	Governmental Activities	
	2006	2005
ASSETS		
Cash and investments	\$ 151,682	\$ 13,501
Interest receivable	1,257	7
Due from other governments	<u>14,457</u>	<u>7,595</u>
Total assets	<u>167,396</u>	<u>21,103</u>
LIABILITIES		
Accrued liabilities	<u>20,746</u>	<u>-</u>
Total liabilities	<u>20,746</u>	<u>-</u>
NET ASSETS		
Unrestricted	<u>146,650</u>	<u>21,103</u>
Total net assets	<u>\$ 146,650</u>	<u>\$ 21,103</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2006 and 2005

Functions/Programs	Expenses		Program Revenues Charges for Services		Net Expenses and Changes in Net Assets of Governmental Activities	
	2006	2005	2006	2005	2006	2005
Governmental activities - General government	\$ 103,207	\$ 536	\$ -	\$ -	\$ (103,207)	\$ (536)
Total	\$ 103,207	\$ 536	\$ -	\$ -	(103,207)	(536)

General revenues:

Sales tax	225,917	21,632
Interest and investment earnings	<u>2,837</u>	<u>7</u>
Total general revenues	<u>228,754</u>	<u>21,639</u>
Change in net assets	125,547	21,103
Net assets - beginning	<u>21,103</u>	<u>-</u>
Net assets - ending	<u>\$ 146,650</u>	<u>\$ 21,103</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY

**BALANCE SHEETS
GOVERNMENTAL FUND
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and investments	\$ 151,682	\$ 13,501
Interest receivable	1,257	7
Due from other governments	<u>14,457</u>	<u>7,595</u>
Total assets	<u>\$ 167,396</u>	<u>\$ 21,103</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued liabilities	<u>\$ 20,746</u>	<u>\$ -</u>
Total liabilities	<u>20,746</u>	<u>-</u>
Fund balance:		
Unreserved	<u>146,650</u>	<u>21,103</u>
Total fund balance	<u>146,650</u>	<u>21,103</u>
Total liabilities and fund balance	<u>\$ 167,396</u>	<u>\$ 21,103</u>
Reconciliation of the Balance Sheet to the Statement of Net Assets		
Total fund balance - governmental fund	\$ 146,650	\$ 21,103
Differences	<u>-</u>	<u>-</u>
Net assets - governmental activities	<u>\$ 146,650</u>	<u>\$ 21,103</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY

**STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUND**

For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
REVENUES		
Measure Z sales tax	\$ 225,917	\$ 21,632
Interest	<u>2,837</u>	<u>7</u>
Total revenues	<u>228,754</u>	<u>21,639</u>
EXPENDITURES		
Office expense	4,394	-
Professional and specialized services	97,540	-
Data processing services	1,273	-
Election costs	<u>-</u>	<u>536</u>
Total expenditures	<u>103,207</u>	<u>536</u>
Excess of revenues over expenditures	<u>125,547</u>	<u>21,103</u>
Net change in fund balance	125,547	21,103
Fund balance, July 1, 2005	<u>21,103</u>	<u>-</u>
Fund balance, June 30, 2006	<u>\$ 146,650</u>	<u>\$ 21,103</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Net change in fund balance - governmental fund	\$ 125,547	\$ 21,103
Differences	<u>-</u>	<u>-</u>
Change in net assets - governmental activities	<u>\$ 125,547</u>	<u>\$ 21,103</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY

**STATEMENTS OF FIDUCIARY NET ASSETS
SPECIAL PURPOSE TRUST FUND**

June 30, 2006 and 2005

	2006			2005		
	Operations	Capital Projects	Total	Operations	Capital Projects	Total
ASSETS						
Cash and investments	\$ 2,291,522	\$ 7,664,524	\$ 9,956,046	\$ 220,519	\$ 441,038	\$ 661,557
Due from other governments	236,130	472,261	708,391	124,056	248,111	372,167
Interest receivable	20,601	65,540	86,141	117	234	351
Total assets	<u>2,548,253</u>	<u>8,202,325</u>	<u>10,750,578</u>	<u>344,692</u>	<u>689,383</u>	<u>1,034,075</u>
NET ASSETS						
Held in trust for operations	2,548,253	-	2,548,253	344,692	-	344,692
Held in trust for capital projects	-	8,202,325	8,202,325	-	689,383	689,383
Total net assets	<u>\$ 2,548,253</u>	<u>\$ 8,202,325</u>	<u>\$ 10,750,578</u>	<u>\$ 344,692</u>	<u>\$ 689,383</u>	<u>\$ 1,034,075</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY

**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
SPECIAL PURPOSE TRUST FUND**

For the Years Ended June 30, 2006 and 2005

	2006			2005		
	Operations	Capital Projects	Total	Operations	Capital Projects	Total
ADDITIONS						
Sales tax	\$ 3,689,978	\$ 7,379,957	\$ 11,069,935	\$ 353,328	\$ 706,655	\$ 1,059,983
Interest	<u>51,883</u>	<u>132,985</u>	<u>184,868</u>	<u>117</u>	<u>234</u>	<u>351</u>
Total additions	<u>3,741,861</u>	<u>7,512,942</u>	<u>11,254,803</u>	<u>353,445</u>	<u>706,889</u>	<u>1,060,334</u>
DEDUCTIONS						
Disbursements to nonprofit	1,538,300	-	1,538,300	-	-	-
Election costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,753</u>	<u>17,506</u>	<u>26,259</u>
Total deductions	<u>1,538,300</u>	<u>-</u>	<u>1,538,300</u>	<u>8,753</u>	<u>17,506</u>	<u>26,259</u>
Net increase	2,203,561	7,512,942	9,716,503	344,692	689,383	1,034,075
Net assets held in trust -beginning	<u>344,692</u>	<u>689,383</u>	<u>1,034,075</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets held in trust-ending	<u>\$ 2,548,253</u>	<u>\$ 8,202,325</u>	<u>\$ 10,750,578</u>	<u>\$ 344,692</u>	<u>\$ 689,383</u>	<u>\$ 1,034,075</u>

The accompanying notes are an integral part of this statement.

FRESNO COUNTY ZOO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fresno County Zoo Authority (Authority) was created upon 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 Zoo 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 statements of net assets and the statements of activities report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of inter-fund activity has been removed from these statements. *Government 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 statements of activities demonstrate 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*.

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, 2006 and 2005

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 revenue). The statement of fiduciary net assets and the statement of changes in fiduciary net assets provide information regarding the 98% of sales tax revenue and related disbursements and expenses, which are exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County. Disbursements of Measure Z Funds during fiscal year ended June 30, 2006, 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 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 fund:

- The *Private-Purpose Trust Fund* is used to account for the portion of Measure Z sales tax revenue (and related disbursements and expenses), exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County (no less than 98% of total Measure Z revenue). During fiscal year ended June 30, 2006, disbursements of Measure Z Funds were made to the Fresno's Chaffee Zoo Corporation, 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.

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

Cash and Investments

Investments for the Authority are reported at fair value.

FRESNO COUNTY ZOO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due From Other Governments

Due from other governments represents 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 balances for governmental funds 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 balances and total net assets for the fiscal years ended June 30, 2006 and 2005.

A reconciliation of the total net change in fund balances 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 balances and total changes in net assets for the fiscal years ended June 30, 2006 and 2005.

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.

FRESNO COUNTY ZOO AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006 and 2005

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 for fiscal year 2005-2006 only. No schedule is included for fiscal year 2004-2005 because no budget was adopted during the first year of the Authority's operations.

The operating budget of the Fresno Chaffee Zoo Corporation (FCZC) for fiscal year 2005-2006 was approved by the Authority's board. FCZC is the entity operating the Fresno Chaffee Zoo and functions separately from the Authority. The Authority's oversight of FCZC extends only to the administration of Measure Z funds.

Subsequent to the approval of the FY 2005-2006 budget, disbursements totaling \$1,538,300 were made to FCZC. For fiscal year 2004-2005, no budget was approved by the Authority, and therefore, no cash disbursements were made to FCZC.

No capital projects' budgets for FCZC were approved by the Authority for fiscal years 2005-2006 or 2004-2005, and therefore, no cash disbursements were to FCZC for that purpose.

Undistributed sales tax revenue net of expenses incurred during the two fiscal years are classified as "net assets held in trust" in the statement of fiduciary net assets. The balance at the end of each fiscal year reported was as follows:

Held in Trust for:	2006	2005
Operations	\$ 2,548,253	\$ 344,692
Capital Projects	<u>8,202,325</u>	<u>689,383</u>
Total	<u>\$ 10,750,578</u>	<u>\$ 1,034,075</u>

NOTE 5 – LIABILITIES

Liabilities of the Authority totaled \$20,746 at June 30, 2006. This amount primarily consists of expenses related to professional and specialized services provided by the County of Fresno. No liabilities were reported by the Authority at June 30, 2005.

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REQUIRED SUPPLEMENTARY INFORMATION

FRESNO COUNTY ZOO AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Sales tax	\$ 202,952	\$ 202,952	\$ 225,917	\$ 22,965
Interest	<u>-</u>	<u>-</u>	<u>2,837</u>	<u>2,837</u>
Total revenues	<u>202,952</u>	<u>202,952</u>	<u>228,754</u>	<u>25,802</u>
EXPENDITURES				
Current:				
Data processing services	5,000	5,000	1,273	3,727
Office expenses	26,500	26,500	4,394	22,106
Professional and specialized services	124,847	124,847	97,540	27,307
Contingencies	<u>46,605</u>	<u>46,605</u>	<u>-</u>	<u>46,605</u>
Total expenditures	<u>202,952</u>	<u>202,952</u>	<u>103,207</u>	<u>99,745</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	125,547	<u>\$ 125,547</u>
Net assets, July 1, 2005			<u>21,103</u>	
Net assets, June 30, 2006			<u>\$ 146,650</u>	

FRESNO COUNTY ZOO AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2006

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 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 20. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2005-2006 only. Actual expenditures appearing on the schedule are presented using the accrual method of accounting. No schedule is included for fiscal year 2004-2005 because no budget was adopted during the first year of the Authority's operations.

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OTHER AUDITOR'S REPORT

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Fresno County Zoo Authority
Fresno, California

We have audited the financial statements of the Fresno County Zoo Authority, as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated November 16, 2006. 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

In planning and performing our audit, we considered the Fresno County Zoo Authority's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, caused by error or fraud, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fresno County Zoo 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 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Price Paige & Company

Clovis, California
November 16, 2006