



FRESNO COUNTY
ZOO
AUTHORITY

Annual Report 2010-2011

**BABIES
ON
BOARD!**

**NEW
PROJECTS!**

**EDUCATION,
OUTREACH,
FUNDRAISING!**



HELPED BUILD

SEA LION
COVE

Coming Soon to the Zoo!



**BABIES
ON
BOARD!**

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NEW!

Baby Orangutans





Nosara Grille



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Phone: 559.600.4305 • www.zooauthority.org
zooauthority@co.fresno.ca.us

News from the Zoo Authority



PAUL B. CLARK
Chairman

JOHN W. GRAY
Vice Chairman

GERALD V. LYLES
Board Member

KENT L. STRATFORD
Board Member

ASHLEY SWEARENGIN
Board Member

PAUL TOSTE
Board Member

RALPH WATERHOUSE
Board Member

OLIVER BAINES
Mayor's Alternate

November 30, 2011

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

Dear Supervisors,

On behalf of the Fresno County Zoo Authority, please find the enclosed Annual Report to the Board of Supervisors for the fiscal year 2010-2011.

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

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

As you may recall, during the summer of 2007, Fresno's Chaffee Zoo Corporation presented a Master Plan to the public, which was well received. On July 25, 2007, following the public presentation, the Zoo Authority approved that Master Plan in concept. The path leading to implementation of the Master Plan followed the Environmental Impact Report (EIR) process, for which the City of Fresno is the lead agency. This process has been complex and ran into delays, as the Master Plan became the "Roeding Park Master Plan", driven by changes associated with the Zoo expansion and modernization. The City of Fresno approved the EIR in June 2011.





News from the Zoo Authority

Additionally, construction of Sea Lion Cove is now under way, representing the start of the renewal and improvement of the Fresno Chaffee Zoo. Mayor Swearengen's dedication and participation has been beneficial in breaking down the bureaucratic roadblocks that could have slowed the progress of this project.

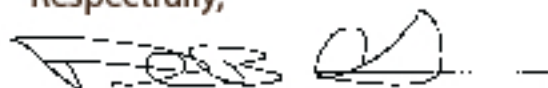
During the fiscal year ending June 30, 2011 we disbursed funds in the amount of \$2,613,501 for operations, including small projects within the existing Zoo. We also approved the release of \$667,245 for capital projects spent primarily for the Sea Lion Cove exhibit.

Since inception, through June 30, 2011, the Zoo Authority has collected \$63,969,351 in Measure Z revenue and disbursed \$17,739,727 for Zoo operations, and \$2,334,974 for Capital Funds. The Zoo Authority has spent \$619,582 in administrative expenses, primarily related to professional and specialized services provided by Fresno County staff including clerical, accounting, legal, and the services of the coordinator.

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

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

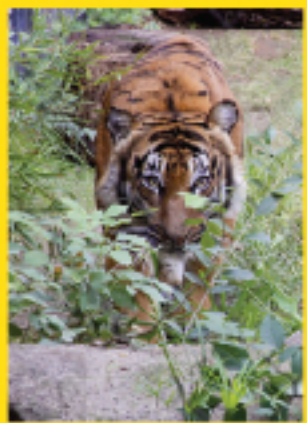
Respectfully,



Paul B. Clark
Chairman
559-392-9967

Reptile Remodel





Acknowledgements

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

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

ADMINISTRATIVE OFFICE

Brandi Orth, Principal Administrative Analyst

AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR

Eliz Manoukian, Accounting and Financial Manager

Lawrence Seymour, Supervising Accountant

COUNTY COUNSEL

Diana Panoo, Administrative Services Assistant

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Elizabeth Avalos, Administrative Secretary

Pat Srisukwatana, Systems Procedures Analyst

GRAPHIC COMMUNICATION SERVICES

Gina Barr, Graphic Arts Technician II

INFORMATION TECHNOLOGY SYSTEMS DEPARTMENT

Gary Osmondson, Chief Information Officer

Jacklyn Celis, Programmer Analyst

Daniel Moore, Senior IT Analyst

Craig Sensano, Senior IT Analyst

PUBLIC WORKS AND PLANNING

Sally Godfrey, Program Technician II

Kevin Olivas, Office Assistant III



Safari Cafe Remodel





Zoo Authority Board & Staff

ZOO AUTHORITY BOARD for 2010-2011

Board Member	Position	Date Appointed	Nominated By	Term Expiration
PAUL B. CLARK ★	Chair	3/3/2009	District 5 Supervisor Deborah Poochigian	1/7/2013
JOHN W. GRAY, DVM	Vice Chair	2/8/2005	District 4 Supervisor Judy Case	1/3/2014
GERALD V. LYLES ★	Board Member	2/8/2005	District 2 Supervisor Susan Anderson	1/7/2013
KENT L. STRATFORD	Board Member	2/8/2005	District 3 Supervisor Henry Perea	1/7/2013
PAUL A. TOSTE, DVM	Board Member	12/4/2007	District 1 Supervisor Phil Larson	1/3/2014
RALPH WATERHOUSE	Board Member	1/10/2006	2006 Board of Supervisors Chairman Phil Larson	1/3/2012
ASHLEY SWEARENGIN	Board Member	N/A	Ex Officio - Mayor of Fresno	N/A
OLIVER BAINES ★	Mayor's Alternate	N/A	Mayor's Appointment	N/A

ZOO AUTHORITY STAFF

Staff Member	Title	County Dept.	Position
JOHN NAVARRETTE	Administrator	County Administrative Office	County Administrative Officer
CATHERINE CROSBY ★	Coordinator	Public Works & Planning Resources Division	Staff Analyst III
CHRISTINA CHAPARRO	Clerk	Public Works & Planning Resources Division	Office Assistant II
ART WILLIE ★ Through January 2011	Counsel	County Counsel	Deputy County Counsel
ZACHARY REDMOND From February 2011	Counsel	County Counsel	Deputy County Counsel
ROBERT DELAY	Treasurer	Auditor-Controller Treasurer-Tax Collector	Senior Accountant
JAMIE FLAHERTY ★	Accountant	Auditor-Controller Treasurer-Tax Collector	Accountant II





2010-2011

MEASURE
Z


Zoo Authority Milestones with the help of...

MEASURE
Z
2004

JULY 2004
Resolution creating the Fresno County Zoo Authority (Authority), and ordinance providing for a transactions and use tax of 0.1% for a period of ten years commencing on April 1, 2005, adopted by the Fresno County Board of Supervisors.

NOVEMBER 2004
The Fresno County electorate approved Measure Z by 73.42 %.


MEASURE
Z
2005

JANUARY 2005
Adoption of initial Authority by-laws.

APRIL 2005
Board of Supervisors completes appointments, and Authority Board holds first meeting.

JUNE 2005
First Measure Z tax receipts received.



JULY 2005
Agreement between Authority and County of Fresno to provide Authority with professional and technical services, including administration, accounting, legal and technical services.

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

NOVEMBER 2005
Finance Agreement entered into between the City of Fresno and the Fresno's Chaffee Zoo Corporation (FCZC).


MEASURE
Z
2006

JANUARY 2006
Agreement between the City of Fresno and FCZC, providing for the lease of grounds and facilities to FCZC, and for operation of the zoo by FCZC.

First year Authority authorized funds to FCZC.

MAY 2006
Lewis Greene becomes director of Fresno Chaffee Zoo. Approved letter to Association of Zoos and Aquariums guaranteeing funding for necessary zoo projects prior to adoption of a master plan.



OCTOBER 2006
Approved FCZC request for capital projects funds for development of master plan.

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


MEASURE
Z
2007

APRIL 2007
Approved contract with Environmental Impact Report consultant. Approved \$1,250,000 for small capital projects within the current zoo that would demonstrate to the public the Fresno Chaffee Zoo is actively working on improvements.

JULY 2007
Following public presentations, the Authority approved the proposed Chaffee Zoo Master Plan with stipulations the City of Fresno must participate in paying for items outside the footprint of the Zoo, and that the "Kids Zone" will not be deleted from the list of items to be completed by 2014.

AUGUST 2007
Approved funding requests for master planning and tree survey.


MEASURE
Z
2008

JANUARY 2008
Authority by-laws amended and subsequently approved providing among other things for Mayor of the City of Fresno to appoint a member of the Fresno City Council to serve on the Authority Board as the Mayor's alternate.

JUNE 2008
Additional approvals of funds to FCZC for Capital projects including: Master planning services, Environmental Impact Report services, pre-design engineering and architectural services for three permanent zoo facilities.

MEASURE
Z
2009

FEBRUARY 2009
Approved request for \$1.2 million for Environmental Impact Report, pre-design engineering and beginning design of animal and non-animal facilities, and for improvements and updating of Stingray Bay, Tropical Treasures and existing infrastructure.

MAY 2009
Fresno native Scott Barton becomes Director of Fresno Chaffee Zoo.

JUNE 2009
Approved a Capital Projects Policy to define criteria for capital projects that qualify for reimbursement of Measure Z funds.

AUGUST 2009
Approved \$1.05m for Central Coast Themed Sea Lion Exhibit design.

Approved \$165,000 for Environmental Impact Report.

OCTOBER 2009
Approved \$121,000 for Stingray Bay as permanent exhibit.


MEASURE
Z
2010

APRIL 2010
Approved reallocation of \$30,000 from Reptile Building renovation budget to new Dino Dig budget.

AUGUST 2010
Approved \$80,000 for pre-construction work on Sea Lion Cove exhibit.


MEASURE
Z
2011

JANUARY 2011
City of Fresno Planning Commission certifies Roeding Park Master Plan Environmental Impact Report.

MAY 2011
Implemented email address: zooauthority@co.fresno.ca.us to enhance transparency of Zoo Authority Board.

JUNE 2011
Fresno City Council approves Roeding Park Master Plan Environmental Impact Report.

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





Treasurer's Exhibits A, B, C, D & E

NEW!

Receiving 5 Year Accreditation



Exhibit A

Fresno County Zoo Authority
Cash Balance

NEW!

Animals' Artwork Contribution



Exhibit B

Cash Disbursement by Category to
Fresno's Chaffee Zoo Corporation during Fiscal Year 2010-11

NEW!

Peccary Babies



Exhibit C

Cash Disbursements by Fund to
Fresno's Chaffee Zoo Corporation during Fiscal Year 2010-11

Exhibit D

Fresno County Zoo Authority Measure Z Sales Tax Proceeds Budget
(Cash Basis) for Fiscal Year Ended June 30, 2011

Exhibit E

Fresno County Zoo Authority Measure Z Sales Tax Proceeds
(Cash Basis) by Fiscal Year From Inception to June 30, 2011





Inside & Hands-On
Education



Unaudited Treasurer's Exhibits A, B and C

FRESNO COUNTY ZOO AUTHORITY CASH BALANCE

 Exhibit A

As of June 30, 2011

Cash Available for Administration (2%) Fresno County Zoo Authority		\$ 736,286
Cash Available for Zoological Activities (98%)		
Operations	3,709,487	
Capital Projects	<u>43,168,808</u>	
Total Cash Available for Zoological Activities		<u>46,878,295</u>
Total Cash Balance as of June 30, 2011		<u>\$ 47,614,581</u>

CASH DISBURSMENTS BY CATEGORY TO FRESNO'S CHAFFEE ZOO CORPORATION (FCZC) DURING FISCAL YEAR 2010-11

 Exhibit B

For Operations

Salaries & Benefits	\$ 2,560,045
Insurance	53,336
Bank Charges	<u>120</u>
Total Operations Disbursed to FCZC During Fiscal Year 2010-11	<u>2,613,501</u>

For Capital Projects

Project	
Master Planning Services*	484,334
Capital Improvements**	182,881
Bank Charges	<u>30</u>
Total Capital Projects Disbursed to FCZC During Fiscal Year 2010-11	<u>667,245</u>
Total FCZC Disbursements	<u>\$ 3,280,746</u>

*Includes Environmental Impact Report, Master Plan, and Sea Lion Exhibit Design

**Includes Tiger Exhibit, Dino Dig, and Reptile Exhibit

Fiscal Year Cash Disbursements by Fund to FCZC

 Exhibit C

From Inception to June 30, 2011

	FY-2006	FY-2007	FY-2008	FY-2009	FY-2010	FY-2011	Total
Operations	\$ 1,538,300	\$ 2,805,819	\$ 4,082,456	\$ 3,603,994	\$ 3,095,657	\$ 2,613,501	\$ 17,739,727
Capital Projects	\$ -	<u>140,070</u>	<u>239,631</u>	<u>565,268</u>	<u>722,760</u>	<u>667,245</u>	<u>2,334,974</u>
Total Disbursements	<u>\$ 1,538,300</u>	<u>\$ 2,945,889</u>	<u>\$ 4,322,087</u>	<u>\$ 4,169,262</u>	<u>\$ 3,818,417</u>	<u>\$ 3,280,746</u>	<u>\$ 20,074,701</u>

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

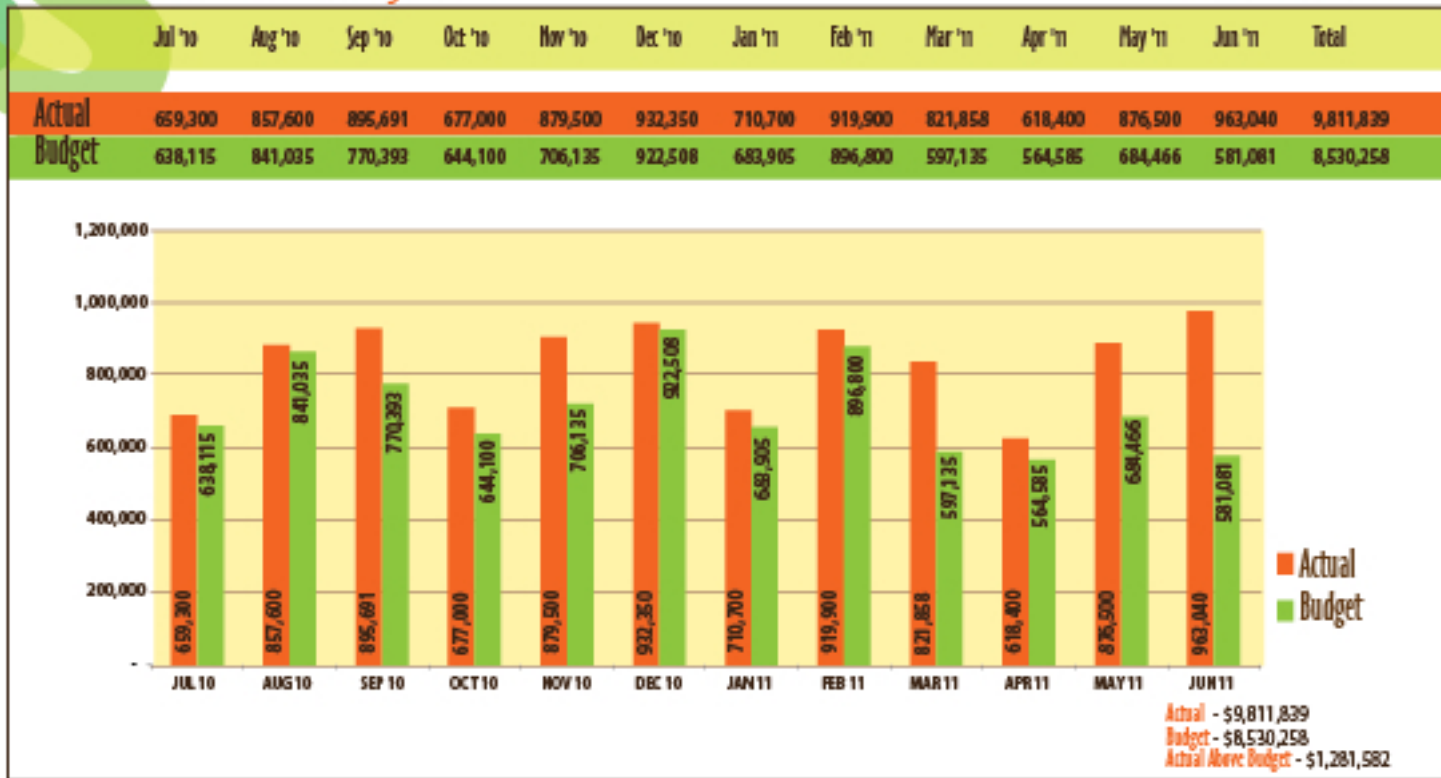




Unaudited Treasurer's Exhibits D and E

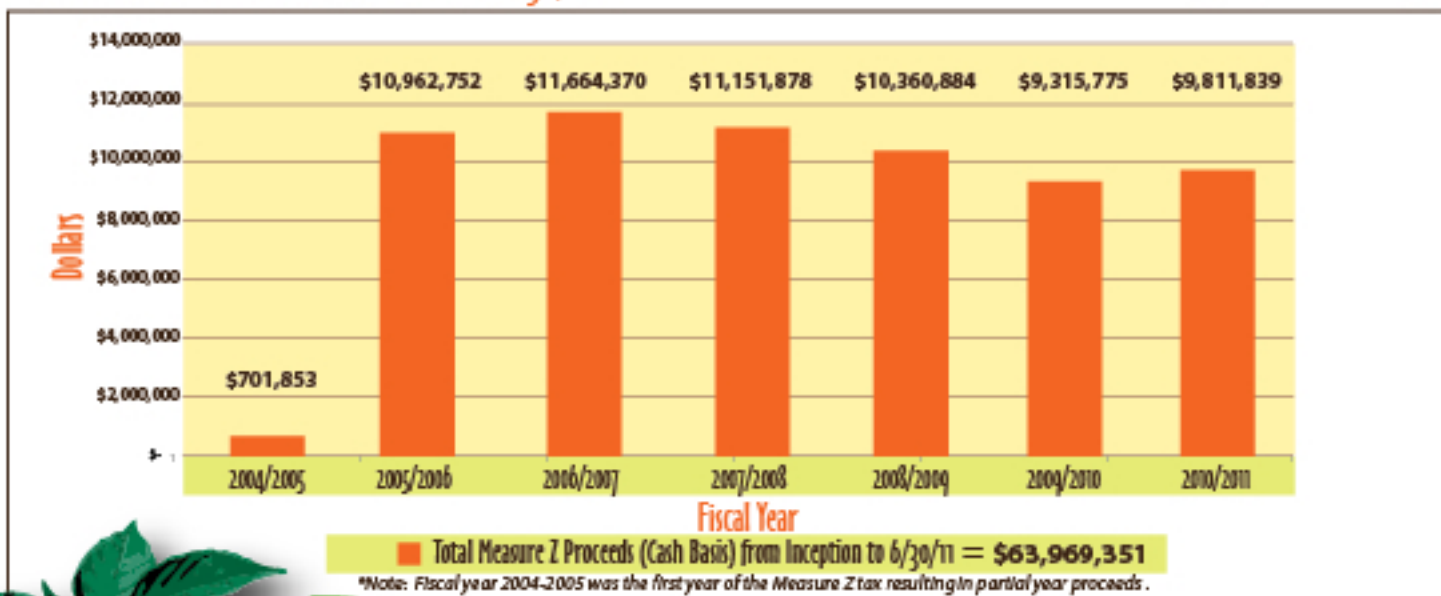
FRESNO COUNTY ZOO AUTHORITY MEASURE Z SALES TAX PROCEEDS BUDGET (Cash Basis) FOR FISCAL YEAR ENDED JUNE 30, 2011

 Exhibit D



FRESNO COUNTY ZOO AUTHORITY MEASURE Z SALES TAX PROCEEDS (Cash Basis) BY FISCAL YEAR FROM INCEPTION TO JUNE 30, 2011

 Exhibit E





Introduction to Audited Financial Statements

AUDITED FINANCIAL STATEMENTS

The Zoo Authority's financial statements for fiscal year ended June 30, 2011 were audited by Price, Paige, and Company; an independent accounting firm. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These audited financial statements, as well as the independent auditor's report are presented in Appendix A. The notes to the financial statements should be read in conjunction with the statements as they are an integral part of the statements and provide disclosures required by generally accepted accounting principles (GAAP).

Financial highlights can be found on page 3. Additional information which is an integral part of the financial statements can be found on pages 15-19.

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

As further discussed on page 18, the Authority adopted an operating budget for fiscal year ended June 30, 2011. The variation between estimated and actual revenue and expenditures is presented in the Budgetary Comparison Schedule on page 22.

DISBURSEMENTS TO FRESNO'S CHAFFEE ZOO CORPORATION

During fiscal year 2011, a total of \$3,280,746 was disbursed to the Fresno's Chaffee Zoo Corporation; \$2,613,501 for operations and \$667,245 for capital projects. The Statement of Fiduciary Net Assets on page 12 presents cash balances available for operations and capital projects to be used for Zoological purposes as of June 30, 2011. This statement also presents funds held in trust for operations and capital projects based on the accrual basis of accounting.



Bring the Zoo to You!
Portable Zoo at Schools



Education & Outreach:
Clean Up at the Beach





Appendix A



Sea Lion Cove...now under Construction!



FRESNO COUNTY ZOO AUTHORITY

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2011

FRESNO COUNTY ZOO AUTHORITY
JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Fresno County Zoo Authority (Authority), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal controls over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Authority, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 22 through 23 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.

Price Page & Company

Clovis, California
November 18, 2011

**FRESNO COUNTY ZOO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011. 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 2010-2011 fiscal year by \$751,628. This amount is considered restricted net assets.
- Liabilities of the Authority totaled \$28,113 at June 30, 2011. This amount primarily consists of expenses related to professional and specialized services provided by the County of Fresno.
- The Authority's total net assets increased by \$94,626 from fiscal year 2009-2010 to 2010-2011.

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

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

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

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

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

**FRESNO COUNTY ZOO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

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

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

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 15-19 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 basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$751,628 at the close of fiscal year 2010-2011.

The Authority has no investments in capital assets.

Governmental activities: Governmental activities increased the Authority's net assets by \$94,626 from fiscal year 2009-2010 to 2010-2011. The key element of this increase relates to Measure Z sales tax revenue exceeding total expenditures by \$81,582.

**FRESNO COUNTY ZOO AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE AUTHORITY FUNDS

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

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

At June 30, 2011, the Authority's governmental fund reported a fund balance of \$751,628, an increase of \$94,626 in comparison with the balance of \$657,002 reported at June 30, 2010.

Revenues for the governmental fund totaled \$215,015 in fiscal year 2010-2011. Revenue was primarily comprised from Measure Z sales tax (94%). The remaining 6% was interest and charges for current services.

Expenditures for governmental funds totaled \$120,389 in fiscal year 2010-2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2010-2011 fiscal year, actual revenues were above those estimated in the final budget by \$30,410. Actual expenditures were below budgeted amounts by \$64,216. This difference in expenditures is primarily due to no expenses being incurred in many of the budgeted line items such as data processing, transportation and travel, publications, memberships, etc.

REQUEST FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 736,286
Interest receivable	2,629
Due from other governments	<u>40,826</u>
Total assets	<u>779,741</u>
LIABILITIES	
Accrued liabilities	<u>28,113</u>
Total liabilities	<u>28,113</u>
NET ASSETS	
Restricted	<u>751,628</u>
Total net assets	<u>\$ 751,628</u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Expenses and Changes in Net Assets of Governmental Activities</u>
Governmental activities:			
General government	\$ 120,389	\$ -	\$ (120,389)
Total	<u>\$ 120,389</u>	<u>\$ -</u>	<u>(120,389)</u>
General revenues:			
Measure Z sales tax			201,971
Interest			13,031
Charges for current services			<u>13</u>
Total general revenues			<u>215,015</u>
Change in net assets			94,626
Net assets - beginning			<u>657,002</u>
Net assets - ending			<u>\$ 751,628</u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2011**

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 736,286
Interest receivable	2,629
Due from other governments	<u>40,826</u>
Total assets	<u>\$ 779,741</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	<u>\$ 28,113</u>
Total liabilities	<u>28,113</u>
Fund balance:	
Restricted	<u>751,628</u>
Total fund balance	<u>751,628</u>
Total liabilities and fund balance	<u>\$ 779,741</u>
Reconciliation of the Balance Sheet to the Statement of Net Assets	
Total fund balance - governmental fund	\$ 751,628
Differences	<u>-</u>
Net assets - governmental activities	<u>\$ 751,628</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, 2011**

	<u>General Fund</u>
REVENUES	
Measure Z sales tax	\$ 201,971
Interest earnings	13,031
Charges for current services	<u>13</u>
Total revenues	<u>215,015</u>
EXPENDITURES	
Current:	
Office expenses	379
Postage	154
PeopleSoft Charges	407
Professional and specialized services	<u>119,449</u>
Total expenditures	<u>120,389</u>
Net change in fund balance	94,626
Fund balance, beginning of year	<u>657,002</u>
Fund balance, end of year	<u><u>\$ 751,628</u></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	\$ 94,626
Differences	<u>-</u>
Change in net assets - governmental activities	<u><u>\$ 94,626</u></u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2011**

	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,709,487	\$ 43,168,808	\$ 46,878,295
Due from other governments	666,303	1,332,605	1,998,908
Interest receivable	<u>12,761</u>	<u>150,065</u>	<u>162,826</u>
Total assets	<u>4,388,551</u>	<u>44,651,478</u>	<u>49,040,029</u>
NET ASSETS			
Held in trust for operations	4,388,551	-	4,388,551
Held in trust for capital projects	<u>-</u>	<u>44,651,478</u>	<u>44,651,478</u>
Total net assets	<u><u>\$ 4,388,551</u></u>	<u><u>\$ 44,651,478</u></u>	<u><u>\$ 49,040,029</u></u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
ADDITIONS			
Measure Z sales tax	\$ 3,298,860	\$ 6,597,719	\$ 9,896,579
Interest	<u>60,736</u>	<u>739,335</u>	<u>800,071</u>
Total additions	<u>3,359,596</u>	<u>7,337,054</u>	<u>10,696,650</u>
DEDUCTIONS			
Disbursements to nonprofit	<u>2,613,530</u>	<u>667,245</u>	<u>3,280,775</u>
Total deductions	<u>2,613,530</u>	<u>667,245</u>	<u>3,280,775</u>
Net increase	746,066	6,669,809	7,415,875
Net assets held in trust - beginning	<u>3,642,485</u>	<u>37,981,669</u>	<u>41,624,154</u>
Net assets held in trust - ending	<u><u>\$ 4,388,551</u></u>	<u><u>\$ 44,651,478</u></u>	<u><u>\$ 49,040,029</u></u>

The accompanying notes are an integral part of this statement.

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**FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

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

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

FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (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 assets and the statement of changes in fiduciary assets provide information regarding the 98% of sales tax proceeds and related disbursements, which are exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County. Disbursements of Measure Z funds during fiscal year ended June 30, 2011, 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 fund:

- The *Private-Purpose Trust Fund* is 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 fiscal year ended June 30, 2011, 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 accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable.

**FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Investments

Investments for the Authority are reported at fair value.

Due from Other Governments

Due from other governments 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 restricted only.

- Restricted Net Assets – This category represents net assets of the Authority restricted for purposes directly supporting the administrative necessities of the Authority.

Use of Management Estimates

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

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

A reconciliation of the total fund balance for governmental fund to the total net assets of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total fund balance and total net assets for the fiscal year ended June 30, 2011.

A reconciliation of the total net change in fund balance for governmental funds to the total changes in net assets of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total net change in fund balance and total changes in net assets for the fiscal year ended June 30, 2011.

**FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – CASH, INVESTMENTS, AND DEPOSITS

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

NOTE 4 – BUDGET/DISBURSEMENTS

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

Measure Z-funded line items of the Fresno County Zoo Corporation's (FCZC) operating and capital projects budgets for calendar year 2010 and 2011 were approved by the Authority's board. FCZC is the entity operating the Fresno Chaffee Zoo and functions separately from the Authority, operating on a calendar year basis (ending December 31). The Authority's oversight of FCZC extends only to the administration of Measure Z funds.

During fiscal year ended June 30, 2011, disbursements totaling \$3,280,775 were made to FCZC; \$2,613,530 for operations, and \$667,245 for capital projects.

Undistributed sales tax revenue net of expenses incurred during the fiscal year are classified as "net assets held in trust" in the statement of fiduciary net assets. The balance reported at June 30, 2011, was as follows:

Held in Trust for:	
Operations	\$4,388,551
Capital Projects	44,651,478
Total	\$49,040,059

NOTE 5 – LIABILITIES

Liabilities of the Authority totaled \$28,113 at June 30, 2011. This amount primarily consisted of expenses related to professional and specialized services provided by the County of Fresno.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 18, 2011, the date the financial statements were available to be issued, noting no matters requiring disclosure in the financial statements for the year ended June 30, 2011.

**FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board Statement No. 54:

In March of 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The treasurer has implemented GASB Statement No. 54, as required, with the issuance of the current financial statements.

The Zoo Authority's general fund balance of \$751,628 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.

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REQUIRED SUPPLEMENTARY INFORMATION

**FRESNO COUNTY ZOO AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Measure Z sales tax	\$ 170,605	\$ 170,605	\$ 201,971	\$ 31,366
Interest earnings	14,000	14,000	13,031	(969)
Interest earnings	-	-	13	13
Total revenues	184,605	184,605	215,015	30,410
EXPENDITURES				
Current:				
Office expenses	6,000	6,000	379	5,621
Professional and specialized services	126,292	126,292	119,449	6,843
Postage	1,500	1,500	154	1,346
Data processing services	3,000	3,000	-	3,000
Memberships	1,000	1,000	-	1,000
Transportation, travel and education	5,000	5,000	-	5,000
Publications and legal notices	1,000	1,000	-	1,000
Telephone	500	500	-	500
PeopleSoft Financials Charges	750	750	407	343
Contingencies	39,563	39,563	-	39,563
Total expenditures	184,605	184,605	120,389	64,216
Change in net assets	\$ -	\$ -	94,626	\$ 94,626
Net assets - beginning			657,002	
Net assets - ending			\$ 751,628	

See note to budgetary comparison schedule.

**FRESNO COUNTY ZOO AUTHORITY
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

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 2010-2011. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

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OTHER AUDITOR'S REPORT

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

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

We have audited the financial statements of the governmental activities, the general major fund, and the aggregate remaining fund information of the Fresno County Zoo Authority (Authority), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 18, 2011. 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

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*.

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

Price Pange & Company

Clovis, California
November 18, 2011