



FRESNO COUNTY  
**ZOO**  
AUTHORITY



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THE KING IS IN THE BUILDING!

2012-2013





Look what has *slithered* into Chaffee Zoo...

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The *magestic* **KING COBRA** is now on display!



# NEWS from the ZOO AUTHORITY

**ADDRESS.** 2220 Tulare Street, 6th Floor • Fresno, CA 93721

**PHONE.** 559.600.4305 • **EMAIL.** zooauthority@co.fresno.ca.us • **WEB.** www.zooauthority.org



**PAUL A. TOSTE, DVM**  
*Chairman*

**JOHN W. GRAY**  
*Vice Chairman*

**PETER HERZOG**  
*Board Member*

**GERALD V. LYLES**  
*Board Member*

**KENT L. STRATFORD**  
*Board Member*

**ASHLEY SWEARENGIN**  
*Board Member*

**RALPH WATERHOUSE**  
*Board Member*

**OLIVER BAINES**  
*Mayor's Alternate*



November 30, 2013

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 2012-2013. The Fresno County Zoo Authority was created by your Board on July 13, 2004. The appointed board was formed in 2005, and four of our current seven members are original appointees.

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 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.

In 2007, the Fresno Chaffee Zoo Corporation presented a Master Plan for the Zoo that was well received by the public. The City of Fresno approved the Environmental Impact Report in June 2011. The following month, the Zoo Authority approved funding for the first entirely new animal exhibit to be built with Measure Z Funds, Sea Lion Cove. This spectacular exhibit opened in August 2012. Many improvements to other animal exhibits continue to be made, including the Reptile House in 2012, the conversion of the sea lion's former home into the River Otter exhibit and the opening of the King Cobra exhibit in August 2013. Dramatic increases in attendance figures prove visitors are very pleased with the improvements their Measure Z taxes have provided to Fresno Chaffee Zoo.



# NEWS from the ZOO AUTHORITY

**ADDRESS.** 2220 Tulare Street, 6th Floor • Fresno, CA 93721

**PHONE.** 559.600.4305 • **EMAIL.** zooauthority@co.fresno.ca.us • **WEB.** www.zooauthority.org

During the fiscal year ended June 30, 2013, we disbursed \$3,704,008 in funds for zoo operations. We also disbursed \$5,968,465 for capital projects, primarily for River Otter, King Cobra, and Reptile House exhibits, and the design of the future African Adventure exhibits, while \$291,000 was approved for needed infrastructure improvements such as high-speed internet connection, water lines, storm drainage and wastewater projects.

Since inception, Measure Z has greatly benefitted the Fresno Chaffee Zoo and the community. The Zoo Authority has collected \$87,182,534 in Measure Z revenue, and disbursed \$24,285,792 for Zoo operations and \$15,702,876 for Capital Projects. The Zoo Authority's administrative expenses were \$916,478, or 1.05 percent of Measure Z revenue, primarily for professional and specialized services provided by Fresno County staff including clerical, accounting, legal, outside annual audits and the services of the Board Coordinator. Zoo Authority members would like to express their sincerest appreciation for hard work and dedication of the County staff provided to support our board.

Measure Z was placed on the November 2, 2004 ballot and passed with a resounding 73.42 percent of votes. In November 2014, Measure Z will again be on the ballot, and we anticipate that Fresno County voters will support its renewal just as enthusiastically as they have supported the Fresno Chaffee Zoo and its improvements by their attendance.

It continues to be our pleasure to serve the citizens of 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 A. Toste, DVM  
Chairman  
559-846-7000





# ACKNOWLEDGEMENTS

The SERPENT was in front of me,  
A real KING COBRA, so slim,  
SPARKLING with bluish tint,  
SCALES GLITTERED with no attempts,

The EYES, PIECING as the arrows,  
LIFTED THE HEAD for a foot, narrow,  
TAIL HOLDS the ground in anger,  
Shaking TONGUE PROTRUDED in despair,

The ORANGE MOUTH opened wider,  
The HISSING WHISTLE sounds go higher.  
FROM A POEM BY...  
*Veeraiyah Subbulakshmi*

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

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

## ADMINISTRATIVE OFFICE

JOHN HAYS | *Senior Administrative Analyst*

## AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR

ELIZ MANOUKIAN | *Accounting and Financial Manager*

LAWRENCE SEYMOUR | *Division Chief, Financial Reporting and Audits*

## COUNTY COUNSEL

DIANA PANOO, *Administrative Services Assistant*

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

ELIZABETH AVALOS | *Administrative Secretary*

PAT SRISUKWATANA | *Systems Procedures Analyst*

## INTERNAL SERVICES DEPARTMENT,

### GRAPHIC COMMUNICATION SERVICES

GINA BARR | *Graphic Arts Technician II*

## INTERNAL SERVICES DEPARTMENT,

### INFORMATION TECHNOLOGY DIVISION

JACKELYN CELIS | *Programmer Analyst*

DANIEL MOORE | *Information Technology Manager*

## PUBLIC WORKS AND PLANNING

SALLY GODFREY | *Program Technician II*

KEVIN OLIVAS | *Office Assistant III*

## REPORT DESIGN BY:

GINA BARR | *Graphic Arts Technician II*

*The County of Fresno, Internal Services, Graphic Communication Services Division*



# ZOO AUTHORITY BOARD *and* STAFF



## ZOO AUTHORITY BOARD 2013

BOARD MEMBER	POSITION	DATE APPOINTED	NOMINATED BY	TERM EXPIRATION
PAUL A. TOSTE, DVM	<i>Chairman</i>	12/4/2007	District 1 Supervisor <i>Phil Larson</i>	1/3/2015
JOHN W. GRAY, DVM	<i>Vice Chairman</i>	2/8/2005	District 4 Supervisor <i>Judy Case</i>	1/3/2015
GERALD V. LYLES	<i>Board Member</i>	2/8/2005	District 2 Supervisor <i>Susan Anderson</i>	1/7/2013
KENT L. STRATFORD	<i>Board Member</i>	2/8/2005	District 3 Supervisor <i>Henry Perea</i>	1/7/2017
PETER HERZOG	<i>Board Member</i>	9/10/2013	District 5 Supervisor <i>Deborah Poochigian</i>	1/7/2017
RALPH WATERHOUSE	<i>Board Member</i>	1/10/2006	2006 Board of Supervisors <i>Chairman Phil Larson</i>	1/7/2013
ASHLEY SWEARENGIN	<i>Board Member</i>	N/A	Ex Officio - Mayor of Fresno	N/A
OLIVER BAINES	<i>Mayor's Alternate</i>	N/A	Mayor's Appointment	N/A

## ZOO AUTHORITY STAFF

STAFF MEMBER	TITLE	COUNTY DEPT.	POSITION
JOHN NAVARRETTE	<i>Administrator</i>	County Administrative Office	County Administrative Officer
CATHERINE CROSBY	<i>Coordinator</i>	Public Works & Planning Resources Division	Staff Analyst III
CHRISTINA CHAPARRO	<i>Clerk</i>	Public Works & Planning Resources Division	Office Assistant II
ZACHARY REDMOND <i>Through March 2013</i>	<i>Counsel</i>	County Counsel	Deputy County Counsel
JANELLE KELLEY <i>From March 2013</i>	<i>Counsel</i>	County Counsel	Assistant County Counsel
JEFF BLANKS	<i>Treasurer/Accountant</i>	Auditor-Controller Treasurer-Tax Collector	Supervising Accountant
MARC YOUNG <i>Thru December 2012</i>	<i>Accountant</i>	Auditor-Controller Treasurer-Tax Collector	Accountant I
ERIC BORGES <i>From December 2012</i>	<i>Accountant</i>	Auditor-Controller Treasurer-Tax Collector	Accountant I







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2012

# ZOO AUTHORITY MILESTONES *with the HELP of...*



## JULY

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

## NOVEMBER

The Fresno County electorate approved Measure Z by 73.42%.

## JANUARY

Adoption of initial Authority by-laws.

## APRIL

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

## JUNE

First Measure Z tax receipts received.

## JULY

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

Adopted Authority logo reminiscent of that used by the 2004 Measure Z campaign.

Launched website for anyone to access information regarding the Authority.

Initiated streaming audio of Authority meetings.

## NOVEMBER

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

## JANUARY

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

First year Authority authorized funds to FCZC.

## MAY

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

## OCTOBER

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

## NOVEMBER

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



## APRIL

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

## JULY

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

## AUGUST

Approved funding requests for master planning and tree survey.

## JANUARY

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

## JUNE

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

## FEBRUARY

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

## MAY

Fresno native Scott Barton becomes Director of Fresno Chaffee Zoo.

## JUNE

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

## AUGUST

Approved \$1.05m for Central Coast Themed Sea Lion Exhibit design. Approved \$165,000 for Environmental Impact Report.

## OCTOBER

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



## APRIL

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

## AUGUST

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

## JANUARY

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

## MAY

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

## JUNE

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

## JULY

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

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

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

## SEPTEMBER

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

## NOVEMBER

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

## JANUARY

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

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

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

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

## MARCH

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

## MARCH

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

Approved \$4 million for Africa exhibit design.

## APRIL - MAY

Construction on Sea Lion Cove continues ahead of schedule.

Africa exhibit design is 1/3 complete.

## AUGUST

Sea Lion Cove opened August 27, 2012

## SEPTEMBER

Attendance was 93% above September 2011

## NOVEMBER

Approved \$211,000 for infrastructure design and engineering for utilities



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~ William Wordsworth



## JANUARY 13% increase!

2012 attendance was 13% higher than 2011, with a record of **580,226** visitors

Approved **\$3.7 million** Zoo operating budget

Approved request for **\$20,240** for animal acquisitions and transportation

Approved request for **\$80,000** capital funds for reliable water source



## MAY

Approved request for **\$1,109,600** for utilities improvements including storm, drain, sewer, electrical and water piping

Approved request for **\$100,000** for design of Water Play Area

## MARCH

River Otters move into renovated former home of Sea Lions



## JUNE

Over **\$51 million** is available for future capital projects and exhibits

Over **\$12 million** in Measure Z Tax was received in Fiscal Year 2012-13







# UNAUDITED TREASURER'S EXHIBITS

## A, B, C, D, and E



### EXHIBIT A

Fresno County Zoo Authority Cash Balance

### EXHIBIT B

Cash Disbursement by Category to Fresno's Chaffee Zoo Corporation during Fiscal Year 2012-13

### EXHIBIT C

Cash Disbursements by Fund to Fresno's Chaffee Zoo Corporation during Fiscal Year 2012-13

### EXHIBIT D

Fresno County Zoo Authority Measure Z  
Sales Tax Proceeds Budget (Cash Basis)  
for Fiscal Year Ended June 30, 2013

### EXHIBIT E

Fresno County Zoo Authority Measure Z  
Sales Tax Proceeds (Cash Basis) by Fiscal Year  
From Inception to June 30, 2013

*Discover more of the Zoo!*





# UNAUDITED TREASURER'S EXHIBITS

## A, B, and C

### Fresno County Zoo Authority Cash Balance

AS OF JUNE 30, 2013

EXHIBIT A

Cash Available for Administration (2%) Fresno County Zoo Authority		\$ 947,279
Cash Available for Zoological Activities (98%)		
Operations	4,859,198	
Capital Projects	46,188,952	
Total Cash Available for Zoological Activities		51,048,150
<b>Total Cash Balance as of June 30, 2013</b>		<b>\$ 51,995,429</b>

### Cash Disbursements By Category To FCZC During Fiscal Year 2012-13

FOR OPERATIONS

EXHIBIT B

Salaries & Benefits	\$ 3,703,807
Bank Charges	200
<b>Total Operations Disbursed to FCZC During Fiscal Year 2012-13</b>	<b>3,704,007</b>

FOR CAPITAL PROJECTS

Project	
Capital Improvements*	\$ 5,968,425
Bank Charges	40
<b>Total Capital Projects Disbursed to FCZC During Fiscal Year 2012-13</b>	<b>5,968,465</b>
<b>Total FCZC Disbursements</b>	<b>\$ 9,672,472</b>

\*Includes River Otter and King Cobra Exhibits

### Fiscal Year Cash Disbursements by Fund to FCZC

FROM INCEPTION TO JUNE 30, 2013

EXHIBIT C

	FY-2006	FY-2007	FY-2008	FY-2009	FY-2010	FY-2011	FY-2012	FY-2013	TOTAL
Operations	\$ 1,588,900	\$ 2,805,819	\$ 4,082,456	\$ 3,608,994	\$ 3,095,657	\$ 2,613,501	\$ 2,842,067	\$ 5,704,007	\$ 24,285,791
Capital Projects	\$	\$ 140,070	\$ 289,691	\$ 565,268	\$ 722,760	\$ 667,245	\$ 7,399,497	\$ 5,968,465	\$ 15,702,876
<b>Total Disbursements</b>	<b>\$ 1,588,900</b>	<b>\$ 2,945,889</b>	<b>\$ 4,372,147</b>	<b>\$ 4,174,262</b>	<b>\$ 3,818,417</b>	<b>\$ 3,280,746</b>	<b>\$ 10,241,494</b>	<b>\$ 9,672,472</b>	<b>\$ 39,988,668</b>

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



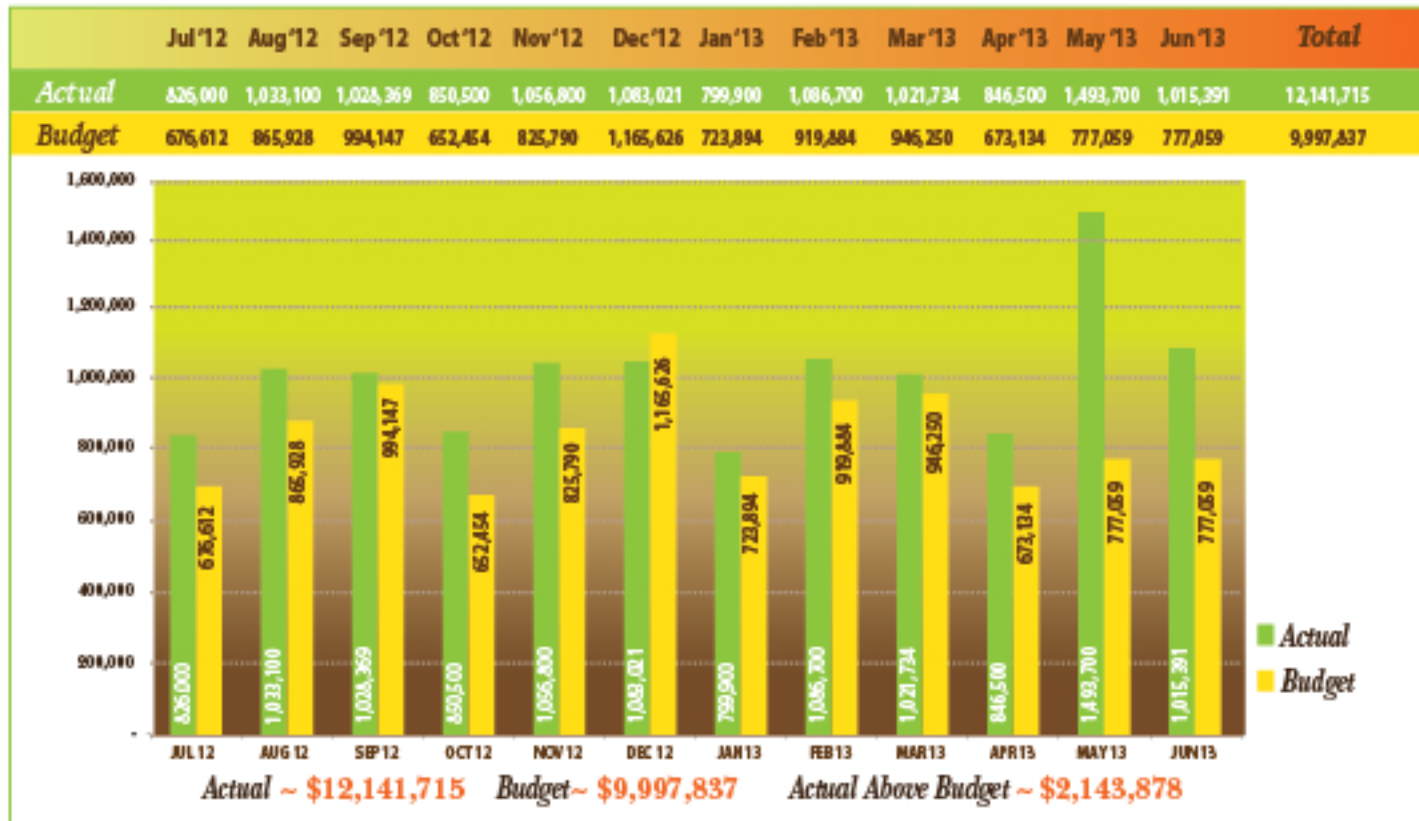


# UNAUDITED TREASURER'S EXHIBITS

## D and E

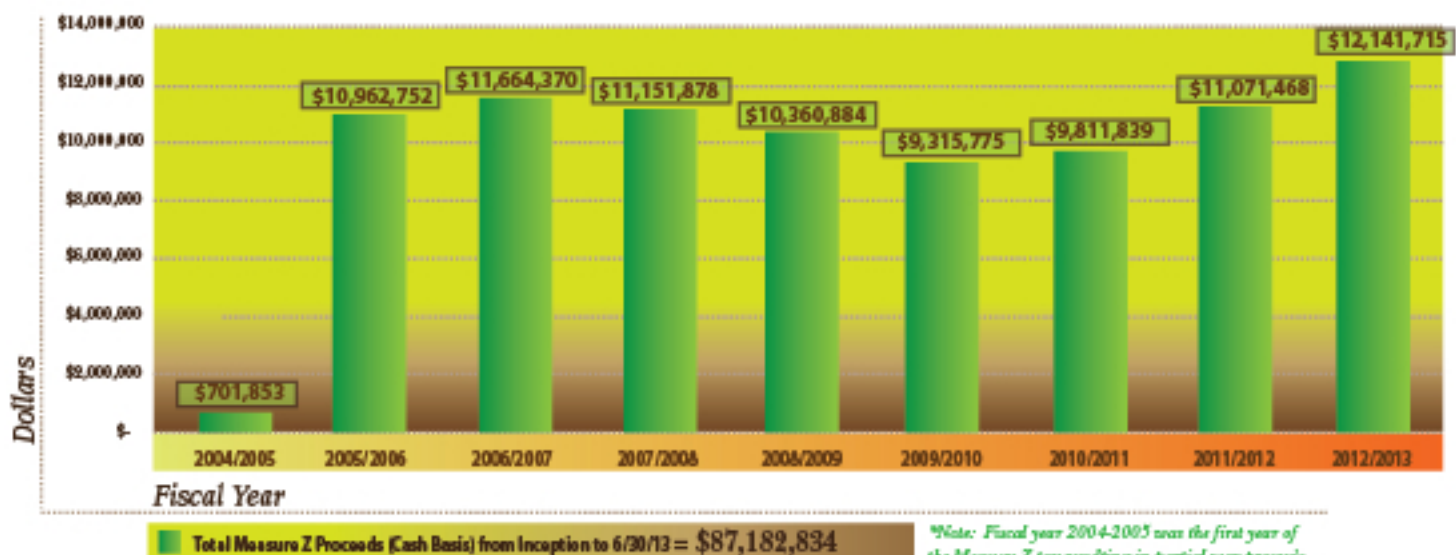
### Fresno County Zoo Authority Measure Z Sales Tax Proceeds Budget (Cash Basis) For Fiscal Year Ended June 30, 2013

**EXHIBIT D**



### Fresno County Zoo Authority Measure Z Sales Tax Proceeds (Cash Basis) By Fiscal Year From Inception To June 30, 2013

**EXHIBIT E**





# INTRODUCTION TO AUDITED FINANCIAL STATEMENTS



## AUDITED FINANCIAL STATEMENTS

The Zoo Authority's financial statements for fiscal year ended June 30, 2013 were audited by Brown, Armstrong, CPA; an independent accounting firm. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These audited financial statements, as well as the independent auditor's report are presented in Appendix A. The notes to the financial statements should be read in conjunction with the statements as they are an integral part of the statements and provide disclosures required by generally accepted accounting principles (GAAP).

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

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

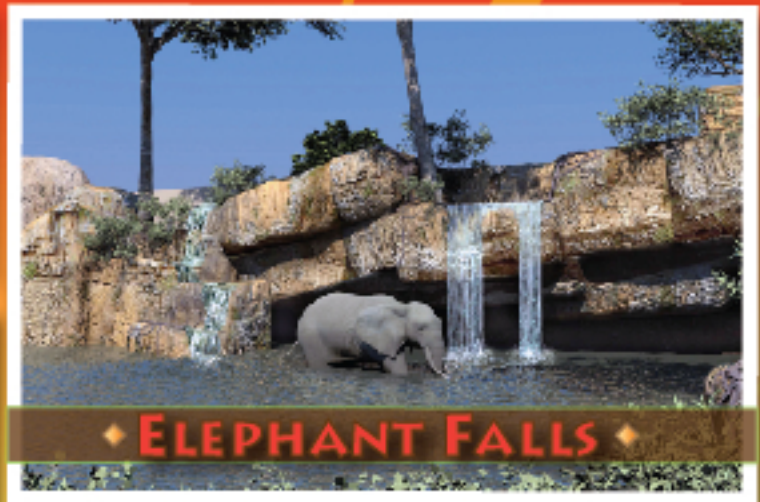
As further discussed on page 18, the Authority adopted an operating budget for fiscal year ended June 30, 2013. The variation between estimated and actual revenue and expenditures is presented in the Budgetary Comparison Schedule on page 23.

## DISBURSEMENTS TO FRESNO'S CHAFFEE ZOO CORPORATION

During fiscal year 2013, a total of \$9,672,472 was disbursed to the Fresno's Chaffee Zoo Corporation; \$3,704,007 for operations and \$5,968,465 for capital projects. The Statement of Fiduciary Net Position on page 12 presents cash balances available for operations and capital projects to be used for Zoological purposes as of June 30, 2013. This statement also presents funds held in trust for operations and capital projects based on the accrual basis of accounting.



# APPENDIX A



AFRICAN  
ADVENTURE

AT FRESNO CHAFFEE ZOO





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

**For the Year Ended June 30, 2013**



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BROWN  
ARMSTRONG

CERTIFIED  
PUBLIC  
ACCOUNTANTS

BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Fresno County Zoo Authority (the Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### MAIN OFFICE

##### 4200 TRUXTUN AVENUE

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BAKERSFIELD, CA 93309

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FAX 661.324.4997

EMAIL [info@bacpas.com](mailto:info@bacpas.com)

##### 560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263

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FAX 661.746.1218

##### 8050 N. PALM AVENUE

SUITE 300

FRESNO, CALIFORNIA 93711

TEL 559.476.3592

FAX 559.476.3593

##### 790 E. COLORADO BLVD.

SUITE 908B

PASADENA, CALIFORNIA 91101

TEL 626.240.0920

FAX 626.240.0922

##### 5250 CLAREMENT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833

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independent firms

REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Authority, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As described in Note 8 to the financial statements, in 2013 the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, on our consideration of Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
October 11, 2013



**FRESNO COUNTY ZOO AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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, 2013. Please read the information contained in this discussion and analysis in conjunction with the Authority's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources (referred to as net position) at the end of the 2012-2013 fiscal year by \$965,606. This amount is considered restricted net position.
- Liabilities of the Authority totaled \$28,838 at June 30, 2013. This amount primarily consists of expenses related to professional and specialized services provided by the County of Fresno.
- The Authority's total net position increased by \$150,727 from fiscal year 2011-2012 to 2012-2013.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**The government-wide financial statements can be found on pages 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



**FRESNO COUNTY ZOO AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

information regarding the modified accrual basis of accounting. The Authority's funds can be divided into two categories: governmental fund (general fund), and fiduciary funds (private-purpose trust fund).

**Statement of Net Position (condensed)**

	<b><u>June 30, 2013</u></b>	<b><u>June 30, 2012</u></b>
<b>Assets:</b>		
Current assets	\$ 994,444	\$ 842,157
<b>Total assets</b>	<b><u>\$ 994,444</u></b>	<b><u>\$ 842,157</u></b>
<b>Liabilities:</b>		
Current liabilities	\$ 28,838	\$ 27,278
<b>Total liabilities</b>	<b><u>\$ 28,838</u></b>	<b><u>\$ 27,278</u></b>
<b>Net positions:</b>		
Restricted	\$ 965,606	\$ 814,879
<b>Total net position</b>	<b><u>\$ 965,606</u></b>	<b><u>\$ 814,879</u></b>

**Statement of Activities (condensed)**

	<b><u>June 30, 2013</u></b>	<b><u>June 30, 2012</u></b>
<b>Revenues:</b>		
General revenues	\$ 255,828	\$ 234,247
<b>Total revenues</b>	<b><u>\$ 255,828</u></b>	<b><u>\$ 234,247</u></b>
<b>Expenses:</b>		
Governmental activities	\$ 105,101	\$ 170,996
<b>Total expenses</b>	<b><u>\$ 105,101</u></b>	<b><u>\$ 170,996</u></b>
<b>Net position beginning</b>	\$ 814,879	\$ 751,628
<b>Change in net position</b>	<u>150,727</u>	<u>63,251</u>
<b>Net position ending</b>	<b><u>\$ 965,606</u></b>	<b><u>\$ 814,879</u></b>

**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.



**FRESNO COUNTY ZOO AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

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 position (required for all fiduciary funds), and the statement of changes in fiduciary net position (required for all fiduciary funds except agency funds).

**The fiduciary 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 15-20 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 position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$965,606 at the close of fiscal year 2012-2013. The Authority has no investments in capital assets.

**Governmental activities:** Governmental activities increased the Authority's net position by \$150,727 from fiscal year 2011-2012 to 2012-2013. The key element of this increase relates to sales tax revenue exceeding total expenditures by \$140,798.

**FINANCIAL ANALYSIS OF THE AUTHORITY FUNDS**

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



**FRESNO COUNTY ZOO AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2013**

**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, 2013, the Authority's governmental fund reported a fund balance of \$965,606, an increase of \$150,727 in comparison with the balance of \$814,879 reported at June 30, 2012.

Revenues for the governmental fund totaled \$255,828 in fiscal year 2012-2013. Revenue was primarily comprised from Measure Z sales tax (96%). The remaining 4% was interest.

Expenditures for governmental funds totaled \$105,101 in fiscal year 2012-2013.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the 2012-2013 fiscal years, actual revenues were above those estimated in the final budget by \$43,371. Actual expenditures were below budgeted amounts by \$107,356. This difference in expenditures is primarily due to no expenses being incurred in many of the budgeted line items such as data processing, transportation and travel, publications, memberships, and less than anticipated expenditures for professional and specialized services.

**REQUEST FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

**FRESNO COUNTY ZOO AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

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	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 947,279
Interest receivable	2,171
Due from other governments	44,994
Total assets	<u>994,444</u>
<b>LIABILITIES</b>	
Accrued liabilities	<u>28,838</u>
Total liabilities	<u>28,838</u>
<b>NET POSITION</b>	
Restricted	<u>965,606</u>
Total net position	<u><u>\$ 965,606</u></u>

The accompanying notes are an integral part of this statement.



**FRESNO COUNTY ZOO AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues - Charges for Services</u>	<u>Net Expenses and Changes in Net Position of Governmental Activities</u>
Governmental activities-			
General government	\$ 105,101	\$ -	\$ (105,101)
Total	<u>\$ 105,101</u>	<u>\$ -</u>	<u>\$ (105,101)</u>

General revenues:

Sales tax 245,899

Interest 9,929

Total general revenues 255,828

Change in net position 150,727

Net position - beginning 814,879

Net position - ending \$ 965,606

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2013**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>General Fund</u>
Cash and investments	\$ 947,279
Interest receivable	2,171
Due from other governments	44,994
Total assets	<u>\$ 994,444</u>
Deferred outflows of resources	-
Total assets & deferred outflows of resources	<u>\$ 994,444</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
Liabilities:	
Accrued liabilities	<u>\$ 28,838</u>
Total liabilities	<u>\$ 28,838</u>
Deferred inflows of resources	-
Fund balance:	
Restricted	<u>965,606</u>
Total fund balance	<u>965,606</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 994,444</u>

**Reconciliation of the Balance Sheet to the Statement of Net Position**

Total fund balance - governmental fund	\$ 965,606
Differences	<u>-</u>
Net position - governmental activities	<u>\$ 965,606</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, 2013**

<b>REVENUES</b>	<u>General Fund</u>
Measure Z sales tax	\$ 245,899
Interest	<u>9,929</u>
Total revenues	<u>\$ 255,828</u>

<b>EXPENDITURES</b>	
Current:	
Office Expense	745
Postage	79
PeopleSoft Charges	420
Professional and specialized services	<u>103,857</u>
Total expenditures	<u>105,101</u>
Excess of revenues over expenditures	<u>150,727</u>
Net change in fund balance	150,727

<b>FUND BALANCE</b>	
Fund balance - beginning	<u>814,879</u>
Fund balance - ending	<u><u>\$ 965,606</u></u>

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

Net change in fund balance - governmental fund	\$ 150,727
Differences	<u>-</u>
Change in net position - governmental activities	<u><u>\$ 150,727</u></u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY  
STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUND  
June 30, 2013**

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	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 4,859,198	\$ 46,188,952	\$ 51,048,150
Due from other governments	734,904	1,469,807	2,204,711
Interest receivable	<u>11,335</u>	<u>105,546</u>	<u>116,881</u>
Total assets	<u>\$ 5,605,437</u>	<u>\$ 47,764,305</u>	<u>\$ 53,369,742</u>
<b>NET POSITION</b>			
Held in trust for operations	5,605,437	-	5,605,437
Held in trust for capital projects	<u>-</u>	<u>47,764,305</u>	<u>47,764,305</u>
Total net position	<u>\$ 5,605,437</u>	<u>\$ 47,764,305</u>	<u>\$ 53,369,742</u>

The accompanying notes are an integral part of this statement.



**FRESNO COUNTY ZOO AUTHORITY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUND**  
**For the Year Ended June 30, 2013**

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	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ADDITIONS</b>			
Measure Z Sales tax	\$ 4,016,873	\$ 8,033,747	\$ 12,050,620
Interest	<u>52,764</u>	<u>504,259</u>	<u>557,023</u>
Total additions	<u>4,069,637</u>	<u>8,538,006</u>	<u>12,607,643</u>
<b>DEDUCTIONS</b>			
Disbursements to non-profit	<u>3,704,007</u>	<u>5,968,465</u>	<u>9,672,472</u>
Total deductions	<u>3,704,007</u>	<u>5,968,465</u>	<u>9,672,472</u>
Change in net position	365,630	2,569,541	2,935,171
Net position held in trust - beginning	<u>5,239,807</u>	<u>45,194,764</u>	<u>50,434,571</u>
Net position held in trust - ending	<u>\$ 5,605,437</u>	<u>\$ 47,764,305</u>	<u>\$ 53,369,742</u>

The accompanying notes are an integral part of this statement.

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**FRESNO COUNTY ZOO AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

**FRESNO COUNTY ZOO AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

The fund financial statements provide information about the Authority's individual funds including governmental and fiduciary funds. Separate statements for each fund category are presented. The balance sheet, and statement of revenues, expenditures, and changes in fund balance focus on the presentation of the major governmental fund; the general fund. These two statements are used to report information regarding the Authority's own operations and programs (up to 2% of Measure Z sales tax revenue). The statement of fiduciary net position and the statement of changes in fiduciary net position provide information regarding the 98% of sales tax proceeds and related disbursements, which are exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County. Disbursements of Measure Z funds during fiscal year ended June 30, 2013, 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, 2013, 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 FINANCIAL STATEMENTS**  
**June 30, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Cash and Investments

Investments for the Authority are reported at fair value.

Due from Other Governments

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

Accrued Liabilities

The Authority has agreements with the County 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 Position

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

- Unrestricted Net Position – This category represents net position of the Authority, not restricted for any project or other purpose.

Use of Management Estimates

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

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

A reconciliation of the total fund balance for governmental fund to the total net position of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total fund balance and total net position for the fiscal year ended June 30, 2013.

A reconciliation of the total net change in fund balance for governmental funds to the total changes in net position of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total net change in fund balance and total changes in net position for the fiscal year ended June 30, 2013.

**FRESNO COUNTY ZOO AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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**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 2012 and 2013 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, 2013, disbursements totaling \$9,672,472 were made to FCZC; \$3,704,007 for operations, and \$5,968,465 for capital projects.

Undistributed sales tax revenue net of expenses incurred during the fiscal year are classified as "net position held in trust" in the statement of fiduciary net position. The balance reported at June 30, 2013, was as follows:

<b>Held in Trust for:</b>	
Operations	\$5,605,437
Capital Projects	\$47,764,305
Total	\$53,369,742

**NOTE 5 – LIABILITIES**

Liabilities of the Authority totaled \$28,838 at June 30, 2013. This amount primarily consisted of expenses related to professional and specialized services provided by the County of Fresno.

**NOTE 6 – SUBSEQUENT EVENTS**

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through October 11, 2013, which is the date the financial statements were issued.

## **Note 7- FUND BALANCE**

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

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

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

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

The Zoo Authority's general fund balance of \$965,606 is considered restricted. This is because the monies are derived from Measure Z and are required to be spent in a manner that is consistent with the limitations placed on its use.

## **Note 8 – RECENTLY RELEASED STANDARDS BY GASB**

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

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

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



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

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

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

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

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

Additional standards were released by GASB during the year:

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

**GASB Statement No. 67** – *Financial Reporting for Pension Plans- ad amendment of GASB Statement No. 25*. The provisions of GASB Statement No. 67 are effective for financial statements beginning after June 15, 2013. The Authority has not fully judged the effect of the implementation of GASB Statement No. 67 as of the date of the basic financial statements.

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

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**FRESNO COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Resources:</b>				
Sales tax	\$ 199,957	\$ 199,957	\$ 245,899	\$ 45,942
Interest	12,500	12,500	9,929	(2,571)
<b>Total resources</b>	<u>212,457</u>	<u>212,457</u>	<u>255,828</u>	<u>43,371</u>
<b>Charges to appropriations:</b>				
Current:				
Office expenses	6,000	6,000	745	5,255
Professional and specialized services	154,779	154,779	103,857	50,922
Postage	1,500	1,500	79	1,421
Data processing services	3,000	3,000	-	3,000
Memberships	1,000	1,000	-	1,000
Trans, travel, and education	5,000	5,000	-	5,000
Publications and legal notices	1,000	1,000	-	1,000
Telephone	500	500	-	500
PeopleSoft Financials Charges	750	750	420	330
Contingencies	38,928	38,928	-	38,928
<b>Total charges to appropriations</b>	<u>212,457</u>	<u>212,457</u>	<u>105,101</u>	<u>107,356</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,727</u>	<u>\$ 150,727</u>
<b>NET POSITION</b>				
Net position - beginning			<u>814,879</u>	
Net position - ending			<u>\$ 965,606</u>	

See note to budgetary comparison schedule.

**FRESNO COUNTY ZOO AUTHORITY  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2013**

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**Budgets and Budgetary Data**

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

A budgetary comparison schedule for the general fund is presented on Page 23. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2012-2013. 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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BROWN  
ARMSTRONG

CERTIFIED  
PUBLIC  
ACCOUNTANTS

BROWN ARMSTRONG

*Certified Public Accountants*

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

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

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of Fresno County Zoo Authority (the Authority), as of and for the year ended June 30, 2013, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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



REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants



## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
October 11, 2013