



ANNUAL REPORT



2008-2009

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Phone: 559.262.4385 • www.zooauthority.org

December 8, 2009

**JOHN W.
GRAY**
CHAIR

**RALPH
WATERHOUSE**
VICE CHAIR

**PAUL B.
CLARK**
BOARD MEMBER

**GERALD V.
LYLES**
BOARD MEMBER

**KENT L.
STRATFORD**
BOARD MEMBER

**ASHLEY
SWEARENGIN**
BOARD MEMBER

**PAUL
TOSTE**
BOARD MEMBER

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

Dear Supervisors,

On behalf of the Fresno County Zoo Authority, please find the enclosed Annual Report to the Board of Supervisors for the fiscal year 2008-2009.

The Fresno County Zoo Authority is in its fifth 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 new Zoo Director Scott Barton who replaced out going Director Lewis Greene in May 2009. Scott is the third Director in the last five years. 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 leads through the Environmental Impact Report process, for which the City of Fresno is the lead agency. Unfortunately, this process is complex and continues to run into repeated delays as the Master Plan includes changes associated with the Zoo expansion and modernization to the entire Roeding Park.

The City of Fresno now anticipates EIR completion by March 31, 2010, at which time City staff is concerned the EIR will be subject to legal challenges.

Additionally, completion of major elements of the Master Plan located outside the footprint of the Zoo (estimated to cost \$15 million in 2007), requires financial participation by the City of Fresno. This shared cost issue must still be addressed. The Zoo Authority continues to make efforts to move along the initiation of Master Plan improvements at a faster pace through its City of Fresno representative, Mayor Swearingin, and discussions with representatives of the City of Fresno.

During the fiscal year ending June 30, 2009 we disbursed funds in the amount of \$3,603,994 for operations, including small projects within the existing Zoo. We also disbursed \$565,268 for capital projects spent primarily on Stingray Bay and Tropical Rainforest as well as master planning for the Environmental Impact Report.

Since inception, through June 30, 2009, the Zoo Authority has collected \$44,841,737 in Measure Z revenue and disbursed \$12,030,569 for Fresno Chaffee Zoo operations, and \$944,969 for Capital Facilities Projects. The Zoo Authority has spent \$389,076 in administrative expenses, primarily related to professional and specialized services provided by Fresno County staff including accounting, legal, and the services of the coordinator.

As of June 30, 2009, there was an undisbursed balance of \$34,181,159 on hand available to the Zoo.

Fresno County Zoo Authority board members would like to express their sincerest appreciation for all of the County's staff for their 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 question, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "John W. Gray". The signature is written in a cursive style with a long, sweeping underline.

John W. Gray DVM
Chair
559-638-5466

ACKNOWLEDGMENTS

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

We also acknowledge and appreciate the prompt and enthusiastic assistance from many 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

Cindi Hamm, Accounting and Financial Division Chief

Lawrence Seymour, Supervising Accountant

COUNTY COUNSEL

Sandy Hill, Administrative Services Assistant

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

Daniel Moore, IT Analyst

PUBLIC WORKS AND PLANNING

Michael Denney, Financial Services Manager

Karla Carsey, Account Clerk III

Sally Godfrey, Program Technician II

Kevin Olivas, Office Assistant III

2009 Zoo Authority Board

BOARD MEMBER	POSITION	DATE APPOINTED	NOMINATED BY	TERM EXPIRATION
John W. Gray, DVM	Chair	2/8/2005	District 4 Supervisor Judy Case	1/3/2011
Ralph Waterhouse	Vice Chair	1/10/2006	2006 Board of Supervisors Chairman Phil Larson	1/4/2010
Paul B. Clark	Board Member	3/3/2009	District 5 Supervisor Debora Poochigian	1/7/2013
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 Toste, DVM	Board Member	12/4/2007	District 1 Supervisor Phil Larson	1/3/2011
Ashley Swearingin	Board Member	N/A	Ex Officio - Mayor of Fresno	N/A

Zoo Authority Staff

STAFF MEMBER	TITLE	FROM COUNTY DEPT.	POSITION
Bart Bohn <i>(Through August 2008)</i>	Administrator	County Administrative Office	County Administrative Officer
John Navarrette <i>(From September 2008)</i>	Administrator	County Administrative Office	County Administrative Officer
Catherine Crosby	Coordinator	Public Works and Planning Resources Division	Staff Analyst III
Zachary Redmond	Counsel	County Counsel	Deputy County Counsel
Art Willie <i>(From June 2009)</i>	Counsel	County Counsel	Deputy County Counsel
Mavet Mora	Treasurer	Auditor-Controller Treasurer-Tax Collector	Senior Accountant
Jeffrey Blanks	Accountant	Auditor-Controller Treasurer-Tax Collector	Accountant II
Nadia Lopez <i>(Through March 2009)</i>	Clerk to the Board	Public Works and Planning, Administration	Secretary



ZOO AUTHORITY MILESTONES



2004

Z 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.



Z NOVEMBER 2004

The Fresno County electorate approved Measure Z by 73.42%.



2005

Z JANUARY 2005

Adoption of initial Authority by-laws.



Z APRIL 2005

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



Z JUNE 2005

First Measure Z tax receipts received.



Z

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.

Z NOVEMBER 14, 2005

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

Z DECEMBER 21, 2005

Agreement regarding procedures for distribution of tax revenue to Fresno Chaffee Zoo.



2006

Z 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.



Z 2006

First year Authority authorized funds to FCZC.

Z 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.

Z OCTOBER 2006

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

Z NOVEMBER 2006

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



2007

Z



Z 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.

Z 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.

Z AUGUST 2007

Approved funding requests for master planning and tree survey.



2008

Z 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.

Z 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.



2009

Z 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 Singray Bay, Tropical Treasures and existing infrastructure.

Z May 2009

Fresno native Scott Barton becomes Director of Fresno Chaffee Zoo.



Z JUNE 2009

- Approved a Capital Projects Policy to define criteria for capital projects that qualify for reimbursement of Measure Z funds.
- Measure Z ending balance available for Chaffee Zoo Operations and Capital Projects was \$33.6 million.



TREASURER'S EXHIBITS A, B and C

EXHIBIT A Fresno County Zoo Authority Cash Balance

As of June 30, 2009

Cash Available for Administration (2%) Fresno County Zoo Authority		\$ 540,434
Cash Available for Zoological Activities (98%)		
Operations	3,047,961	
Capital Projects	<u>30,592,764</u>	
Total Cash Available for Zoological Activities		<u>33,640,725</u>
Total Cash Balance as of June 30, 2009		<u>\$ 34,181,159</u>

EXHIBIT B Cash Disbursement to Fresno's Chaffee Zoo Corporation During Fiscal Year 2008-09

For Operations

Salaries & Benefits	\$ 2,206,819
Telephone & Utilities	299,845
Insurance	47,176
Computer Software	17,013
Animal Feed	94,268
Specialized Services	938,763
Bank Charges	<u>110</u>
Total Operations Disbursed to FCZC During Fiscal Year 2008-2009	3,603,994

For Capital Projects

Project	
Master Planning Services*	144,220
Capital Improvements**	<u>421,048</u>
Total Capital Projects Disbursed to FCZC During Fiscal Year 2008-2009	565,268
Total FCZC Disbursements	<u>\$ 4,169,262</u>

*Includes Environmental Impact Report, Tree Survey, and Pre-Engineering

**Includes Stingray Bay and Tropical Treasures/Rain Forest

EXHIBIT C Cash Disbursements to Fresno's Chaffee Zoo Corporation

From Inception to June 30, 2009

	FY-2006	FY-2007	FY-2008	FY-2009	Total
Operations	\$ 1,538,300	\$ 2,805,819	\$ 4,082,456	\$ 3,603,994	\$ 12,030,569
Capital Projects	<u>-</u>	<u>140,070</u>	<u>239,631</u>	<u>565,268</u>	<u>944,969</u>
Total Disbursements	<u>\$ 1,538,300</u>	<u>\$ 2,945,889</u>	<u>\$ 4,322,087</u>	<u>\$ 4,169,262</u>	<u>\$ 12,975,538</u>

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



TREASURER'S EXHIBITS D and E

EXHIBIT D

Fresno County Zoo Authority Measure Z Sales Tax Proceeds Budget (Cash Basis) For Fiscal Year Ended June 30, 2009

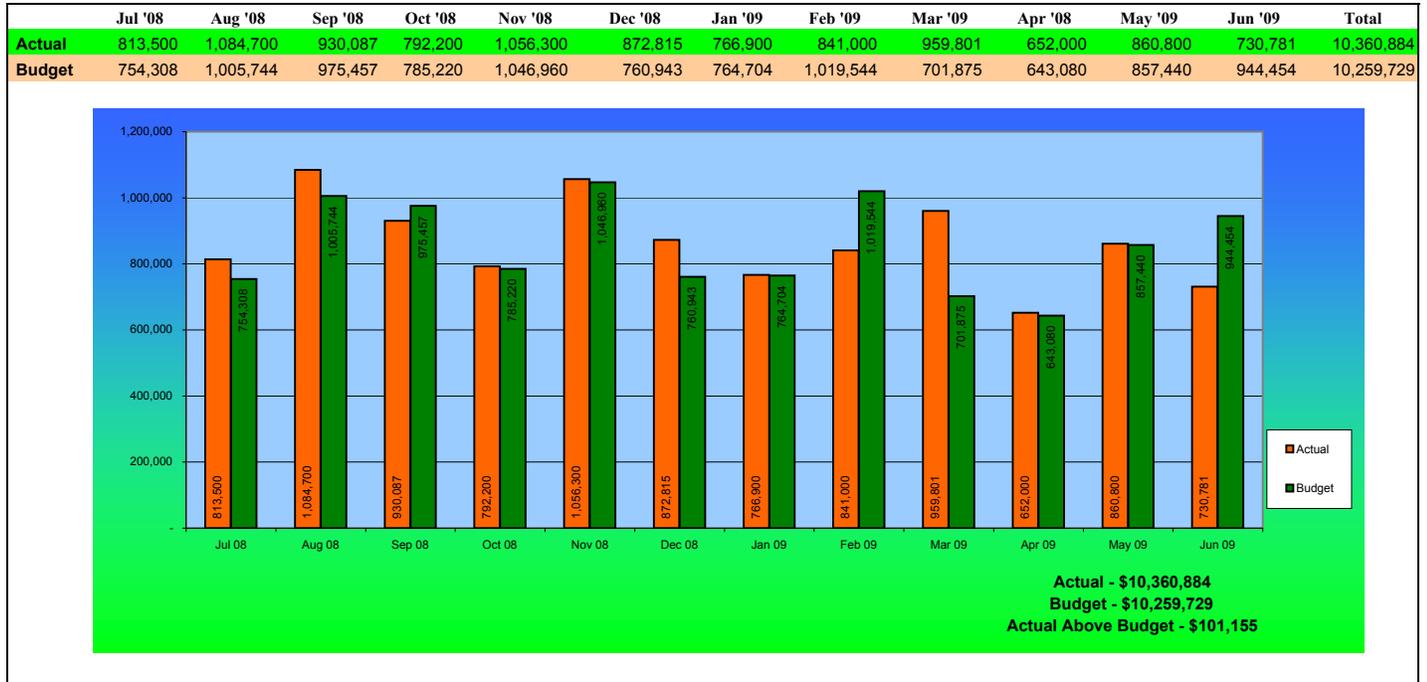
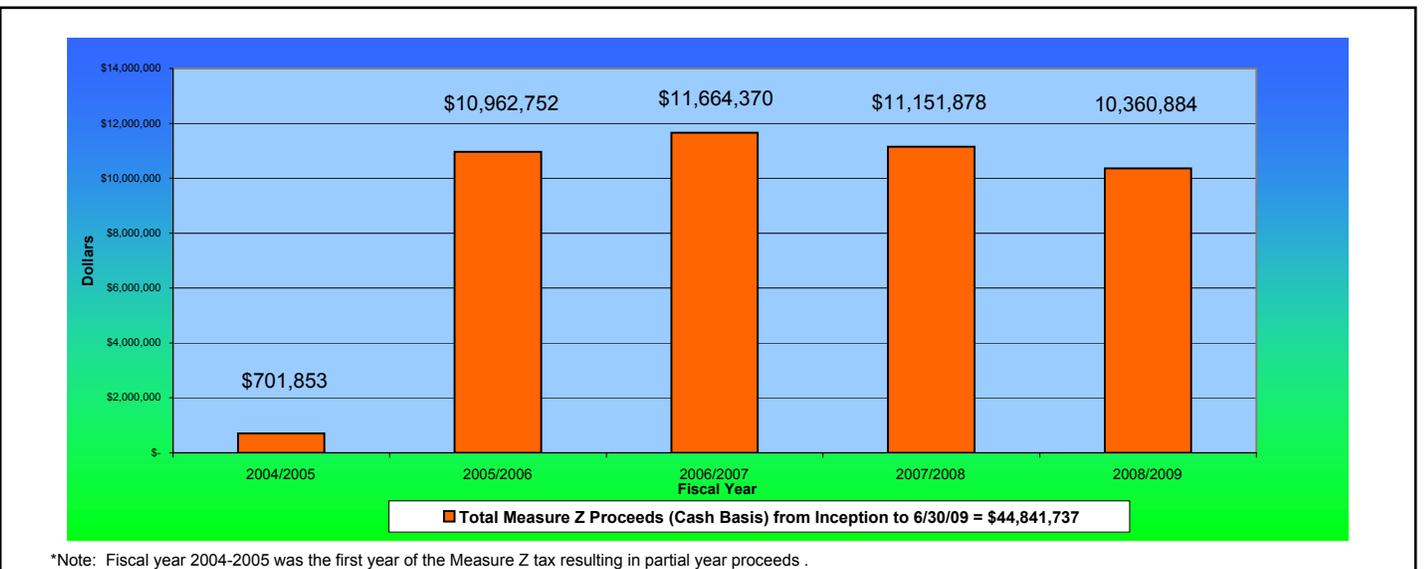


EXHIBIT E

Fresno County Zoo Authority Measure Z Sales Tax Proceeds (Cash Basis) by Fiscal Year From Inception to June 30, 2009



*Note: Fiscal year 2004-2005 was the first year of the Measure Z tax resulting in partial year proceeds .

INTRODUCTION TO AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

The Zoo Authority's financial statements for fiscal year ended June 30, 2009 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 of the financial statements (Appendix A). Additional information which is an integral part of the financial statement can be found on pages 15-18 of Appendix A.

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

As further discussed on page 18 of the financial statements, the Authority adopted an operating budget for fiscal year ended June 30, 2009. The variation between estimated and actual revenue and expenditures is presented in the Budgetary Comparison Schedule on page 20 of the financial statements (Appendix A).

DISBURSEMENTS TO FRESNO'S CHAFFEE ZOO CORPORATION

During fiscal year 2009, a total of \$4,169,262 was disbursed to the Fresno's Chaffee Zoo Corporation; \$3,603,994 for operations and \$565,268 for capital projects. The Statement of Fiduciary Net Assets on page 12 of Appendix A presents cash balances available for operations and capital projects to be used for Zoological purposes as of June 30, 2009. This statement also presents funds held in trust for operations and capital projects based on the accrual basis of accounting.



November 12, 2009

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

We have audited the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Fresno County Zoo Authority (Authority) for the year ended June 30, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 1, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any significant estimates in the Authority's financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

Price Pauge & Company

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

For the Year Ended June 30, 2009

FRESNO COUNTY ZOO AUTHORITY
June 30, 2009

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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, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Authority, as of June 30, 2009, 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 12, 2009, 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 20 through 21, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Price Payer & Company

Clovis, California
November 12, 2009

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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, 2009. 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 2008-2009 fiscal year by \$567,018. This amount is considered unrestricted net assets.
- Liabilities of the Authority totaled \$10,459 at June 30, 2009. 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 \$133,215 from fiscal year 2007-2008 to 2008-2009.

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

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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).

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 15-18 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$567,018 at the close of fiscal year 2008-2009.

**FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2009**

The Authority has no investments in capital assets.

Governmental activities: Governmental activities increased the Authority's net assets by \$133,215 from fiscal year 2007-2008 to 2008-2009. The key element of this increase relates to sales tax revenue exceeding total expenditures by \$118,083.

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, 2009, the Authority's governmental fund reported a fund balance of \$567,018, an increase of \$133,215 in comparison with the balance of \$433,803 reported at June 30, 2008.

Revenues for the governmental fund totaled \$246,719 in fiscal year 2008-2009. Revenue was primarily comprised from Measure Z sales tax (94%). The remaining 6% was interest.

Expenditures for governmental funds totaled \$113,504 in fiscal year 2008-2009.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2008-2009 fiscal year, actual revenues were above those estimated in the final budget by \$41,524. Actual expenditures were below budgeted amounts by \$91,691. 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, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 540,434
Interest receivable	3,192
Due from other governments	33,851
Total assets	<u>577,477</u>
LIABILITIES	
Accrued liabilities	<u>10,459</u>
Total liabilities	<u>10,459</u>
NET ASSETS	
Unrestricted	<u>567,018</u>
Total net assets	<u>\$ 567,018</u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009**

Functions/Programs	<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	\$ 113,504	\$ -	\$ (113,504)
Total	<u>\$ 113,504</u>	<u>\$ -</u>	<u>(113,504)</u>

General revenues:	
Sales tax	231,587
Interest	15,132
Total general revenues	<u>246,719</u>
Change in net assets	133,215
Net assets - beginning	433,803
Net assets - ending	<u>\$ 567,018</u>

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2009**

ASSETS	<u>General Fund</u>
Cash and investments	\$ 540,434
Interest receivable	3,192
Due from other governments	<u>33,851</u>
Total assets	<u><u>\$ 577,477</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accrued liabilities	<u>\$ 10,459</u>
Total liabilities	<u>10,459</u>
Fund balance:	
Unreserved	<u>567,018</u>
Total fund balance	<u>567,018</u>
Total liabilities and fund balance	<u><u>\$ 577,477</u></u>

Reconciliation of the Balance Sheet to the Statement of Net Assets

Total fund balance - governmental fund	\$ 567,018
Differences	<u>-</u>
Net assets - governmental activities	<u><u>\$ 567,018</u></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, 2009**

REVENUES	<u>General Fund</u>
Measure Z sales tax	\$ 231,587
Interest	<u>15,132</u>
Total revenues	<u>246,719</u>
EXPENDITURES	
Current:	
Office expense	2,820
Postage	113
PeopleSoft Charges	604
Professional and specialized services	<u>109,967</u>
Total expenditures	<u>113,504</u>
Excess of revenues over expenditures	<u>133,215</u>
Net change in fund balance	133,215
FUND BALANCE	
Fund balance - beginning	<u>433,803</u>
Fund balance - ending	<u><u>\$ 567,018</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	\$ 133,215
Differences	<u>-</u>
Change in net assets - governmental activities	<u><u>\$ 133,215</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, 2009**

	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,047,960	\$ 30,592,765	\$ 33,640,725
Due from other governments	552,896	1,105,793	1,658,689
Interest receivable	16,638	171,234	187,872
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,617,494</u>	<u>\$ 31,869,792</u>	<u>\$ 35,487,286</u>
NET ASSETS			
Held in trust for operations	\$ 3,617,494	\$ -	\$ 3,617,494
Held in trust for capital projects	-	31,869,792	31,869,792
	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>\$ 3,617,494</u>	<u>\$ 31,869,792</u>	<u>\$ 35,487,286</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, 2009**

	<u>Operations</u>	<u>Capital Projects</u>	<u>Total</u>
ADDITIONS			
Measure Z Sales tax	\$ 3,782,581	\$ 7,565,163	\$ 11,347,744
Interest	95,370	808,248	903,618
	<u>3,877,951</u>	<u>8,373,411</u>	<u>12,251,362</u>
DEDUCTIONS			
Disbursements to non-profit	<u>3,603,994</u>	<u>565,268</u>	<u>4,169,262</u>
	<u>3,603,994</u>	<u>565,268</u>	<u>4,169,262</u>
Net increase (decrease)	273,957	7,808,143	8,082,100
Net assets held in trust - beginning	<u>3,343,537</u>	<u>24,061,649</u>	<u>27,405,186</u>
Net assets held in trust - ending	<u>\$ 3,617,494</u>	<u>\$ 31,869,792</u>	<u>\$ 35,487,286</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, 2009

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 FINANCIAL STATEMENTS
June 30, 2009**

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 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, 2009, 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, 2008, 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, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Investments

Investments for the Authority are reported at fair value.

Due from Other Governments

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

Accrued Liabilities

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

Net Assets

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

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

Use of Management Estimates

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

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

A reconciliation of the total fund balance for governmental fund to the total net assets of governmental activities has been prepared as part of the basic financial statements. However, no differences were reported between total fund balance and total net assets for the fiscal year ended June 30, 2009.

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, 2009.

FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

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 2006 and 2007 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, 2009, disbursements totaling \$4,169,262 were made to FCZC; \$3,603,994 for operations, and \$565,268 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, 2009, was as follows:

Held in Trust for:	
Operations	\$ 3,617,494
Capital Projects	31,869,792
Total	\$35,487,286

NOTE 5 – LIABILITIES

Liabilities of the Authority totaled \$10,459 at June 30, 2009. This amount primarily consisted of expenses related to professional and specialized services provided by the County of Fresno.

REQUIRED SUPPLEMENTARY INFORMATION

**FRESNO COUNTY ZOO AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales tax	\$ 205,195	\$ 205,195	\$ 231,587	\$ 26,392
Interest	-	-	15,132	15,132
Total revenues	<u>205,195</u>	<u>205,195</u>	<u>246,719</u>	<u>41,524</u>
EXPENDITURES				
Current:				
Office expenses	5,000	5,000	2,820	2,180
Professional and specialized services	113,432	117,932	109,967	7,965
Postage	1,500	1,500	113	1,387
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	1,500	1,500	604	896
Contingencies	73,263	68,763	-	68,763
Total expenditures	<u>205,195</u>	<u>205,195</u>	<u>113,504</u>	<u>91,691</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	133,215	<u>\$ 133,215</u>
NET ASSETS				
Net assets - beginning			<u>433,803</u>	
Net assets - ending			<u>\$ 567,018</u>	

See note to budgetary comparison schedule.

**FRESNO COUNTY ZOO AUTHORITY
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2009**

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 2008-2009. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

OTHER AUDITOR'S REPORT

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Fresno County Zoo Authority (Authority), as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 12, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, and is not intended to be and should not be used by anyone other than these specified parties.

Pruce Payne & Company

Clovis, California
November 12, 2009