

FRESNO COUNTY
ZOO
AUTHORITY

FISCAL YEAR 2006-2007
ANNUAL REPORT

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Phone: 559.262.4385 • www.zooauthority.org

December 18, 2007

BRINA L. HARWOOD
CHAIR

GERALD V. LYLES
VICE CHAIR

ALAN AUTRY
BOARD MEMBER

MANUEL CUNHA, Jr
BOARD MEMBER

JOHN W. GRAY
BOARD MEMBER

KENT STRATFORD
BOARD MEMBER

RALPH WATERHOUSE
BOARD MEMBER

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

Dear Supervisors,

On behalf of the Fresno County Zoo Authority, please find enclosed our Annual Report to the Board of Supervisors for the Fiscal Year 2006-07. It has been our pleasure once again to serve the County of Fresno in overseeing the distribution of Measure Z Funds.

As you are likely aware, over the summer the Fresno Chaffee Zoo Corporation presented the Master Plan to the public, and it was well received. On July 25, 2007, following the public presentation, the Zoo Authority approved the Master Plan in concept with only two stipulations.

First, that the Zoo Corporation should make every effort to encourage the City of Fresno to participate in the costs associated with work outside of the Zoo footprint in Roeding Park.

Secondly, at no point should the Kid's Zone be removed from the items to be completed by 2014. The Zoo Authority strongly believes that one of our community's driving factors in preserving and refurbishing the zoo through tax dollars, is the children of this beautiful and diverse Valley. To that end, our Board will make every reasonable effort to ensure that those interests are addressed.

We are excited to say that we have approved disbursement of funds in the amount of \$1,250,000 for small projects within the existing zoo. We have also approved disbursement of \$545,750 for capital projects to be spent primarily on master planning and the environmental impact report. Disbursements continue to be made as these projects unfold.

December 18, 2007

Page 2

As of June 30, 2007, \$19,010,279 in Measure Z funds were held in trust for the Zoo Corporation, with \$15,596,954 of the total reserved for capital projects, and \$3,413,325 for operations.

In FY 2006-07, the Zoo Authority disbursed to the Zoo Corporation \$2,805,819 for operations and \$140,070 for capital improvements.

Finally, the Fresno County Zoo Authority board members would like to express their sincerest appreciation for all of County staff's hard work and dedication. We would also like to acknowledge particularly the dedication of Barbara Grunwald, who, for several years, worked diligently for the Measure Z cause and for the effectiveness of the newly formed Zoo Authority. It was her expertise and advice that provided operational guidelines, and she and other staff have greatly assisted in shaping what has become a balanced and wonderful collaboration between the Authority and the Fresno Chaffee Zoo Corporation and staff.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Brina", with a long, sweeping flourish extending to the right.

Brina L. Harwood
Chair

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

Charlotte Tilkes, Principal Administrative Analyst

AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR

Eliz Manoukian, Accounting and Financial Manager

Maryann Le, Accounting and Financial Division Chief

COUNTY COUNSEL

Sandy Hill, Administrative Services Assistant

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Elizabeth Avalos, FCERA Administrative Secretary

Pat Srisukwatana, Systems Procedures Analyst

GRAPHIC COMMUNICATION SERVICES

Gina Barr, Graphic Arts Technician II

INFORMATION TECHNOLOGY SYSTEMS DEPARTMENT

Daniel Moore, IT Analyst

PUBLIC WORKS AND PLANNING

Michael Denney, Financial Services Manager

Karla Carsey, Account Clerk III

Sally Godfrey, Program Technician II

Kevin Olivas, Office Assistant III

2007 Zoo Authority Board

| BOARD MEMBER | POSITION | DATE APPOINTED | NOMINATED BY | TERM EXPIRATION |
|-------------------|--------------|----------------|--|-----------------|
| Brina Harwood | Chair | 2/8/2005 | District 5 Supervisor Bob Waterston | 1/5/2009 |
| Gerald V. Lyles | Vice Chair | 3/8/2005 | District 2 Supervisor Susan Anderson | 1/5/2009 |
| Manual Cunha, Jr. | Board Member | 1/23/2007 | District 1 Supervisor Phil Larson | 1/3/2011 |
| Kent L. Stratford | Board Member | 2/8/2005 | District 3 Supervisor Henry Perea | 1/5/2009 |
| John W. Gray, DVM | Board Member | 2/8/2005 | District 4 Supervisor Judy Case | 1/3/2011 |
| Ralph Waterhouse | Board Member | 1/9/2007 | Board of Supervisors 2007 Chair Bob Waterston | 1/7/2008 |
| Alan Autry | Board Member | N/A | Ex Officio - Mayor of Fresno | N/A |

2007 Zoo Authority Staff

| STAFF MEMBER | TITLE | FROM COUNTY DEPT. | POSITION |
|------------------|--------------------|--|--|
| Bart Bohn | Administrator | County Administrative Office | County Administrative Officer |
| Catherine Crosby | Coordinator | Public Works and Planning Transportation Division | Transportation Planner |
| Barbara Grunwald | Counsel | County Counsel | Deputy County Counsel |
| Mavet Mora | Treasurer | Auditor-Controller Treasurer-Tax Collector | Accountant II |
| Camilla Cannon | Accountant | Auditor-Controller Treasurer-Tax Collector | Accountant I |
| Gael Storm | Clerk to the Board | Office of Clerk to the Board of Supervisors | Assistant Clerk to the Board of Supervisors |

ZOO AUTHORITY HIGHLIGHTS OF FISCAL YEAR 2006-2007

OCTOBER 2006

- Approved Fresno's Chaffee Zoo Corporation 2007 Operations Budget Measure Z funded line items.
- Approved Fresno's Chaffee Zoo Corporation request for capital projects funds for development of master plan for Chaffee Zoo.
- Approved policy for recognition of service or contributions to the Zoo Authority.

JANUARY 2007

- Manuel Cunha, Jr. appointed to Board.
- Members Ralph Waterhouse and John Gray, DVM, reappointed.
- Chair Brina Harwood and Vice Chair Gerald Lyles reelected to their respective positions.
- Approved one-year contract for audit of fiscal year 2006-2007 Zoo Authority Financial Statements, with option for one-year extension.
- Determined to continue with current approach for investment of Measure Z funds in Fresno County investment pool.

MARCH 2007

- Approved Fresno's Chaffee Zoo Corporation 2006 Draft Audited Financial Statements.
- Approved Zoo Authority Budget for 2007-2008.
- Approved final draft of 2005-2006 Annual Report.
- Appointed ad hoc committee to attend and report on zoo master plan workshop.

APRIL 2006

- Determined that Measure Z funds may be used outside of geographic area of expanded zoo if improvements benefit the zoo.
- Approved funds for contract for environmental impact report consultant.
- Approved increase of \$1,250,000 to Fresno's Chaffee Zoo Corporation Operation Budget for Measure Z funded items for small projects within current zoo.

INTRODUCTION TO AUDITED FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

The Zoo Authority's financial statements for the fiscal year ended June 30, 2007 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 the 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 for zoological purposes is presented in pages 12-13 of Appendix A.

As further discussed on page 21 of the financial statements, the Authority adopted an operating budget for fiscal year ended June 30, 2007. The variance between estimated and actual revenue and expenditures is presented in the Budgetary Comparison Schedule on page 20 of the financial statements (Appendix A).

DISBURSEMENTS TO FRESNO'S CHAFFEE ZOO CORPORATION

During fiscal year 2007, a total of \$2,945,889 was disbursed to the Fresno's Chaffee Zoo Corporation; \$2,805,819 for operations and \$140,070 for capital projects. The Statement of Fiduciary Net Assets on page 13 of Appendix A presents cash balances available for operations and capital projects to be used for Zoological purposes as of June 30, 2007. This statement also presents funds held in trust for operations and capital projects based on the accrual basis of accounting.



TREASURER'S EXHIBITS A and B

EXHIBIT A

Fresno County Zoo Authority Cash Balance

As of June 30, 2007

| | | |
|---|-------------------|-----------------------------|
| Cash Available for Administration (2%) Fresno County Zoo Authority | | \$ 278,077 |
| Cash Available for Zoological Activities (98%) | | |
| Operations | 3,413,325 | |
| Capital Projects | <u>15,596,954</u> | |
| Total Cash Available for Zoological Activities | | <u>19,010,279</u> |
| Total Cash Balance as of June 30, 2007 | | <u><u>\$ 19,288,356</u></u> |

EXHIBIT B

Cash Disbursement to Fresno's Chaffee Zoo Corporation

From Inception to June 30, 2007

| | FY-2007 | FY-2006 | Total |
|---------------------|----------------------------|----------------------------|----------------------------|
| Operations | \$ 2,805,819 | \$ 1,538,300 | \$ 4,344,119 |
| Capital Projects | <u>140,070</u> | <u>-</u> | <u>140,070</u> |
| Total Disbursements | <u><u>\$ 2,945,889</u></u> | <u><u>\$ 1,538,300</u></u> | <u><u>\$ 4,484,189</u></u> |

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



TREASURER'S EXHIBITS C and D

EXHIBIT C

Fresno County Zoo Authority Measure Z Sales Tax Proceeds Budget to Actual (Cash Basis) For Fiscal Year Ended June 30, 2007

| | Jul '06 | Aug '06 | Sep '06 | Oct '06 | Nov '06 | Dec '06 | Jan '07 | Feb '07 | Mar '07 | Apr '07 | May '07 | Jun '07 | Total |
|---------------|---------|---------|-----------|---------|-----------|-----------|---------|-----------|---------|---------|---------|-----------|------------|
| Actual | 671,500 | 895,400 | 1,453,498 | 679,300 | 1,471,000 | 1,047,117 | 813,700 | 1,081,800 | 905,577 | 748,000 | 997,300 | 900,178 | 11,664,370 |
| Budget | 724,998 | 943,437 | 1,088,339 | 730,472 | 973,949 | 1,078,937 | 721,383 | 961,851 | 929,671 | 529,773 | 704,233 | 1,064,966 | 10,452,009 |

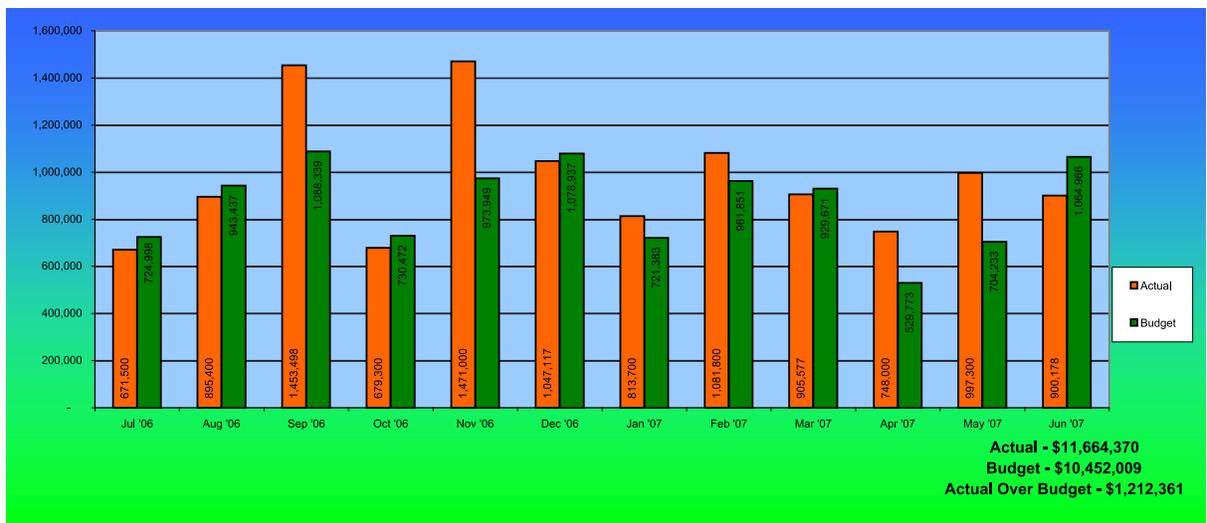
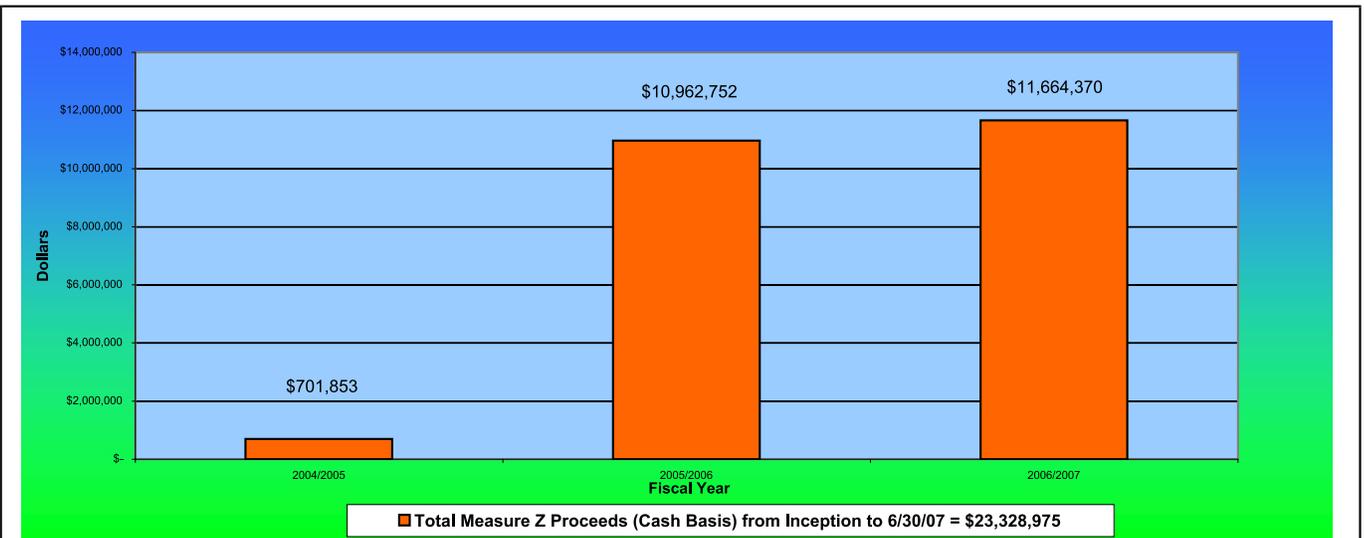


EXHIBIT D

Fresno County Zoo Authority Measure Z Historic Sales Tax Proceeds (Cash Basis) From Inception to June 30, 2007



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

APPENDIX A

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

For the Year Ended June 30, 2007

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fresno County Zoo Authority
Fresno, California

We have audited the accompanying financial statements of the governmental activities, 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, 2007, which collectively comprise the Authority's 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2007, and the respective changes in financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, on pages 2 through 4 and page 17, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Price Paige & Company

Price, Paige & Company
October 15, 2007

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FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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, 2007. 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 2006-2007 fiscal year by \$284,972. This amount is considered unrestricted net assets.
- Liabilities of the Authority totaled \$6,887 at June 30, 2007. 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 \$138,322 from fiscal year 2005-2006 to 2006-2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2007

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 \$284,972 at the close of fiscal year 2006-2007.

The Authority has no investments in capital assets.

Governmental activities: Governmental activities increased the Authority's net assets by \$138,322 from fiscal year 2005-2006 to 2006-2007. The key element of this increase relates to sales tax revenue exceeding total expenditures by \$127,225.

**FRESNO COUNTY ZOO AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

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, 2007, the Authority's governmental fund reported a fund balance of \$284,972, an increase of \$138,322 in comparison with the balance of \$146,650 reported at June 30, 2006.

Revenues for the governmental fund totaled \$240,194 in fiscal year 2006-2007. Revenue was primarily comprised from Measure Z sales tax (95%). The remaining 5% was interest.

Expenditures for governmental funds totaled \$101,872 in fiscal year 2006-2007.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2006-2007 fiscal year, actual revenues exceeded those estimated in the final budget by \$31,154. Actual expenditures were below budgeted amounts by \$107,168. This difference in expenditures is primarily due to a lower-than-expected cost of professional and specialized services, and office supplies. In addition, no expenses were incurred in the remaining line items budgeted.

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, 2007

| | <u>Governmental Activities</u> |
|----------------------------|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 278,077 |
| Interest receivable | 3,515 |
| Due from other governments | <u>10,267</u> |
| Total assets | <u>291,859</u> |
| LIABILITIES | |
| Accrued liabilities | <u>6,887</u> |
| Total liabilities | <u>6,887</u> |
| NET ASSETS | |
| Unrestricted | <u>284,972</u> |
| Total net assets | <u>\$ 284,972</u> |

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues - Charges for Services</u> | <u>Net Expenses and Changes in Net Assets of Governmental Activities</u> |
|---------------------------|-------------------|--|--|
| Governmental activities: | | | |
| General government | \$ 101,872 | \$ - | \$ (101,872) |
| Total | <u>\$ 101,872</u> | <u>\$ -</u> | <u>(101,872)</u> |
| | | General revenues: | |
| | | Sales tax | 229,097 |
| | | Interest | <u>11,097</u> |
| | | Total general revenues | <u>240,194</u> |
| | | Change in net assets | 138,322 |
| | | Net assets - beginning | <u>146,650</u> |
| | | Net assets - ending | <u>\$ 284,972</u> |

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUND
June 30, 2007**

| | <u>General Fund</u> |
|---|---------------------|
| ASSETS | |
| Cash and investments | \$ 278,077 |
| Interest receivable | 3,515 |
| Due from other governments | 10,267 |
| Total assets | \$ 291,859 |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accrued liabilities | \$ 6,887 |
| Total liabilities | 6,887 |
| Fund balance: | |
| Unreserved | 284,972 |
| Total fund balance | 284,972 |
| Total liabilities and fund balance | \$ 291,859 |
| Reconciliation of the Balance Sheet to the Statement of Net Assets | |
| Total fund balance - governmental fund | \$ 284,972 |
| Differences | - |
| Net assets - governmental activities | \$ 284,972 |

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, 2007**

| | <u>General Fund</u> |
|---|---------------------|
| REVENUES | |
| Measure Z sales tax | \$ 229,097 |
| Interest earnings | 11,097 |
| Total revenues | 240,194 |
| EXPENDITURES | |
| Current: | |
| Office expenses | 2,627 |
| Professional and specialized services | 99,245 |
| Total expenditures | 101,872 |
| Net change in fund balance | 138,322 |
| Fund balance, July 1, 2006 | 146,650 |
| Fund balance, June 30, 2007 | \$ 284,972 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | |
| Net change in fund balance - governmental fund | \$ 138,322 |
| Differences | - |
| Change in net assets - governmental activities | \$ 138,322 |

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
SPECIAL PURPOSE TRUST FUND
June 30, 2007**

| | Operations | Capital Projects | Total |
|------------------------------------|------------------|---------------------|-------------------|
| ASSETS | | | |
| Cash and investments | \$ 3,413,325 | \$ 15,596,954 | \$ 19,010,279 |
| Due from other governments | 167,691 | 335,382 | 503,073 |
| Interest receivable | 43,300 | 183,900 | 227,200 |
| Total assets | 3,624,316 | 16,116,236 | 19,740,552 |
| NET ASSETS | | | |
| Held in trust for operations | 3,624,316 | - | 3,624,316 |
| Held in trust for capital projects | - | 16,116,236 | 16,116,236 |
| Total net assets | \$ 3,624,316 | \$ 16,116,236 | \$ 19,740,552 |

The accompanying notes are an integral part of this statement.

**FRESNO COUNTY ZOO AUTHORITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
SPECIAL PURPOSE TRUST UND
For the Year Ended June 30, 2007**

| | <u>Operations</u> | <u>Capital Projects</u> | <u>Total</u> |
|---|---------------------|-----------------------------|----------------------|
| ADDITIONS | | | |
| Sales tax | \$ 3,741,921 | \$ 7,483,842 | \$ 11,225,763 |
| Interest | <u>139,961</u> | <u>570,139</u> | <u>710,100</u> |
| Total additions | <u>3,881,882</u> | <u>8,053,981</u> | <u>11,935,863</u> |
| DEDUCTIONS | | | |
| Disbursements to nonprofit | <u>2,805,819</u> | <u>140,070</u> | <u>2,945,889</u> |
| Total deductions | <u>2,805,819</u> | <u>140,070</u> | <u>2,945,889</u> |
| Net increase | 1,076,063 | 7,913,911 | 8,989,974 |
| Net assets held in trust, July 1, 2006 | <u>2,548,253</u> | <u>8,202,325</u> | <u>10,750,578</u> |
| Net assets held in trust, June 30, 2007 | <u>\$ 3,624,316</u> | <u>\$ 16,116,236</u> | <u>\$ 19,740,552</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, 2007

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. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Authority does not have any business-type activities.

The 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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the Authority's individual funds including governmental and fiduciary funds. Separate statements for each fund category are presented. The balance sheet, and statement of revenues, expenditures, and changes in fund balance focus on the presentation of the major governmental fund; the general fund. These two statements are used to report information regarding the Authority's own operations and programs (up to 2% of Measure Z sales tax revenue). The statement of fiduciary net assets and the statement of changes in fiduciary assets provide information regarding the 98% of sales tax proceeds and related disbursements, which are exclusively restricted for the support of zoos, zoological facilities, and related zoological purposes within the County. Disbursements of Measure Z funds during fiscal year ended June 30, 2007, 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, 2007, 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, 2007

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 .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, 2007.

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, 2007.

FRESNO COUNTY ZOO AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

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.

Subsequent to the approval of the 2006 and 2007 calendar year budgets, disbursements totaling \$2,945,889 were made to FCZC, \$2,805,819 for operations and \$140,070 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, 2007, was as follows:

| Held in Trust for: | |
|---------------------------|--------------|
| Operations | \$3,624,316 |
| Capital Projects | 16,116,236 |
| Total | \$19,740,552 |

NOTE 5 – LIABILITIES

Liabilities of the Authority totaled \$6,887 at June 30, 2007. This amount primarily consists 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, 2007**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Sales tax | \$ 209,040 | \$ 209,040 | \$ 229,097 | \$ 20,057 |
| Interest earnings | - | - | 11,097 | 11,097 |
| Total revenues | <u>209,040</u> | <u>209,040</u> | <u>240,194</u> | <u>31,154</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Office expenses | 10,000 | 10,000 | 2,627 | 7,373 |
| Professional and specialized services | 112,111 | 127,395 | 99,245 | 28,150 |
| Data processing services | 5,000 | 2,000 | - | 2,000 |
| Memberships | 5,000 | 1,000 | - | 1,000 |
| Transportation, travel and education | 10,000 | 1,716 | - | 1,716 |
| Publications and legal notices | 1,000 | 1,000 | - | 1,000 |
| Telephone | 500 | 500 | - | 500 |
| Contingencies | <u>65,429</u> | <u>65,429</u> | <u>-</u> | <u>65,429</u> |
| Total expenditures | <u>209,040</u> | <u>209,040</u> | <u>101,872</u> | <u>107,168</u> |
| Change in net assets | <u>\$ -</u> | <u>\$ -</u> | 138,322 | <u>\$ 138,322</u> |
| Net assets - beginning | | | <u>146,650</u> | |
| Net assets - ending | | | <u>\$ 284,972</u> | |

**FRESNO COUNTY ZOO AUTHORITY
NOTE TO BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2007**

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 21. Its purpose is to demonstrate compliance with the approved budget for fiscal year 2006-2007. Actual expenditures appearing on the schedule are presented using the accrual method of accounting.

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OTHER AUDITOR'S REPORT

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

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 Fresno County Zoo Authority (Authority) as of and for the year ended June 30, 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 15, 2007. We conducted our audit 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.

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 opinion 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 Entity'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, the Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Price Paige & Company

Price, Paige & Company
October 15, 2007