Oakland County Zoological Authority

Financial Report
with Supplementary Information
November 30, 2023

Oakland County Zoological Authority

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Independent Auditor's Report

To the Board Members
Oakland County Zoological Authority

Opinions

We have audited the financial statements of the General Fund and the governmental activities of the Oakland County Zoological Authority (the "Authority") as of and for the year ended November 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the governmental activities of the Authority as of November 30, 2023 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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To the Board Members
Oakland County Zoological Authority

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Plante & Moran, PLLC

May 31, 2024

Our discussion and analysis of the financial performance of the Oakland County Zoological Authority (the "Authority") provides an overview of the Authority's financial activities for the year ended November 30, 2023. Please read it in conjunction with the Authority's financial statements.

Using This Annual Report

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and the required supplementary information.

- The financial statements focus on the financial resources of the Authority and provide a detailed view about the accountability of the Authority's sources and use of funds.
- The statement of net position and statement of activities are prepared under the full accrual method. For the governmental activities, there are no reconciling items between this method of accounting and the fund-based balance sheet, which is to be presented under the modified accrual method. Therefore, separate presentation of the fund-based balance sheet is excluded from the basic financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The Authority as a Whole

- The Authority was created by resolution of the Oakland County Board of Commissioners in May 2008 and received its taxing authority as the result of a referendum in August 2008, extended for an additional 10 years by a public vote in August 2016. The Authority's primary source of revenue is from the collection of property taxes from the local units of government in Oakland County (the "County"). The Authority is authorized to levy a tax of no more than 0.1 mills, permanently reduced to 0.0945 mills by the Headlee Amendment, on real and personal property in Oakland County to provide revenue for the continuation of zoological services to benefit the residents of the County. The taxes were levied on December 1, 2022 and raised $6,513,085 of property tax revenue.
- All revenue is passed through to the Detroit Zoological Society with the exception of amounts withheld to pay for operating expenditures.
- The Authority's budget is prepared and approved by the Authority's board.

Governmental Activities/General Fund

The following tables show, in condensed format, fund balance/net position as of November 30, 2023 and 2022 and the changes in fund balance/net position for the fiscal years ended November 30, 2023 and 2022:

	2023	2022
Assets - Deposits held at Oakland County, Michigan - Cash and investments	$ 186,071	$ 43,864
Liabilities - Due to Detroit Zoological Society	186,071	43,864
Fund Balance/Net Position - Unassigned/Unrestricted	**$ -**	**$ -**
Revenue		
Property taxes	$ 6,513,085	$ 6,230,087
State sources - Local Community Stabilization Authority	70,925	75,439
Interest income	28,812	2,517
Total revenue	6,612,822	6,308,043
Expenditures		
Distributions to Detroit Zoological Society	6,601,806	6,298,200
Accounting and other	11,016	9,843
Total expenditures	6,612,822	6,308,043
Net Change in Fund Balance/Net Position	-	-
Fund Balance/Net Position - Beginning of year	-	-
Fund Balance/Net Position - End of year	**$ -**	**$ -**

The Authority distributes all of its revenue to the Detroit Zoological Society with the exception of amounts withheld at the beginning of the year to pay administrative costs. At the end of the year, all cash on hand is reported as payable to the Detroit Zoological Society.

Contacting the Authority's Management

This financial report is intended solely to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it received. If you have any questions about this report or need additional information, we welcome you to contact the Authority's administration.

Oakland County Zoological Authority

Statement of Net Position/Governmental Fund Balance Sheet

November 30, 2023

	General Fund/ Statement of Net Position
Assets - Deposits held at Oakland County, Michigan	**$ 186,071**
Liabilities - Due to Detroit Zoological Society	$ 186,071
Fund Balance/Net Position - Unassigned/Unrestricted	-
Total liabilities and fund balance/net position	**$ 186,071**

See notes to financial statements.

Oakland County Zoological Authority

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Year Ended November 30, 2023

	General Fund/ Statement of Activities
Revenue	
Property taxes	$ 6,513,085
State sources - Local Community Stabilization Authority	70,925
Interest income	28,812
Total revenue	6,612,822
Expenditures	
Distributions to Detroit Zoological Society	6,601,806
Audit	6,700
Accounting and other	4,316
Total expenditures	6,612,822
Net Change in Fund Balance/Net Position	-
Fund Balance/Net Position - Beginning of year	-
Fund Balance/Net Position - End of year	**$ -**

See notes to financial statements.

Note 1 - Significant Accounting Policies

The accounting policies of the Oakland County Zoological Authority (the "Authority") conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The Authority was established based on a resolution adopted on May 14, 2008 and is overseen by the appointed members of the board. Based on the significance of any operational or financial relationships with the Authority, there are no component units to be included in the Authority's financial report.

All of the activities of the Authority are accounted for in a single governmental fund as follows:

Governmental Fund

The financial activities of the General Fund are generally limited to the collection of amounts that are subsequently passed through to the Detroit Zoological Society; however, the General Fund is also responsible for the payment of various operating expenses of the Authority and, therefore, is classified as a governmental fund.

Basis of Accounting and Report Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenue is recognized in the accounting period in which it becomes susceptible to accrual - that is, when it becomes both measurable and available to finance expenditures of the fiscal period. Property taxes and interest income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Authority.

For the November 30, 2023 year end, the government-wide financial statements and the General Fund financial statements have the same balances. As a result, these financial statements are shown as one column in the financial statements.

Specific Balances and Transactions

Property Tax Revenue

The Authority is authorized to levy a tax of no more than 0.1 mills, permanently reduced to 0.0945 mills by the Headlee Amendment, on real and personal property in Oakland County for a period of 10 years, from 2019 through 2028. The related property taxes are billed by the cities, villages, and townships (CVTs) of Oakland County, Michigan on December 1. The CVTs remit the appropriate tax collections to Oakland County, Michigan, which, in turn, remits the taxes collected on the millage to the Oakland County Zoological Authority.

The 2022 taxable valuation of Oakland County, Michigan totaled $69,579,490,494, on which ad valorem taxes levied consisted of 0.0945 mills for the Authority. The ad valorem taxes levied raised approximately $6,602,000 of property tax revenue for the Authority.

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority's deposits are managed by Oakland County, Michigan (the "County") and deposited into the County's pooled cash account. The County's pooled cash account uses only federal and state-chartered banks and savings institutions that are members of the Federal Deposit Insurance Corporation (FDIC) and have a location in the state of Michigan. All deposits and investments in the pool are held in the County's name and tax ID number.

The Authority's cash and investments are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As discussed above, the Authority's cash is pooled with the County; therefore, the amount that was uninsured and uncollateralized cannot be determined.

Note 3 - Authority Operations

Based on the authorization of the electors of Oakland County, Michigan at the August 2, 2016 primary election, the Authority is authorized to levy a tax of no more than 0.1 mills on real and personal property for a period of 10 years, from 2019 through 2028, to provide revenue for the continuation of zoological services to benefit the residents of Oakland County. All property tax collections received by the Authority are remitted to the Detroit Zoological Society, with the exception of amounts withheld to pay for operating expenditures.

Note 4 - Budget Information

The annual budget for the Authority is prepared and adopted by the Authority's board in November for the following fiscal year; subsequent amendments are approved by the board. During the current year, there were no amendments to the budget.

Note 4 - Budget Information (Continued)

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except that property tax revenue of $6,513,085 and state sources of $70,925 were budgeted, net of distributions, to the Detroit Zoological Authority of $6,601,806. The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the Authority is presented as required supplementary information.

Note 5 - Tax Abatements

The Authority receives reduced property tax revenue during the year as a result of personal property tax (PA 328) and certain tax abatement programs, including industrial facilities tax exemptions and Brownfield redevelopment agreements, entered into by certain participating local units of government in Oakland County. Personal property tax exemptions are intended to promote purchase of new equipment. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, local units of government grant reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years. Brownfield redevelopment agreements are intended to promote environmental remediation of eligible properties.

For the fiscal year ended November 30, 2023, as a result of participating local units of government entering into certain tax abatement programs, the Authority abated $65,999 under these programs. There are no provisions to recapture taxes; however, certain abatements may be eliminated if taxes are not paid timely.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule

Year Ended November 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 6,513,085	$ 6,513,085	$ 6,513,085	$ -
State sources - Local Community Stabilization Authority	70,925	70,925	70,925	-
Interest income	-	-	28,812	28,812
Distributions to Detroit Zoological Society	(6,571,510)	(6,571,510)	(6,601,806)	(30,296)
Net revenue in excess of distribution withheld for administrative expense	12,500	12,500	11,016	(1,484)
Expenditures - Current				
Audit	6,700	6,700	6,700	-
Accounting	2,500	2,500	2,500	-
BOC administrative services	2,500	2,500	1,197	1,303
Miscellaneous	800	800	619	181
Total expenditures	12,500	12,500	11,016	1,484
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	$ -	$ -	$ -	$ -