

**REPORT  
 HIGHLIGHTS**  
 FINANCIAL STATEMENT AUDIT

**Subject**

Pima County issues financial statements annually for its Development Services Enterprise Fund. The County is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, we determine whether the County has met its responsibilities.

**Our Conclusion**

The information in the financial statements is fairly stated in all material respects, and the financial statements can be relied on.

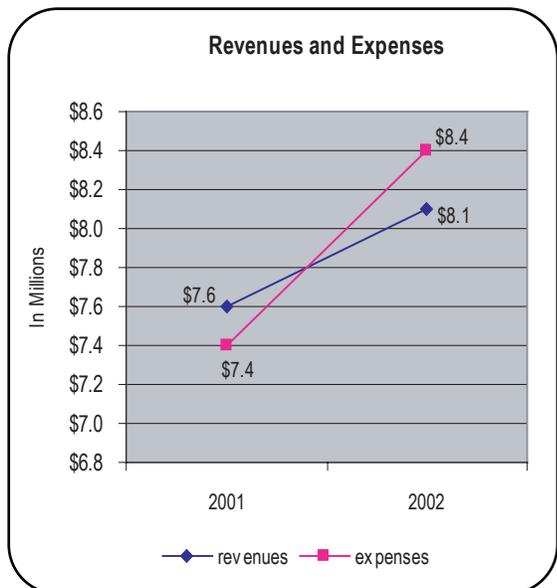
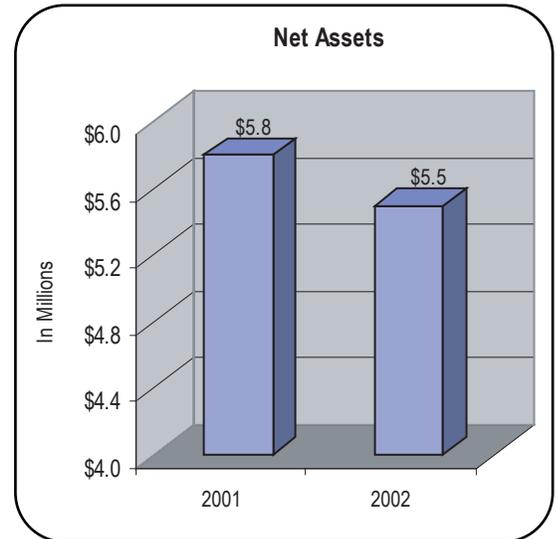
**Development Services Enterprise Fund's Net Assets Decrease**

Development Services' net assets were approximately \$5.5 million at June 30, 2002, a decrease of approximately \$300 thousand from the prior year. During the fiscal year, net assets decreased because the Fund's increase in revenues fell short of its increase in expenses.

Revenues increased \$500 thousand over the prior year primarily because of increased services.

However, expenses were \$1 million higher than the prior year for two reasons:

- Employee compensation expenses increased by \$500 thousand primarily because County employees received a 7.5 percent salary increase for cost of living and market adjustments.
- Other operating expenses increased \$500 thousand primarily because of increased overhead, supplies, and services.



2002

Year Ended June 30, 2002

# About the Development Services Enterprise Fund

The Development Services Enterprise Fund reported \$8.1 million in revenues and \$8.4 million in expenses during the fiscal year.

Revenues are generated primarily from charges for building code permits and fees, and development plan reviews.

The Fund's expenses result from providing numerous planning and development services, which are described below.

## *Administration and Information*

*Technology expenses* are the costs for managing the Fund and providing other services such as research, conflict resolution, and computer support.

*Permits, zoning, and addressing expenses* result from reviewing zoning applications for compliance with regulations, issuing and monitoring permits, and investigating and prosecuting zoning violations.

*Building codes expenses* result from reviewing building plans and inspecting structures to enforce compliance with building, electrical, and related regulations.

*Comprehensive land use plan expenses* result from providing plans and regulations for land use in Pima County that meet the County's current and future needs.

*Development review expenses* result from reviewing and approving land development plans for compliance with zoning, environmental quality, flood control, and related regulations.

## Other Pertinent Information

As a result of implementing GASB Statement No. 34 for the year ended June 30, 2002, the County made several accounting and reporting changes. Specifically, the County changed the financial statement presentation for its proprietary funds from a Balance Sheet to a Statement of Net Assets and a Statement of Revenues, Expenses, and Changes in Fund Equity to a Statement of Revenues, Expenses, and Changes in Fund Net Assets. In addition, the Fund's beginning fund equity has been reclassified as total net assets, July 1, 2001, on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

## TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling  
**(602) 553-0333**



or by visiting our Web site at:  
[www.auditorgen.state.az.us](http://www.auditorgen.state.az.us)

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## REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2002