

**REPORT HIGHLIGHTS**  
 FINANCIAL STATEMENT AUDIT

**Subject**

The Pima County Development Services Department is responsible for issuing building permits, reviewing building plans, and administering and enforcing building and zoning codes and ordinances. Pima County accounts for these activities in its Development Services Enterprise Fund and issues financial statements annually for the 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.



**2004**

Year Ended June 30, 2004

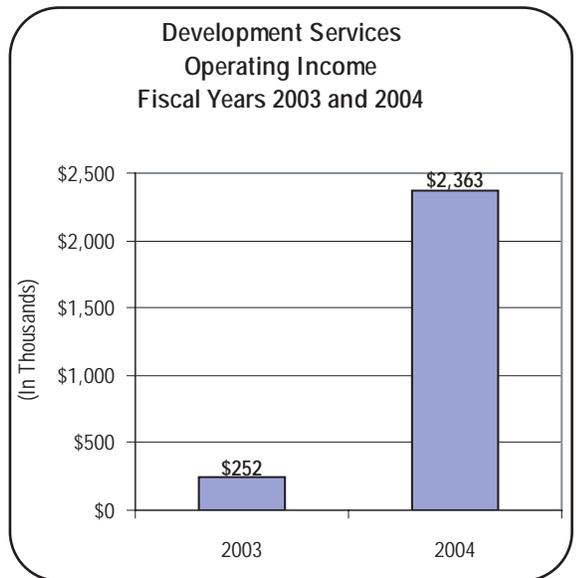
**Development Services' Operating Income Increased**

The Development Services Enterprise Fund accounts for Pima County's building permit and zoning activities. The Fund's revenues are generated primarily from charges for permits and reviews, and its expenses consist primarily of employee compensation and general and administrative costs.

Development Services' operating income totaled \$2,363,000 for the year ended June 30, 2004. This was a significant increase from the prior year's income of \$252,000. The Fund's income increased because of an increase in charges for services revenues.

Charges for services revenue increased by more than \$3,300,000, or 39 percent from the prior year. This increase was attributable to an increase in fees and a continued increase in the demand for permits or reviews. Fees increased at the end of fiscal year 2003 when the County Board of Supervisors approved a new fee schedule for Development Services.

The table to the right shows the charges for services revenue by fee type for 2003 and 2004. As shown in the table, building permit revenues and electrical permit revenues had the largest increases.



**Charges for Services Revenue By Fee Type**  
**Fiscal Years 2003 and 2004**  
**(In Millions)**

	2003	2004	Increase
Building permits	\$3.4	\$ 5.0	\$1.6
Building plan reviews	1.2	1.4	.2
Electrical permits	.8	1.3	.5
Plumbing permits	.9	1.1	.2
Mechanical permits	.5	.7	.2
Zoning permits	.5	.8	.3
Other permits	1.2	1.5	.3
<b>Total</b>	<b><u>\$8.5</u></b>	<b><u>\$11.8</u></b>	<b><u>\$3.3</u></b>

# Summarized Fund Financial Information

The Fund's financial information is presented in three basic statements: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Fund Net Assets; and Statement of Cash Flows.

The Statement of Net Assets reports all assets and liabilities using the accrual basis of accounting. Net assets, the difference between assets and liabilities, are one way to measure the Fund's financial health.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents the Fund's operating results, as well as nonoperating revenues, expenses, and other changes.

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement helps readers assess the Fund's ability to generate net cash flows to meet its obligations as they come due and the need for external financing.

The tables to the right present summarized versions of the Fund's three basic statements.

## Statement of Net Assets June 30, 2004 (In Thousands)

<b>Assets</b>	
Current	\$8,835
Noncurrent	<u>340</u>
Total assets	<u>9,175</u>
<b>Liabilities</b>	
Current	<u>1,423</u>
Total liabilities	<u>1,423</u>
<b>Net Assets</b>	
Invested in capital assets	340
Unrestricted	<u>7,412</u>
Total net assets	<u>\$7,752</u>

## Statement of Revenues, Expenses, and Changes in Fund Net Assets Year Ended June 30, 2004 (In Thousands)

Operating revenues	\$11,993
Operating expenses	<u>9,630</u>
Operating income	<u>2,363</u>
Nonoperating revenues	84
Nonoperating expenses	(1)
Transfers	<u>(303)</u>
Increase in net assets	<u>2,143</u>
Net assets—beginning	<u>5,609</u>
Net assets—ending	<u>\$ 7,752</u>

## Statement of Cash Flows Year Ended June 30, 2004 (In Thousands)

Cash flows from:	
Operating activities	\$2,708
Noncapital financing activities	(14)
Capital and related financing activities	(153)
Investing activities	<u>92</u>
Net increase in cash	<u>2,633</u>
Cash—beginning	<u>6,157</u>
Cash—ending	<u>\$8,790</u>

### 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)

Contact person for  
this report:  
Rebecca Rosenberg

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Year Ended June 30, 2004