



Maricopa County

Office of Budget and Finance

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To: Joy Rich, County Manager

From: Cynthia Goelz, Chief Financial Officer

Date: January 20, 2022

Re: FY 21-22 Executive Summary – December 2021

Attached is the General Fund and Detention Fund financial activity through December 31, 2021. The Executive Summary includes the beginning fund balance, revised revenue and expenditure budgets, and restricted, committed, assigned and unassigned ending fund balance. The reported General Fund audited beginning fund balance represents a net gain of \$177.3m over the estimate that was used when preparing the FY 21-22 budget.

Ending fund balances are classified as restricted, committed, assigned or unassigned, as appropriate, in accordance with Government Accounting Standards Board (GASB) Statement No. 54. Restricted fund balances are subject to externally enforceable legal restrictions. For the Detention Fund, the ending fund balance is restricted in its entirety given the statutory restrictions on the fund. Committed fund balances are constrained by limitations that the County imposes upon itself at its highest level of decision-making authority (i.e., Board of Supervisors). Any remaining amounts that are not restricted or committed in the General Fund are assigned and/or unassigned.

The Executive Summary comments are provided below for significant revenue and expenditure categories, YTD budget variances of ± 15 percent, and for departments with negative variances in either their total operating and/or non-recurring budgets. In addition, charts depicting monthly data for the significant revenue sources are provided at the end of the reporting package.

The FY 21-22 budget was prepared based on the County's consulting economist's "recession" forecast to prepare for any potential lingering economic impacts from the COVID-19 pandemic. Although the revenue estimates consider the potential economic impact from COVID-19, most revenue collections continue to exceed estimates. These revenues are heavily influenced by tourism and the sale of goods and services. The County continues to closely track revenues and budget estimates and will evaluate the best methods to mitigate the effects of any reduced economic activity, if any.

General Fund Variance Analysis

General Fund Revenues

- **Sales Tax Revenue (Operating) YTD variance of \$79,096,571:** The FY 21-22 Sales Tax revenue reflects a YTD positive budget variance of \$79.1m or 24.6 percent. The FY 21-22 Sales Tax revenue budget of \$676.3m was based on the County's consulting economist's "recession" forecast. As compared to December 2020, the December 2021 month-end sales tax is 23.9 percent higher, while the year-to-date is 22.9 percent greater than the prior fiscal year. The state continues to see growth in the retail/remote online sales classification, and a strong recovery in service-based sector revenues. For additional monthly revenue trend information and comparisons to FY 20-21 actual revenue, see the chart provided at the end of the reporting package.

Pursuant to Arizona Revised Statute §42-5029, County population, proportionate share of collections, and net assessed valuations are factors in the State's shared revenue distribution formula. The State of Arizona Department of Revenue reported that taxable sales are historically comprised of the following sectors: retail (54%), contracting (11%), restaurants and bars (10%), utilities (7%), use tax (6%), rentals of personal property (4%), remote seller/marketplace facilitator (3%), hotels/motels (2%), and communications (1%).

In the December 2021 – Joint Legislative Budget Committee (JLBC) – Monthly Fiscal Highlights Report, the JLBC noted that the State of Arizona November 2021 sales tax collections were 15.3 percent above November 2020. The Conference Board's U.S. Consumer Confidence Index decreased to 109.5 points or a 1.9 percent decrease from the November 2021 revised amount. The index is based on consumers' perceptions of current conditions as well as their expectations six months into the future. The JBLC attributes the decline in consumer confidence primarily due to an increase on prices and COVID cases over the past few months. The Conference Board's U.S. Leading Economic Index (LEI) increased 0.9% in October. Over the past 6 months, LEI has increase 4.6%.

Per the U.S. Bureau of Labor Statistics, Maricopa County's unemployment rate is 2.8 percent as of November 2021, which remains below the State and United States unemployment rates of 3.2 percent and 3.9 percent, respectively.

- **Property Tax Revenue (Operating) YTD variance of \$757,946:** The FY 21-22 Property Tax revenue reflects a YTD positive budget variance of \$758.0 thousand or 0.2 percent. The FY 21-22 Property Tax revenue budget of \$649.9m reflects a 2.4 percent increase from the FY 20-21 budget and levy. The budget also includes an estimated 0.9 percent delinquency rate. FY 21-22 YTD collections through December 2021 are 48.3 percent of the adopted levy compared to a historical average of 55.1 percent. For additional monthly revenue information and comparisons to FY 20-21 actual revenue, see the chart provided at the end of the reporting package.

Property taxes are due semiannually on October 1, 2021, and March 1, 2022, and become delinquent on November 1, 2021, and May 1, 2022, respectively. Property taxes may alternatively be paid on a calendar year basis by December 31, 2021.

- **Vehicle License Tax (VLT) Revenue (Operating) YTD variance of \$2,258,121.** The FY 21-22 VLT revenue reflects a YTD positive budget variance of \$2.3m or 2.5 percent. This variance is comprised of a positive variance of \$2.2m related to VLT YTD and a positive variance of \$42.7 thousand related to unbudgeted VLT-Aviation revenue. The FY 21-22 VLT revenue budget of \$183.6m is based on the County's consulted economists' "recession" forecast. For additional monthly revenue information and comparisons to FY 20-21 actual revenue, see the chart provided at the end of the reporting package.

Pursuant to Arizona Revised Statute §28-5801, the VLT rate is based on an assessed vehicle value of 60% of the manufacturer's base retail price reduced by 16.25% for each year since the vehicle was first registered. The rate is calculated by multiplying \$2.80 or \$2.89 for new vehicles and used vehicles, respectively, for each \$100 of the assessed value. Population growth and vehicle registration upon establishing residency are also factors that influence VLT revenues. Per the Arizona Office of Employment and Population Statistics, Maricopa County's estimated population on July 1, 2020 (most recent), increased 1.5% from the prior year.

- **Intergovernmental Revenue (Operating) YTD variance of \$2,979,642:** The FY 21-22 intergovernmental revenue reflects a YTD positive budget variance of \$3.0m or 16.5 percent. Elections (49%) and Non-Departmental (36%) primarily comprise this positive variance as revenues for election processing and general government activities, respectively, are higher than budgeted.
- **Miscellaneous Revenue (Operating) YTD variance of \$10,048,504:** The FY 21-22 miscellaneous revenue reflects a YTD positive budget variance of \$10.0m or 35.5 percent.

Recorder's Office (60%), Non-Departmental (31%), and Clerk of the Superior Court (5%) primarily comprise this positive variance as revenues for recorded services, tax penalties, and court ordered receivables, respectively, are higher than budgeted.

- **Interest Revenue (Operating) YTD variance of \$1,295,176:** The FY 21-22 interest revenue reflects a YTD positive budget variance of \$1.3m. The FY 21-22 interest revenue budget of \$2.4m is a conservative projection based on an estimate of the interest yield and fund balance and is calendarized evenly over the course of the year.
- **Total Non-Recurring Revenue YTD variance of \$4,637,180:** The FY 21-22 non-recurring revenue reflects a YTD positive budget variance of \$4.6m. Non-Departmental (93%) and Equipment Services (5%) primarily comprise this positive variance as miscellaneous revenues related to sale of assets are higher than budgeted.

General Fund Expenditures

- **Personnel Services Expenditures (Operating) YTD variance of \$19,427,360:** Current YTD expenditures are 5.5 percent under budget. Departments that make up the largest portion of the positive variance are as follows: County Attorney (18%), Sheriff's Office (15%), Adult Probation (11%), Superior Court (8%), Public Health (8%), Public Defender (7%), and Clerk of the Superior Court (6%).
- **Services Expenditures (Operating) YTD variance of \$25,310,563:** Current YTD expenditures are 21.9 percent under budget. Departments that make up the largest portion of the positive variance are as follows: Public Defense Services (20%), Non-Departmental (14%), Enterprise Technology (14%), Superior Court (11%), Facilities Management (10%), and Sheriff's Office (6%).
- **Intergovernmental Payments (Operating) YTD variance of \$18,743,570:** Current YTD expenditures are 11.5 percent under budget. Non-Departmental primarily comprises this positive variance as expenditures for general health and welfare are under budget.
- **Capital Outlay (Operating) YTD variance of \$2,262,876:** Current YTD expenditures are 62.4 percent under budget. Equipment Services primarily comprises this positive variance as expenditures related to public safety vehicle purchases are lower than budgeted.
- **Total Non-Recurring Expenditures YTD variance of \$34,593,307:** Current YTD expenditures are 69.8 percent under budget. Departments that make up the largest portion of the positive variance are as follows: Enterprise Technology (45%), Superior Court (17%), Facilities Management (12%), and Sheriff's Office (9%).

General Fund Departmental Expenditure Variances

All General Fund departments are within their total expenditure budget.

Detention Fund Variance Analysis

Detention Fund Revenues

- **Sales Tax (Jail Excise Tax) Revenue (Operating) YTD variance of \$21,112,061:** The FY 21-22 Jail Excise Tax revenue reflects a YTD positive budget variance of \$21.1m or 22.3 percent. The FY 21-22 Jail Tax revenue budget of \$196.6m is based on the County's consulted economists' "recession" forecast. As compared to December 2020, the December 2021 month-end sales tax is 21.4 percent higher, and the year-to-date is 21.0 percent greater than the prior fiscal year. For additional monthly revenue trend information and comparisons to FY 20-21 actual revenue, see the chart provided at the end of the reporting package.

The Jail Excise tax is a 1/5 of one-cent sales tax established under the authority of propositions 400 and 401, which were passed in November 1998 to be used for the construction and operation of adult and juvenile detention facilities within Maricopa County. This sales tax was extended to include County jail facility operations in November 2002 by the passing of proposition 411. This tax is specific to Maricopa County and is not subject to the same distribution formula as State shared sales tax.

- **Intergovernmental Revenue (Operating) YTD variance of \$3,630,867:** The FY 21-22 Detention Fund intergovernmental revenue reflects a YTD positive budget variance of \$3.6m or 65.0 percent; total budgeted revenue is \$11.2m. The Sheriff's Office comprises this variance primarily due to a positive variance of \$103.4 thousand for booking and housing per diem paid by federal and state agencies and a positive variance of \$3.6m for booking and housing per diem paid by cities and towns. As of December 2021, billable bookings and billable housing days are 52.9 percent and 62.8 percent higher, respectively, over the same time period last year.
- **Miscellaneous Revenue (Operating) YTD variance of \$6,090:** The FY 21-22 miscellaneous revenue reflects a YTD positive budget variance of \$6.1 thousand or 88.2 percent. The Sheriff's Office primarily comprises this positive variance as miscellaneous revenue for services related to inmate intake and release are higher than budgeted.
- **Total Non-Recurring Revenue YTD variance of \$73,526:** The FY 21-22 non-recurring revenue reflects a YTD positive budget variance of \$73.5 thousand or 19.6 percent. Equipment Services primarily comprises this positive variance as revenue related to public safety vehicle sales are higher than budgeted.

Detention Fund Expenditures

- **Personnel Services Expenditures (Operating) YTD variance of \$9,959,871:** Current YTD expenditures are 5.6 percent under budget. Departments that make up the largest portion of the positive variance are as follows: Sheriff's Office (63%), Correctional Health (18%), Juvenile Probation (12%), and Adult Probation (5%).
- **Supplies Expenditures (Operating) YTD variance of \$2,524,600:** Current YTD expenditures are 23.4 percent under budget. Departments that make up the largest portion of the positive variance are as follows: Sheriff's Office (44%), Correctional Health (34%), Juvenile Probation (11%), and Facilities Management (8%).
- **Services Expenditures (Operating) YTD variance of \$8,529,709:** Current YTD expenditures are 24.4 percent under budget. Departments that make up the largest portion of the positive variance are as follows: Facilities Management (57%), Correctional Health (18%), Sheriff's Office (10%), and Adult Probation (9%),
- **Capital Outlay (Operating) YTD variance of \$477,234:** Current YTD expenditures are 69.7 percent under budget. Equipment Services primarily comprises this positive variance as expenditures related to public safety vehicle purchases are lower than budgeted.
- **Total Non-Recurring Expenditures YTD variance of \$9,096,931:** Current YTD expenditures are 91.7 percent under budget. Departments that make up the largest portion of the positive variance are as follows: Facilities Management (32%), Sheriff's Office (26%), Juvenile Probation (25%), Enterprise Technology (10%) and Equipment Services (5%).

Detention Fund Departmental Expenditure Variances

All Detention Fund departments are within their total expenditure budget.

HURF Revenue Variance Analysis

- **Intergovernmental Revenue YTD variance of \$4,173,490:** The FY 21-22 State-Shared Highway User Revenue Fund (HURF) YTD actual revenue of \$63,942,585 is more than budgeted YTD revenue of \$59,769,095 resulting in a positive budget variance of \$4.2 or 7.0 percent. The FY 21-22 HURF revenue budget of \$118.1m is based on the County’s consulted economists’ “recession” forecast. For additional monthly revenue information and comparisons to FY 20-21 actual revenue, see the chart provided at the end of the reporting package.

HURF revenues consist of \$0.18 per gallon gasoline, \$0.26 per gallon use fuel (diesel) tax, motor carrier fees (commercial carriers), 45% of vehicle license tax and registrations fees and various other fees. HURF is state-shared revenue, which the County receives a portion of based on a statutorily determined rate and a portion that is allocated to the County based on gasoline distribution, diesel fuel consumption, and on a portion of unincorporated population. The monies received are reported in the Transportation Operations Fund and is not part of the General Fund variances.

In a collaborative effort, the Office of Budget and Finance continues to provide accurate and timely financial information to support management decisions.

Let me know if you have any questions that we can address.

cc: Assistant County Manager – D950
Assistant County Manager – D940
Assistant County Manager – D930
Deputy Budget Director
Deputy Finance Director
Office of Budget and Finance Managers
Office of Budget and Finance Supervisors

Monthly General Fund Vehicle License Tax Revenues Budget Vs. Actual



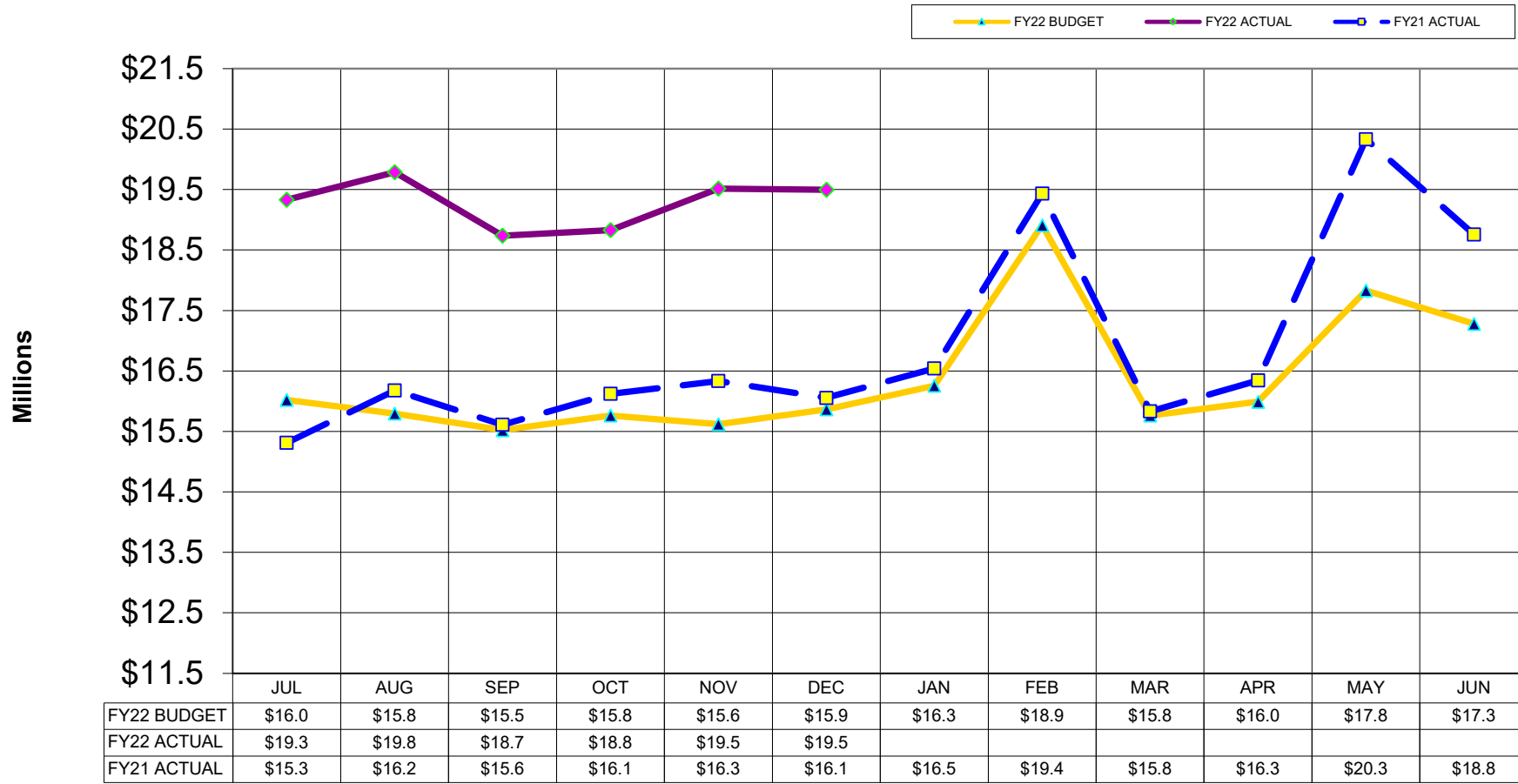
Tax is received by the County one month after it is collected at retail.
 Amounts are presented in the month when the cash payment is received (cash basis).

**MARICOPA COUNTY
JAIL TAX COLLECTIONS
FY 21-22**

ACTUAL FY 20-21		MONTHLY/YTD COLLECTIONS FY 21-22 & COMPARISON TO FY 20-21						YTD BUDGET TO ACTUAL FY 21-22				
A	B	C	D (C-A)/A	E	F(E-B)	G (F/B)	H	I (E)	J (I-H)	K (J/H)		
		(link)			YTD				TOTAL			
MONTH	YTD	MONTH	% MTH	YTD	VARIANCE	% YTD	BUDGET	ACTUAL	VARIANCE	% YTD		
JUL	\$ 15,310,738	\$ 15,310,738		\$ 19,331,208	26.3%	\$ 19,331,208	\$ 4,020,469	26.3%	\$ 16,022,161	\$ 19,331,208	\$ 3,309,047	20.7%
AUG	\$ 16,176,809	\$ 31,487,548		\$ 19,786,095	22.3%	\$ 39,117,303	\$ 7,629,755	24.2%	\$ 31,818,708	\$ 39,117,303	\$ 7,298,595	22.9%
SEP	\$ 15,611,557	\$ 47,099,105		\$ 18,736,419	20.0%	\$ 57,853,721	\$ 10,754,616	22.8%	\$ 47,338,870	\$ 57,853,721	\$ 10,514,851	22.2%
OCT	\$ 16,122,141	\$ 63,221,246		\$ 18,829,759	16.8%	\$ 76,683,480	\$ 13,462,234	21.3%	\$ 63,100,817	\$ 76,683,480	\$ 13,582,663	21.5%
NOV	\$ 16,334,012	\$ 79,555,258		\$ 19,515,315	19.5%	\$ 96,198,795	\$ 16,643,537	20.9%	\$ 78,721,873	\$ 96,198,795	\$ 17,476,922	22.2%
DEC	\$ 16,055,801	\$ 95,611,059		\$ 19,498,799	21.4%	\$ 115,697,594	\$ 20,086,535	21.0%	\$ 94,585,533	\$ 115,697,594	\$ 21,112,061	22.3%
JAN	\$ 16,541,926	\$ 112,152,985		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 110,841,709	\$ -	\$ -	0.0%
FEB	\$ 19,434,426	\$ 131,587,411		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 129,750,685	\$ -	\$ -	0.0%
MAR	\$ 15,831,568	\$ 147,418,979		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 145,515,105	\$ -	\$ -	0.0%
APR	\$ 16,344,510	\$ 163,763,489		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 161,506,066	\$ -	\$ -	0.0%
MAY	\$ 20,332,835	\$ 184,096,324		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 179,335,545	\$ -	\$ -	0.0%
JUN	\$ 18,758,493	\$ 202,854,817		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 196,615,774	\$ -	\$ -	0.0%
	<u>\$202,854,817</u>			<u>\$ 115,697,594</u>								

YTD (Year To Date)

Monthly Jail Tax Revenues Budget Vs. Actual



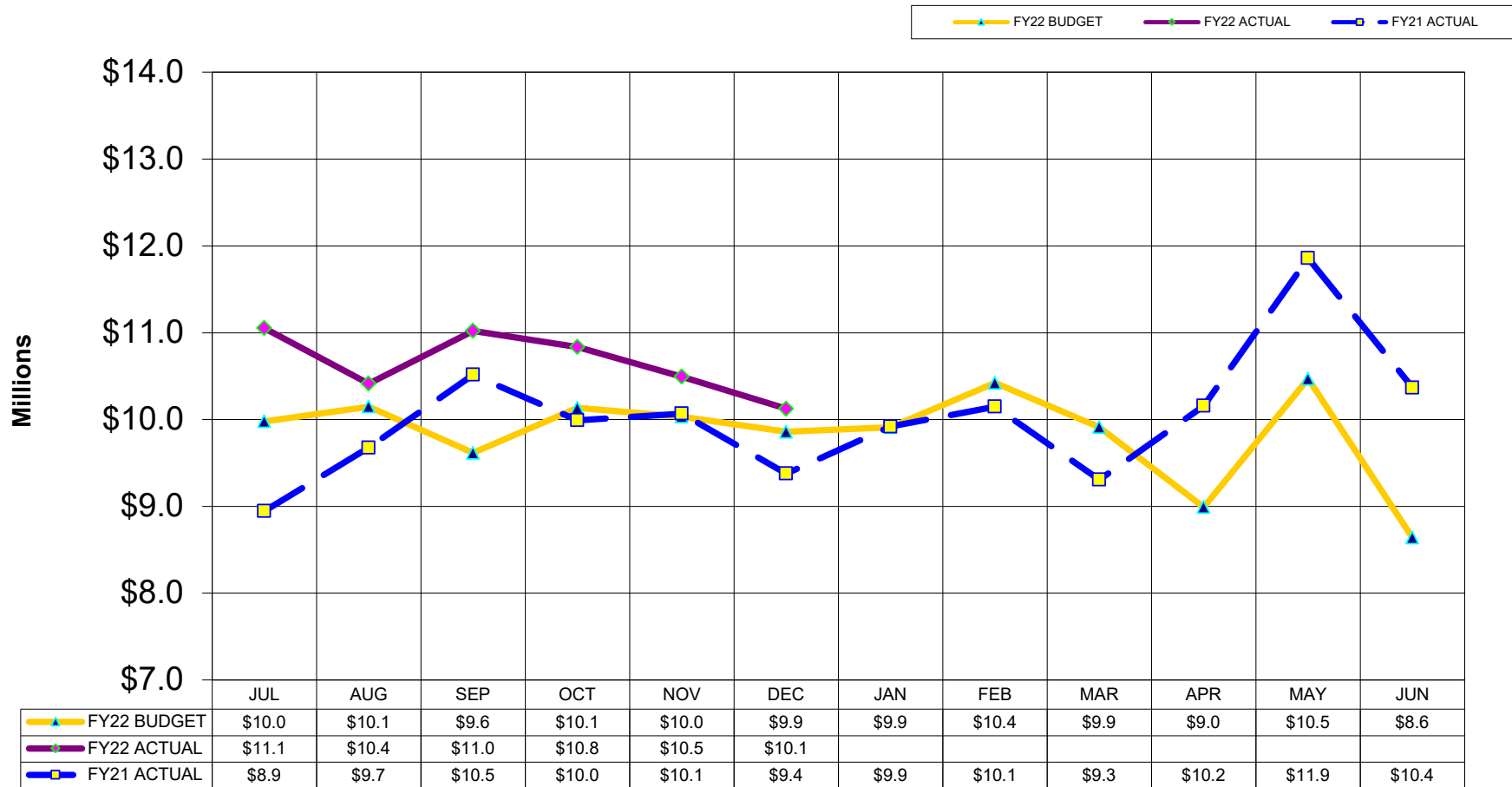
Tax is received by the County two months after it is collected at retail.
 Amounts are presented in the month when the cash payment is received (cash basis).

**MARICOPA COUNTY
TRANSPORTATION FUND - HIGHWAY URBAN REVENUE FUNDS (HURF) COLLECTIONS
FY 21-22**

ACTUAL FY 20-21		MONTHLY/YTD COLLECTIONS FY 21-22 & COMPARISON TO FY 20-21						YTD BUDGET TO ACTUAL FY 21-22				
A	B	C	D (C-A)/A	E	F(E-B)	G (F/B)	H	I (E)	J (I-H)	K (J/H)		
MONTH	YTD	(link) MONTH	% MTH	YTD	YTD VARIANCE	% YTD	BUDGET	ACTUAL	TOTAL VARIANCE	% YTD		
JUL	\$ 8,945,738	\$ 8,945,738		\$ 11,053,016	23.6%	\$ 11,053,016	\$ 2,107,278	23.6%	\$ 9,979,311	\$ 11,053,016	\$ 1,073,705	10.8%
AUG	\$ 9,676,703	\$ 18,622,442		\$ 10,414,704	7.6%	\$ 21,467,721	\$ 2,845,279	15.3%	\$ 20,127,256	\$ 21,467,721	\$ 1,340,465	6.7%
SEP	\$ 10,516,794	\$ 29,139,235		\$ 11,022,432	4.8%	\$ 32,490,152	\$ 3,350,917	11.5%	\$ 29,742,518	\$ 32,490,152	\$ 2,747,634	9.2%
OCT	\$ 9,991,115	\$ 39,130,350		\$ 10,835,147	8.4%	\$ 43,325,299	\$ 4,194,949	10.7%	\$ 39,876,559	\$ 43,325,299	\$ 3,448,740	8.6%
NOV	\$ 10,067,266	\$ 49,197,617		\$ 10,493,463	4.2%	\$ 53,818,763	\$ 4,621,146	9.4%	\$ 49,910,736	\$ 53,818,763	\$ 3,908,027	7.8%
DEC	\$ 9,377,110	\$ 58,574,727		\$ 10,123,822	8.0%	\$ 63,942,585	\$ 5,367,858	9.2%	\$ 59,769,095	\$ 63,942,585	\$ 4,173,490	7.0%
JAN	\$ 9,920,089	\$ 68,494,815		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 69,681,641	\$ -	\$ -	0.0%
FEB	\$ 10,147,317	\$ 78,642,133		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 80,103,228	\$ -	\$ -	0.0%
MAR	\$ 9,307,481	\$ 87,949,613		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 90,015,285	\$ -	\$ -	0.0%
APR	\$ 10,157,458	\$ 98,107,072		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 99,006,159	\$ -	\$ -	0.0%
MAY	\$ 11,858,811	\$ 109,965,883		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 109,474,959	\$ -	\$ -	0.0%
JUN	\$ 10,367,591	\$ 120,333,474		\$ -	0.0%	\$ -	\$ -	0.0%	\$ 118,112,470	\$ -	\$ -	0.0%
<u>\$ 120,333,474</u>				<u>\$ 63,942,585</u>								

YTD (Year To Date)

Monthly Transportation Fund HURF Revenues Budget Vs. Actual



Amounts are presented in the month when the cash payment is received (cash basis).