



# Maricopa County

Department of Finance

## Tom Manos

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Date: January 17, 2008  
To: David Smith, County Manager  
From: Tom Manos, Chief Financial Officer  
Subject: FY 07-08 Variance Report – December 2007

Attached is the financial activity through December 31, 2007 showing the budget versus actual comparisons for the General Fund and Detention Fund. This variance report is presented as an Executive Summary for your review. Comments regarding variances for major revenue and expenditure line items are provided below.

- **Property Tax Revenue YTD variance of (\$9,245,398):** Property Tax YTD revenue for FY 07-08 is 8.3 percent higher than FY 06-07 actuals with a current year negative budget variance of 3.8 percent. This indicates a timing difference between budget and actual property tax revenue during the first half of the fiscal year. Historical trends indicate this timing difference will be resolved and minimal variance will exist at fiscal year end.
- **Vehicle License Tax Revenue YTD variance of (\$375,088):** The FY 07-08 Vehicle License Tax YTD revenue is .6 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of .5 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from Elliott D. Pollack & Co. (EDP) and assumed zero percent growth over the previous fiscal year. December revenue was actually 1.9 percent greater than the same month in the prior year. The January forecast from EDP is 2 percent growth in the Most Likely scenario and zero percent in the Pessimistic scenario. Budget forecasts indicate minimal variance at fiscal year end.
- **Sales Tax Revenue YTD variance of (\$9,391,156):** The FY 07-08 Sales Tax revenue is .8 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 3.9 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3 percent growth over the previous fiscal year. Subsequent to the December close, an adjustment of approximately \$58k was made to increase sales tax. December revenue was actually .10 percent higher than the same month in the prior year. It is unknown if this trend will continue, and may worsen based on recent reports from local economists. The January forecast from EDP was reduced to zero percent growth in the Most Likely scenario, and a 2 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$17.0 to \$26.7m this fiscal year.
- **Interest Revenue YTD variance of \$11,446,502:** General Fund annualized interest income was budgeted conservatively at \$12m. Interest revenue is recorded quarterly and analysis of the YTD budget and actuals indicates an anticipated fiscal year end positive variance of approximately \$16m.

- **Personnel Services Expenditures YTD variance of \$5,807,469:** Overall, personnel services expenditures are 2.4 percent under budget. While many departments are recording significant savings, a number are over budget, usually due to unattained budgeted personnel savings.
- **Services Expenditures YTD variance of \$22,236,064:** The favorable variance of \$22.2m is primarily attributable to savings in Non-Departmental, General Government, and Appropriated Fund Balance, offset by overruns in Contract Counsel. In General Government, the combined favorable variance of \$4.6m is due to litigation and consulting expenditures, which do not follow a predictable pattern. In Non-Departmental, a \$9.7m favorable variance is due to a combination of technical and timing issues. In Appropriated Fund Balance, the combined variance of \$10.4m is primarily due to timing of information technology project expenditures. Payments by Public Defense Services (Contract Counsel) for private attorneys for indigent legal representation are \$2.6m over budget.
- **Intergovernmental Payments YTD variance of \$2,357,714:** The \$2.4m favorable variance is primarily due to savings in the Arizona Long Term Care System (ALTCS) contribution and delayed payments to non-profit agencies. The ALTCS contribution makes up \$1.6m of the favorable variance. The ALTCS contribution is budgeted at \$156.1m, but the actual contribution is only \$152.8m, a favorable variance of \$3.3m. The final ALTCS amount was not disclosed by the State until after County budget adoption. In addition, \$0.5m of the favorable variance is due to the timing of payments to non-profit agencies, and will not result in savings at year end.
- **Debt Service YTD variance of \$2,481,611:** The favorable variance is primarily due to delayed starts for lease purchase payments. Debt Service is under budget because the majority of loan obligations for technology purchases concluded July 31, 2007. The County is currently under an extended warranty period. A favorable debt service variance is expected to continue for the remainder of the fiscal year. Loan payments are expected to commence again January 31, 2008.
- **Capital Outlay Expenditures YTD variance of \$6,871,462:** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. Of the favorable variance, \$3.2m is the result of delayed vehicle purchases. It is not expected that these savings will be recurring, as the vehicles scheduled for replacement will eventually be purchased. The remainder of the variance, approximately \$3.5m, is the result of many major maintenance projects currently in the design phase, which requires much less expenditure. There will be a significant increase in expenditures as the year continues.

General Fund Departmental Variances:

**Internal Audit** - General Fund expenditures are over budget YTD by \$14,769 due to timing of payments for consultant auditing services. The budget assumed that the majority of expenditures would be made later in the fiscal year. The department is forecasted to be within budget by the end of the fiscal year.

**Research & Reporting** - General Fund expenditures are over budget YTD by \$19,258. Temporary pay to work on County General Population Survey early on in the fiscal year has caused this unfavorable variance. The department expects to be within budget or under in expenditure by fiscal year end; therefore, no Corrective Action Plan is needed.

**Workforce Management and Development** - General Fund expenditures are over budget YTD by \$28,927. The department purchases training from an outside vendor at the beginning of the fiscal year and allocates the charges as departments utilize the service. The department expects to recover these costs and be within budget by fiscal year end; therefore, no Corrective Action Plan is needed.

**Juvenile Probation** - General Fund expenditures are over budget YTD by \$265,617 due to unattained personnel savings. The department will manage its expenditures to ensure it ends the year within budget. The department is working with OMB on a Corrective Action Plan.

**Office of Contract Counsel** - General Fund expenditures are over budget YTD by \$2,629,492. Negative YTD budget to actual variances associated with contracted Felony Representation cases represent the bulk of the overrun, including variances of (\$551,179) for Capital cases, (\$1,488,669) for Class 2 through 6 Felony cases, and (\$181,120) for Felony DUI cases. The department is developing a Corrective Action Plan.

**Public Defender** - General Fund expenditures are over budget YTD by \$57,410 due to a timing issue with a lease payment. The variance is small, 0.28 percent, and is expected to be corrected by February.

**Sheriff** - General Fund expenditures are over budget YTD by \$44,972 due primarily to overtime. The Office's Corrective Action Plan, which included drastically reducing overtime usage, implementing a hiring freeze, and reducing some services, was implemented during the month of November. The Office will continue utilizing these cost-saving strategies in order to end the year within budget.

#### **Detention Fund**

- **Sales Tax Revenue YTD variance of (\$2,086,076):** The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3 percent growth over the previous fiscal year. December revenue was actually 2.0 percent less than the same month in the prior year. This trend is expected to continue, and may worsen based on recent reports from local economists. The January forecast from EDP was reduced to zero percent growth in the Most Likely scenario, and a 2 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$4.4 to \$7.3m this fiscal year.
- **Supplies YTD variance of (\$1,312,277):** The negative YTD variance is primarily attributable to general supplies and repairs/maintenance expenses exceeding budgeted levels in the Sheriff's Office. Costs are exceeding budgeted levels in the Custody Management Program. It is expected that the Office's Corrective Action Plan for their overall Detention Fund negative variance will mitigate the year-to-date overspending in supplies.

#### **Detention Fund Departmental Variance:**

**Sheriff** - Detention Fund expenditures are over budget YTD by \$1,451,150 due primarily to overtime. The Office's Corrective Action Plan, which included drastically reducing overtime usage, implementing a hiring freeze, and reducing some services, was implemented during the month of November. The Office will continue utilizing these cost-saving strategies in order to end the year within budget.

To ensure effective management of budgeted funds, OMB continues to work with departmental liaisons to rectify negative variances. In a collaborative effort, the Department of Finance continues to provide accurate and timely financial information to support management decisions.

Please review and let me know if you have any questions that we can address.

Cc: Sandi Wilson  
Assistant County Managers  
Shelby Scharbach  
DOF Finance Managers  
OMB Deputy Directors  
OMB Budget Supervisors



# General Fund Executive Summary

**As of December 31, 2007**

<b>Revenues</b>	<b>Revised FY Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>
Property Taxes	425,284,450	241,788,211	232,542,813	(9,245,398)
Vehicle License Taxes	143,247,168	74,085,537	73,710,449	(375,088)
Sales Taxes	497,453,141	240,425,337	231,034,181	(9,391,156)
Intergovernmental	12,359,263	4,507,836	5,061,414	553,578
Interest	12,000,000	1,775,540	13,222,042	11,446,502
Miscellaneous	81,898,066	39,803,154	38,985,023	(818,131)
Transfers In	6,838,417	3,419,209	3,419,197	(12)
<b>Total Revenues</b>	<b>1,179,080,505</b>	<b>605,804,824</b>	<b>597,975,119</b>	<b>(7,829,705)</b>
<b>Expenditures</b>				
Personnel Services	490,498,728	244,588,654	238,781,185	5,807,469
Supplies	33,407,180	7,175,167	6,703,876	471,291
Services	344,345,210	84,990,075	62,754,011	22,236,064
Intergovernmental Payments	223,060,697	111,700,841	109,343,127	2,357,714
Debt Service	13,536,761	6,665,976	4,184,365	2,481,611
Capital Outlay	22,426,761	11,031,197	4,159,735	6,871,462
Transfers Out	215,236,003	124,050,387	124,034,493	15,894
<b>Total Expenditures</b>	<b>1,342,511,340</b>	<b>590,202,297</b>	<b>549,960,792</b>	<b>40,241,505</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(163,430,835)</b>	<b>15,602,527</b>	<b>48,014,327</b>	<b>32,411,800</b>
Beginning Fund Balance	414,158,357	414,158,357	445,090,202 <sup>(1)</sup>	30,931,845
<i>Revenues</i>	1,179,080,505	605,804,824	597,975,119	(7,829,705)
<i>Expenditures</i>	1,342,511,340	590,202,297	549,960,792	40,241,505
Fund Balance with Designations	250,727,522	429,760,884	493,104,529	63,343,645
<i>Fund Balance Designations (2)</i>	249,543,563	249,543,563	249,543,563	-
Undesignated Ending Fund Balance	1,183,959	180,217,321	243,560,964	63,343,645

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Budget Stabilization:

Cash Flow/Property Tax      54,000,000

Reserve                              157,809,663

Benefits Self-Funding Reserve      34,300,000

Sheriff Court Remodel              3,433,900

**Total:**                              **249,543,563**

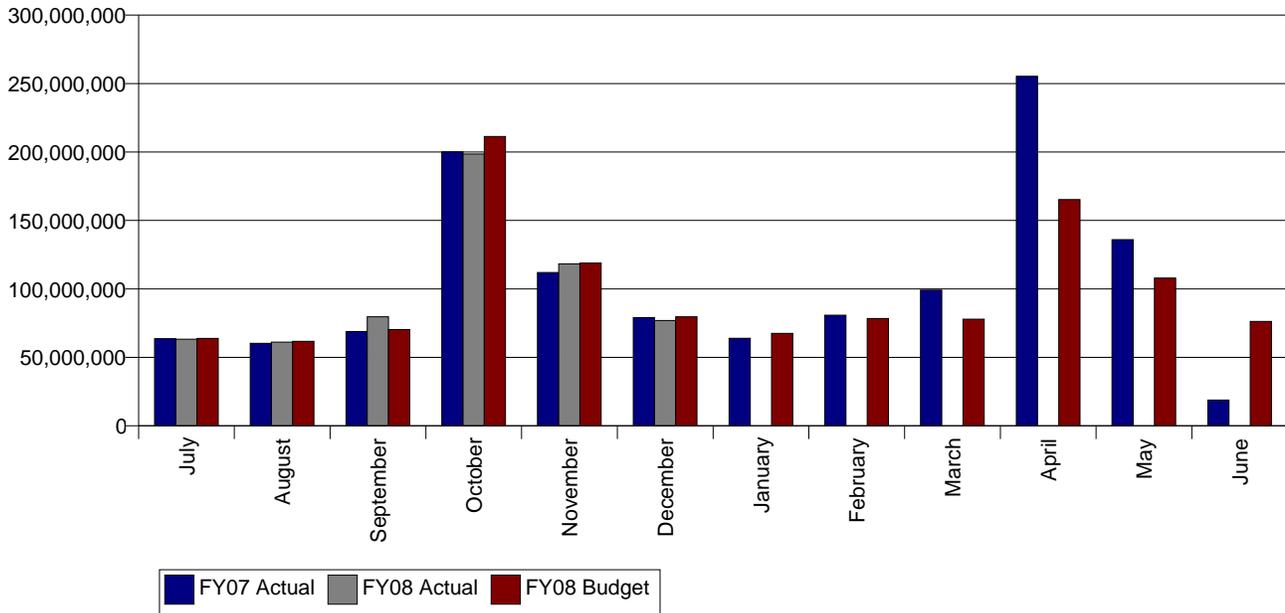


# General Fund

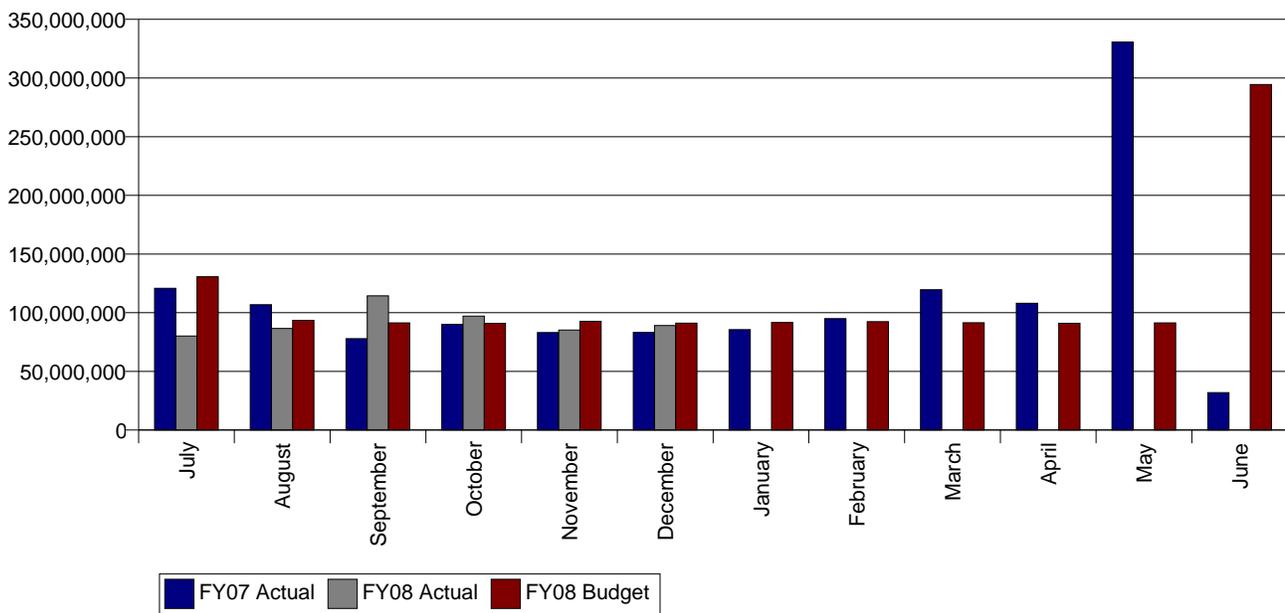
## Executive Summary

### As of December 31, 2007

#### Revenues



#### Expenditures





# General Fund

## Category Detailed by Agency

### As of December 31, 2007

General Government	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ASSESSOR	25,507,171	12,629,662	11,894,801	734,861	5.82 %
BOARD OF SUPERVISORS CLERK	795,865	412,541	362,229	50,312	12.20 %
BOARD OF SUPERVISORS DIST 1	391,686	203,461	182,736	20,725	10.19 %
BOARD OF SUPERVISORS DIST 2	391,686	195,865	180,747	15,118	7.72 %
BOARD OF SUPERVISORS DIST 3	391,686	195,891	164,141	31,750	16.21 %
BOARD OF SUPERVISORS DIST 4	391,686	191,126	161,875	29,251	15.30 %
BOARD OF SUPERVISORS DIST 5	391,686	197,801	183,359	14,442	7.30 %
COUNTY CALL CENTER	1,766,278	885,989	882,056	3,933	0.44 %
COUNTY MANAGERS OFFICE	2,358,692	1,172,599	1,112,053	60,546	5.16 %
ELECTIONS	12,165,951	5,920,155	5,862,935	57,220	0.97 %
ENTERPRISE TECHNOLOGY	10,418,482	5,205,959	5,013,408	192,551	3.70 %
FACILITIES MANAGEMENT	14,541,467	7,270,039	7,085,893	184,146	2.53 %
FINANCE	4,180,092	2,090,160	1,983,598	106,562	5.10 %
INTERNAL AUDIT	2,039,183	911,473	926,242	(14,769)	-1.62 %
MANAGEMENT & BUDGET	3,166,215	1,573,621	1,241,041	332,580	21.13 %
MATERIALS MANAGEMENT	2,118,752	1,059,480	1,027,939	31,541	2.98 %
RECORDER	2,638,611	1,298,366	1,191,737	106,629	8.21 %
RESEARCH & REPORTING	378,755	189,190	208,448	(19,258)	-10.18 %
TREASURER	5,148,981	2,720,630	2,574,212	146,418	5.38 %
WORKFORCE MGMT & DEVELOPMENT	1,279,994	618,713	647,640	(28,927)	-4.68 %
<b>Subtotal</b>	<b>90,462,919</b>	<b>44,942,721</b>	<b>42,887,090</b>	<b>2,055,631</b>	<b>4.57 %</b>
<b>Public Safety</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
ADULT PROBATION	66,139,159	33,373,517	33,160,766	212,751	0.64 %
CLERK OF SUPERIOR COURT	34,284,063	17,329,748	17,046,603	283,145	1.63 %
CONSTABLES	2,436,137	1,214,272	1,153,170	61,102	5.03 %
CORRECTIONAL HEALTH	4,076,942	2,127,735	1,997,901	129,834	6.10 %
COUNTY ATTORNEY	72,545,776	36,451,475	35,774,163	677,312	1.86 %
EMERGENCY MANAGEMENT SVCS	268,636	134,345	119,933	14,412	10.73 %
JUSTICE SYSTEM PLANNING INFO	846,536	423,276	250,233	173,043	40.88 %
JUVENILE PROBATION	21,241,371	10,716,928	10,982,545	(265,617)	-2.48 %
LEGAL DEFENDER	9,838,655	4,791,147	4,576,906	214,241	4.47 %
MEDICAL EXAMINER	8,102,543	4,065,979	3,938,144	127,835	3.16 %
OFFICE CONTRACT COUNSEL	17,247,643	7,254,001	9,883,493	(2,629,492)	-36.25 %
OFFICE OF LEGAL ADVOCATE	8,710,385	4,226,282	3,973,455	252,827	5.98 %
PUBLIC DEFENDER	41,028,548	20,389,815	20,447,225	(57,410)	-0.28 %
PUBLIC FIDUCIARY	2,817,851	1,402,625	1,313,284	89,341	6.37 %
SHERIFF	71,693,086	36,272,208	36,317,180	(44,972)	-0.12 %
TRIAL COURTS	86,423,594	43,355,624	43,067,348	288,276	0.66 %
<b>Subtotal</b>	<b>447,700,925</b>	<b>223,528,977</b>	<b>224,002,349</b>	<b>(473,372)</b>	<b>-0.21 %</b>
<b>Health, Welfare and Sanitation</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
ANIMAL CONTROL SERVICES	361,432	180,720	175,205	5,515	3.05 %
ENVIRONMENTAL SERVICES	7,063,645	3,173,741	1,814,499	1,359,242	42.83 %
HUMAN SERVICES	2,702,378	1,351,194	288,427	1,062,767	78.65 %
PUBLIC HEALTH	12,974,674	6,502,045	5,573,449	928,596	14.28 %
<b>Subtotal</b>	<b>23,102,129</b>	<b>11,207,700</b>	<b>7,851,580</b>	<b>3,356,120</b>	<b>29.94 %</b>
<b>Culture and Recreation</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
PARKS & RECREATION	1,772,629	875,400	838,590	36,810	4.20 %
<b>Subtotal</b>	<b>1,772,629</b>	<b>875,400</b>	<b>838,590</b>	<b>36,810</b>	<b>4.20 %</b>
<b>Education</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
SUPERINTENDENT OF SCHOOLS	2,461,627	1,230,986	1,172,168	58,818	4.78 %
<b>Subtotal</b>	<b>2,461,627</b>	<b>1,230,986</b>	<b>1,172,168</b>	<b>58,818</b>	<b>4.78 %</b>
<b>Other Gov Fund</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
GENERAL GOVERNMENT	247,744,613	122,902,698	113,993,533	8,909,165	5.20 %
GEN GOV APPROP'TED FND BALANCE	164,699,794	58,508,631	46,057,871	12,450,760	21.28 %
NON-DEPARTMENTAL	364,566,704	127,005,184	113,157,611	13,847,573	10.90 %
<b>Subtotal</b>	<b>777,011,111</b>	<b>308,416,513</b>	<b>273,209,015</b>	<b>35,207,498</b>	<b>10.60 %</b>
<b>Total Expenditures</b>	<b>1,342,511,340</b>	<b>590,202,297</b>	<b>549,960,792</b>	<b>40,241,505</b>	<b>6.39 %</b>



# Detention Fund

## Executive Summary

As of December 31, 2007

<b>Revenues</b>	<b>Revised FY Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>
Sales Taxes	149,823,673	72,918,408	70,832,332	(2,086,076)
Interest	3,000,000	1,500,000	4,473,505	2,973,505
Miscellaneous	28,548,509	14,274,260	19,250,033	4,975,773
Transfers In	165,933,494	82,966,748	82,966,747	(1)
<b>Total Revenues</b>	<b>347,305,676</b>	<b>171,659,416</b>	<b>177,522,617</b>	<b>5,863,201</b>
 <b>Expenditures</b>				
Personnel Services	235,340,940	117,126,693	115,520,956	1,605,737
Supplies	14,129,562	7,418,109	8,730,386	(1,312,277)
Services	113,484,955	30,663,492	25,852,004	4,811,488
Debt Service	1,753,612	876,826	746,272	130,554
Capital Outlay	17,632,217	8,816,170	3,393,961	5,422,209
Transfers Out	32,112,796	32,112,796	32,112,796	-
<b>Total Expenditures</b>	<b>414,454,082</b>	<b>197,014,086</b>	<b>186,356,375</b>	<b>10,657,711</b>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	 <b>(67,148,406)</b>	 <b>(25,354,670)</b>	 <b>(8,833,758)</b>	 <b>16,520,912</b>
<b>Beginning Fund Balance</b>	<b>145,551,542</b>	<b>145,551,542</b>	<b>146,163,844 <sup>(1)</sup></b>	<b>612,302</b>
<i>Revenues</i>	347,305,676	171,659,416	177,522,617	5,863,201
<i>Expenditures</i>	414,454,082	197,014,086	186,356,375	10,657,711
<b>Fund Balance with Designations</b>	<b>78,403,136</b>	<b>120,196,872</b>	<b>137,330,086</b>	<b>17,133,214</b>
<i>Fund Balance Designations (2)</i>	75,000,000	75,000,000	75,000,000	-
<b>Undesignated Ending Fund Balance</b>	<b>3,403,136</b>	<b>45,196,872</b>	<b>62,330,086</b>	<b>17,133,214</b>

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Future Capital Projects	75,000,000
<b>Total:</b>	<b>75,000,000</b>

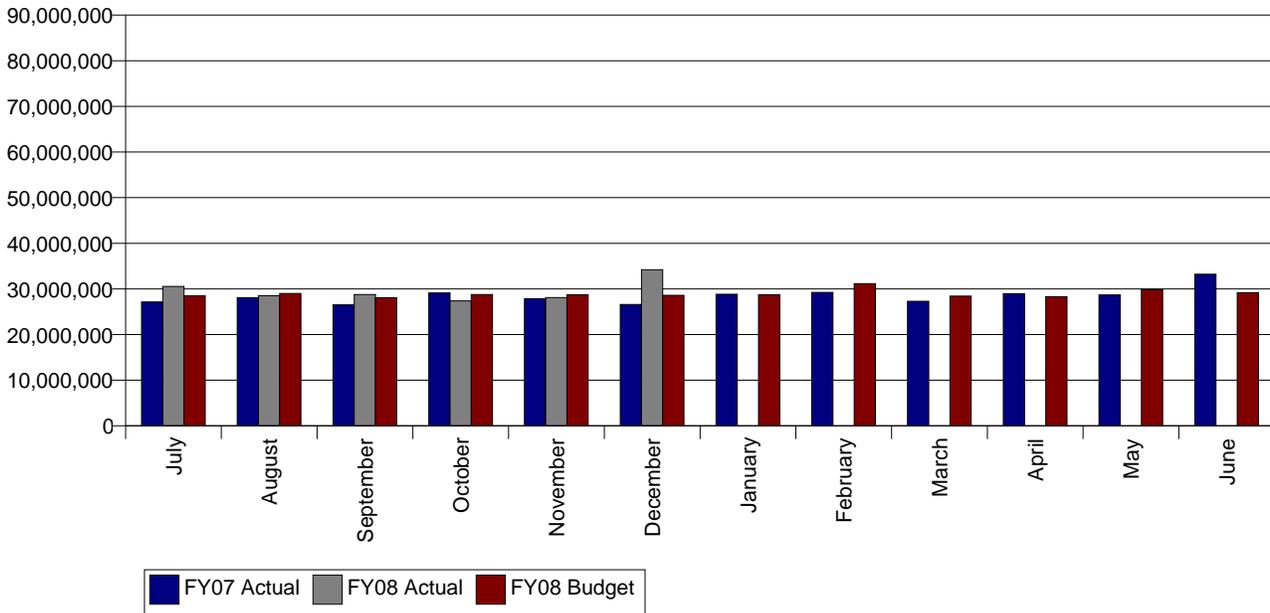


# Detention Fund

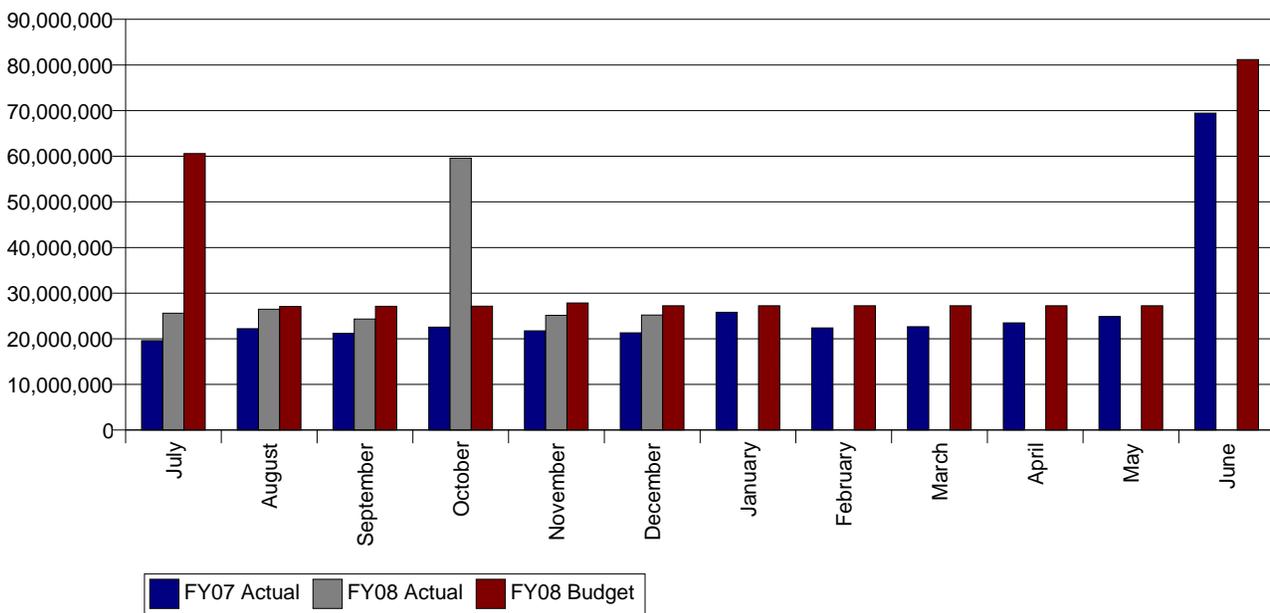
## Executive Summary

### As of December 31, 2007

#### Revenues



#### Expenditures





**Detention Fund**  
**Category Detailed by Agency**  
**As of December 31, 2007**

**Revenues**

<b>Agency</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
262 - CORRECT'L HLTH DETENTION FUND	6,500	3,252	1,462	(1,790)	(55.05)%
472 - NON-DEPT-DETENTION FUND	318,757,167	157,385,156	158,281,571	896,415	0.57%
482 - GEN GOV DETENTION FUND	1,946,762	973,382	2,926,154	1,952,772	200.62%
507 - SHERIFF DETENTION FUND	26,595,247	13,297,626	16,313,430	3,015,804	22.68%
	<b>347,305,676</b>	<b>171,659,416</b>	<b>177,522,617</b>	<b>5,863,201</b>	<b>3.42%</b>

**Expenditures**

<b>Agency</b>	<b>Revised Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>Variance</b>	<b>% of Variance</b>
262 - CORRECT'L HLTH DETENTION FUND	48,862,468	24,765,120	23,799,117	966,003	3.90%
276 - JUV PROB'TN DETENTION FUND	36,336,413	18,204,710	18,024,663	180,047	0.99%
420 - JUSTICE SYSTEM PLANNING INFO	1,983,802	1,103,341	774,859	328,482	29.77%
472 - NON-DEPT-DETENTION FUND	58,062,606	12,913,415	6,964,340	5,949,075	46.07%
482 - GEN GOV DETENTION FUND	69,095,168	39,418,273	35,143,742	4,274,531	10.84%
507 - SHERIFF DETENTION FUND	196,825,180	98,964,854	100,416,004	(1,451,150)	(1.47)%
701 - DETENTION OPERATIONS	3,288,445	1,644,373	1,233,650	410,723	24.98%
	<b>414,454,082</b>	<b>197,014,086</b>	<b>186,356,375</b>	<b>10,657,711</b>	<b>5.41%</b>