

Maricopa County FY 2012 Recommended Budget

Presentation to District 5

June 13, 2011

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Executive Summary



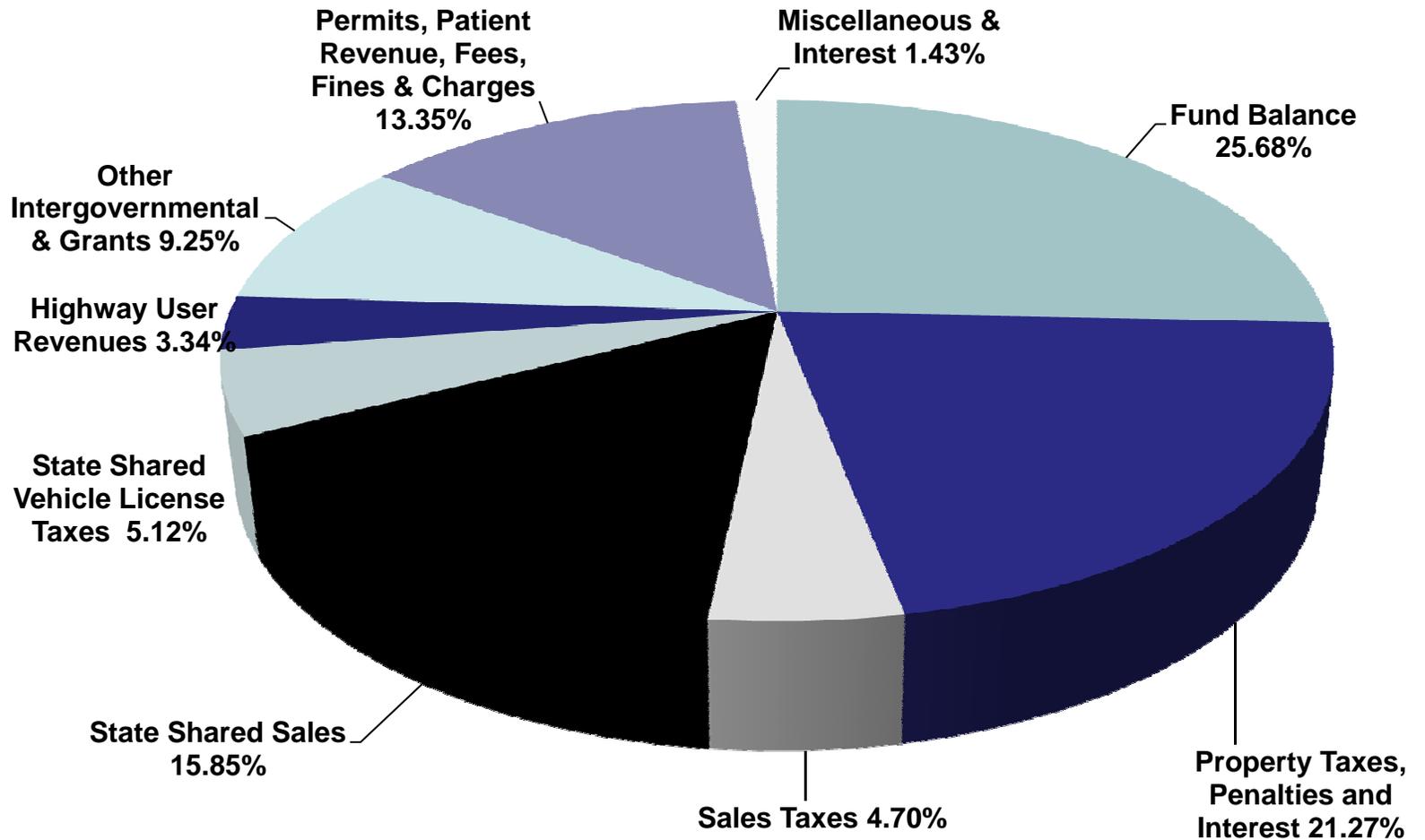
Structurally Balanced Budget



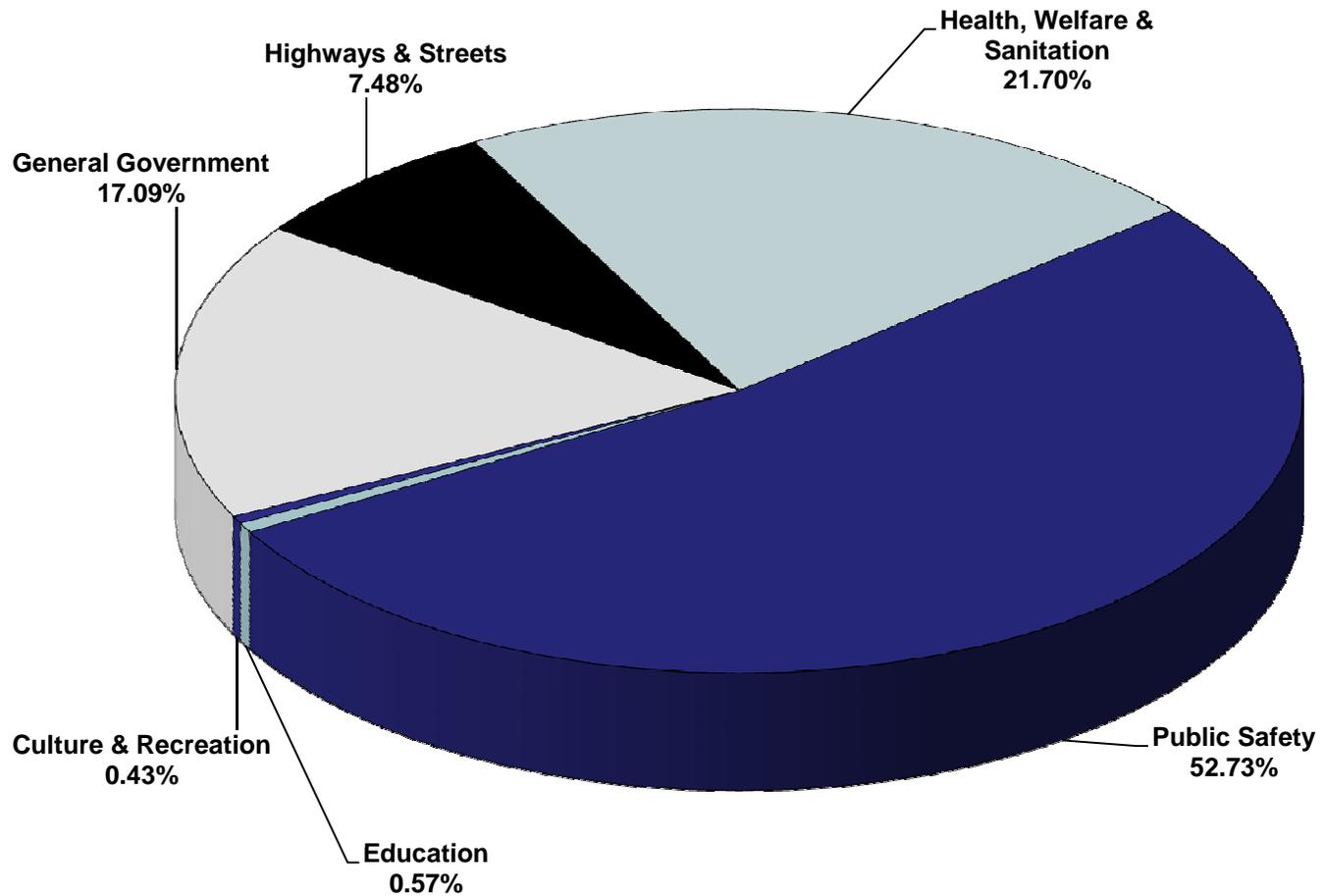
*Definition:
Reoccurring
revenues meet or
exceed reoccurring
expenditures*



FY 2012 Recommended Budget Sources of Funds: \$2,332,616,122



FY 2012 Recommended Budget Uses of Funds: \$2,332,616,122



FY 2012 Net Variance to the FY 2011 Revised Budget

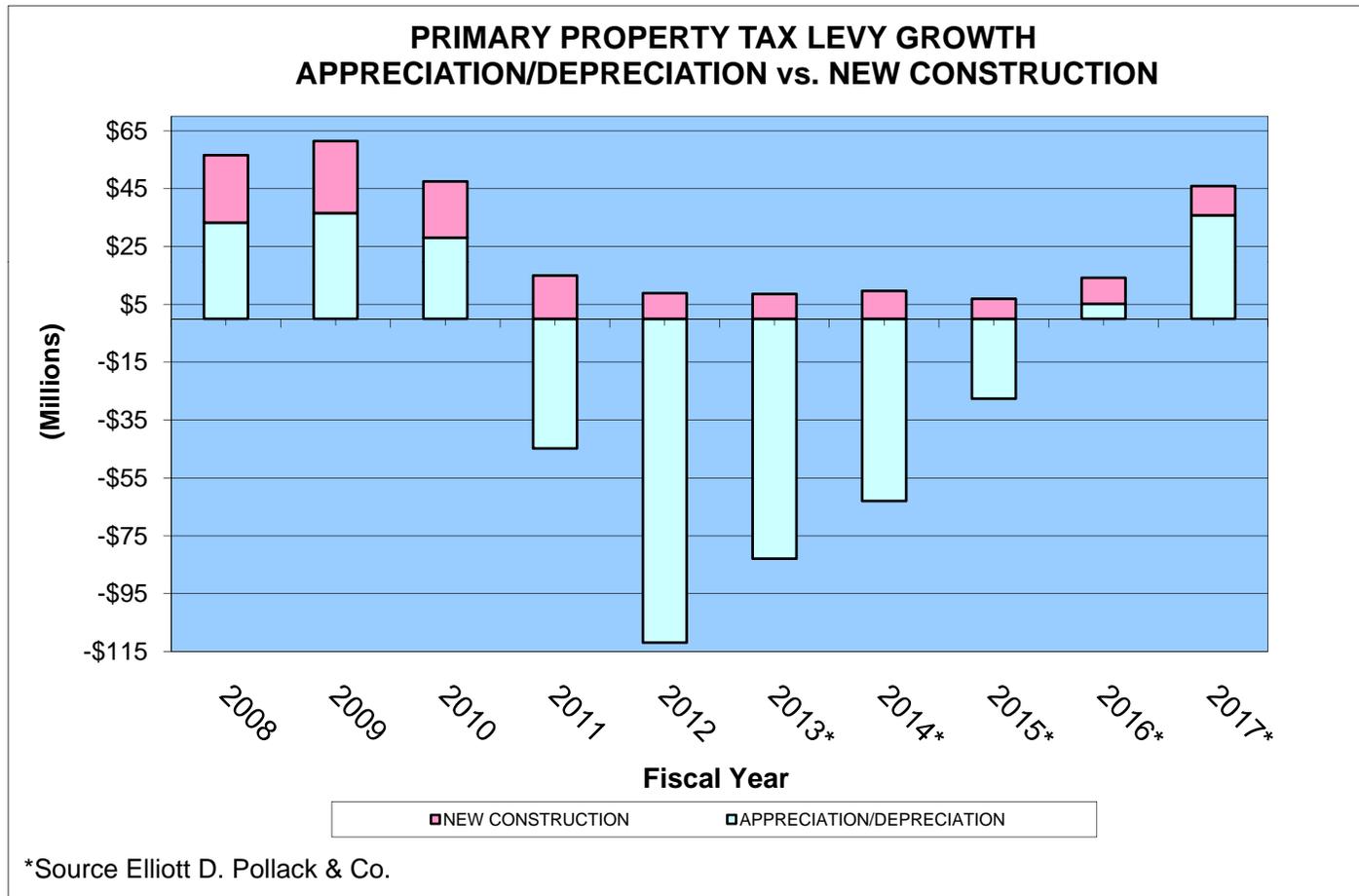
	(millions)		
	FY 2011 Revised	FY 2012 Recommended	(Increase)/ Decrease
Total County	\$2,300.9	\$2,332.6	\$(31.7)
Total Operating	1,701.3	1,662.6	38.7
Total Non Recurring	599.6	670.0	(70.4)
Total General Fund	1,375.2	1,283.9	91.3
General Fund Operating	1,075.6	1,058.5	17.1



Revenue Trends



Declining Property Tax Values



“Truth in Taxation” Notice

Arizona Revised Statute 42-17107

FY 2012 PRIMARY PROPERTY TAX LEVY vs. "TRUTH-IN-TAXATION" LEVY

FY 2012 "Truth-in-Taxation" Primary Levy	\$ 501,513,553	
"Truth-in-Taxation" Tax Rate (per \$100 Assessed Value)	1.3029	
FY 2012 Primary Levy	\$ 477,571,468	
Primary Tax Rate (per \$100 Assessed Value)	1.2407	
Amount Under/(Over) "Truth-in-Taxation" Levy	\$ 23,942,085	4.8%
	0.0622	
FY 2012 Median Residential Limited Property Value	\$ 124,500	
"Truth-in-Taxation" Tax Bill on Median-Valued Home	\$ 162.21	
Property Tax Bill on Median-Valued Home	154.47	
Tax Bill Savings/(Increase)	\$ 7.74	4.8%



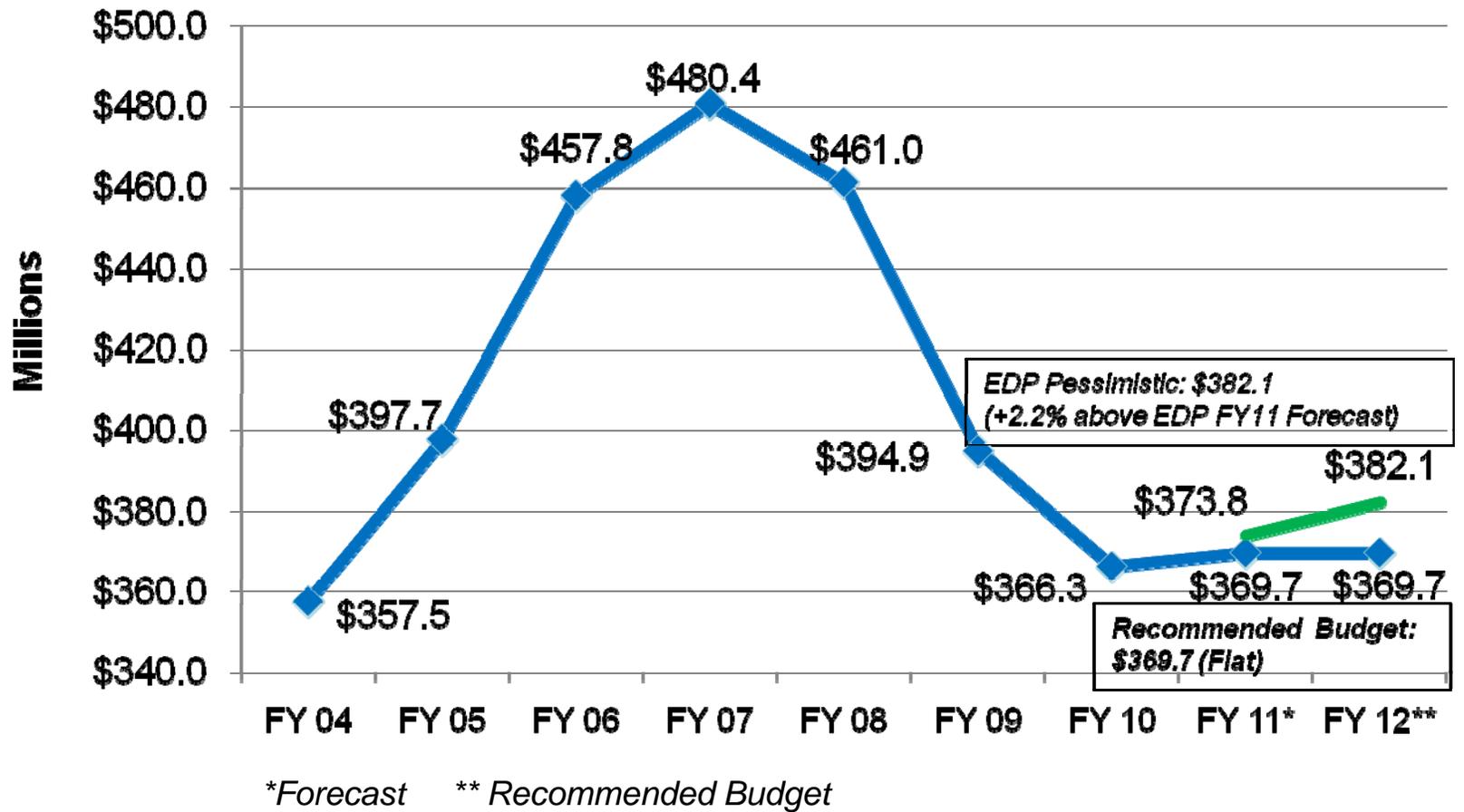
Sales Tax Revenues

- The impact from population and employment revisions resulted in a downward revision in the tax revenue categories.
- Maricopa County's share of Net Assessed Value in the State directly affects the formula for State shared sales tax.
- Maricopa County's share of State population also dropped with 2010 Census and will have in impact on future distributions from the State.

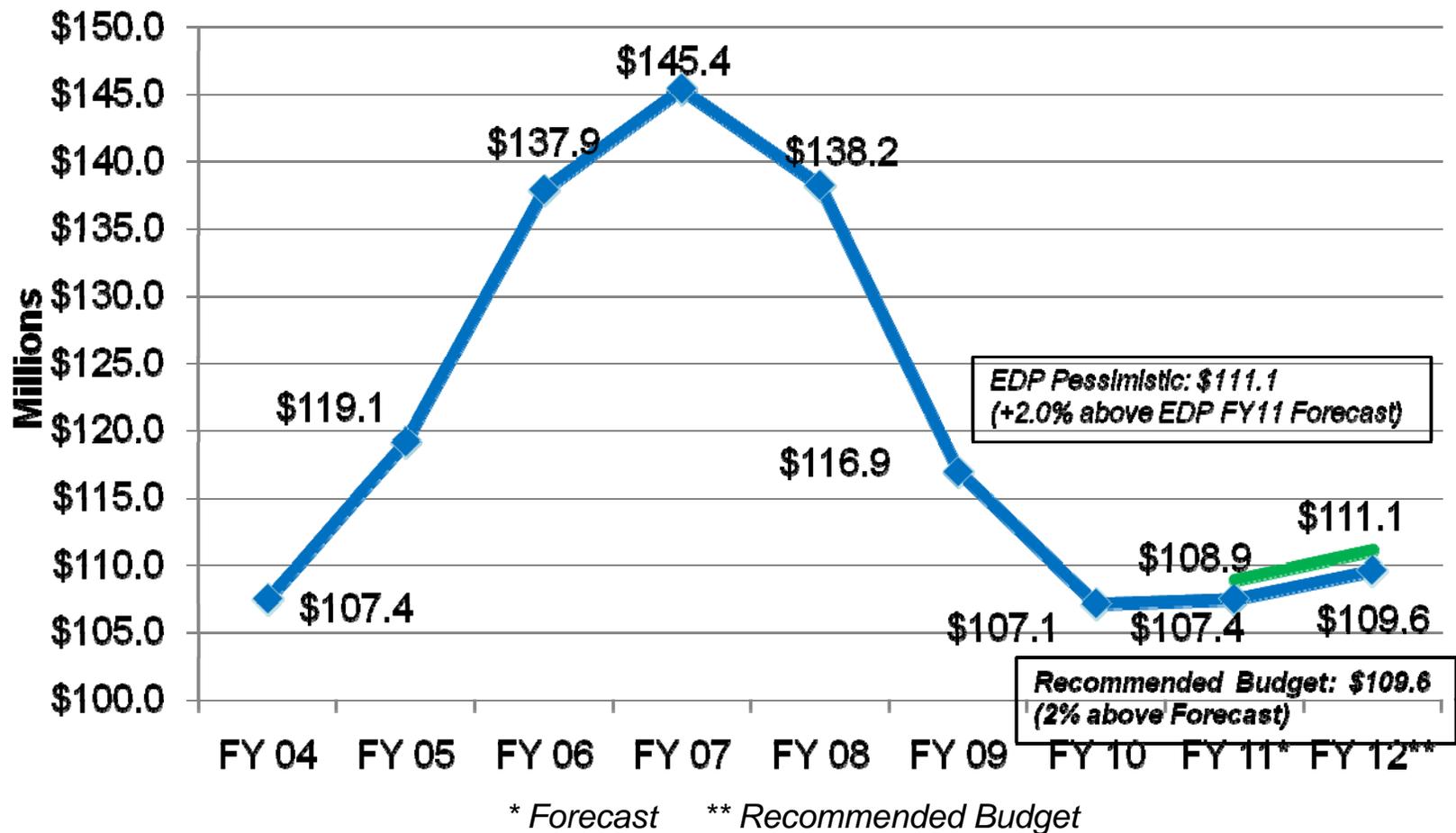
Source: *Elliott D. Pollack & Company*



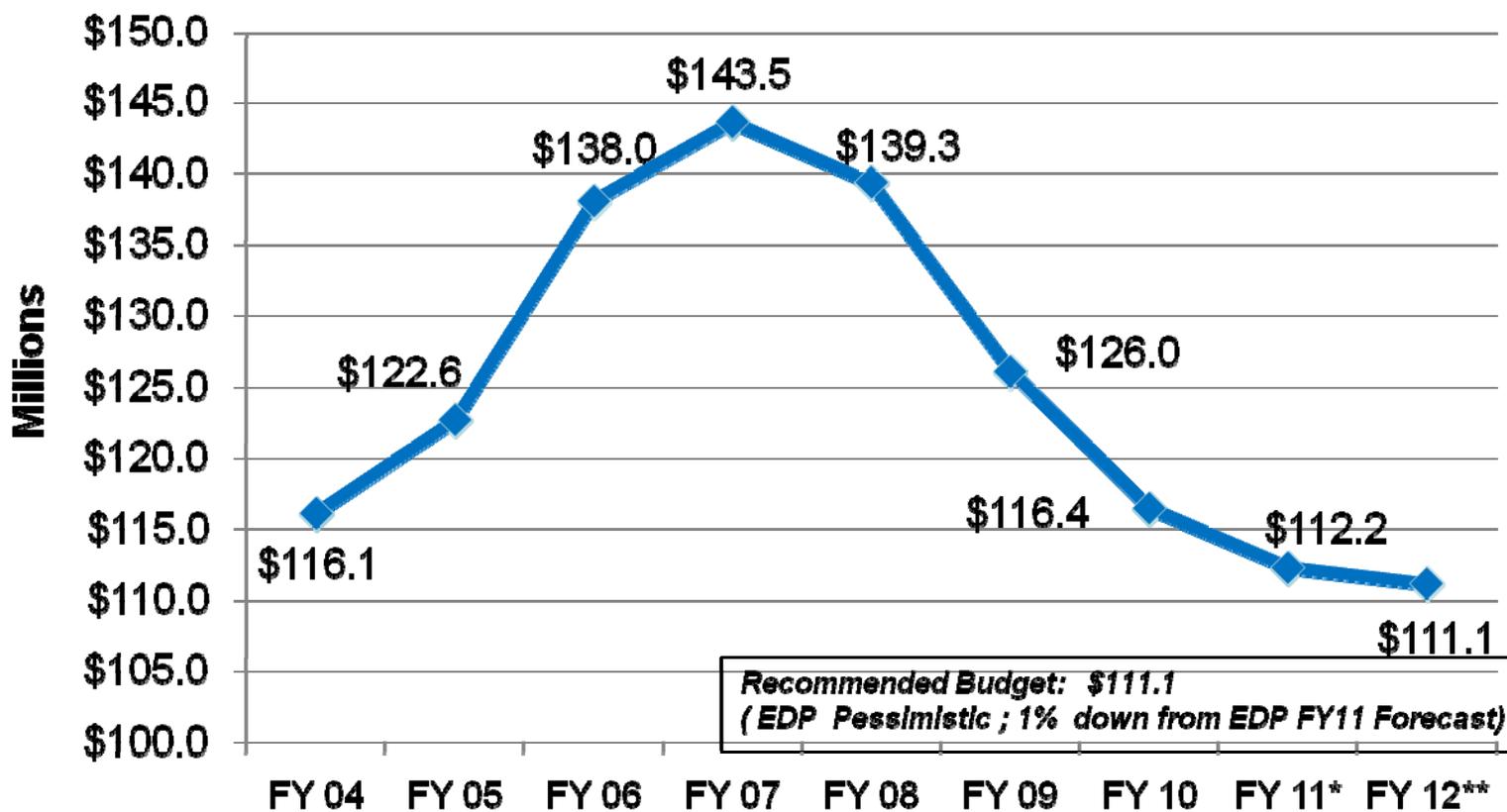
State Shared Sales Tax



Jail Excise Tax



Vehicle License Tax



* Pollack Forecast ** Recommended Budget



Revenue Summary

- Additional caution is warranted for the coming fiscal year in terms of budgeting.
- The next quarter will provide critical information about the health of revenue collections for the coming fiscal year as a whole.



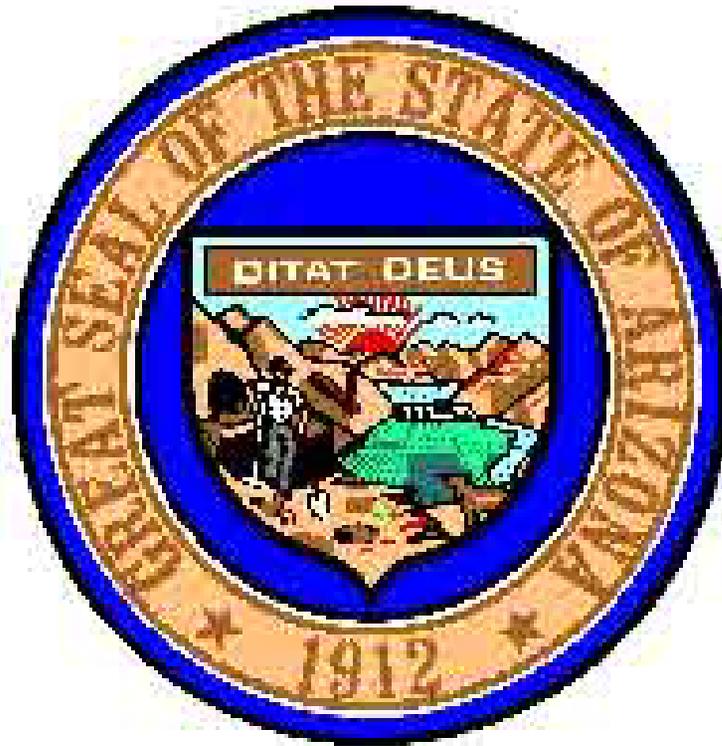
Source: *Elliott D. Pollack & Company*



Risks and Threats



State of Arizona Budgetary Threats



Maricopa County Forced Funding of State Deficit: \$174.8 million*

(Millions)

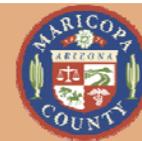
	FY 08	FY 09	FY 10	FY 11	FY 12	TOTALS
Mandated Contribution	\$ 5.501	\$24.168	\$19.015	\$28.600	\$26.385	\$ 103.668
Sweep ALTCS Refunds	-	11.079	-	-	-	11.079
HURF Diversion to DPS	-	5.890	5.299	5.345	8.551	25.085
HURF Diversion to MVD	-	-	-	-	6.662	6.662
Reduce, Eliminate Lottery Revenue	-	-	0.250	0.250	0.250	0.749
SVP Payments	-	-	2.000	2.500	5.000	9.500
100% Superior Court Judges Salaries	-	-	-	9.013	9.013	18.026
	\$ 5.501	\$41.137	\$26.564	\$45.708	\$55.860	\$ 174.769

*Not included: Impact of Inmate Shift (under analysis)



Inmate Shift

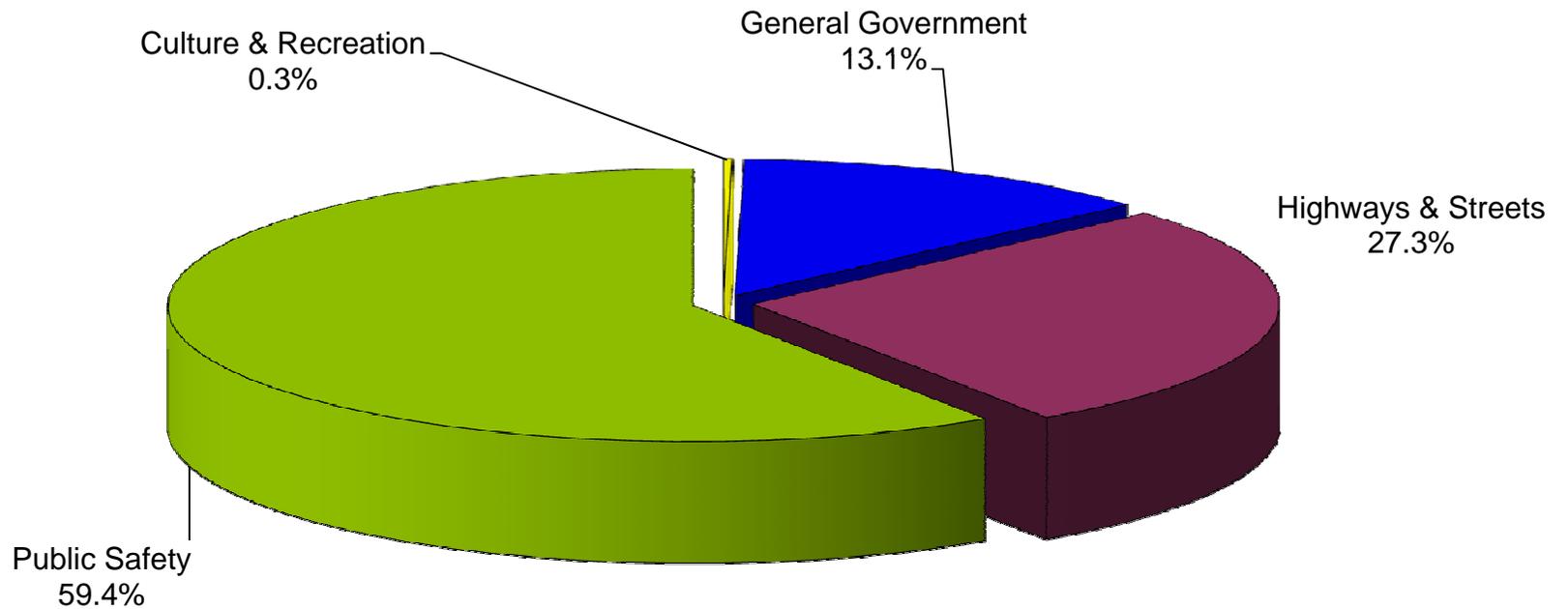
- Annual operating costs could exceed \$30 million
- Unknowns:
 - Infrastructure costs
 - State per diem rate
 - What will happen on July 1, 2012
- Sheriff, not Board, is decision-maker



Capital Improvements



Uses of Capital Funds FY 2012 - \$423,985,494



FY 2010 Long-term Debt per Person Comparison to National Benchmarks

Long Term Debt Per Person Is Low Compared to Benchmarks



SOURCE: Maricopa County LTD for Governmental Activities "Note 13— Long Term Liabilities", Benchmark CAFRs & Internal Audit Analysis



Recommended New CIP Projects

General Fund

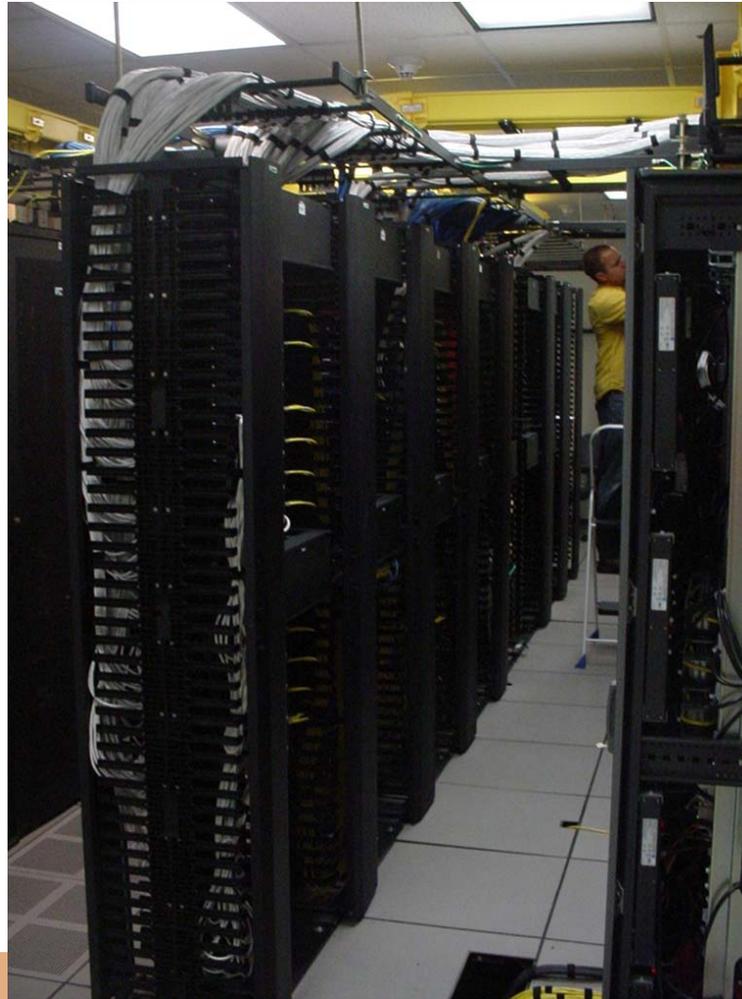
- Clerk of Court Remodel \$ 8,229,359
- Old Courthouse Rehabilitation 2,373,811
- Sheriff's Executive Building 64,000,000

Detention Fund

- Sheriff's Executive Building \$16,000,000
- Project Reserve 52,139,825



Technology Projects



Technology Infrastructure Projects

- Downtown Network Infrastructure Upgrade – Zone 2 & Power Refresh
- Durango Campus, Southeast Campus and Remote Sites – Zone 3 & Zone 2
- Zone H – Correctional Health



Recommended Technology Projects

12 Projects - \$235,586,323 (5 years)

Telephone and Call Center Systems

Radio System

Infrastructure Upgrades

Court Security Integration

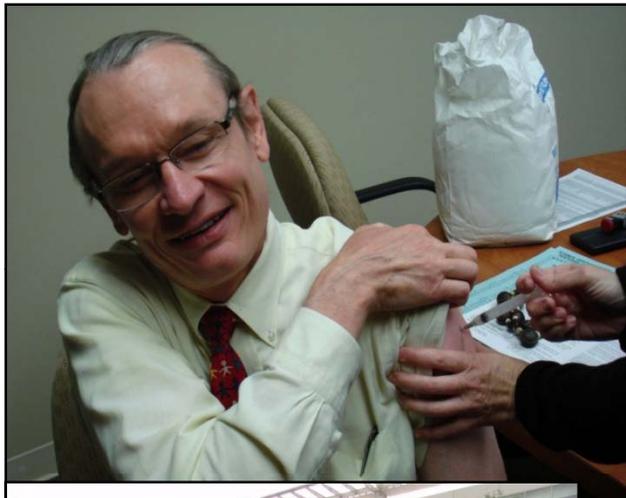
Correctional Health

Sheriff's Office

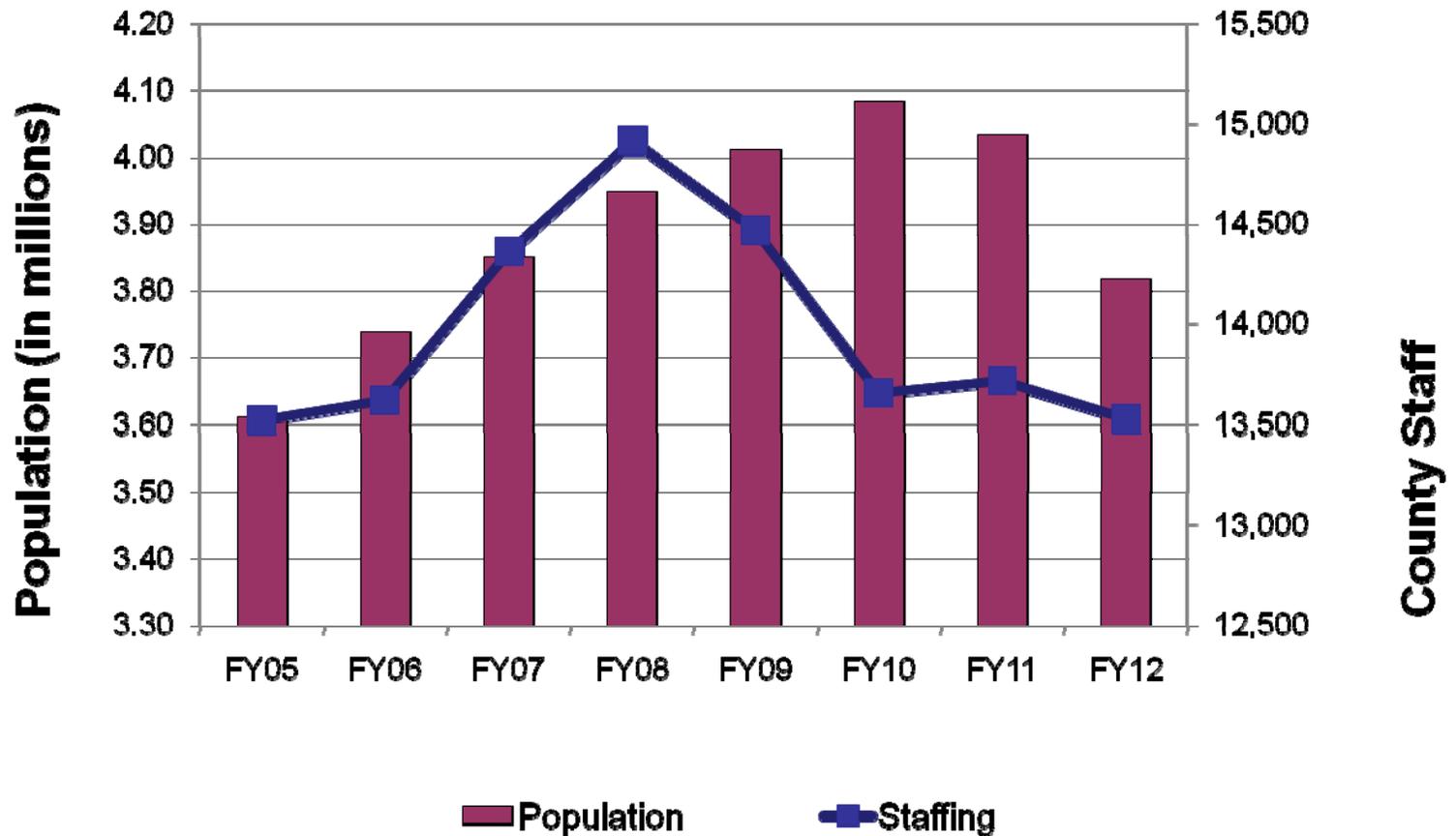
Facility/Space Management



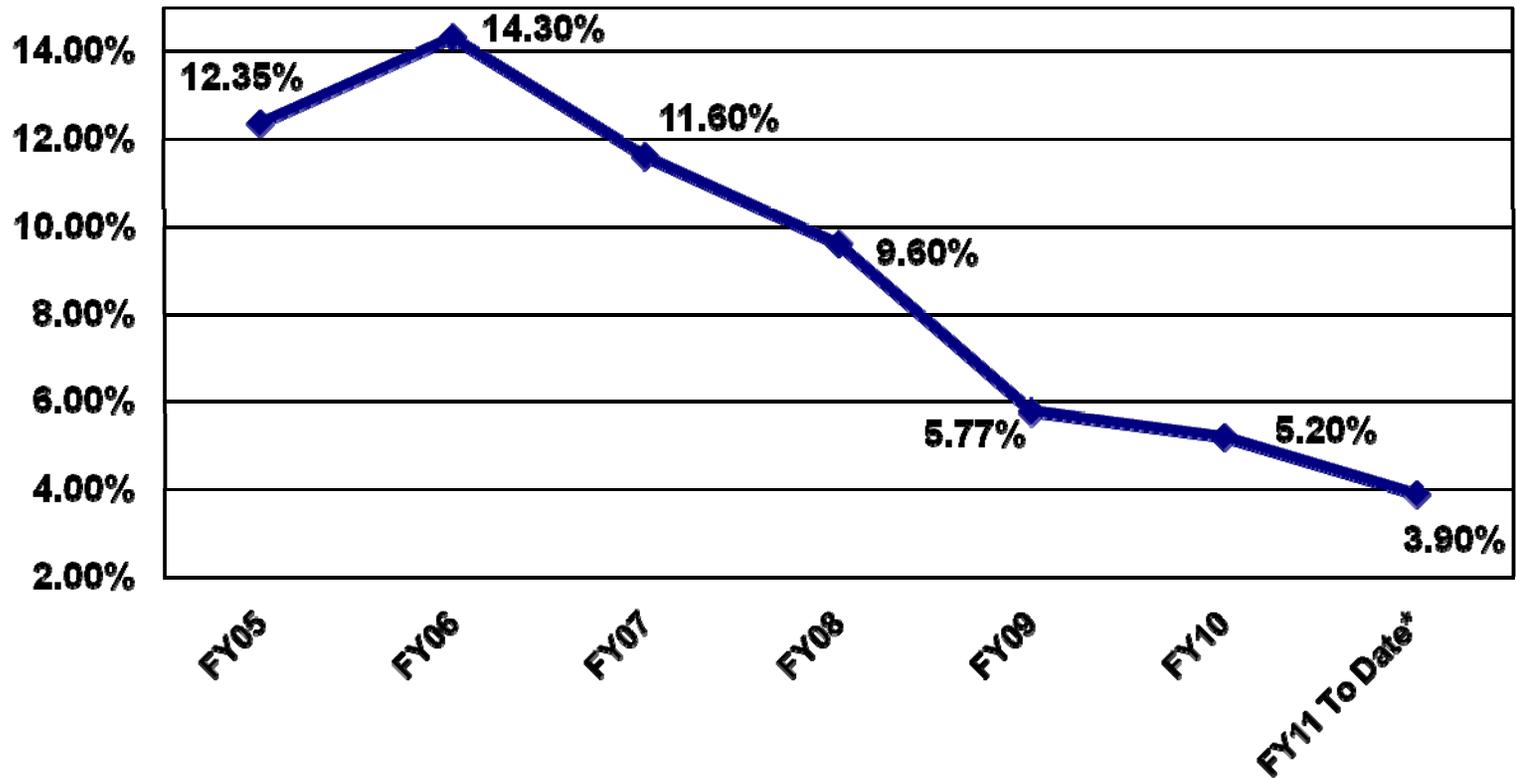
Employee Issues



Changes in County Population and County Staffing



Voluntary Turnover By Fiscal Year



* FY To Date (9-Month Period: 07/01/2010 to 03/31/2011)



Compensation

- No funding for Pay for Performance
- Includes funding for continuation of Peak Performers Program
- Includes increased funding for Education Assistance Program
- Employee Benefits maintained without significant cost increase for employees
- Employees will be required to contribute a higher percentage to the retirement systems



Department Budgets



Justice System



Justice System Overview

- Filings, caseloads, and populations continuing downward trend
- Declining need for detention staff in jails offset by increasing demands for healthcare for inmates
 - Standards continue to increase



Sheriff's Office



Sheriff's Office - Detention

- FY 2012 budget reduces
 - Detention staff by 26 FTE
 - Overtime by \$500k
- FY 2012 reductions
 - \$2.4 M for indirect costs
 - \$4.5 M for law enforcement positions
- Budget cut by \$8.4 M (4.7%)
- \$2.0 M in additional Inmate Services Funds to develop programs to promote inmate welfare



Outstanding Detention Issues

- Inmate shift (July 2012)
 - 60% increase in sentenced population
 - 16% increase in overall population
- Detention staffing study
 - Are current staffing levels sufficient and correctly allocated?
 - Staffing for inmate shift
 - Potential efficiencies



Sheriff's Office – Law Enforcement

- FY 2012 budget reduces
 - Patrol staff by 2 FTE
 - Temporary pay by \$100k
 - Other various areas by \$565k
- FY 2012 budget increases
 - \$2.4 M for indirect costs
 - \$4.5 M for law enforcement positions (53.9 FTE)
- Budget grew by \$6.9 M (10.2%)
- Patrol staffing study
- Budget Agreement signed



Repayment of Jail Enhancement & Detention Funds

	Detention Fund	Inmate Svcs Fund	Total
Misspending	\$(84,748,933)	\$(14,743,225)	\$(99,492,158)
Maint. Of Effort Credit	73,610,988	-	73,610,988
General Fund*	11,137,945	14,743,225	25,881,170
Remaining Balance	\$ -	\$ -	\$ -

* General Fund payment to be made out of funds reserved for mandated State contribution.



Proposed Corrective Actions

- Sweep funds to pay State
- Line item review
- Journal voucher review
- Additional audits
- Staffing studies
- Timeclocks (ADP)



MCSO Current and Planned Audits

Title	Focus	Status
Software Licensing	Adequacy of software license controls	Target report date: 7/31/11
Purchasing Cards	Appropriateness of and support for P-card purchases	Target report date: 6/30/11
IT Inventory	IT risks	Begin: 6/2011
Data Center	Adequacy of controls of data centers	TBD
Jail Mgmt System	Adequacy of controls over JMS and Canteen System to protect inmate data	TBD
Vehicle Usage	Adequacy/efficiency of vehicle management, assignment and operations	TBD

Additional audits may be performed at the request of the Board



Sheriff's Office – Line-Item Review

- For FY 2011, Board directed OMB to review all Jail Enhancement Fund and Detention Fund transactions
- Review has been retroactive
- Only issues relate to charging general costs to restricted funds
 - Example: A new computer purchased from Jail Enhancement for an accounting clerk that supports both law enforcement and detention
- Very few issues; MCSO finance staff have been cooperative



Conclusion

- FY 2011-12 recommended budget is fiscally sound.
- Overall, this budget continues to do more with less.
- Caution is prudent with the current economic conditions.



Budget Calendar – Remaining Dates

June 13	District 5 Community Presentation
June 15	ATRA Presentation
June 20	Final Budget Adoption
August 15	Property Tax Levy Adoption





Question 1

- What are the current costs of the Sheriff's Office having its own comprehensive, duplicative, administration, including full Human Resources, Procurement, Business Services, IT and Payroll departments? What money could be saved from our county budget if the MCSO were to contract with County Services to perform these administrative functions?



Question 1 Response

- Maricopa County has a decentralized administrative model. MCSO is no different than other large departments within the county. However, OMB will be recommending that the board supplement countywide staff to assist MCSO in the coming fiscal year, and to provide “checks and balances.”

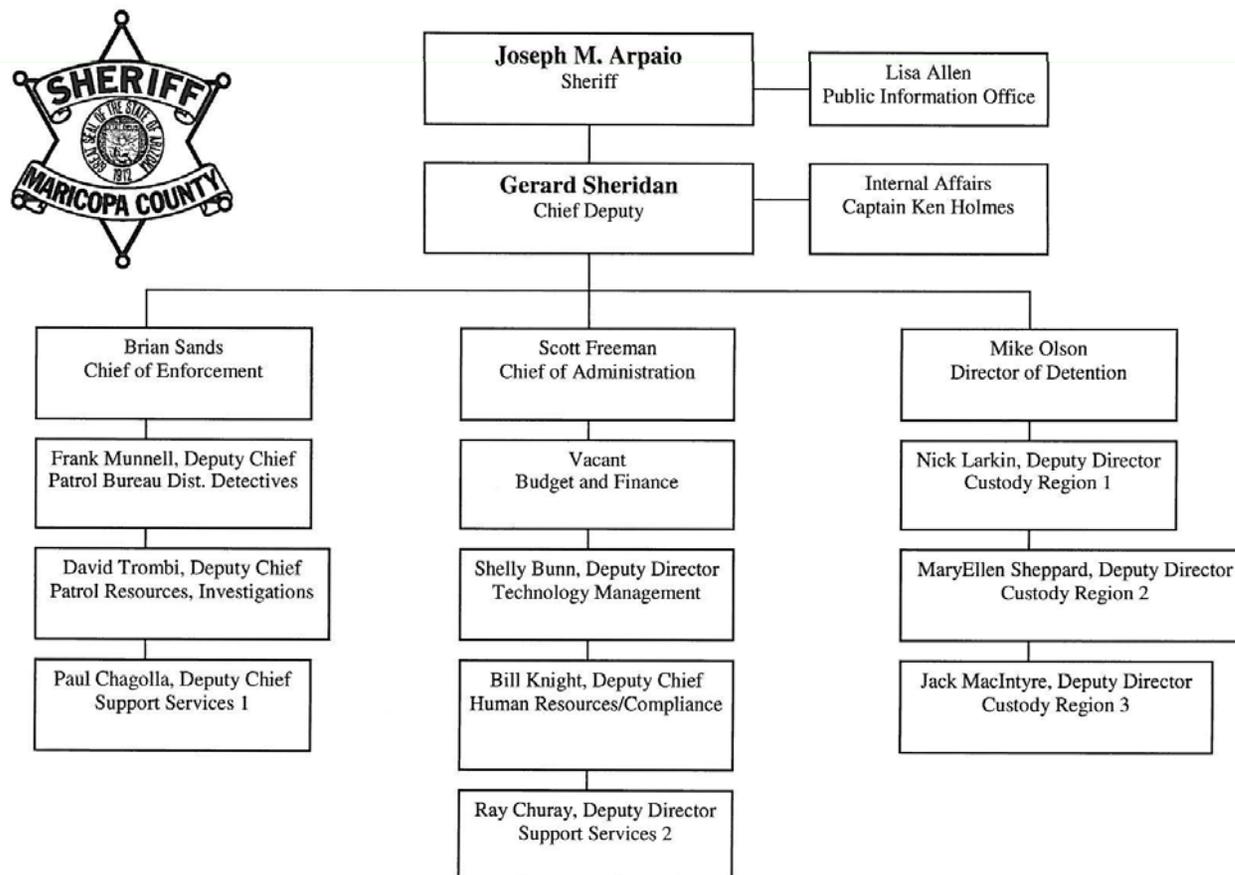


Question 2

- What is the organizational chart of the Maricopa County Sheriff's Office?



Question 2 Response



Version 6
Tuesday, May 10, 2011



Question 3

- What is the budget for media and public relations services for the MCSO?



Question 3 Response

- According to MCSO, there is currently a public information officer and three staff working in the MCSO media and public relations group.
- The approximate budget for these four positions is \$330K.



Question 4

- What is the budget for all consultants and contractors for the MCSO? Who are these consultants and contractors and what work do they perform?



Question 4 Response

- MCSO has indicated that there are no significant projects or funds being expended for consultants or contractors at this time.
- This response has not been confirmed because there was not sufficient time.



Question 5

- What is the budget for the Special Victims Unit? How many staff does that Unit have?



Question 5 Response

- The Special Victims Unit has a staff of one lieutenant, one sergeant, and nine deputies.
- The budget for these 11 positions is \$970K.



Question 6

- What is the budget for extradition of inmates? Where does this funding come from? Have there been any changes to the policies on extradition, in light of the report of financial abuse of lodging and travel reimbursements?



Question 6 Response

- The FY 2012 budget for the Extradition Activity is \$1.1M.
- The Extradition Activity is budgeted in the Detention Fund.
- A legal opinion was obtained to ensure that the cost could be charged to detention. The opinion concurred that this cost was appropriate.
- In the coming fiscal year, OMB, Finance and MCSO will continue to work on revising the extradition policy and following “best practice” models. In addition, changes to the P-card practices have limited the costs that can be incurred in this area.



Question 7

- What has been the annual funding for the MACE Unit over the last 5 years? Where did this funding come from? What is the current year's budget for MACE and where do these funds come from?



Question 7 Response

- According to MCSO, there were typically a sergeant and five deputies working in the MACE unit.
- The approximate cost of these General Fund positions was \$500K.
- Per MCSO, the MACE unit is no longer in operation and has been disbanded.



Question 8

- What amount of money has been spend on the Honduras project since its inception? Is this project part of the current budget and, if so, how much is allocated?



Question 8 Response

- It is difficult to determine the costs that were incurred for this project. RICO funds were expended and they are not readily available to the county.
- The funds were not budgeted individually.
- According to MCSO, there are no plans to continue this project into the future.



Question 9

- How are the community and workplace raids being funded? How much have the raids costs, from the first one until now? Is anyone monitoring the use of funds for those raids? What is the cost per person jailed or deported through these raids?



Question 9 Response

- Much of the funds allocated for the workplace raids were funded by the GIITEM grant provided by the State of Arizona.
- The State of Arizona monitors the use of these funds.
- The cost per person jailed or deported is not tracked.



Question 10

- How are the expenses of the Sheriff's volunteer posse, such as gasoline for the vehicles, financed? Are they included in the Sheriff's budget? Also, is the posse covered by the county's liability insurance? If so, how much does this additional coverage impact the monthly premium?



Question 10 Response

- The Sheriff's Office and his posses are covered under Maricopa County's self-insured program.
- Posse coverage is included in the annual Risk Management allocation to the Sheriff's Office. Information needed in order to segregate the portion of the cost associated with posse members is not available.



Question 11

- What is the annual cost of all insurances paid for out of county funds for all MCSO operations, including the jails and all mandated and non-mandated law enforcement activities?



Question 11 Response

- Risk Management's FY 2012 cost allocation to MCSO is \$5.7M.
- Since Maricopa County is mostly self-insured, traditional "premiums" comprise very little of this expense.

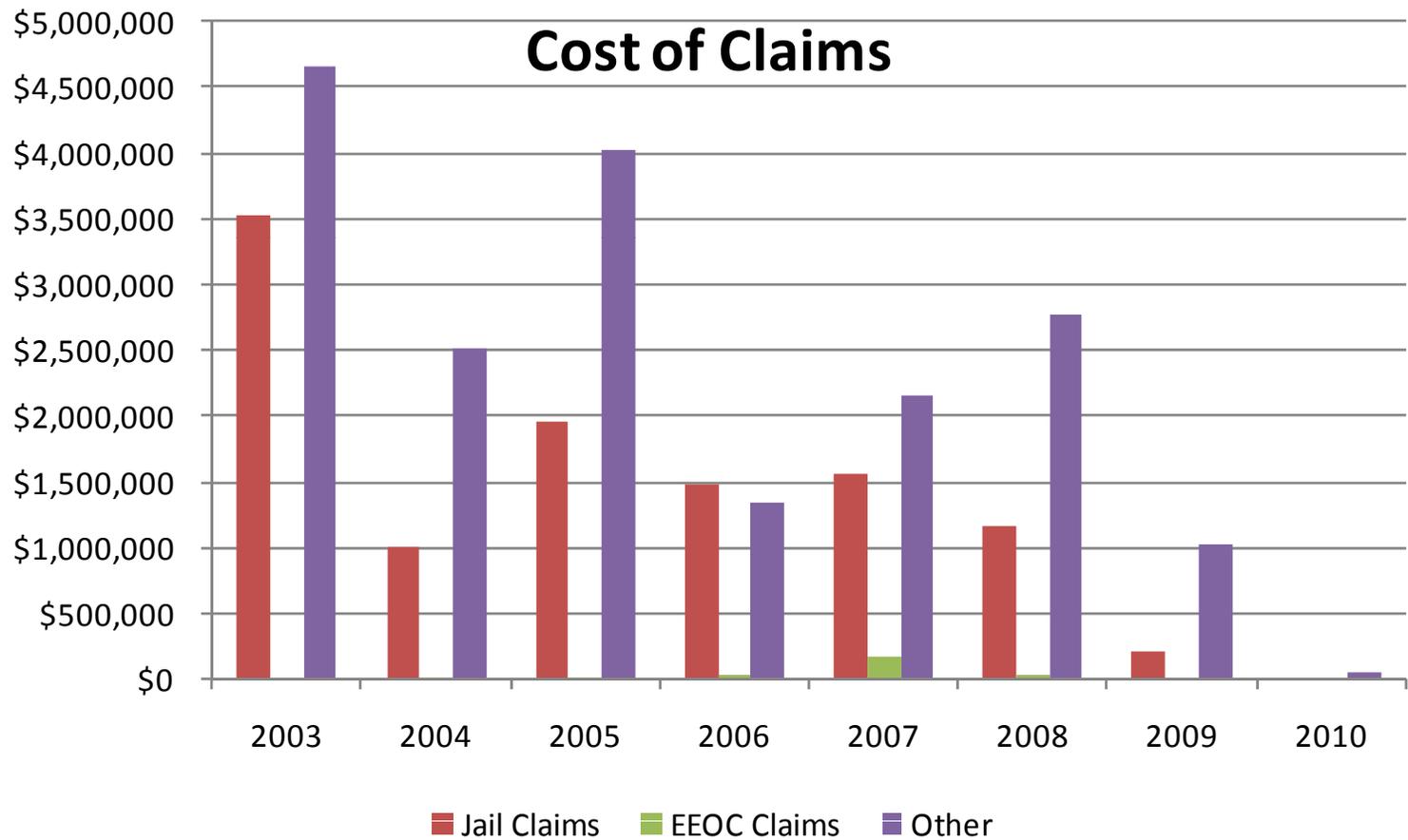


Question 12

- What is the cost of all lawsuits that the County has paid out on behalf of the MCSC over the last 8 years?



Question 12 Response



Question 13

- In light of the MCSO's loss of the Mora case, what funding has been set aside for the settlement? More broadly, what money will be allocated to fund the settlement of other lawsuits, the loss or settlement of which is now more probable give the precedent-setting Mora case?



Question 13 Response

- The Risk Management Department does not speculate on claims that have not been presented.



Question 14

- Who or what department monitors the non-mandated activities or services which the MCSO performs? What part of the budget is spent on these activities or services?



Question 14 Response

- The Sheriff's Office is an independently elected office. The elected Sheriff reports to the public and his operational decisions are not subject to review.
- The Office of Management and Budget, on behalf of the Board of Supervisors does perform a mandate study each year, but it is difficult to differentiate mandated vs. non-mandated enforcement activities.



Question 15

- What is the status of the investigation of staff use of credit cards and vehicles?



Question 15 Response

- The number of P-cards issued was reduced dramatically this past fiscal year. In addition, stringent spending limits and vendor code controls are now being used.
- Internal Audit is in the process of finalizing a P-card audit. However, the results of that audit have not yet been published.
- Once finalized, Maricopa County Internal Audit (602-506-1585) will make the report available.
- A study of vehicle usage will be completed in the coming fiscal year.



Question 16

- What is the status of the use of cash for inmates in jails? Was there an RFP issued? If so, what has happened with this? When will debit cards be implemented in the jails?



Question 16 Response

- Countywide reform of cash management practices is underway.
- An RFP is expected to be issued early next fiscal year. This new cash handling system will be implemented at the Sheriff's detention facilities as well as in other county departments.
- Once a vendor is selected and the project implemented, debit cards are expected to be utilized in our jails.



Question 17

- The population of the jails has shrunk dramatically. Who will analyze the staffing patterns at the jails to determine the appropriate level of staffing for this reduced jail population?



Question 17 Response

- As the inmate population has dropped, the detention staff in county jails has also declined.

	FY 2009	FY 2010	FY 2011 (YTD)	FY 2012 Budget
Avg Daily Population	9,219	8,039	7,242	7,600
Detention Staff (FTE)*	2,202	2,196	2,115	2,125
Detention Employees*	2,068	2,047	1,960	N/A

*Detention Officers, Sergeants, Lieutenants, Captains

- The current jail population is 7,572.



Question 17 Response

