



2017

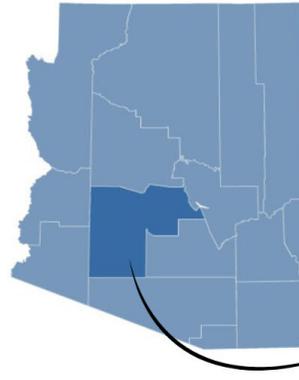
Citizens' BUDGET BRIEF




INTRODUCTION

WELCOME!

Welcome to the fourth annual Citizens' Budget Brief! This document is one of the ways to continue the conversation on the Maricopa County budget and how to best spend our tax dollars in Fiscal Year (FY) 2017. The word "OUR" indicates the collective responsibility and opportunity we all have in improving our community, Maricopa County. We believe that increased transparency fosters informed and engaged citizens. This budget brief provides an overview of the organization of the County, the budget process and the revenues and expenditures for FY 2017. Thank you for engaging in this partnership of shared governance!



Population: 4,167,947
Land Area: 9,224 Sq Miles
Household Income: \$53,689
% of AZ Population: 61%
Median Assessed Value of Single Family Homes: \$121,100

OUR
Maricopa
County



2017 Budget

For the FY 2017 Budget, Chairman Hickman and his fellow supervisors placed an emphasis on building a sustainable budget addressing core mandates and public safety concerns. This budget is built upon the values of fiscal stewardship and operational efficiency to address Maricopa County's growing population and continue *best-in-class* public service.



Chairman of the Board

CLINT HICKMAN

"This budget follows a conservative fiscal path that the Board has embraced for many years. I asked my fellow Board members to endorse a budget process that continued to encourage collaboration, but that also emphasized fiscal restraint."

Highlights

- FY 2017 Budget -



Expenditure budget of \$2.356 billion, an increase of \$122 million as compared to Fiscal Year 2016. This increase is primarily attributed to how capital debt is issued.



Primary property tax levy budgeted at \$506 million or \$150 million below the maximum levy.



Reserve funds set aside with two months of operating expenditures for both the General and Detention fund.



Capital projects budgeted at \$290 million to complete the Southwest Justice Center, continue the design/build of the new intake, transfer and release jail facility and fund \$100 million in transportation projects.



Over 53% or \$1.2 billion of total County expenditures allocated to public safety services.

**ORGANIZATIONAL
STRUCTURE**

Board of Supervisors



(from left) Denny Barney, Chairman Clint Hickman, Steve Chucri, Steve Gallardo, Andrew Kunasek

Maricopa County is a subdivision of the Arizona State government. The Board of Supervisors is the governing body for the County. Each member represents one of the five districts, which are divided geographically and by population to include a mix of urban and rural constituencies. Supervisors are elected to four-year terms and are not term-limited. The Board of Supervisors is also the Board of Directors for the Flood Control, Library, and Stadium Districts, and serves as the Board of Equalization, Board of Deposit and the Planning and Zoning Commission.

Constitutional Officials



(From upper left to right)
Assessor: Paul D. Peterson
Clerk of the Superior Court: Michael K. Jeanes
County Attorney: Bill Montgomery
Presiding Judge of the Superior Court: Janet Barton
Presiding Justice of the Peace: C. Steven McMurry
Recorder: Helen Purcell
Sheriff: Joseph M. Arpaio
Superintendent of Schools: Dr. Don Covey
Treasurer: Charles "Hos" Hoskins

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Maricopa County's mandated functions are defined by both the Arizona State Constitution and the Arizona Revised Statutes. Nine County offices are independently overseen by elected officials: Assessor, Clerk of the Superior Court, Constables, County Attorney, Justices of the Peace, Recorder, Sheriff, Superintendent of Schools, and Treasurer. The Judicial Branch, headed by a Presiding Judge, includes the Superior Court, and the departments of Adult and Juvenile Probation.

County Staff



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In FY 2017, there are 14,288 full-time positions delivering services to Maricopa County residents. We refer to County employees as *Citizens Serving Citizens*. This describes the shared commitment and responsibility in public service of staff and residents.

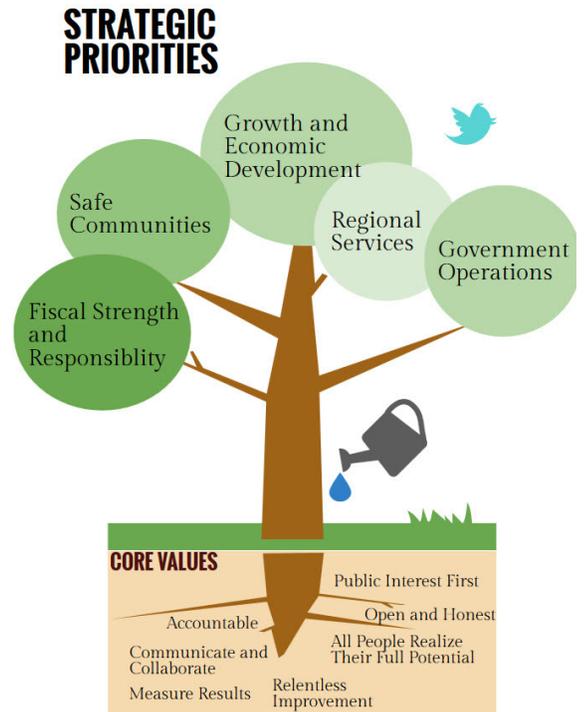
STRATEGIC DIRECTION

A Budget is a Plan

The budget is a policy document which establishes the operational plan for delivering on-going services to County residents. It directs the funding priorities and strategic direction in levying taxes, setting fees and appropriating expenditures for service delivery.

County Budget Philosophy

Maricopa County develops and maintains a structurally balanced budget, which means that recurring revenues meet or exceed recurring expenses. Therefore, the County does not use one-time resources, such as fund balance, as a funding source for on-going operations. This serves to protect against unforeseen declines in revenues and promotes sustainable service expansion.



Road map for Action

The Strategic Plan contains the County's mission and vision statements and a set of strategic priorities and goals that establish a road map of what the County aspires to achieve over the four-year period. Each priority area has several goals to achieve the Board of Supervisors' vision for the community.

2017 Budget Guidelines

- Sustainable, Structurally-Balanced Budget**
- No Requests for New Funding**
- Budget will Incrementally Restore Operating Contingency**
- Increases Will Be Evaluated for Impact on Expenditure Limitation**

Each year the Board of Supervisors establishes budget guidelines to provide direction to the County Manager, Office of Management and Budget and all departments so that they can develop a sustainable, structurally-balanced budget that achieves, within available resources, the County's mission and strategic goals as set forth in the Maricopa County Strategic Plan.

Maricopa County Recovery

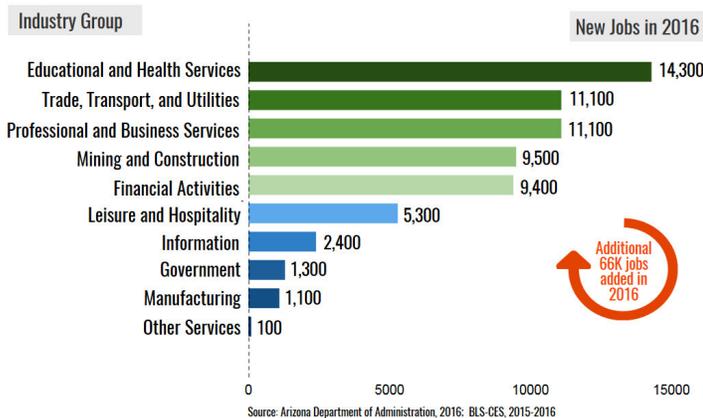
Maricopa County has nearly recovered from the job losses of the *Great Recession* and is bracing for the next economic downturn. It has been seven years since the end of the Great Recession and according to local economist Elliott Pollack, job figures from July of 2016 indicate the County has recovered 92% (274,000) of the jobs lost from the high-point previous to the recession to the low-point of the recession. Estimates from the Arizona Department of Administration show Maricopa County added an additional 66,000 jobs in FY 2016, with the service industries posting the majority of the gains. Also, the unemployment rate in the County for the first half of 2016 improved to 4.5%, the lowest it has been since 2007.

Housing Market

In 2012 and 2013, Maricopa County single-family homes appreciated 28% and 25% annually (MLS sales data). Appreciation slowed to 8.5% in 2014 and 2015 sales trends indicate further slowing, which is expected due to previous years' gains. While there has been steady growth in multi-family permits for new construction, single family permit activity decreased in 2014. The number of permits for new construction is an indicator of housing demand; accordingly the housing recovery is expected to be tempered in the coming years.

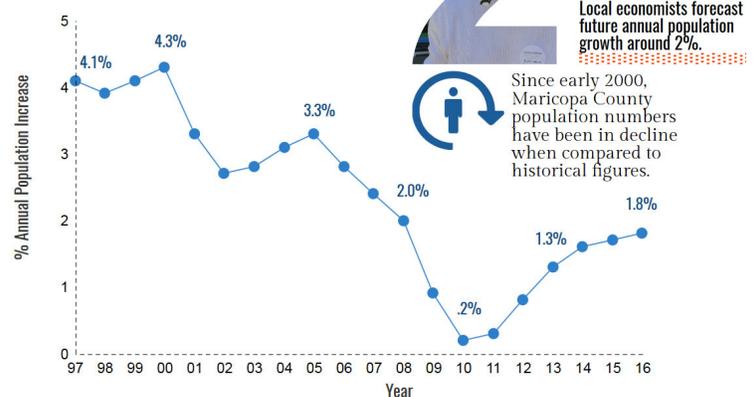
Employment Change by Industry Group

- Maricopa County
(June 2015 to June 2016)



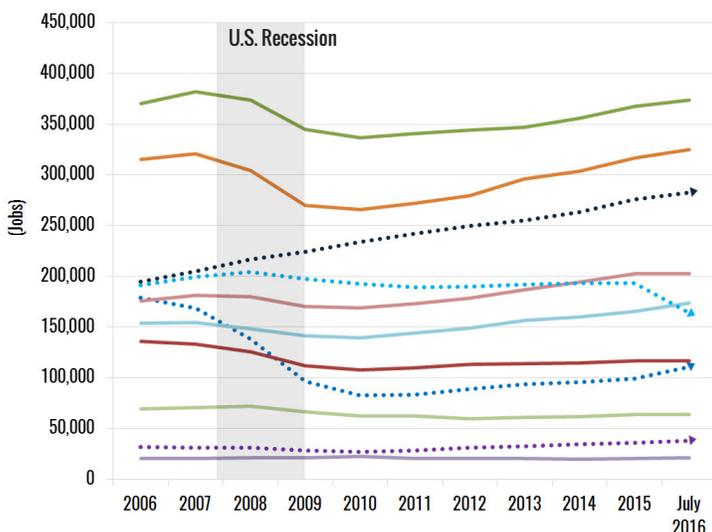
Population

Maricopa County Population Figures (Annual % Change)



Maricopa County Non-Farm Employment

Number of Jobs 2006 - July 2016 (Not Seasonally Adjusted)



Next Recession?

Although economic indicators are regaining momentum, business cycle averages indicate a recession is on the near horizon. Maricopa County is budgeting accordingly.

STRONG/WEAK GROWTH SECTORS

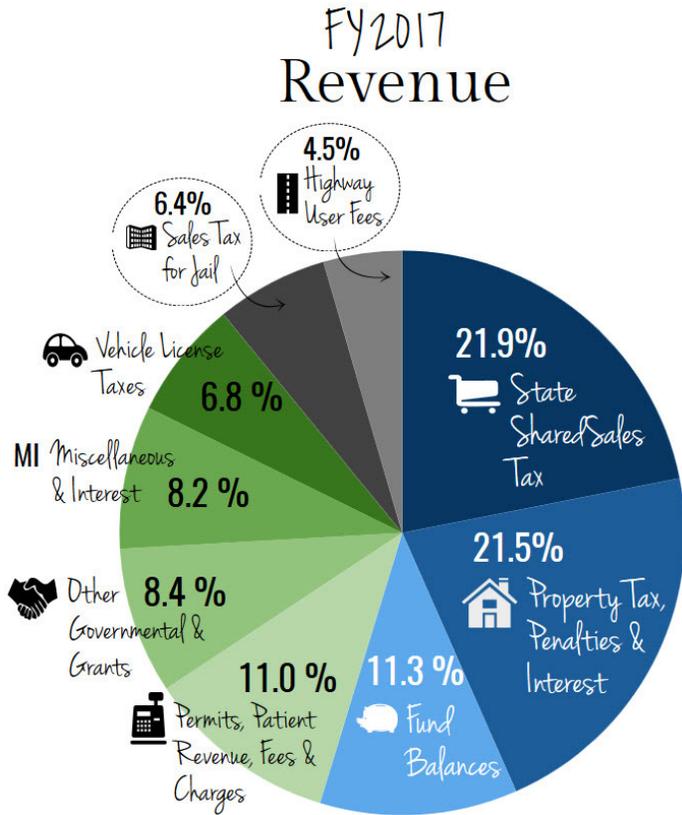
- EDUC & HEALTH SRVS** (+) Average annual growth rate 4%. No annual declines since prior to 2006.
- STATE & LOCAL GOVT** (-) Steady decline since 2008. Pronounced decline in 2015.
- MINING & CONSTRUCTION** (-) Annual declines of -18% (2008), -31% (2009) and -14% (2010). Sector slow to regain jobs.
- INFORMATION** (+) 10% annual increase in 2012 and 2013 through 2016, 5%-6% annual growth.

LEGEND

- Mining and Construction
- Manufacturing
- Trade, Transportation, and Utilities
- Information
- Financial Activities
- Professional and Business Services
- Educational and Health Services
- Leisure and Hospitality
- Other Services
- Federal Government
- State and Local Government

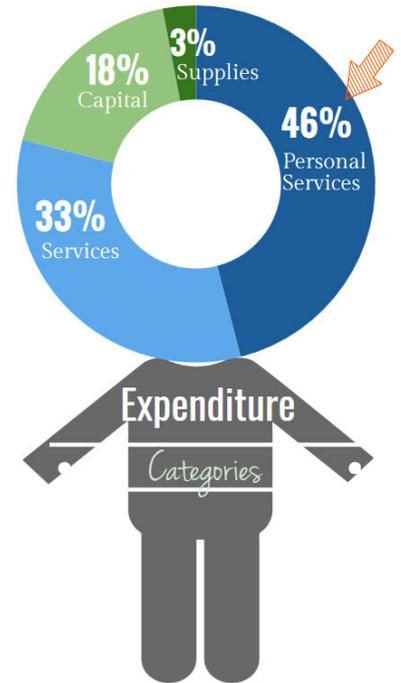
Budget Appropriation

The FY 2017 County Adopted budget is \$2,356,007,976, an increase of \$122 million from 2016.



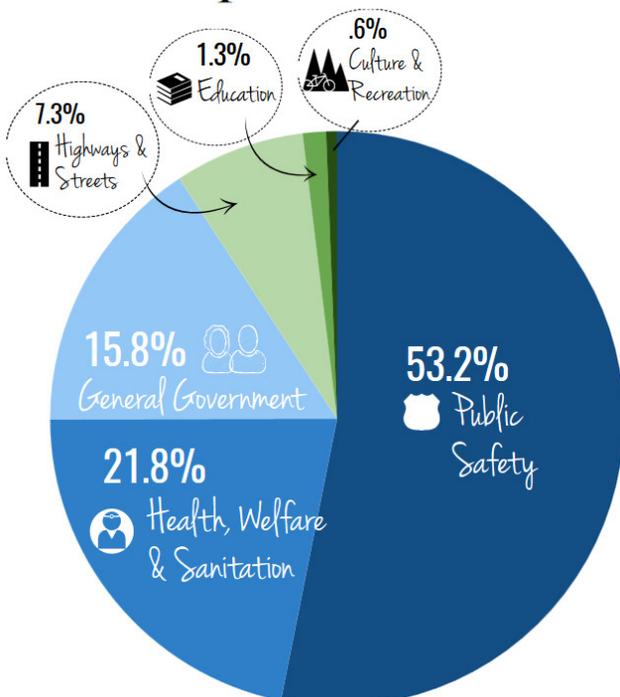
Expenditure Categories

The four major expenditure categories are Personal Services, Supplies, Services and Capital. These categories are used to account for the spending decisions of the County. The majority of expenses fall into the Personal Services or Services category.



Note:
Human capital is the largest investment by Maricopa County and represents nearly **HALF** of all County expenditures.

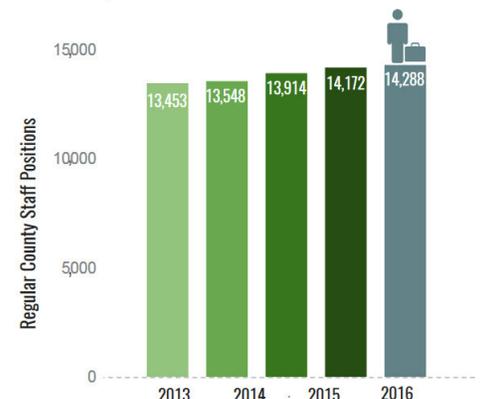
FY2017 Expenditures



Personnel

The expected increase in County personnel in 2017 (116 positions) is primarily due to the Human Services Department applying for a grant to expand Head Start Services, and increased staff in the justice system departments (County Attorney, Adult Probation, Public Defender and Superior Court). Departments significantly reducing staff include Education Service, Environmental Services, Juvenile Probation, Public Health and the Sheriff's Office.

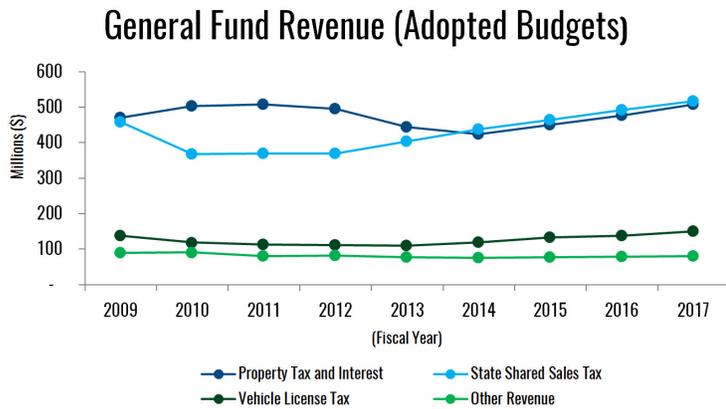
Maricopa County Personnel*



* Adopted Budget

Revenue

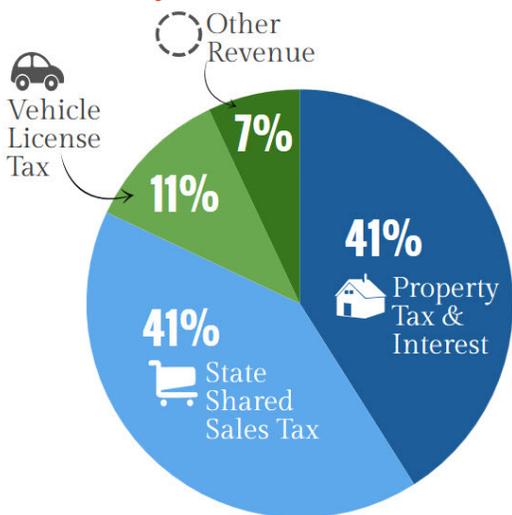
Prior to the Great Recession, State Shared Sales Tax was the leading source of General Fund revenue. However, with the economic downturn, Property Taxes became the primary source of General Fund Revenue in 2009 and this continued through 2013. In 2014, State Shared Sales Tax regained its placement as the top General Fund Revenue source.



Since 2009, Property and State Shared Sales Tax represent over 80% of General Fund revenue.

Revenue Distribution

5 Year Average



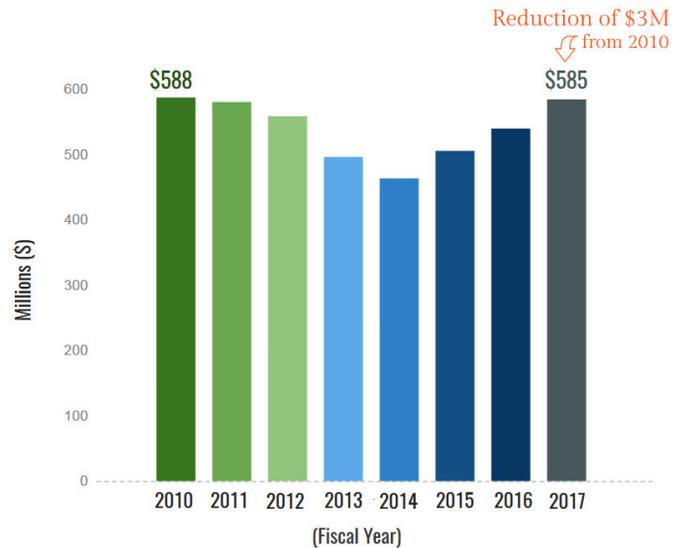
Property Taxes

Primary property taxes finance the County's general operations through its General Fund. The County is currently \$150 million below the maximum allowable primary property tax levy.

GENERAL FUND REVENUE

Since FY 2010, the County-controlled property taxes have been reduced by almost \$3 million.

County-Controlled Property Taxes*



*Includes County (Primary), Flood Control District (Secondary) and Library District (Secondary) taxes

Maricopa County receives **13¢** from each dollar of property taxes collected.

Maricopa County only sets the property tax rates for the Primary Property Tax, Flood Control and Library Districts.

Maricopa County is \$150 million below the levy limit in FY 2017.



PROPERTY TAXES

Understanding Your MC Property Tax Bill



MC PROPERTY TAX BILL Example

Primary Limited Value \$121,100

LPV Assessed Value (10%) \$12,110

Primary Tax Rate Per \$100 of Assessed Value 1.4009

MC Taxes Due \$170

Secondary Full Cash Values \$145,000

Flood Control and Library District levy taxes against this value.

FCV Assessed Value \$14,500

Secondary Tax Rate Per \$100 of Assessed Value 0

MC Taxes Due \$0

While Full-Cash Value (FCV) reflects market value, annual Limited-Property Value (LPV) growth is capped at 5%.

MC property taxes on average represent only 13% of the total property taxes due.

With the exception of special districts, MC has not levied a secondary property tax since 2004.

Assessed value is determined by MC Assessor and multiplied by the assessment ratio for the property class type.

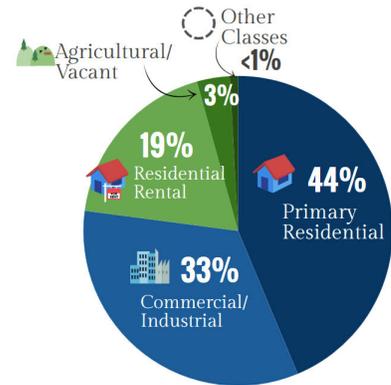
Secondary property taxes fund voter-approved general obligation bonds, budget overrides and special districts.

Note: This property tax bill example excludes Maricopa County Special Districts (Flood Control, Library and Stadium Districts).

Property Taxes Complexity

The example to the left is a simplification of the property taxation process. In order to review an actual bill, all taxing jurisdictions would need to be included, as well as applicable circuit breakers, homeowner rebates and the 1% limit on the limited-property tax (LPV) for class three (primary residential) properties.

Which Property Tax Classes Generate the Most Revenue?



Note: Residential property taxes represent 63% of all MC property taxes

Estimated MC Property Taxes: \$506 million + \$10 million from SRP TOTAL: \$516 M

FY 2017 Property Taxes & Assessment Ratios

TOP 4 PROPERTY CLASSES BY REVENUE COLLECTION

How are Property Taxes Determined?

Property taxes are based upon the tax rate, property value and property use type (property class).

These are the 4 major property classes and the amount of revenue they should generate in 2017.



Assessment Ratio	10%	18.5%	10%	16%
Expected Property Taxes in FY 2017 (in millions of dollars)	\$221 M	\$169 M	\$94 M	\$17 M

NOTES

Assessment ratios are defined by Arizona State Statute.

Commercial & Industrial assessed ratios have been decreasing over the last couple years.

Additional classes make up remaining \$5M. Salt River Project property taxes are an additional \$10M.

GENERAL FUND EXPENDITURES

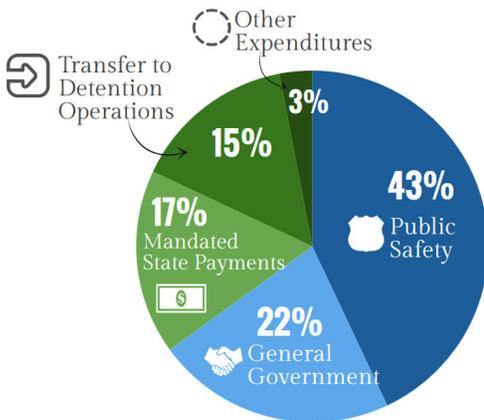
Expenditures

In FY 2017, about 30% of the County's General Fund operating and non-recurring expenditures are required payments, leaving only 70% for unrestricted spending. Public safety receives the largest allocation of General Fund expenditures at 43%, this increases to 58% if the transfer to the Detention Fund for mandated and budget balancing funding is included.

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.



FY 2017 General Fund Expenditures



General Fund Operating Expenditures

- FY2017 -

Only **67%** of General Fund operating expenditures are available for spending in 2017. The other 33% are statutorily allocated to payments to the State of Arizona and to the Detention Fund.

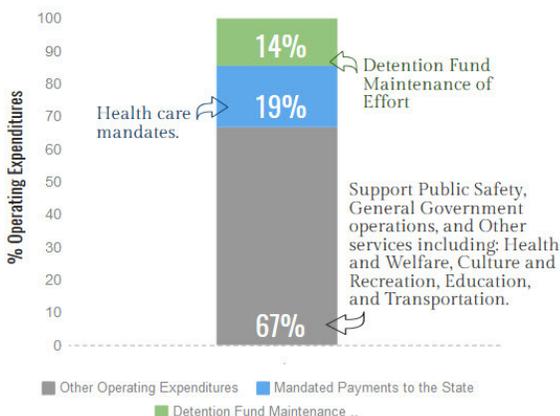


The FY 2017 General Fund Operating budget is only **4% Higher** than the FY 2007 budget.

MC Managed Growth

Over the past 10 years, the County has judiciously managed the growth of the General Fund Operating budget, it has only grown by a total of 4% since 2007. During this time, the County's population increased by more than 450,000 residents and inflation increased by an average of 1.8% annually.

Operating Expenditures by Use



General Fund Operating Budget Overview			
Fiscal Year	Operating Budget	Year-over-Year Change	Change from 2007
2007	1,203,772,576		
2008	1,176,981,072	(26,791,504)	(26,791,504)
2009	1,166,652,302	(10,328,770)	(37,120,274)
2010	1,090,162,676	(76,489,626)	(113,609,900)
2011	1,075,560,244	(14,602,432)	(128,212,332)
2012	1,058,467,146	(17,093,098)	(145,305,430)
2013	1,034,486,471	(23,980,675)	(169,286,105)
2014	1,056,343,141	21,856,670	(147,429,435)
2015	1,123,183,239	66,840,098	(80,589,337)
2016	1,183,450,935	60,267,696	(20,321,641)
2017	1,252,877,305	69,426,370	49,104,729

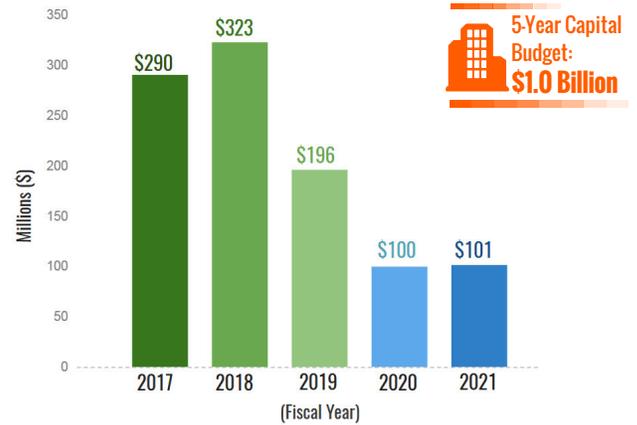
Capital Improvement Program

The Capital Improvement Program (CIP) is a plan that identifies capital improvement projects to be completed over the next five fiscal years. Because these projects typically span more than one fiscal year, the plans are updated annually to track existing projects, to identify new projects, and to update funding estimates and forecasts.

CAPITAL IMPROVEMENTS

5-Year Capital Improvement Program

Projected Expenditures



WHAT ARE CAPITAL PROJECTS?

- Any acquisition of or improvement of land for a public purpose.
- Any construction of a new facility (e.g. a public building, parking lot, road, bridge, etc.) or an addition to or extension of such a facility.
- A nonrecurring rehabilitation that increases the service potential of the building (i.e. something that is infrequent and would not be considered annual or other recurrent maintenance) or major repair of all or a part of a building, its grounds or a facility.
- Any planning, feasibility, engineering or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects.



Future operating costs related to new facilities constructed or acquired through the CIP are carefully considered before project commitments are made. It is the County's philosophy and policy that new capital projects will be undertaken only if future operating revenues are reasonably estimated to be sufficient to support associated future operating costs.

The County's CIP is divided into three parts: Facility CIP, Technology CIP and Transportation CIP.

Facility

Typical land and building improvements

Technology

Major technology projects that substantially impact how the County does business

Transportation

Projects that are associated with roads and bridges

FY 2017-2021 ★

CAPITAL Project Highlights*

- Public Safety Radio System**
Project Cost: \$131 Million
- Southwest Justice Center**
Project Cost: \$31 Million
- Intake, Transfer & Release Jail Facility**
Project Cost: \$185 Million
- Infrastructure Refresh I & II**
Project Cost: \$72 Million
- MAG Arterial Life Cycle Program**
Project Cost: \$294 Million

Note: *Project Costs can include previous year expenditures

MC Capital Improvement Plan Process



CITIZEN ENGAGEMENT

"OUR" Maricopa County

We welcome the opportunity to hear from you on the quality of service being delivered and the value you place on Maricopa County services. Consider Maricopa County as "OUR County"; together we engage in a partnership in delivering legal services and law enforcement, public works, parks and trails and health services while promoting a strong and vibrant community.

There are various methods of being involved in the Maricopa County budget process—citizens can engage departments directly (department contact information can be found online at www.maricopa.gov or call **602-506-3011**), attend Board of Supervisors' Budget Meetings, on social media, or contact the Office of Management and Budget.

Board Meetings

The Maricopa County Board of Supervisors typically have Formal Meetings on Wednesdays twice a month, Informal Meetings on Mondays as scheduled and Special Meetings as necessary. The Clerk of the Board posts copies of the Board of Supervisors' meetings and agendas at **301 West Jefferson, Tenth Floor, Phoenix, Arizona** and online at www.maricopa.gov/Clk_board.

Social Media

Participate in the online conversation on Facebook (fb.com/maricopacountyaz) and Twitter ([@maricopacounty](https://twitter.com/maricopacounty)).



Enhanced Regulatory Outreach Program

This policy allows multiple opportunities for stakeholder input on the adoption and amendment of all regulatory requirements and includes alternative expedited processes.

Adopted by the Maricopa Board of Supervisors in order to promote consistency and transparency among regulatory departments.

WE NEED TO HEAR FROM YOU!



ONLINE
SOCIAL MEDIA
TELEPHONE
IN PERSON
BOARD MEETINGS

"At its core... Democracy is a conversation."
- Supervisor Steve Chucri

CONTACT US



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fb.com/maricopacountyaz
[@maricopacounty](https://twitter.com/maricopacounty)
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Phoenix, AZ 85003

Maricopa County Budget Questions?



How much does the County invest in... services?

Contact the Budget Office

 (602) 506-7280
 www.maricopa.gov/budget
ombweb@mail.maricopa.gov

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2016 RECAP



MARICOPA COUNTY ARIZONA

2016 NACO Achievement Awards

57 Awards

2 "Best in Category" Awards

Most awards in the nation!

2016 SERVICES

 229,314 Sheriff's Service Call Responses	 3,312,858 Ballots Sent Out
 113,016 Immunizations Provided	 75.2 Miles of Road Constructed
 1,523,106 County Park Visitors	 7,544 Average Daily Inmate Population
 58,730 Civil & Felony Cases Resolved	 1,620,449 Property Assessments



Complete Budget Information

<http://www.maricopa.gov/Budget/BudgetDocument.aspx>

Visit us online!