2018 BRIEF

**Capital Projects**
Capital projects budgeted at $359 million. With $82.3 million for the new Intake/Transfer/Release Jail facility that will increase efficiency for partner agencies.

**Property Taxes**
Primary property tax levy is budgeted at $536 million, which is $148 million below the statutory limit.

**Expenditures**
Expenditure budget of $2.49 billion, an increase of $134 million as compared to FY17.

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

**Mandated Costs**
Maricopa County is mandated to make a variety of payments to the State of Arizona. These include $267 million in cost shifts and health care programs.

**Public Safety**
More than 53% of the County budget is dedicated to public safety and criminal justice.
Introduction

WELCOME

Welcome to the Citizens’ Budget Brief for Maricopa County’s Fiscal Year 2018 Budget. The County takes fiscal transparency seriously, and this document provides citizens with a way to review how their resources are allocated within their county government.

ABOUT MARICOPA COUNTY

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.

CONSTITUTIONAL ELECTED OFFICIALS

Constitutional Officials

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. However, the Board of Supervisors still sets the expenditure authority for each elected officials’ department through the annual budget process. The other elected officials are pictured and listed below:

BOARD OF SUPERVISORS

(From left to right)
District 2: Steve Chucri
District 3: Bill Gates
District 1: Chairman, Denny Barney
District 5: Steve Gallardo
District 4: Clint Hickman

County Assessor: Paul D. Peterson
County Attorney: Bill Montgomery
Clerk of the Superior Court: Michael K. Jeanes
Presiding Judge of the Superior Court: Janet Barton
Presiding Justice of the Peace: Keith Russell
Recorder: Adrian Fontes
Sheriff: Paul Penzone
School Superintendent: Steve Watson
Treasurer: Royce T. Flora
Budget Background
The Fiscal Year 2018 Budget runs from July 1, 2017 until June 30, 2018.

ABOUT THE BUDGET
Budget Philosophy
Maricopa County develops and maintains a structurally balanced budget, which means that recurring revenues meet or exceed recurring expenses over the economic cycle. Therefore, the County does not use one-time resources as a funding source for on-going operations.

Budget Guidelines
Each year the Board of Supervisors establishes budget guidelines to provide direction to the Constitutional Officers, County Manager, Budget Office, and departments. This year the guidelines included:
- Property tax rate will remain unchanged
- No department requests over baseline
- Reserves must be set aside

Strategic Priorities
The County has established a set of strategic priorities and goals that influence how resources are allocated in the budget.
- Fiscal Strength and Responsibility
- Safe Communities
- Growth and Economic Development
- Regional Services
- Government Operations

“"This budget keeps us on a path of fiscal responsibility, while at the same time, investing in much-needed capital projects like a new jail and intake facility that will make our criminal justice system much more efficient.""

Denny Barney
Chairman of the Board of Supervisors

ECONOMIC INFLUENCES
Economic factors have an influence on the budget by affecting revenue growth and service demands.

Population
Maricopa County Population Figures
(Annual % Change)

Unemployment
Maricopa County Unemployment Rate Compared
(Annual Average %)

Single Family Residential Permits
Maricopa County Single Family Residential Permits
(Total Annual Permits)
Budget Overview

COUNTY TOTALS

Total budgeted revenue and expenditures for FY18 are $2,490,087,419, an increase of $134,079,443 from FY17.

FY18 Total Revenue by Source

FY18 Total Expenditures by Activity
Public Safety is the largest activity and includes the Sheriff, Probation, County Attorney, Courts, etc.

FY18 Total Expenditures by Category
Personnel is the county's largest category of expenditures.

PERSONNEL
Total budgeted FTE's have decreased by 136 positions from FY17 adopted to FY18. This is due to the elimination of positions in Protective Services that were replaced by private contractors, and grant funded positions not receiving funding.
GENERAL FUND
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 other funds.

General Fund Revenue History
(In Millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>GF Budget</th>
<th>Yr-Over-Yr Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,431,161,094</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,274,013,084</td>
<td>(157,148,010)</td>
<td>-10.98%</td>
</tr>
<tr>
<td>2011</td>
<td>1,373,769,565</td>
<td>99,756,481</td>
<td>7.83%</td>
</tr>
<tr>
<td>2012</td>
<td>1,283,872,849</td>
<td>(89,896,716)</td>
<td>-6.54%</td>
</tr>
<tr>
<td>2013</td>
<td>1,281,919,431</td>
<td>(1,953,418)</td>
<td>-0.15%</td>
</tr>
<tr>
<td>2014</td>
<td>1,288,546,966</td>
<td>6,627,535</td>
<td>0.52%</td>
</tr>
<tr>
<td>2015</td>
<td>1,253,626,194</td>
<td>(34,920,772)</td>
<td>-2.71%</td>
</tr>
<tr>
<td>2016</td>
<td>1,274,904,388</td>
<td>21,278,194</td>
<td>1.70%</td>
</tr>
<tr>
<td>2017</td>
<td>1,406,003,835</td>
<td>131,099,447</td>
<td>10.28%</td>
</tr>
<tr>
<td>2018</td>
<td>1,458,868,531</td>
<td>52,682,696</td>
<td>3.75%</td>
</tr>
</tbody>
</table>

Property Taxes
PRIMARY PROPERTY TAX OVERVIEW
The tax rate for FY18 remained flat at $1.4009. Maricopa County’s primary property tax levy is $535,870,745 for FY18, an increase of $29,648,603. The increase in property tax revenue is due to growth in the assessed valuation of properties and new construction.

Maricopa County prides itself on being a good steward of citizens’ tax dollars. State statute limits the amount of property tax revenue the county can levy every year. The graph below shows that Maricopa County has remained well under that maximum levy for the last 8 years. For FY18, the maximum levy is $684 million.

Actual Levy vs. Statutory Maximum
(In Millions)
UNDERSTAND YOUR PROPERTY TAX BILL

The example below 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?

- 44% Primary Residential
- 19% Residential Rental
- 33% Commercial/Industrial
- 3% Other Classes <1%

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

Estimated MC Property Taxes: $536 million + $11 million from SRP TOTAL: $546 M

FY 2018 Property Taxes & Assessment Ratios

TOP 4 PROPERTY CLASSES BY REVENUE COLLECTION

<table>
<thead>
<tr>
<th>Property Class</th>
<th>Assessment Ratio</th>
<th>Expected Property Taxes in FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Residential</td>
<td>10%</td>
<td>$236 M</td>
</tr>
<tr>
<td>Commercial &amp; Industrial</td>
<td>18%</td>
<td>$177 M</td>
</tr>
<tr>
<td>Residential Rental</td>
<td>10%</td>
<td>$101 M</td>
</tr>
<tr>
<td>Agricultural &amp; Vacant</td>
<td>16%</td>
<td>$18 M</td>
</tr>
</tbody>
</table>

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

The table to the right is a comparison of all department budgets and FTE’s from FY17 revised to FY18 adopted.

The tables below highlight the top five largest departments by budget and FTE count.

<table>
<thead>
<tr>
<th>Department</th>
<th>FY18 Budget</th>
<th>FY18 FTE’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheriff</td>
<td>$374,050,627</td>
<td>3,811</td>
</tr>
<tr>
<td>Transportation</td>
<td>$210,195,330</td>
<td>1,260</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$181,878,761</td>
<td>1,022</td>
</tr>
<tr>
<td>Adult Probation</td>
<td>$105,909,367</td>
<td>1,200</td>
</tr>
<tr>
<td>Superior Court</td>
<td>$105,526,927</td>
<td>695</td>
</tr>
</tbody>
</table>

1Does not include Non Departmental; only departments with FTE’s included.
2General Administration includes: the Board of Supervisors, the Clerk of the Board, County Management, and Real Estate.
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.

5-Year Capital Improvement Program
(Projected Expenditures)

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Expenditure (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$359</td>
</tr>
<tr>
<td>2019</td>
<td>$305</td>
</tr>
<tr>
<td>2020</td>
<td>$132</td>
</tr>
<tr>
<td>2021</td>
<td>$118</td>
</tr>
<tr>
<td>2022</td>
<td>$87</td>
</tr>
</tbody>
</table>

5-Year Capital Budget: $1.001 Billion

Contact Us
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

FY 2018-2022 Capital Project Highlights*

- Public Safety Radio System: Project Cost: $131 Million
- Madison Street Jail Adaption: Project Cost: $116 Million
- Intake, Transfer & Release Jail Facility: Project Cost: $185 Million
- IT Infrastructure Refresh I & II: Project Cost: $71 Million
- Transportation Capital Program: Project Cost: $337 Million

*Project Costs can include previous years' expenditures