



Financial Condition Report

Fiscal Year 2006

Internal Audit Department

Maricopa County, Arizona

The **County Auditor** is appointed by the Board of Supervisors. The mission of the Internal Audit Department is to provide objective, accurate, and meaningful information about County operations so the Board of Supervisors can make informed decisions to better serve County citizens.

The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.

Audit Team Members

Eve Murillo, CPA, CFE, MBA, Deputy County Auditor

Carla Harris, CPA, CIA, CFE, Audit Supervisor

Patra E. Carroll, CPA, CIA, Audit Supervisor

Kimmie Wong, MPA, Senior Auditor

Nic Harrison, CISA, Staff Auditor

Jenny Eng, Staff Auditor

Special Thanks to John Lewis, Financial Reporting Manager, Department of Finance

Copies of the County Auditor's reports are available by request.

Please contact us at:

Maricopa County Internal Audit
301 W. Jefferson, Suite 660 ◆ Phoenix, AZ 85003 ◆ (602) 506-1585

Many of our reports can be found in electronic format at:

www.maricopa.gov/internal_audit



Maricopa County

Internal Audit Department

301 West Jefferson St
Suite 660
Phoenix, AZ 85003-2143
Phone: 602-506-1585
Fax: 602-506-8957
www.maricopa.gov

April 18, 2008

Andrew Kunasek, Chairman, Board of Supervisors
Fulton Brock, Supervisor, District I
Don Stapley, Supervisor, District II
Max Wilson, Supervisor, District IV
Mary Rose Wilcox, Supervisor, District V

We have completed the Fiscal Year (FY) 2006 edition of the Maricopa County Financial Condition Report based primarily on the FY 2006 CAFR issued in October 2007. This work, which is part of our Board-approved audit plan, provides information on current and historical County financial trends.

For FY 2006, we again highlight the financial strength of the County's General Fund within the context of population growth that led the nation. The General Fund unreserved fund balance continued to grow, and long-term debt levels decreased. Key financial indicators compare very favorably to national and local benchmarks.

This year we include a benchmark comparison of investment portfolios between the County Treasurer and the Arizona State Treasurer. Highlights include comparative analyses of investment yields and the composition of investment pool by asset type.

We also provide updated information about County employee pension plans due to the deteriorating financial trends experienced locally and nationally since FY 2000.

We would like to commend the Board of Supervisors and County leadership for the conservative fiscal policies that have led to the strong financial condition highlighted throughout this report. The foresight and restraint applied in prior years will significantly help soften the impact of the current economic downturn.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

Maricopa County Basics

“We strive to protect and enhance the quality of life in our community and measure the difference we make. We strive to create value with our services and infrastructure investments much the same as a private corporation would do. We audit ourselves internally and externally using measures such as Arizona Quality Awards, Malcolm Baldrige Award criteria, benchmarking, and various other competitive review processes. We are frequently asked by other governments for advice and counsel. I can only assume it is because we are doing what we say we will do.”

David Smith, County Manager
Managing for Results Annual Report FY07

Population [Source: U.S. Census Bureau]

3.77 million people call Maricopa County home, the 4th largest population in the nation behind Los Angeles County (California), Cook County (Chicago, Illinois), and Harris County (Houston, Texas).

The County’s population increased by 130,000 from July 2005 to July 2006, the biggest county population increase in the nation.

The County’s population grew by 596,000 from July 2001 to July 2006.

Size [Source: Maricopa County website]

At 9,226 square miles, Maricopa County is larger than several states, including Connecticut, Delaware, Hawaii, Massachusetts, New Hampshire, New Jersey, Rhode Island, as well as the District of Columbia.

Financial [Source: Maricopa County FY06 CAFR]

As of June 30, 2006, **the County Treasurer held \$3.1 billion in cash and investments**, which includes special districts and school districts along with County funds.

The County received **\$1.9 billion in revenue** during FY06.

The Unreserved General Fund Balance reached \$540 million in FY06, up \$112 million from the previous year.

History [Source: Maricopa County website]

Established in 1871, Maricopa was the fifth county to be formed in what was then the Arizona Territory.

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General Fund Key Financial Indicators

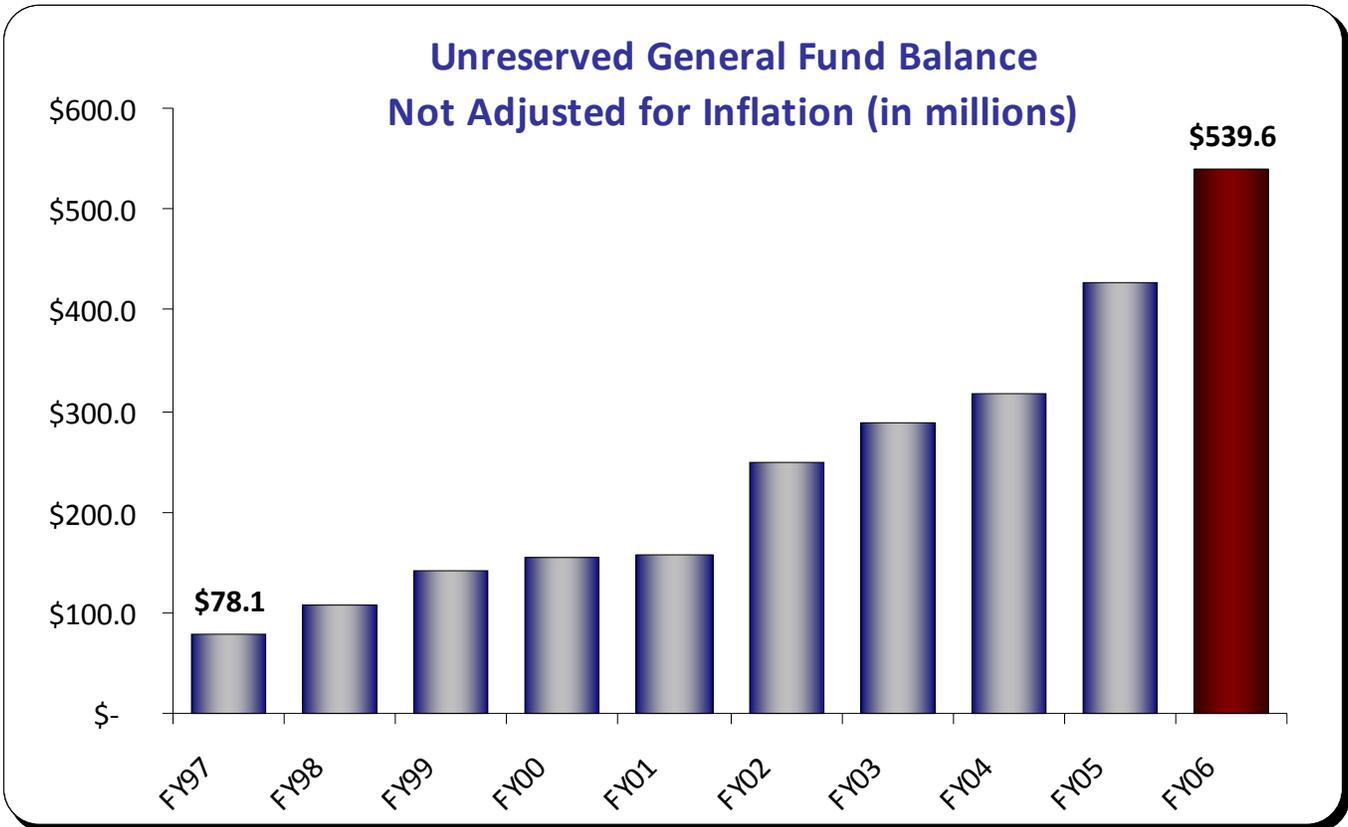
The General Fund is the County's primary operating fund.

The General Fund accounts for all financial resources of the general government, except for those required to be accounted for separately in a different fund (such as transportation, jail operations, etc.). The use of separate funds may be used for legal requirements (federal and state) and for financial administration purposes.

General Fund Key Financial Indicators

Unreserved General Fund Balance

The unreserved fund balance represents the funds available to meet the County’s current and future financial needs. It is a useful measure of a government’s liquidity. Conservative budget strategies, combined with conservative revenue estimates, have resulted in large General Fund balance increases. The County is setting aside resources to fund several large construction projects under a “pay as you go” policy.

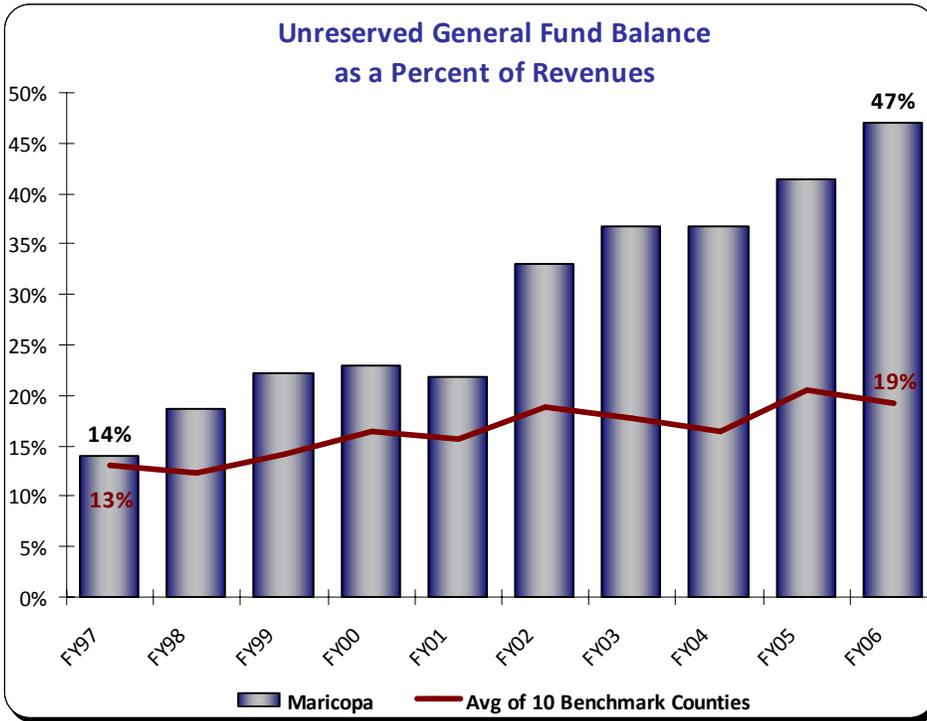


SOURCE: Maricopa County Comprehensive Annual Financial Reports (CAFRs)

The unreserved General Fund balance rose to \$539.6 million in FY06, for an increase of \$111.6 million, or 26% over the prior year. This is attributable primarily to increased revenue of \$113.7 million from all sources; expenditures also increased by \$33.3 million, for a net increase from operations of \$80.4 million.

General Fund Key Financial Indicators - cont'd

Since FY97, Maricopa County's General Fund has achieved a healthy fund balance in relation to its revenues. Maricopa has significantly surpassed the national benchmark average for this financial measure for the past 10 years (see page 30 for a list of national benchmark counties).



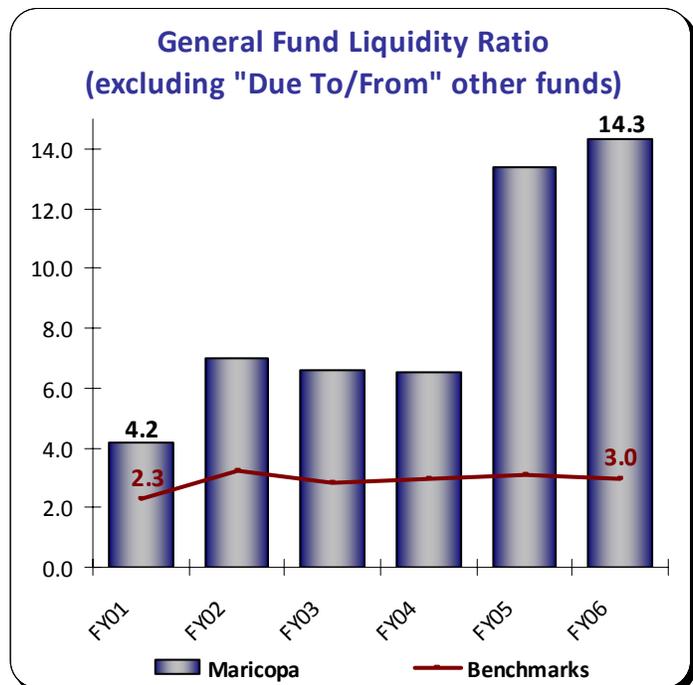
This measure reflects the availability of financial reserves to meet unforeseen needs.

A ratio of 15% or more is generally considered desirable.

SOURCE: Maricopa County CAFRs

The liquidity ratio is a measure of the County's ability to pay current obligations, and is measured by dividing fund assets by fund liabilities.

Maricopa continues to significantly outperform the national benchmark average with a liquidity ratio of over 14-to-1. This means that there are ample funds (\$14.30) available in cash or equivalents to pay every \$1 in current liabilities.



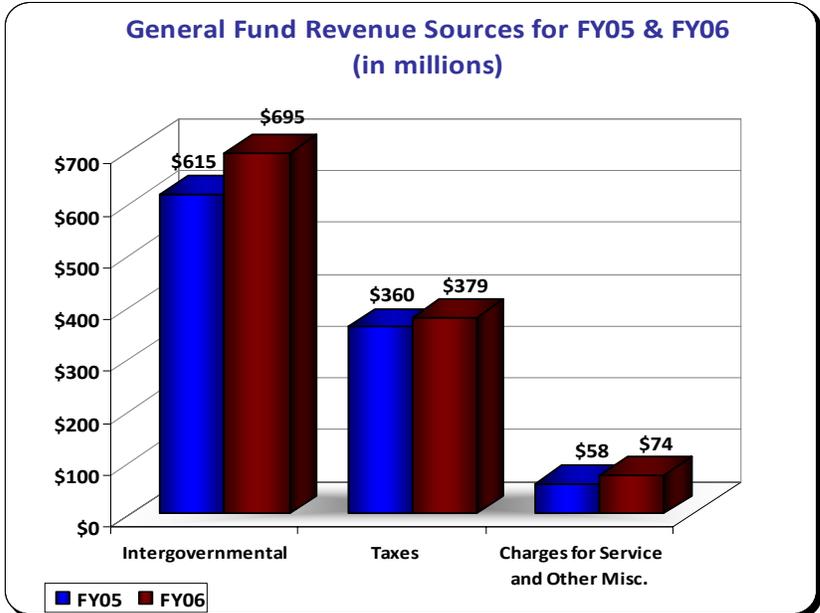
SOURCE: Maricopa County CAFRs

General Fund Revenue Sources

Intergovernmental revenues accounted for 61% of General Fund revenues, while taxes accounted for 33%. Intergovernmental revenues are funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes. (For a breakdown of the composition of Intergovernmental and Tax Revenue sources, please refer to the Governmental Funds section, page 8.)

In FY06, General Fund revenues increased by \$114 million, or 11%, to \$1.148 billion.

This increase was attributable to an increase in the sales tax apportionment of \$60.1 million and the vehicle license tax apportionment of \$15.4 million. In addition, property tax revenues increased by \$34.4 million (due to an increase in assessed values and new housing). These increases can be attributed to the County's continued strong economy throughout FY 2006, increasing population, and higher property values.

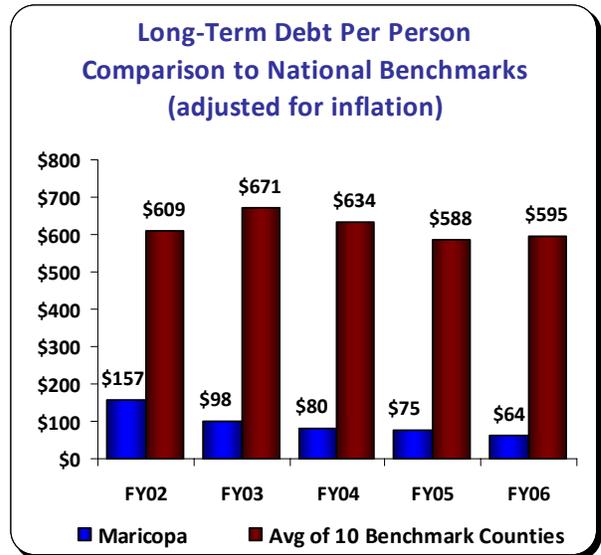


SOURCE: FY05 and FY06 CAFRs

Long-Term Debt

Maricopa County's long-term debt per person has decreased 59% since FY02. The County has extremely low debt levels compared to the national benchmark average. The County's low debt level has resulted from a conservative "pay as you go" policy.

FY04 was the last year of the County's 1986 voter-approved General Obligation debt financing for capital projects. On July 1, 2004, Maricopa County paid off the remaining \$20.2 million of General Obligation debt.



SOURCE: Maricopa County CAFRs

Governmental Funds

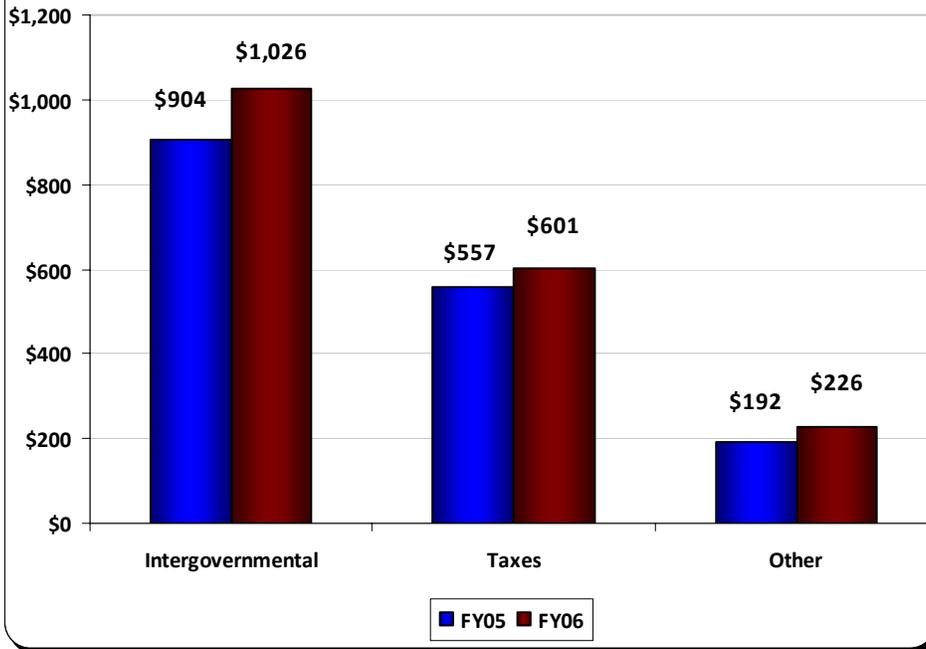
The focus of the preceding pages was on the County's primary operating fund, the General Fund. The following pages provide a more comprehensive look at County financial trends, by focusing on *all* Governmental Funds, which include the:

- ◆ General Fund
- ◆ Special Revenue Funds
- ◆ Debt Service Funds
- ◆ Capital Projects Funds

Governmental funds are used to account for activities that are principally supported by taxes and intergovernmental revenues (governmental activities), as opposed to other business-type activities that are supported primarily by user fees, such as fee-based departments like the County's Health Plans.

Governmental Funds - Revenues & Expenditures

**Revenue by Source for Governmental Funds
(in millions)**



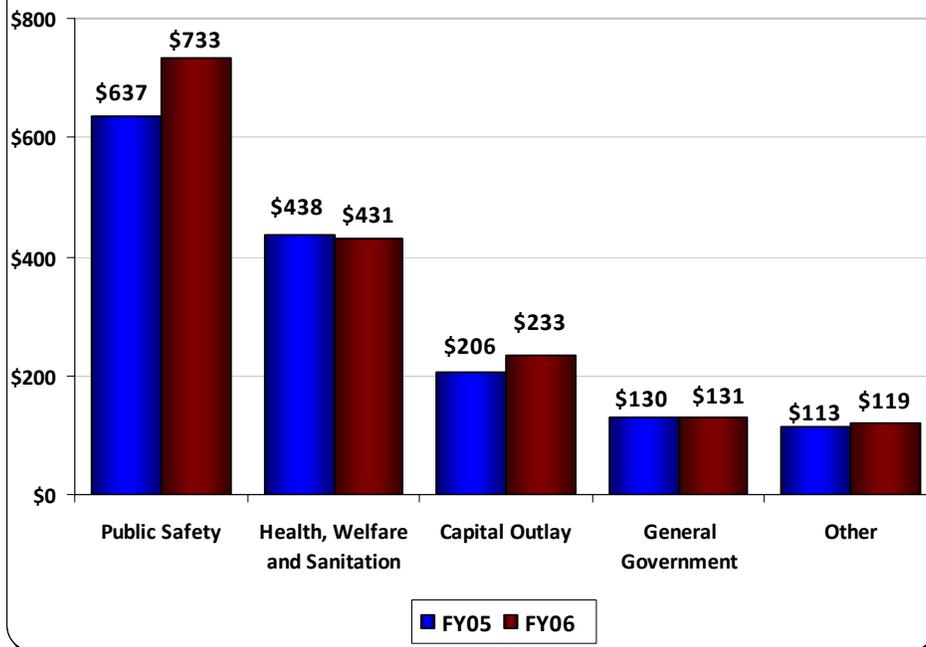
SOURCE: FY05 and FY06 CAFRs

Revenues

Total Governmental Funds revenues increased 12% in FY06 to \$1.853 billion. This is attributed to the increases to General Fund revenues discussed on page 4.

Intergovernmental revenues comprised 55% of total revenues, taxes comprised 33%, and other revenues comprised 12%.

**Expenditures by Function for Governmental Funds
(in millions)**



SOURCE: FY05 and FY06 CAFRs

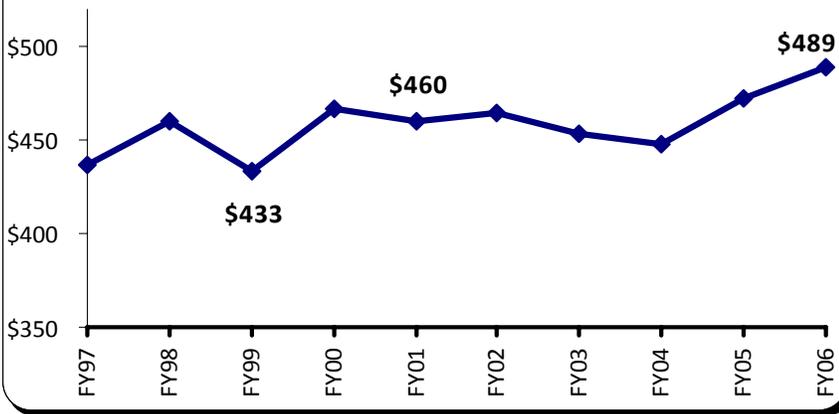
Expenditures

FY06 expenditures totaled \$1.646 billion, an 8% increase from FY05.

A total of 71% of expenditures were for Public Safety (45%) and Health, Welfare and Sanitation (26%).

Revenues & Expenditures Per Person

**Revenues Per Person
Governmental Funds
(adjusted for inflation)**



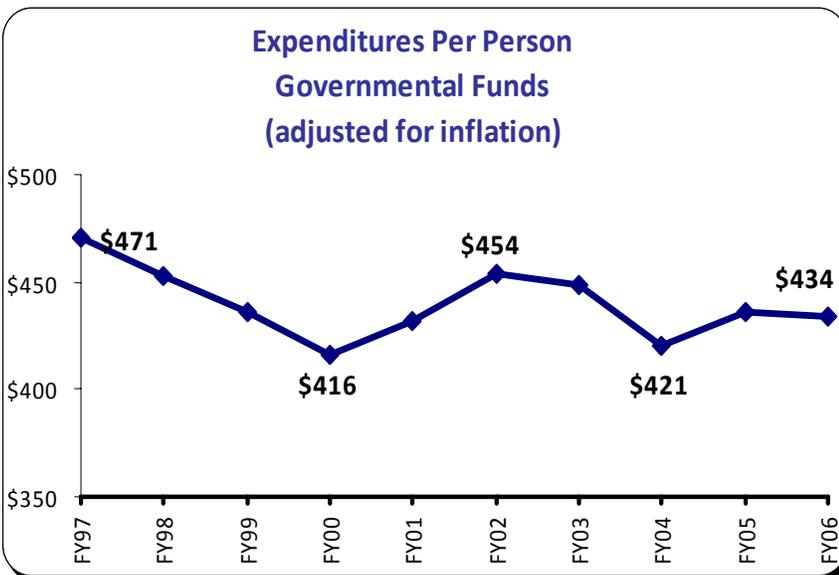
SOURCE: Maricopa County CAFRs

Revenues Per Person

Revenues per person have increased 12% since FY97, and were 6.5% higher than the 10-year average of \$458 (adjusted for inflation).

This includes all Governmental Funds revenues (including taxes, intergovernmental revenues, and other sources).

**Expenditures Per Person
Governmental Funds
(adjusted for inflation)**



SOURCE: Maricopa County CAFRs

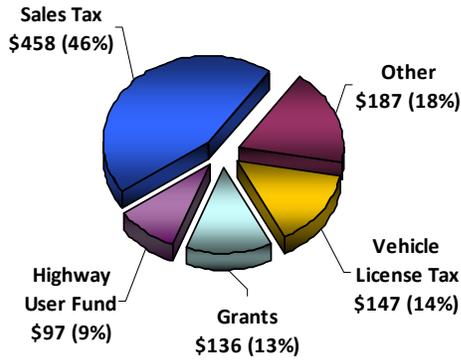
Expenditures Per Person

Expenditures per person have decreased 8% since FY97, and were down from the 10-year average of \$440 (adjusted for inflation).

The downward trend reversed with a 4% increase in FY05.

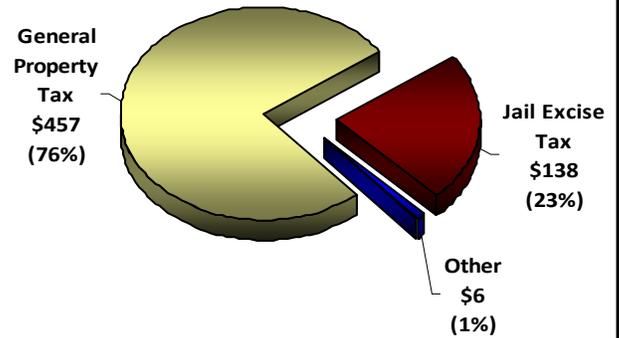
Governmental Funds - Revenue by Source

**FY06 Intergovernmental Revenues by Source
Governmental Funds (in millions)**



SOURCE: Intergovernmental Revenue report, Department of Finance

**FY06 Tax Revenues by Source
(excluding Intergovernmental Revenues)
Governmental Funds (in millions)**



SOURCE: FY06 CAFR

Intergovernmental revenues accounted for 55% of all governmental funds revenue. State-shared sales tax is the County's largest source of intergovernmental revenue, as shown on the top left, followed by vehicle license tax revenue, grants, and the highway user fund.

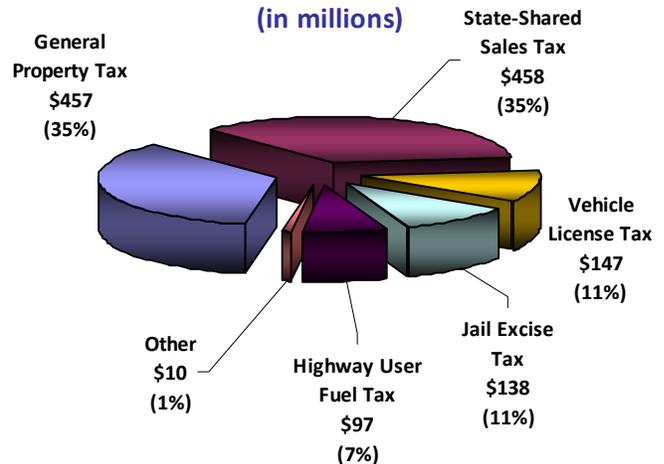
Tax revenues accounted for 33% of all governmental funds revenue. The composition of these revenues is shown on the top right. For the first time since FY02, state-shared sales tax is the County's largest source of tax revenue. The composition of all taxes revenues is shown below.

Total Tax Revenues - Governmental Funds

State-shared sales tax and general property tax are the two largest sources of tax revenue, accounting for 70% of all tax revenue.

Tax revenues increased by \$128 million from \$1.179 billion in FY05 to \$1.307 billion in FY06. Tax revenues increased primarily due to increases in State-shared sales tax revenue of \$60 million and property tax revenue of \$25 million between FY05 and FY06.

**FY06 Total Tax Revenues by Source
Governmental Funds
(in millions)**



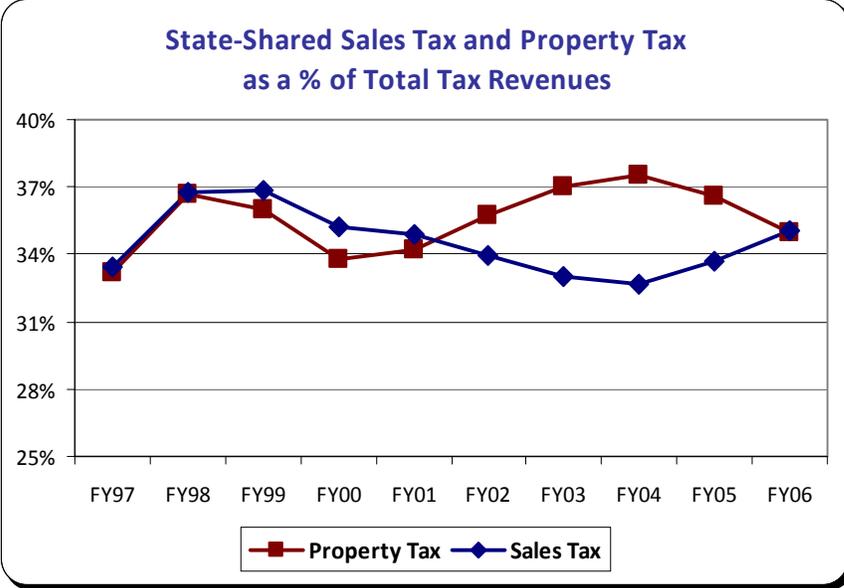
SOURCE: FY06 CAFR

Governmental Funds - Tax Revenues

Sales Tax and Property Tax as a Percent of Total Revenues

In FY06, property tax revenues accounted for 35% of all tax revenues, or \$456.9 million.

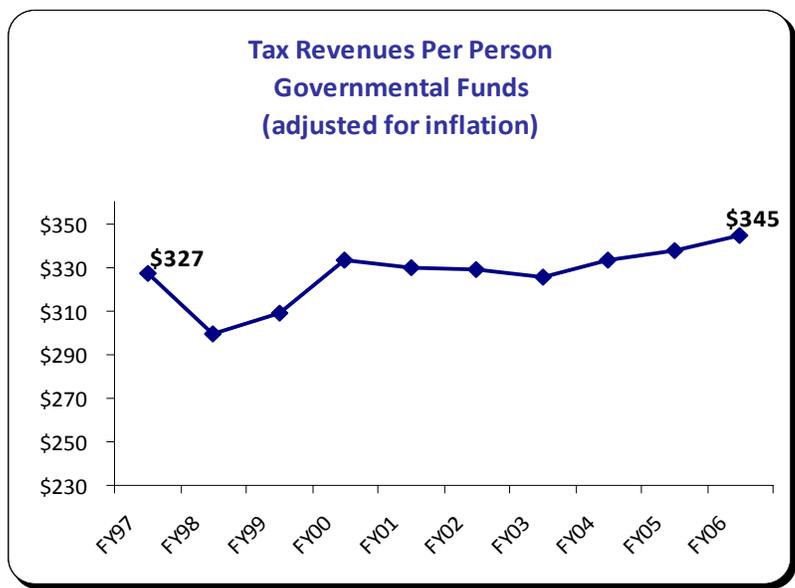
Sales tax revenues of \$457.8 million account for an increasing proportion of all tax revenues, at 35%.



SOURCE: Maricopa County CAFRs

Tax Revenues Per Person

While total revenues per person have increased 12% from FY97 to FY06 (as discussed on page 7), tax revenues per person increased at a slower rate of 5% during the same period (adjusted for inflation). The 10-year average for tax revenues per person was \$327.



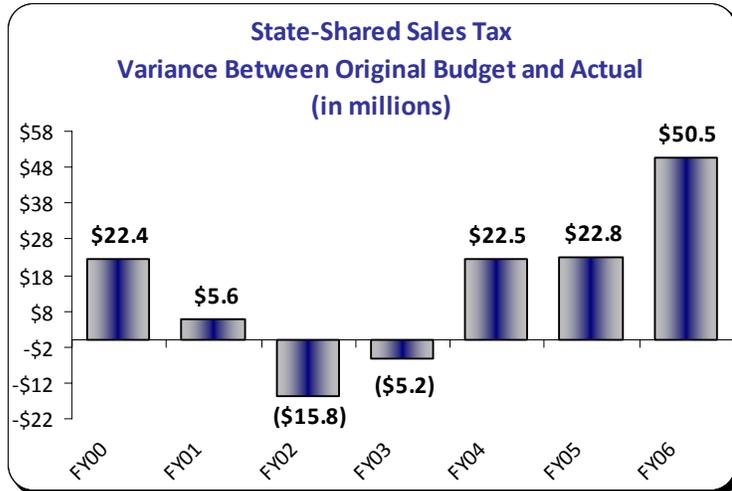
SOURCE: Maricopa County CAFRs

Tax Revenue Budget-to-Actual Variance

State-Shared Sales Tax

Sales tax revenues can be difficult to predict, as they are subject to economic forces.

In FY06, actual sales tax revenues exceeded the original budget by \$50.5 million, or 12%.

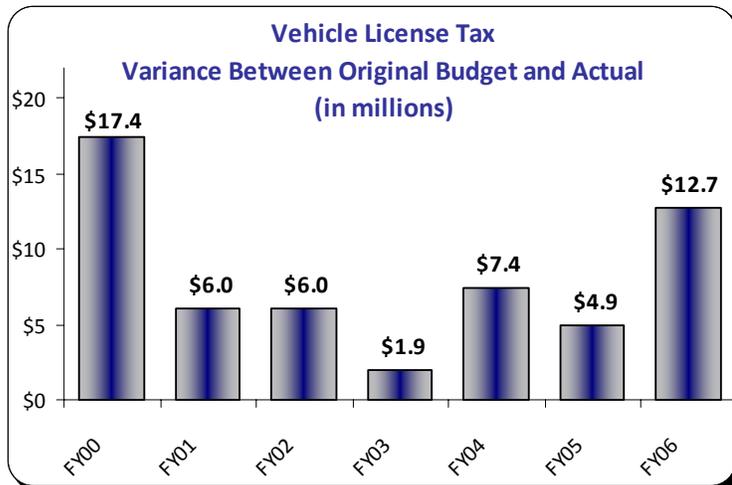


SOURCE: Maricopa County CAFRs and Annual Business Strategy (Budget) Books

Vehicle License Tax

Vehicle license tax revenues can be difficult to predict, as citizens can prepay for one or two years.

In FY06, actual vehicle license tax revenues exceeded the original budget by \$12.7 million, or 9.5%.

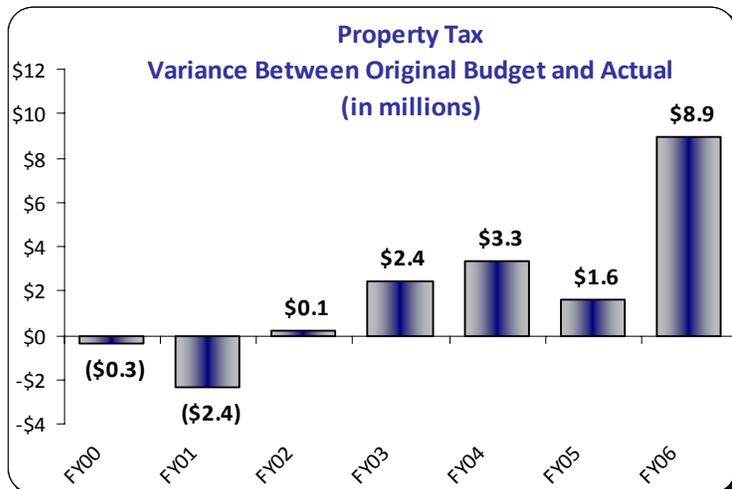


SOURCE: Maricopa County CAFRs and Annual Business Strategy (Budget) Books

Property Tax

Property tax revenues are more predictable and are therefore easier to budget.

In FY06, actual property tax revenues exceeded the original budget by \$8.9 million or less than 2%.



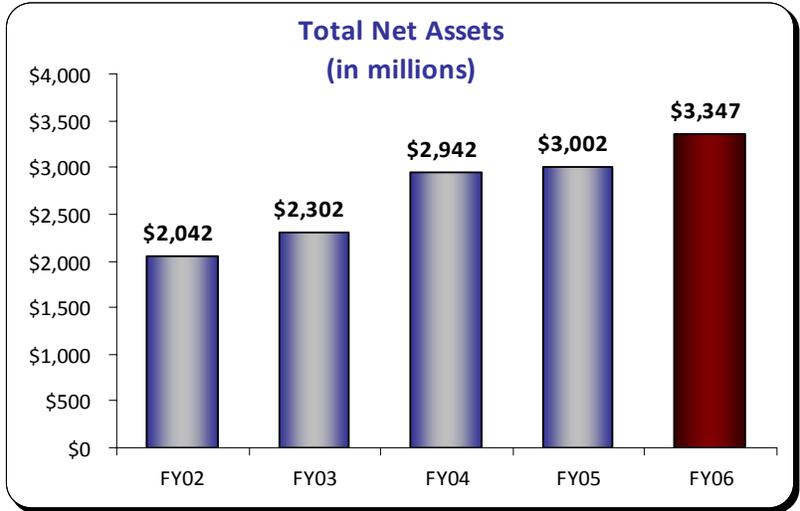
SOURCE: Maricopa County CAFRs and Annual Business Strategy (Budget) Books

Net Assets

Net Assets

The County's assets for governmental and business-type activities exceeded liabilities at year end by over \$3.3 billion (net assets). This is a 10% increase from FY05.

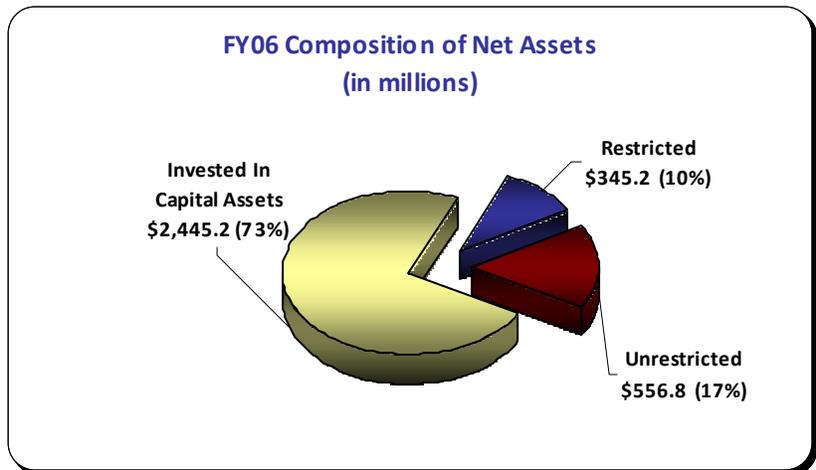
Over time, total net assets serve as a useful indicator of whether the financial condition of the County is improving or deteriorating. Total net assets increased 64% from FY02 to FY06. The total increase from FY05 to FY06 was \$344.8 million.



SOURCE: Maricopa County CAFRs

Net assets are divided into three components: (1) Investments in capital assets, net of related debt (such as land, building, machinery, and equipment); (2) Restricted Net Assets (assets that are subject to external restrictions on how they may be used); and (3) Unrestricted Net Assets (assets not subject to external restrictions on how they may be used).

Just under 75% of net assets are invested in capital assets (net of related debt), 10% are restricted (primarily for public safety and highways and streets functions), and 17% are unrestricted (these assets can be used to meet the County's ongoing obligations).



SOURCE: FY06 CAFR

County Treasurer

The County Treasurer pools deposits of the County, school districts, and special districts. Cash not required for liquidity is invested in accordance with State law and under a strategy that gives highest priority to:

- ◆ Safety of principal
- ◆ Sufficient liquidity to meet the needs of the County and its subdivisions
- ◆ Return on investment

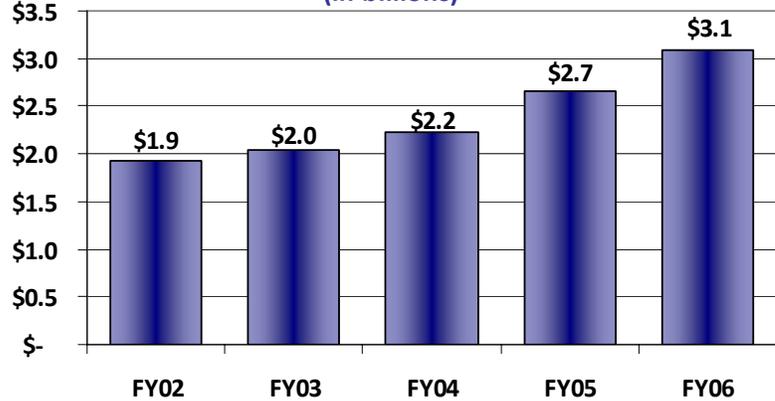
For the first time, this year we have included a benchmark comparison of investment portfolios between the County Treasurer and the Arizona State Treasurer, including a comparative analysis of investment yields and the composition of the investment pools by asset type.

\$3.1 Billion Managed by County Treasurer

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer.

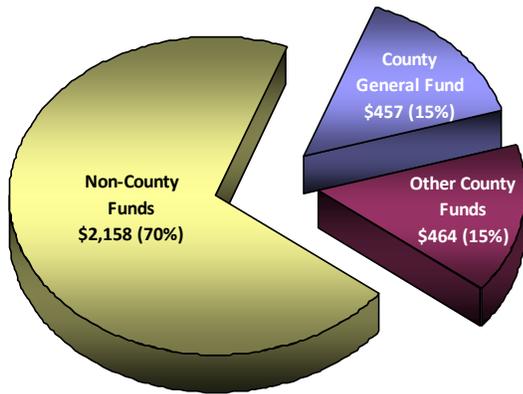
Total cash and investments held by the Treasurer increased to \$3.1 billion in FY06.

Cash and Investments Held by the County Treasurer (in billions)



SOURCE: Maricopa County CAFRs

Who The Money Belongs To (in millions)



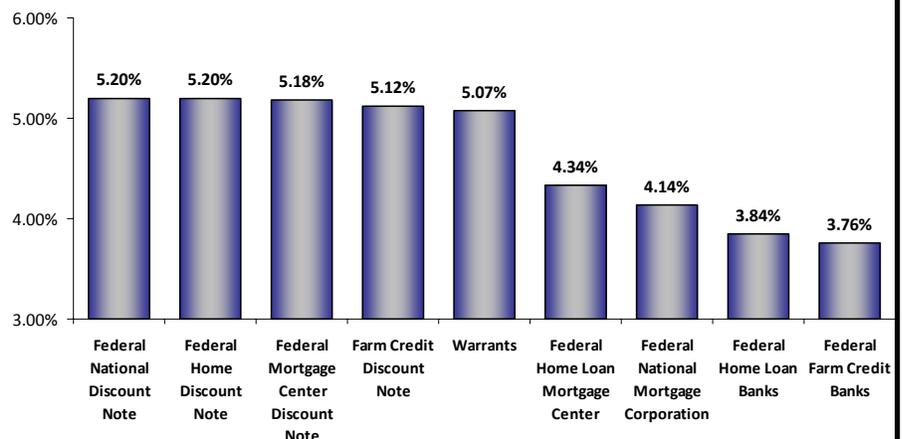
County funds totaled \$921 million, or 30% of the \$3.1 billion held by the Treasurer as of 6/30/06.

SOURCE: FY06 CAFR

The yield to maturity for each of the Treasurer's investments as of 9/30/06 is shown to the right.

The average weighted yield to maturity across all investments is 4.6%.

Average Weighted Yield to Maturity (YTM) for the Treasurer's Investments by investment type (as of 9/30/06)

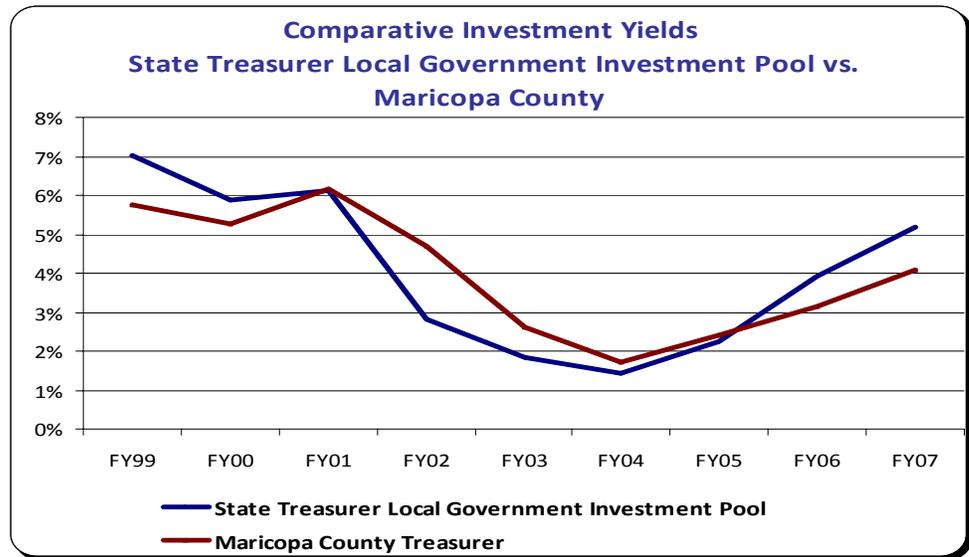


SOURCE: Maricopa County Internal Audit of County Treasurer (FY07)

Treasurer's Investment Pool

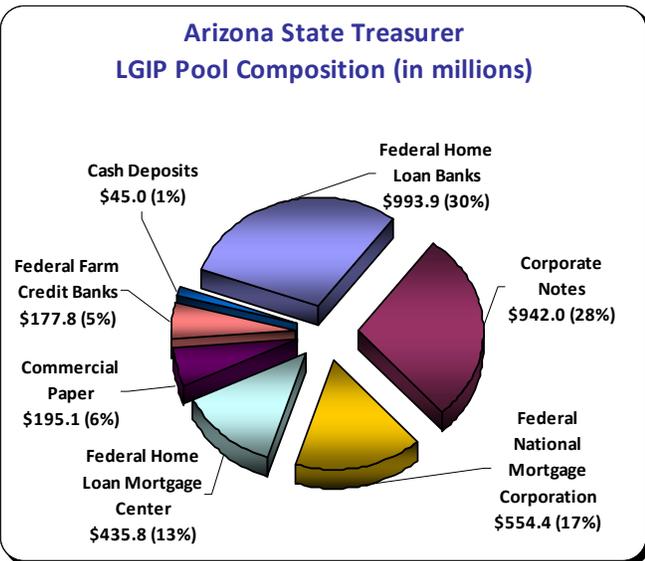
The Arizona State Treasurer's Office manages \$12 billion total, \$3.1 billion of which is invested in a Local Government Investment Pool (LGIP). The LGIP provides professional short-term investment services for a wide array of public entities.

The County Treasurer operates an investment pool of \$3.1 billion, comparable in function to the LGIP fund. Annual yields for both funds have improved over the last three years, as shown above.

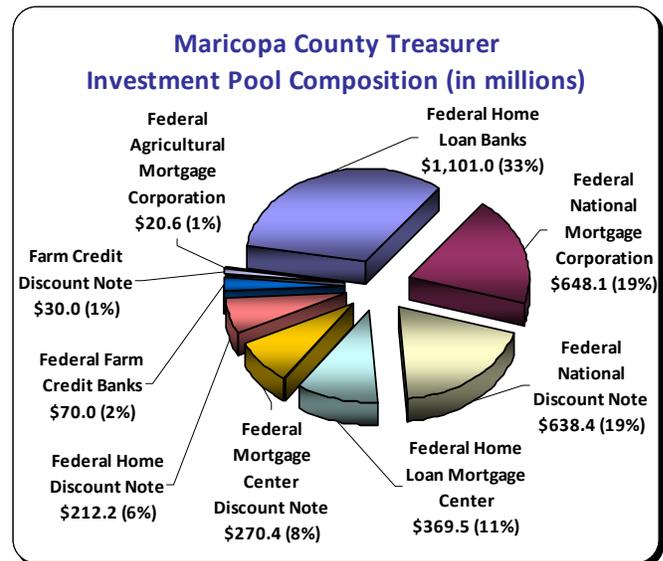


SOURCES: State Treasurer historical yield reports; County Treasurer Investment Officer

As of 12/31/07, State LGIP funds were held primarily in money market investments issued by government sponsored enterprises (GSEs), with 59% held in Federal Mortgage investments (e.g. Fannie Mae, Freddie Mac), as shown on the left below. GSEs are privately-owned corporations authorized to make loans and loan guarantees, but are not backed or funded by U.S. government, nor do the securities they issue benefit from any explicit government guarantee or protection. As of 12/31/07, County Treasurer's funds were invested in GSEs, with 97% held in Federal Mortgage investments, as shown on the right below.



SOURCE: State Treasurer Market Report, 12/31/2007



SOURCE: County Treasurer Summary Report, 12/31/07



Arizona County Benchmarks

To provide local context for Maricopa County's performance, the Financial Condition Report includes comparisons to six Arizona County benchmarks. This information is presented on the following three pages. (National benchmark comparisons were presented earlier in this report.)

Comparison to Arizona County Benchmarks

This year, Maricopa County was again benchmarked against the following six Arizona counties:

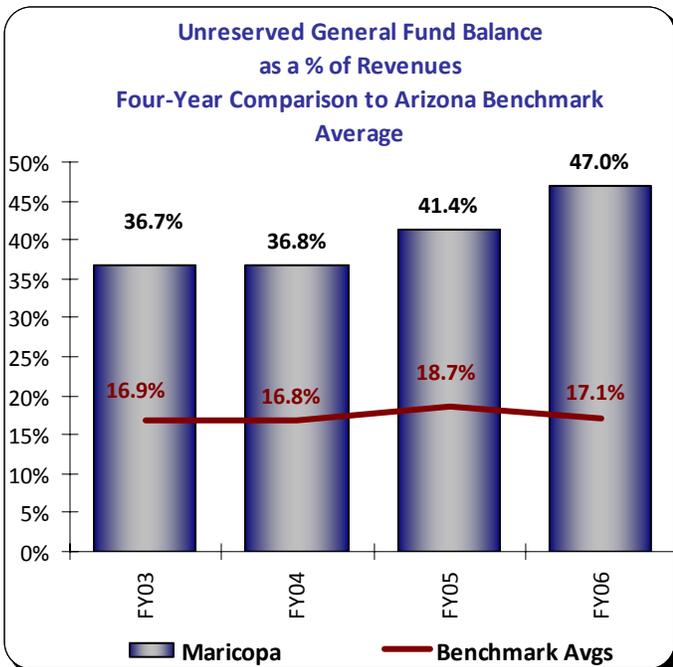
Arizona Benchmarks - Population (in thousands)

◆ Cochise	135
◆ Mohave	198
◆ Pima	981
◆ Pinal	300
◆ Yavapai	213
◆ Yuma	196

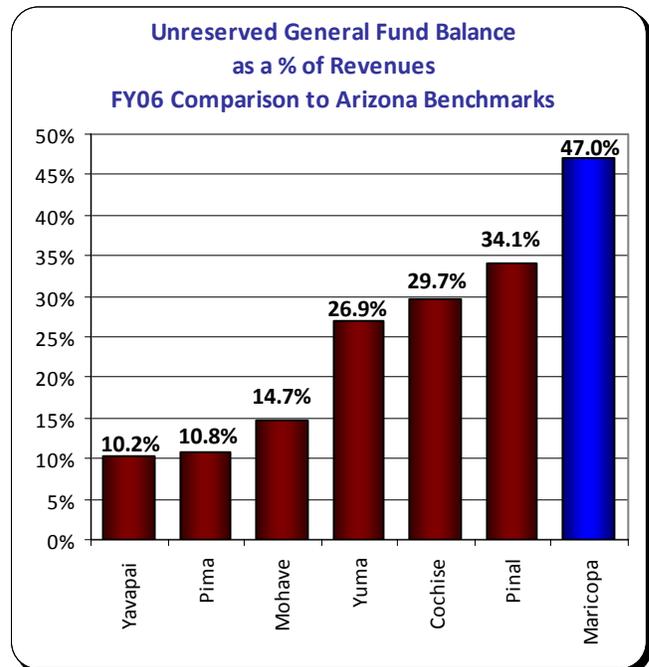
SOURCE: State of Arizona Department of Economic Security, 7/1/2006

Unreserved Fund Balance

Unreserved fund balances represent the monies available to meet the County's current and future needs. Maricopa County continued to significantly outperform the Arizona benchmark average for this financial measure from FY03 - FY06 (bottom left), as well as each of the benchmark counties individually in FY06 (bottom right).



SOURCE: Maricopa and benchmark county CAFRs



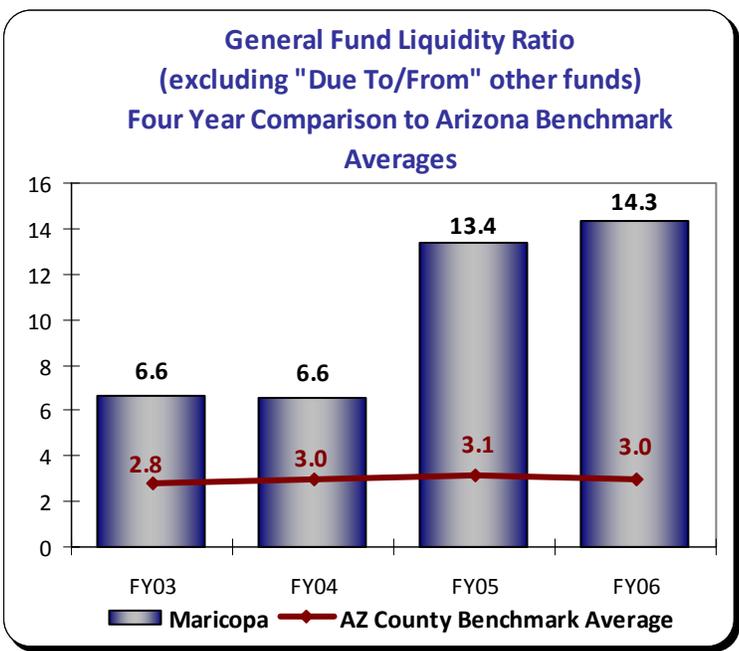
SOURCE: FY06 Maricopa and benchmark county CAFRs

Comparison to Arizona Benchmarks - cont'd

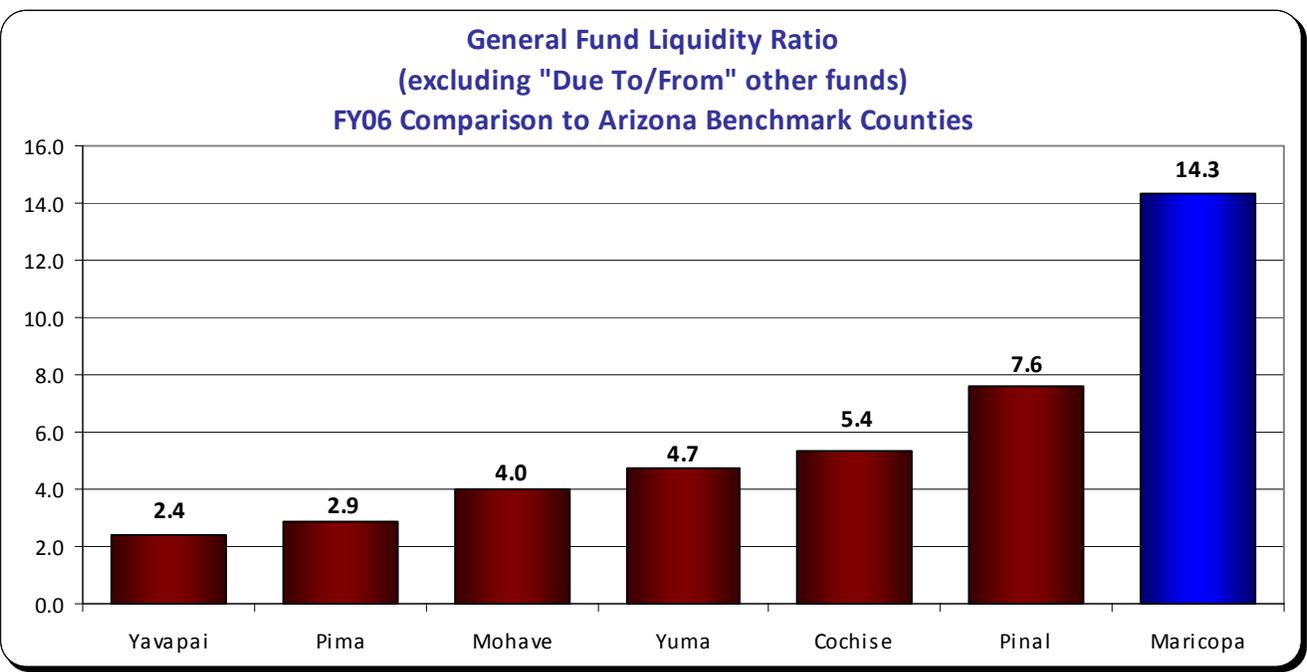
In FY06, Maricopa County's liquidity ratio was very strong at 14.3-to-1, meaning that there were ample funds (\$14.30) in cash and equivalents for every \$1.00 in current liabilities.

Maricopa's liquidity ratio continues to surpass the benchmark average.

Individual liquidity ratios for Maricopa County and the Arizona benchmark counties are reflected below for FY06.



SOURCE: Maricopa and benchmark county CAFRs

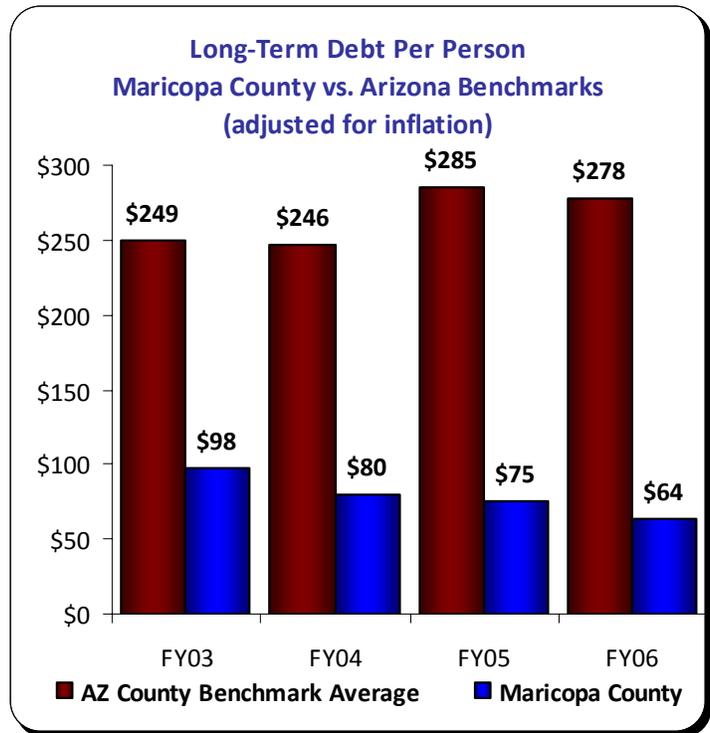


SOURCE: FY06 Maricopa and benchmark county CAFRs

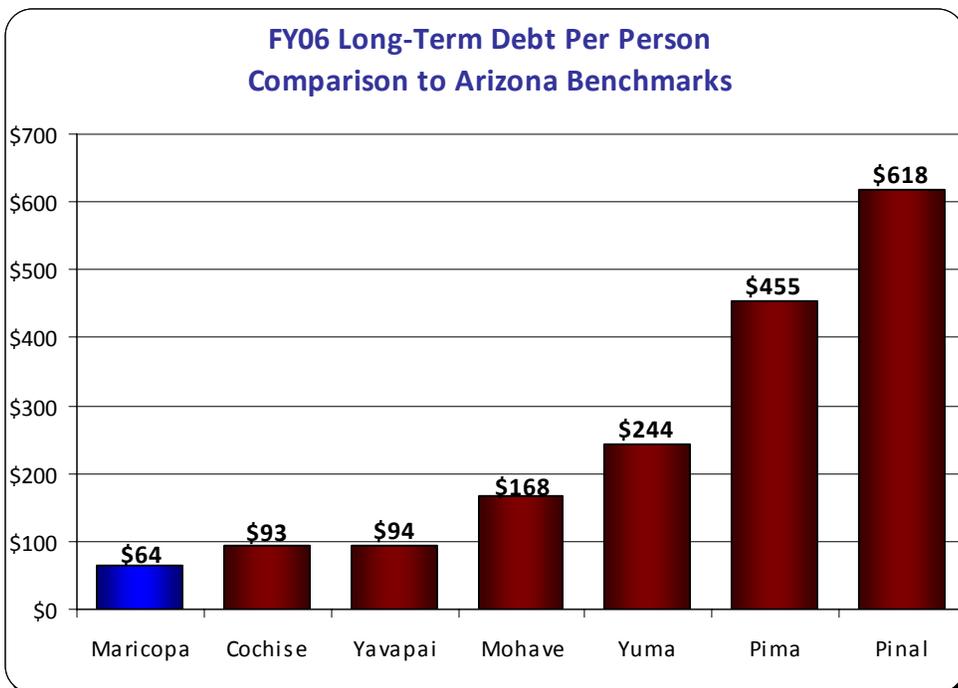
Comparison to Arizona Benchmarks - cont'd

Maricopa County has a very low level of debt per person.

Maricopa County's long-term debt per person has decreased 35% during the four years shown, while the benchmark average increased 12%.



SOURCE: Maricopa and benchmark county CAFRs



Maricopa County has the lowest level of long-term debt per person when compared to the Arizona benchmark counties.

SOURCE: FY06 Maricopa and benchmark county CAFRs

Maricopa County Retirement Plans

County pension plan information was first included in the Financial Condition report last year due to deteriorating financial trends experienced locally and nationally. Updated information is provided in the following section, based on the FY06 Maricopa County CAFR, and the FY07 CAFRs issued by the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). Information for FY08 was obtained from other sources and is also included herein.

ASRS Funding Status

Funded Status Defined

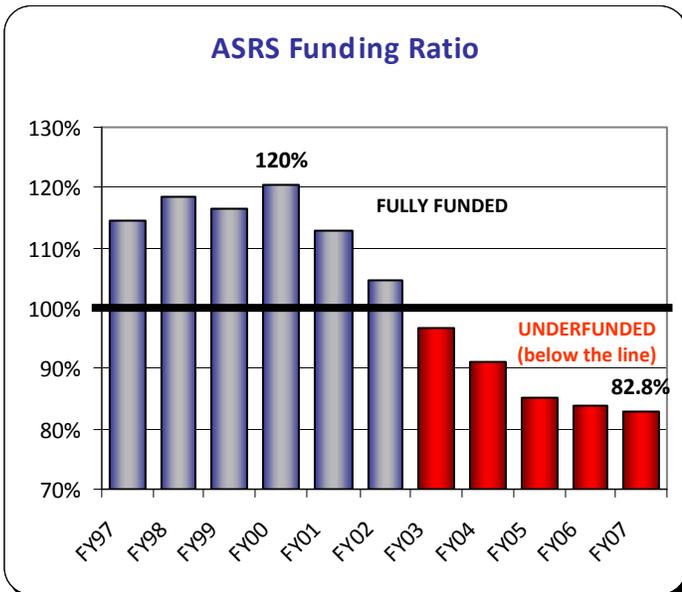
Perhaps the most recognized measure of a public retirement plan's health is its *funding ratio*, derived by dividing the actuarial value of plan net assets by the present value of accrued liabilities (projected future retirement payments). A pension plan whose assets equal its liabilities is 100% funded, or *fully funded*. A plan with assets that are less than its liabilities is considered to be *underfunded*.

The dollar difference between plan assets and accrued liabilities is the *unfunded actuarial accrued liability* (UAAL), which is a common measure of a pension plan's financial condition.

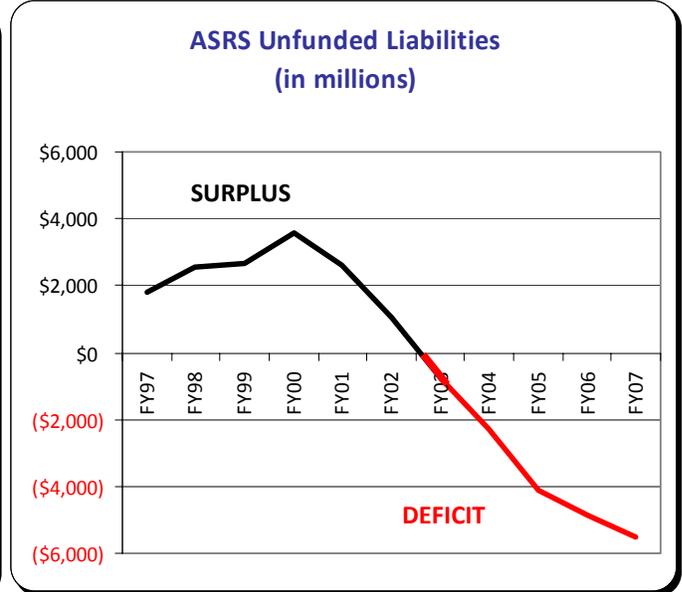
Methods used to value assets and liabilities can be complex and may vary from plan to plan, making direct comparisons among plans difficult or impossible. This report shows the funding ratios based on the actuarial value of assets. The amount of accrued liabilities depends on the assumptions and cost method. Actual calculations are very technical in nature and are outside the scope of this report. It is noted, however, that ASRS discounts future benefits at 8.0% per year, while PSPRS discounts future benefits at 8.5%, which precludes a direct comparison of funding ratios.

ASRS Funding Status

ASRS reported a strong 17.8% rate of return on the total ASRS fund in FY07, as shown on page 26, and was named a top performer in a nationwide pension plan study performed by an independent nonprofit charitable trust. However, the unfunded actuarial accrued liability (UAAL) grew by nearly \$674 million, or 14%, to \$5.5 billion in FY07, due largely to the delayed recognition of losses that have occurred in earlier years (see lower right graph). Investment losses are recognized in actuarial assets over a 10-year period. The funded status of the total plan decreased from 83.7% for FY06 to 82.8% for FY07.



SOURCE: ASRS CAFRs and annual actuarial reports



SOURCE: ASRS CAFRs and annual actuarial reports

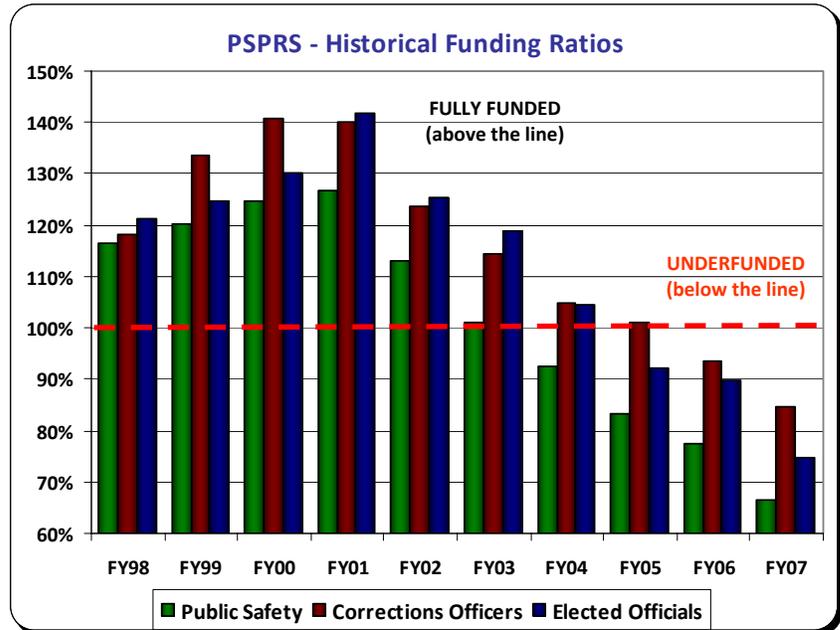
PSPRS Funding Status

Public Safety Personnel Retirement System (includes PSPRS, CORP, and EORP)

PSPRS Funding Status

The funding ratios of the three PSPRS plans have declined significantly since FY01. Funding ratios as of 6/30/07 were:

- 66.4% - Public Safety
- 84.6% - Corrections Officers
- 74.6% - Elected Officials

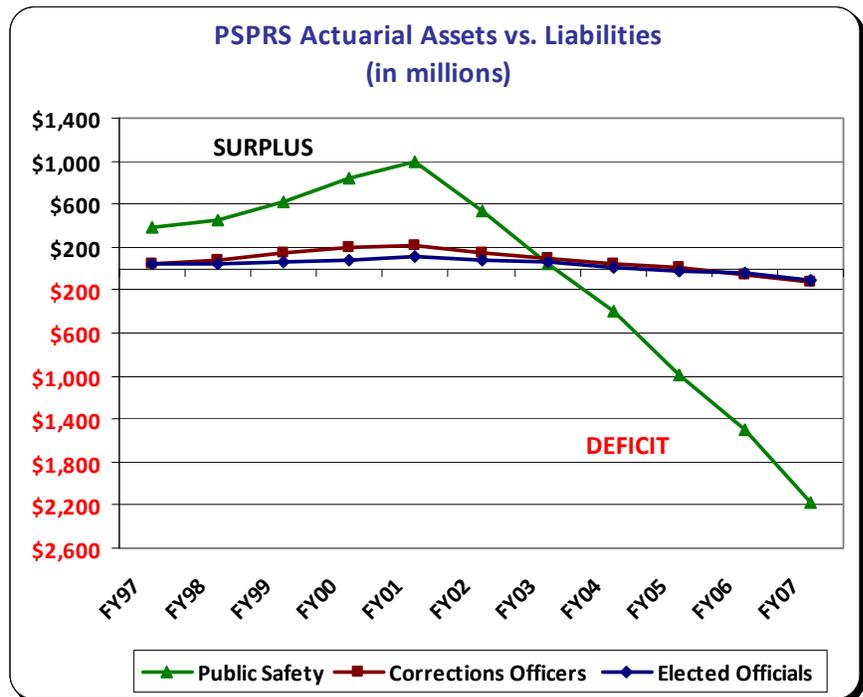


SOURCE: FY07 PSPRS CAFR

The UAAL (unfunded liability) for each of the three PSPRS plans as of 6/30/07 was:

(in millions)

- \$2,182 - Public Safety
- \$ 122 - Corrections Officers
- \$ 102 - Elected Officials



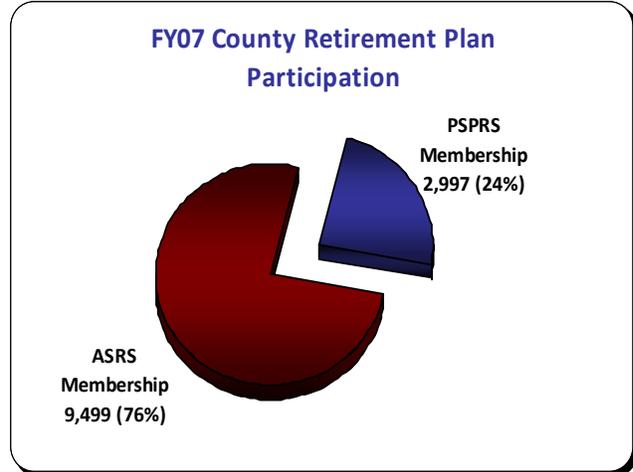
SOURCE: PSPRS CAFRs

Plan Participation and Contribution Rates

Plan Participation

Maricopa County employees and elected officials participate in two State retirement plans:

- About 9,500 County employees participate in the Arizona State Retirement System (ASRS)
- About 3,000 County employees participate in the Public Safety Personnel Retirement System (PSPRS), which includes:
 - Elected Officials Retirement Plan
 - Corrections Officers Retirement Plan
 - Public Safety Personnel Plan

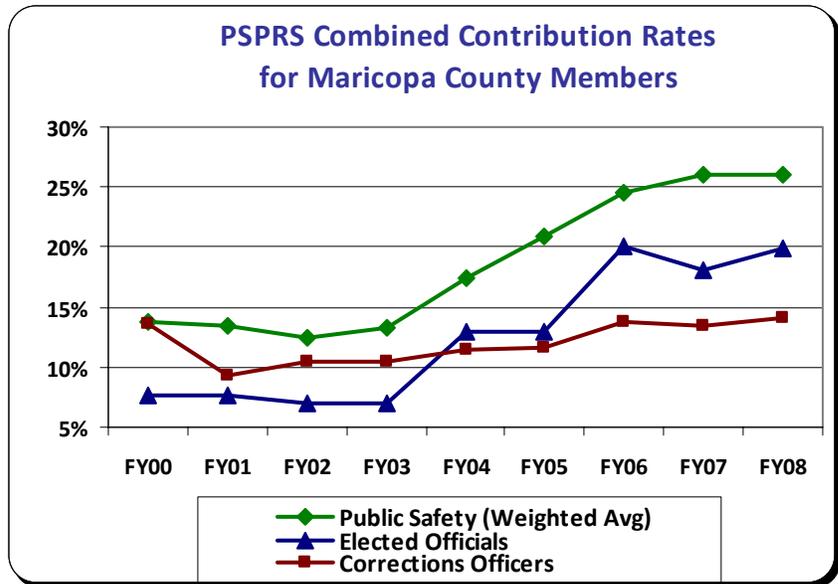


SOURCE: Maricopa County Human Resources

About 76% of County retirement plan participants are ASRS members.

PSPRS Contribution Rates

Employee contribution rates are fixed by State statute based upon a set percentage of employee compensation. Any changes require legislation. Thus, employee contribution rates for the three plans remain relatively stable. Employer contribution rates, however, have increased significantly since 2003. The combined contribution rates (employee + employer) are shown in the graph on the right.



SOURCE: Maricopa County Human Resources; PSPRS staff

FY07 contribution rates for the PSPRS plans are shown below:

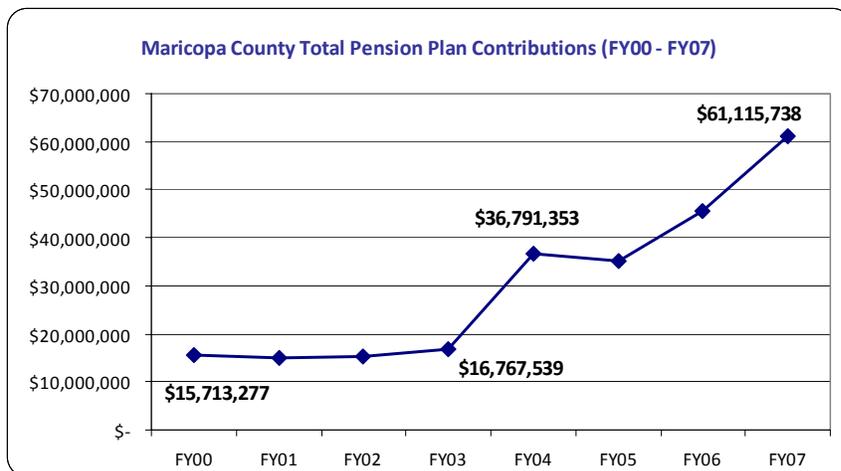
<u>Plan</u>	<u>Employee %</u>	<u>Employer %</u>
Public Safety Personnel	7.65%	26.06%*
Elected Officials	7.00%	11.00%
Corrections Officers	7.96%	5.00%

*Weighted average

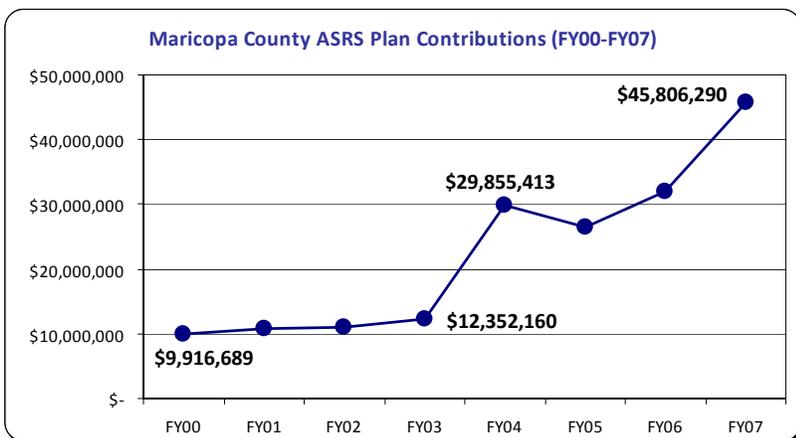
County Pension Contributions

Since FY00, total County pension plan contributions to ASRS and PSPRS have increased 289%, from \$15.7 million in FY00 to \$61.1 million in FY07, as shown on the graph to the right.

From FY06 to FY07, County contributions increased 44% overall, or \$15.5 million. (Does not include employee contributions.)



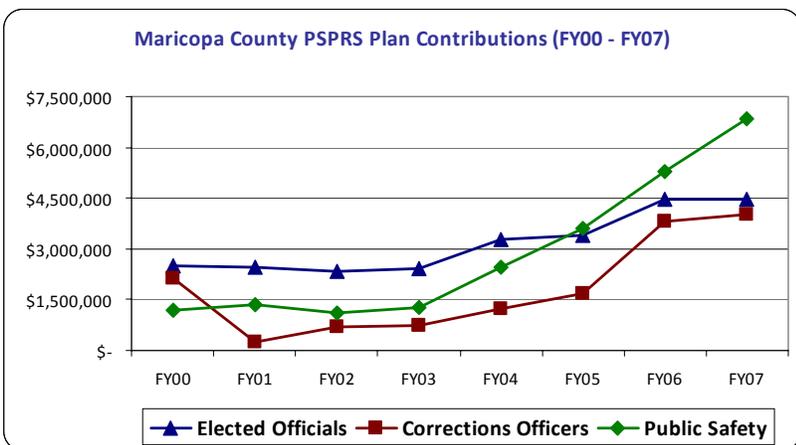
SOURCE: Maricopa County CAFRs and unaudited FY07 CAFR Notes



SOURCE: Maricopa County CAFRs and unaudited FY07 CAFR Notes

Since FY00, County contributions into ASRS have increased 362%, from \$9.9 million in FY00 to \$45.8 million in FY07, as shown on the graph to the left.

From FY06 to FY07, County contributions to ASRS increased 43% overall, or about \$13.7 million.



SOURCE: Maricopa County CAFRs and unaudited FY07 CAFR Notes

Since FY00, County contributions into PSPRS have increased 164%, from \$5.8 million in FY00 to \$15.3 million in FY07. Total County contributions for the three PSPRS plans are shown on the graph to the left.

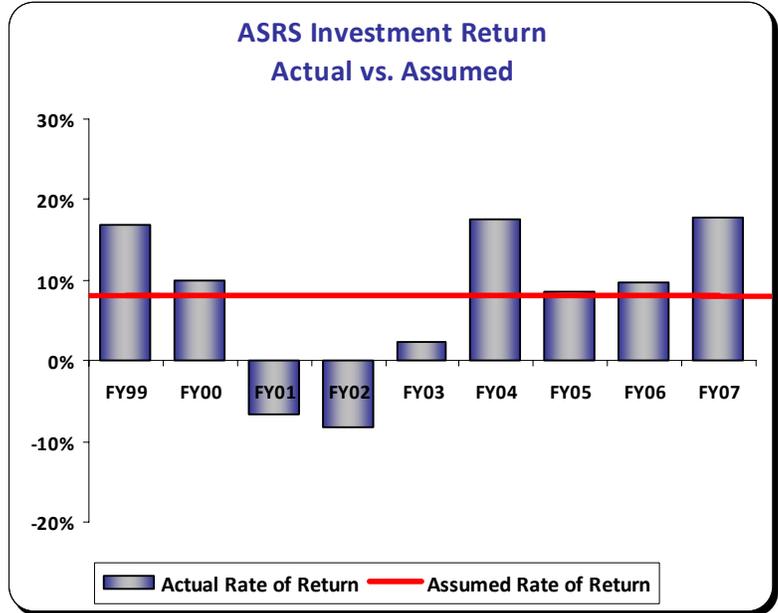
From FY06 to FY07, County contributions to PSPRS increased 13% overall, or about \$1.7 million.

Investment Returns

ASRS Investment Returns

For FY07, ASRS reported a strong 17.8% rate of return on the total ASRS fund in FY07; however, overall fund performance declined. This is because the recognized rate of return is based on the *smoothed* market value of assets, as discussed below, which was less than the assumed rate of 8%.

The *smoothed* market value spreads the difference between the actual and assumed return over 10 years. Although the actual return exceeded the assumed rate during FY07, this is offset by negative experience carried forward from prior years.



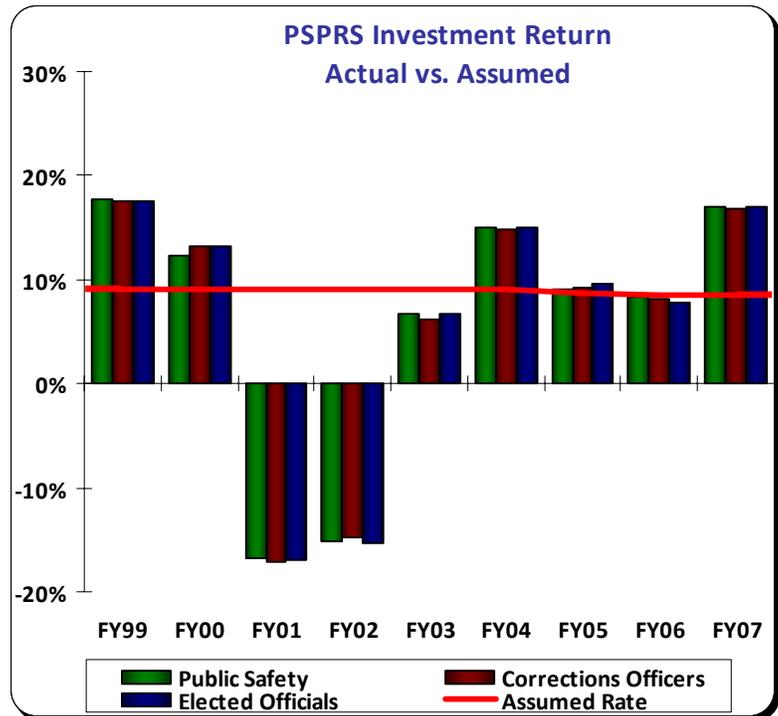
SOURCE: ASRS historical yields report

PSPRS Investment Returns

For FY07, the three PSPRS funds experienced rates of return between 16% - 17%, which exceeded the assumed rate of 8.5%. However, overall fund performance declined because the recognized rate of return (based on the *smoothed* market value of assets discussed below) was less than the assumed rate.

The *smoothed* market value spreads the difference between the actual and assumed return over seven years.

Like ASRS, although the actual return exceeded the assumed rate during FY07, this is offset by negative experience carried forward from prior years.



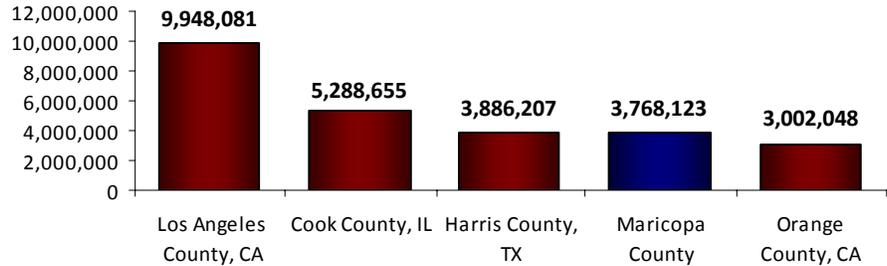
SOURCE: FY07 PSPRS CAFRs and PSPRS staff

Population Growth and Employment Rates

Population Growth and Employment

In 2006, Maricopa County was ranked the fourth most populous of all 3,141 counties in the nation.

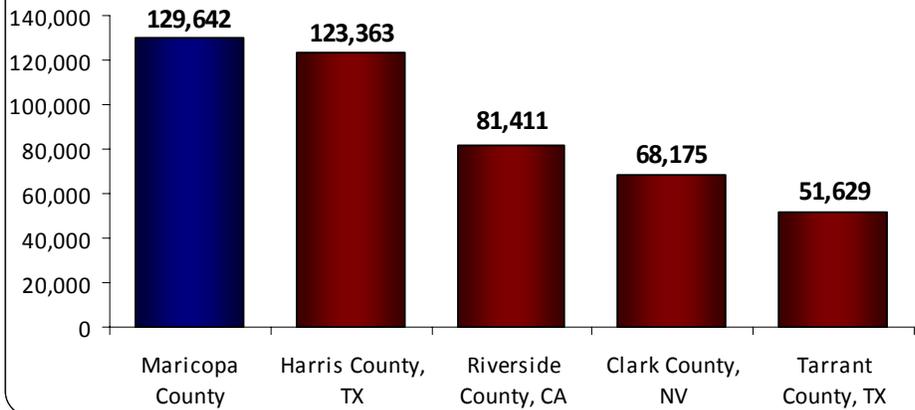
Top Five U.S. Counties by Total Population July 2006



SOURCE: 2006 U.S. Census Bureau reports

Maricopa County's population increased in number more than any other county in the nation from July 2005 to July 2006.

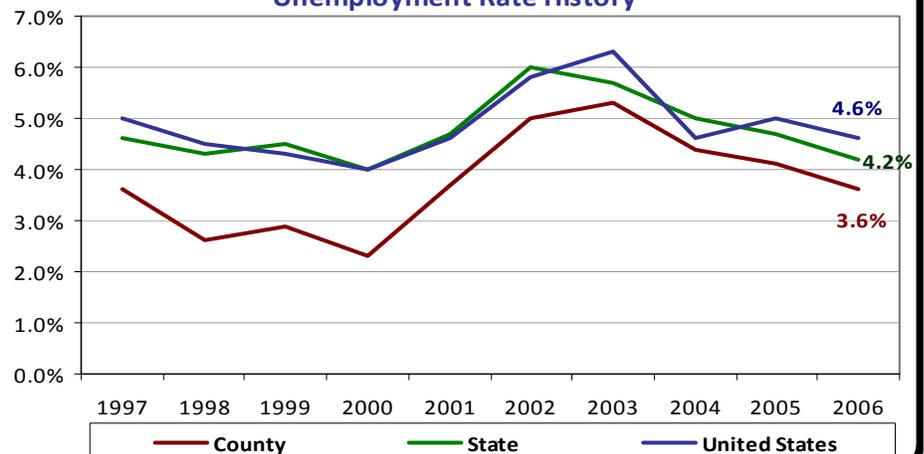
Top Five Counties with Largest Numerical Increase in Population July 2005 to July 2006



SOURCE: 2006 U.S. Census Bureau reports

Maricopa County continues to enjoy unemployment rates below national and State averages.

Unemployment Rate History



SOURCE: Maricopa County CAFRs

Report Methodology

Report Methodology

Definition

Financial Condition is defined as a local government's ability to finance services on a continuing basis. A county in good financial condition can sustain existing services to the public, withstand economic slumps, and meet the demands of changing service needs.

Objectives, Scope, and Methodology

The objective of this report is to evaluate Maricopa County's financial condition using key financial indicators. Indicators were selected from authoritative sources on evaluating governmental entity financial condition, and were judged to be the most indicative of a county's overall financial health.

Our primary information sources were the audited Comprehensive Annual Financial Reports (CAFR) issued by the Arizona State Retirement System, Public Safety Personnel Retirement System, ten national benchmark counties, six Arizona counties, and Maricopa County. The benchmark counties are:

<u>County</u>	<u>National Benchmarks</u>		<u>Arizona Benchmarks</u>	
	<u>Population</u>	<u>Major Metro Area</u>	<u>County</u>	<u>Population</u>
➤ Clark	1.9 million	Las Vegas, NV	➤ Cochise	135 thousand
➤ Harris	3.7	Houston, TX	➤ Mohave	198
➤ King	1.8	Seattle, WA	➤ Pima	981
➤ Los Angeles	10.2	Los Angeles, CA	➤ Pinal	300
➤ Multnomah	0.7	Portland, OR	➤ Yavapai	213
➤ Orange	3.1	Santa Ana/Anaheim, CA	➤ Yuma	196
➤ Pima	0.9	Tucson, AZ		
➤ Salt Lake	1.0	Salt Lake City, UT		
➤ San Diego	3.1	San Diego, CA		
➤ Santa Clara	1.8	San Jose, CA		

SOURCE: State of Arizona Department of Economic Security, 7/1/2006

SOURCE: Respective Counties' FY06 CAFRs

Other sources include actuarial reports, the U.S. Census Bureau, Governmental Accounting Standards Board, the International City/County Managers Association, Arizona Department of Economic Security Research Administration, Maricopa County's Strategic Plans (budgetary documents), Auditor General Reports, and correspondence with internal and external staff.

Trend analysis is used in this report. Trend analysis involves examining historical data. Adjustments for inflation were made according to the "U.S. Consumer Price Index—All Items."



A picture of the Security building in the 1940s, taken from the corner of Van Buren and Central Ave. Built in 1928, the building was purchased by the County in 2001 and is currently undergoing historical renovations.

Maricopa County Internal Audit

301 W. Jefferson, Suite 660

Phoenix, AZ 85003

Telephone: (602) 506-1585

Facsimile: (602) 506-8957

E-Mail: Thielew@mail.maricopa.gov