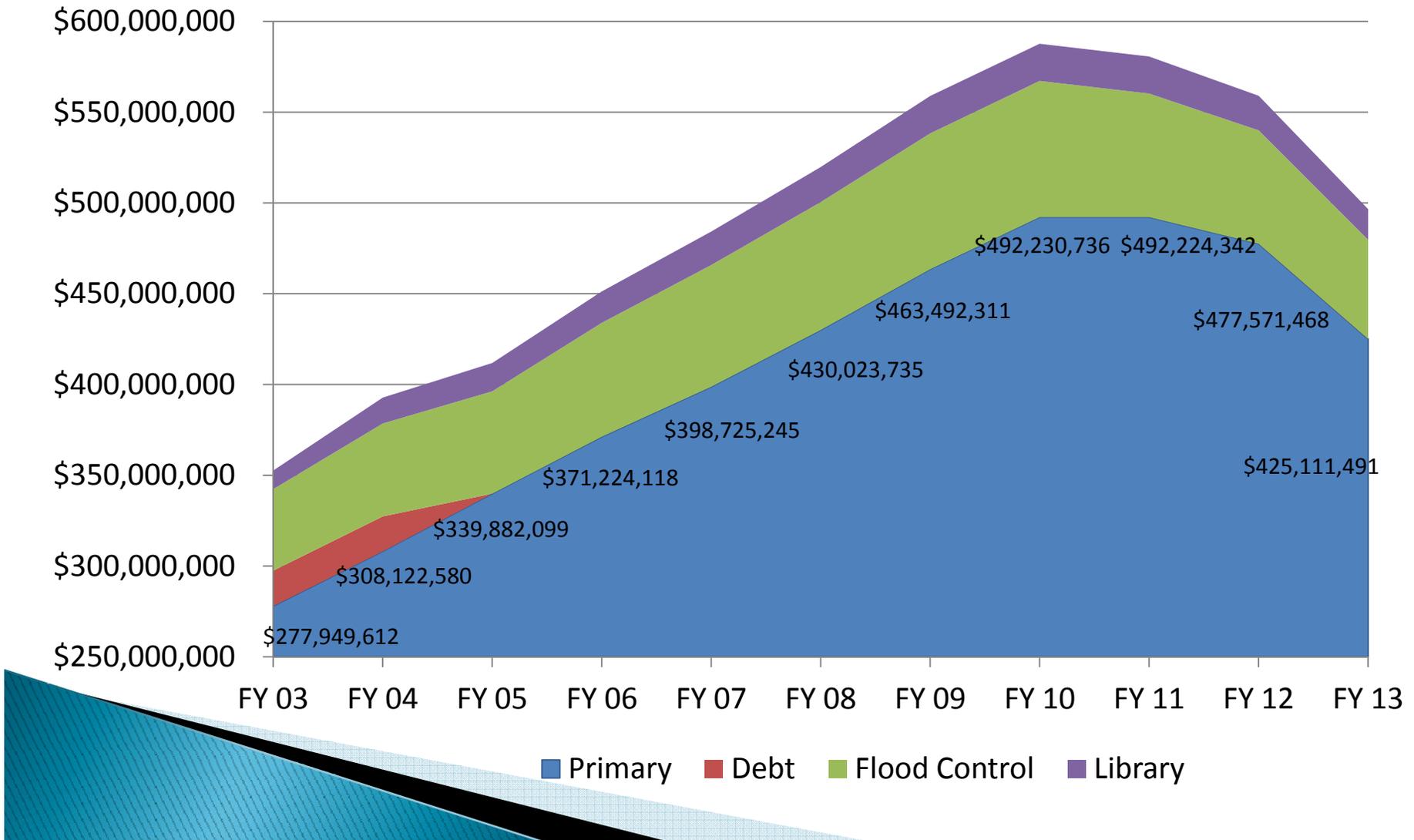


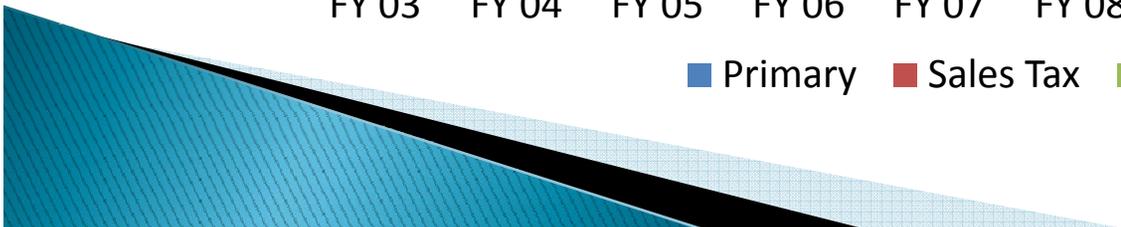
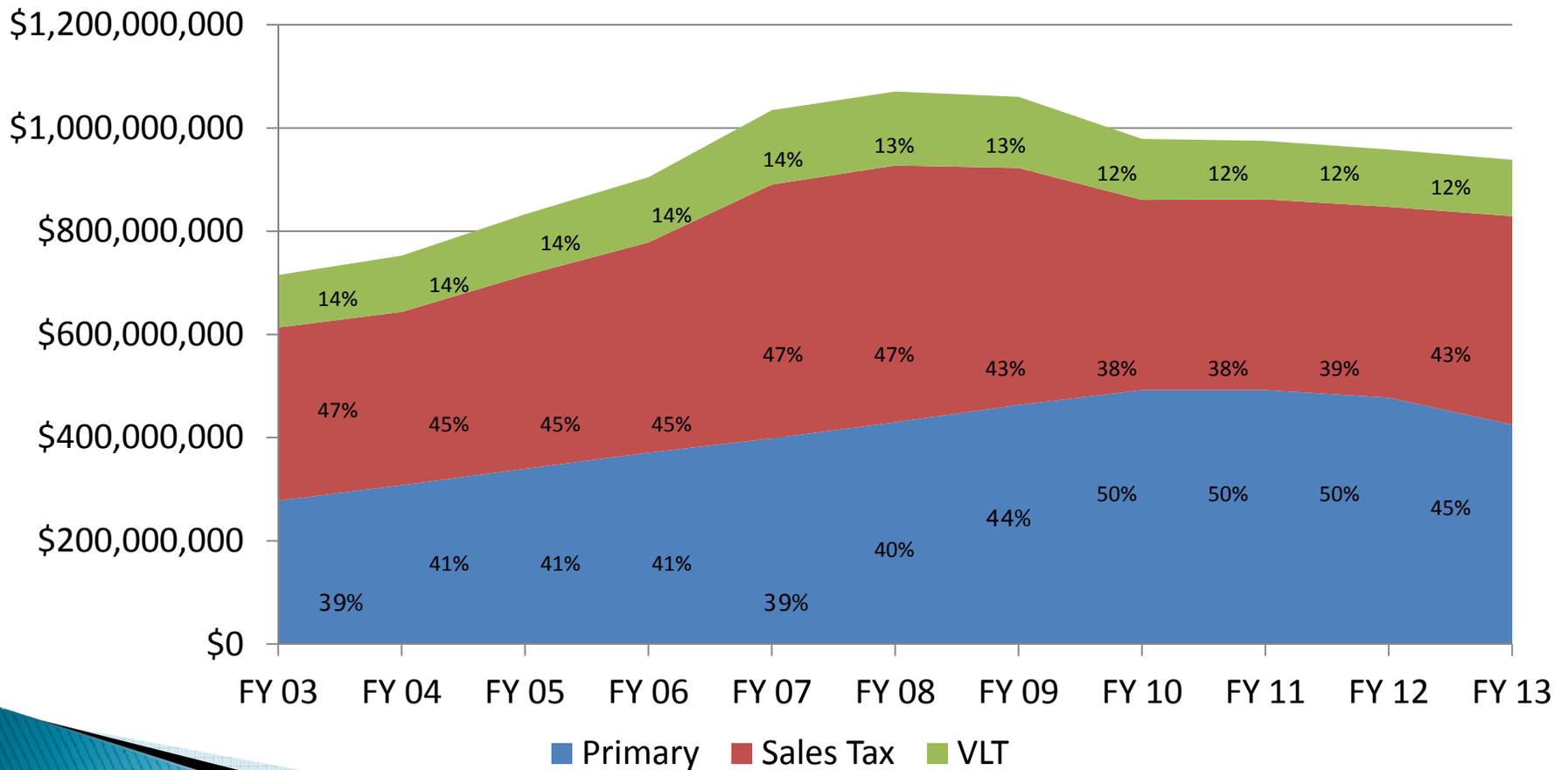
FY 2014 Budget Guidelines

January 22, 2013
Maricopa County
Office of Management and Budget

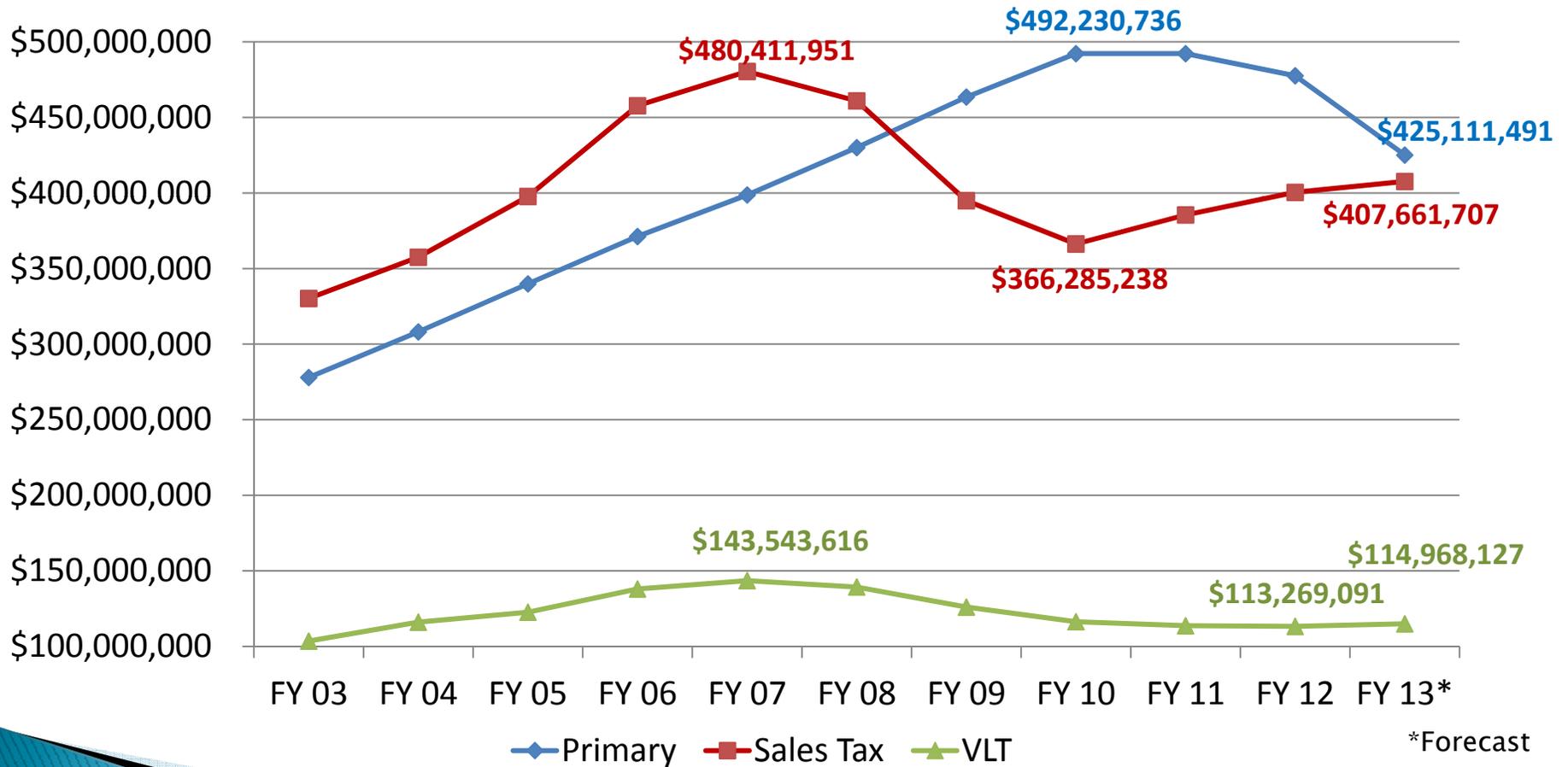
Maricopa County Property Tax History FY 2003 – FY 2013



Maricopa County Primary Property Tax, Sales and VLT Budget FY 2003 – FY 2013



Maricopa County Primary Property Tax, Actual Sales Tax and VLT FY 2003 – FY 2013



Reduction from peak to trough:
 Property Tax: -\$67,119,245 (13.64%)
 Sales Tax: -\$114,126,713 (23.76%)
 VLT: -\$30,274,252 (21.09%)

General Fund Operating Budget Reductions FY 2007 to FY 2013

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)

Maricopa County General Fund FY 2007 to FY 2013

CATEGORY	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2007- FY 2013 VARIANCE	%
Culture and Recreation	\$1,796,155	\$1,772,629	\$1,426,304	\$694,615	\$693,436	\$1,098,011	\$1,038,769	\$(757,386)	-42.17%
Education	\$2,152,164	\$2,461,627	\$2,320,833	\$2,035,900	\$2,046,590	\$2,087,883	\$2,076,394	\$(75,770)	-3.52%
General Government	\$127,545,258	\$122,460,905	\$126,007,964	\$103,733,120	\$119,884,603	\$120,971,895	\$117,249,577	\$(10,295,681)	-8.07%
Health Welfare and Sanitation	\$292,218,846	\$258,829,880	\$261,505,034	\$262,573,448	\$267,954,886	\$261,445,419	\$259,077,583	\$(33,141,263)	-11.34%
Public Safety	\$574,471,339	\$601,248,580	\$624,833,777	\$563,454,479	\$580,547,076	\$587,904,796	\$590,788,734	\$16,317,395	2.84%
Non Departmental and Contingencies	\$142,222,214	\$190,207,451	\$150,558,390	\$157,671,114	\$104,433,653	\$84,959,142	\$64,255,414	\$(77,966,800)	-54.82%
Disproportionate Share	\$63,366,600							\$(63,366,600)	-100.00%
TOTAL	\$1,203,772,576	\$1,176,981,072	\$1,166,652,302	\$1,090,162,676	\$1,075,560,244	\$1,058,467,146	\$1,034,486,471	\$(169,286,105)	-14.06%

Non Departmental

	FY 2013 General Fund Non Departmental Operating
Contingencies (General and Identified)	\$43,630,494
Jail Maintenance of Effort	\$170,497,876
Transfers to Capital Funds	\$4,949,797
Vehicle Replacement	\$3,000,000
Outside Counsel	\$2,500,000
PreAHCCCS Support	\$2,000,000
Tuition Reimbursement	\$2,000,000
Other	\$6,175,123
Total	\$234,753,290

Maricopa County General Fund FTE Reductions

Fiscal Year	FTE	Year-over-Year Change	Change from 2009	% Change from FY 2009
2009	7,684.16			
2010	6,940.91	-743.25	-743.25	-9.67%
2011	6,947.31	6.40	-736.85	-9.59%
2012	6,996.13	48.82	-688.03	-8.95%
2013	7,112.80	116.67	-571.36	-7.44%

Operating Contingency

Fiscal Year	General Fund Operating Budget	General Operating Contingency	% of General Fund Operating Budget	Total General Fund Operating Contingency	% of General Fund Operating Budget
2003	870,342,483	19,988,251	2.30%	37,451,534	4.30%
2004	922,185,334	19,597,200	2.13%	66,170,759	7.18%
2005	969,506,338	25,000,000	2.58%	73,828,555	7.62%
2006	1,045,328,770	23,644,626	2.26%	82,403,812	7.88%
2007	1,203,772,576	23,410,172	1.94%	110,798,695	9.20%
2008	1,176,981,072	29,409,489	2.50%	104,493,480	8.88%
2009	1,166,652,302	25,611,216	2.20%	53,305,579	4.57%
2010	1,090,162,676	30,915,674	2.84%	77,715,674	7.13%
2011	1,075,560,244	29,560,809	2.75%	29,560,809	2.75%
2012	1,058,467,146	27,897,167	2.64%	34,379,147	3.25%
2013	1,034,486,471	30,825,226	2.98%	43,630,494	4.22%

Reserves**

Fiscal Year	General Fund Operating Budget	Cash Flow and Budget Stabilization	% of General Fund Operating Budget	General Fund Total Reserves	% of General Fund Operating Budget
2003	870,342,483	93,000,000	10.69%	150,500,000	17.29%
2004	922,185,334	99,441,505	10.78%	157,441,505	17.07%
2005	969,506,338	154,845,443	15.97%	159,845,443	16.49%
2006	1,045,328,770	165,370,913	15.82%	183,734,834	17.58%
2007	1,203,772,576	180,251,048	14.97%	322,519,231	26.79%
2008	1,176,981,072	211,809,663	18.00%	249,543,563	21.20%
2009	1,166,652,302	176,549,851	15.13%	210,849,851	18.07%
2010	1,090,162,676	187,306,776	17.18%	187,306,776	17.18%
2011	1,075,560,244	162,000,000	15.06%	162,000,000	15.06%
2012	1,058,467,146	159,000,000	15.02%	159,000,000	15.02%
2013	1,034,486,471	139,700,000	13.50%	139,700,000	13.50%
2013 – Revised*	1,034,486,471	94,700,000	9.15%	94,700,000	9.15%

*Amount is revised due to the PreAHCCCS payment being recorded as a FY 2012 expense which lowered the amount of funding available for the reserves.

**GFOA Best Practices “recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.”
This would be 16.67% of the operating budget.

Pessimistic Forecast Accuracy

	January Prior	April Prior	July Of	October Of	January Of	April Of	Budget	OMB Forecast
Sales								
2007	1.23%	-2.37%	-1.90%	-1.48%	-0.53%	-0.53%		
2008	-7.92%	-7.92%	-7.61%	-3.18%	-2.14%	-1.61%	-7.92%	-1.61%
2009	-19.21%	-16.23%	-14.81%	-7.15%	-5.19%	-0.35%	-16.23%	0.74%
2010	-8.88%	-3.87%	-0.59%	-1.34%	2.97%	1.04%	-0.59%	1.04%
2011	4.12%	2.20%	4.04%	4.04%	4.04%	3.02%	4.08%	4.09%
2012	4.86%	4.59%	1.26%	3.74%	-0.09%	0.36%	7.67%	1.07%
VLT								
2007	0.82%	-0.34%	-2.39%	-2.87%	0.21%	0.21%		
2008	-2.82%	-2.82%	-4.85%	-3.04%	-3.04%	-0.98%	-2.82%	-0.98%
2009	-15.03%	-9.38%	-9.06%	0.54%	3.83%	2.16%	-9.38%	2.16%
2010	-0.02%	-1.76%	-3.18%	0.33%	0.33%	2.50%	-1.76%	2.50%
2011	-6.07%	0.28%	-2.28%	-2.28%	-2.28%	1.28%	0.28%	0.34%
2012	-5.66%	1.98%	1.13%	2.67%	3.68%	1.75%	1.98%	3.68%
Jail								
2007	3.73%	1.14%	0.21%	-1.00%	-0.05%	-0.05%		
2008	-8.41%	-8.41%	-8.10%	-4.14%	-3.09%	-2.04%	-8.41%	-2.04%
2009	-21.91%	-18.25%	-16.70%	-7.97%	-5.16%	-0.36%	-18.25%	0.62%
2010	-9.94%	-4.93%	-1.95%	-2.59%	2.94%	2.69%	-2.01%	2.69%
2011	4.79%	4.70%	4.81%	4.81%	4.81%	3.15%	7.32%	3.39%
2012	7.06%	5.90%	1.97%	4.74%	0.89%	5.65%	7.17%	0.89%

Red indicates forecasts missed by Pollack and Co. 11

FY 2014 Property Tax Estimates

		Variance to 2013 Primary Tax
<i>FY 2013 Primary Property Tax</i>	<i>\$425,111,491</i>	
FY 2014 Maximum Property Tax	\$578,807,250	\$153,695,759
FY 2014 No Tax Increase on Existing Property *	\$432,169,811	\$7,058,320
FY 2014 Flat Rate	\$388,912,080	-\$36,199,411

**Truth In Taxation*

Based on Pollack October 2012 Pessimistic Primary Net Assessed Value Forecast

Sales Tax

	FY 2012 Actual	FY 2013 Actual	Variance	%	FY 2013 Budget	FY 2013 Actual	Variance	%
July	33,948,556	33,908,704	-39,852	-0.1%	33,843,911	33,908,704	64,793	0.2%
August	32,243,603	33,869,208	1,625,605	5.0%	32,198,505	33,869,208	1,670,703	5.2%
September	30,379,731	31,346,769	967,038	3.2%	32,414,441	31,346,769	-1,067,672	-3.3%
October	32,018,585	32,577,524	558,939	1.7%	33,158,342	32,577,524	-580,818	-1.8%
November*	31,998,769	32,499,667	500,898	1.6%	32,853,488	32,499,667	-353,821	-1.1%
December	30,778,291	32,816,789	2,038,498	6.6%	30,516,082	32,816,789	2,300,707	7.5%
YTD	191,367,535	197,018,661	5,651,126	3.0%	194,984,769	197,018,661	2,033,892	1.0%

*Change to NAV effective with November receipts from 62.7780 to 61.0972

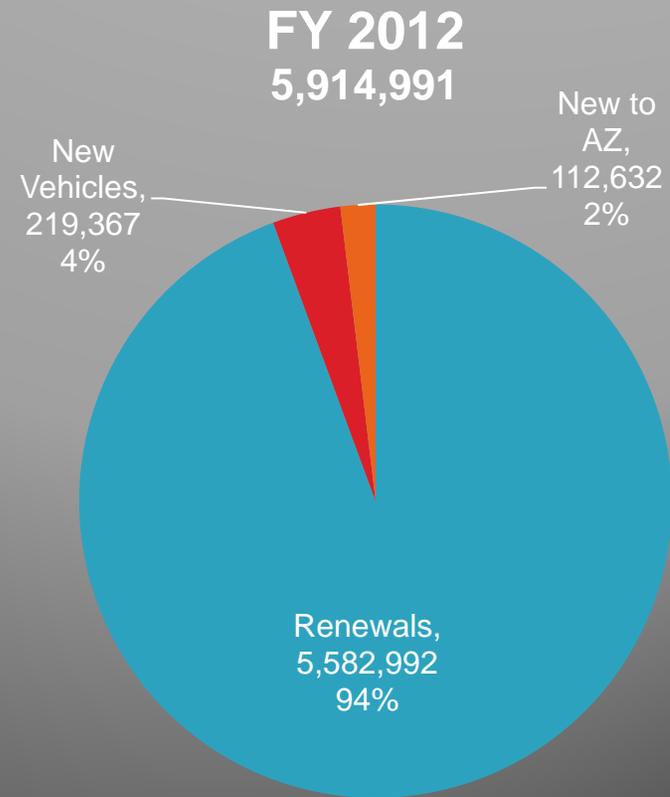
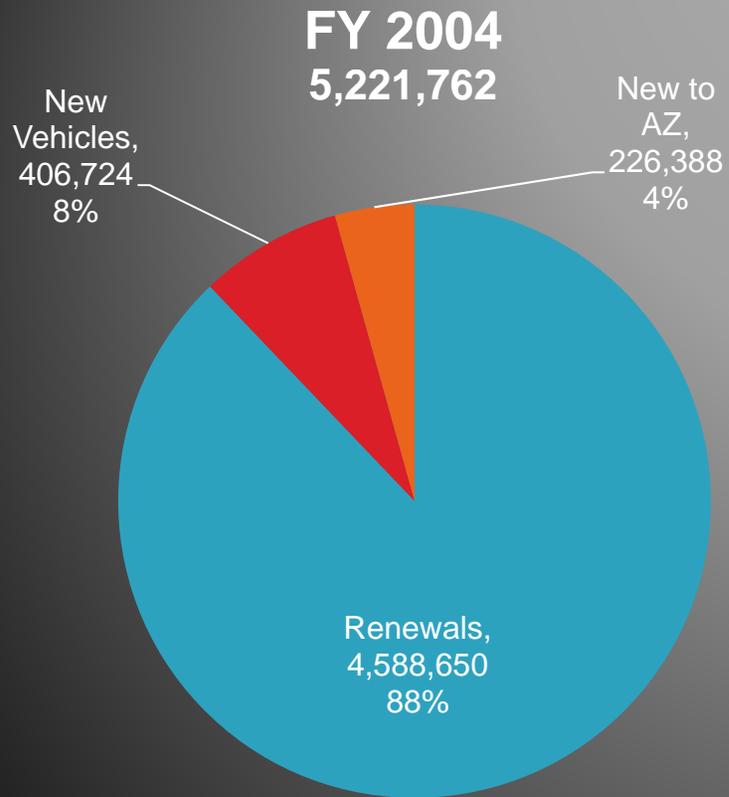
FY 2013 Budget assumption was 2% on FY 2012 forecasted base of \$396,155,134 (FY 2012 Actual is \$400,453,544).
Budget Recalendarized in December.

Vehicle License Tax

	FY 2012 Actual	FY 2013 Actual	Variance	%	FY 2013 Budget	FY 2013 Actual	Variance	%
July	10,657,859	9,178,055	-1,479,804	-13.9%	10,295,537	9,178,055	-1,117,482	-10.9%
August	9,564,967	10,650,702	1,085,735	11.4%	11,290,947	10,650,702	-640,245	-5.7%
September	10,162,702	9,975,598	-187,104	-1.8%	9,202,258	9,975,598	773,340	8.4%
October	8,825,221	8,663,266	-161,955	-1.8%	9,267,099	8,663,266	-603,833	-6.5%
November	8,745,592	9,945,314	1,199,722	13.7%	8,907,500	9,945,314	1,037,814	11.7%
December	8,607,068	8,884,769	277,701	3.2%	6,729,690	8,884,769	2,155,079	32.0%
YTD	56,563,409	57,297,704	734,295	1.3%	55,693,031	57,297,704	1,604,673	2.9%

FY 2013 Budget assumption was 0% on FY 2012 forecasted base of \$109,153,522 (FY 2012 Actual is \$113,269,091).
Budget Recalendarized in December.

Source of VLT



■ Renewals ■ New Vehicles ■ New to AZ

■ Renewals ■ New Vehicles ■ New to AZ

Jail Tax

	FY 2012 Actual	FY 2013 Actual	Variance	%	FY 2013 Budget	FY 2013 Actual	Variance	%
July	9,834,977	10,072,381	237,404	2.4%	9,939,786	10,072,381	132,595	1.3%
August	9,640,616	10,146,114	505,498	5.2%	9,573,578	10,146,114	572,536	6.0%
September	8,994,042	9,534,230	540,188	6.0%	9,968,211	9,534,230	-433,981	-4.4%
October	9,678,142	9,861,867	183,725	1.9%	10,155,548	9,861,867	-293,681	-2.9%
November	9,638,874	9,782,507	143,633	1.5%	10,083,842	9,782,507	-301,335	-3.0%
December	9,101,026	9,869,703	768,677	8.4%	9,331,744	9,869,703	537,959	5.8%
YTD	56,887,677	59,266,802	2,379,125	4.2%	59,052,709	59,266,802	214,093	0.4%

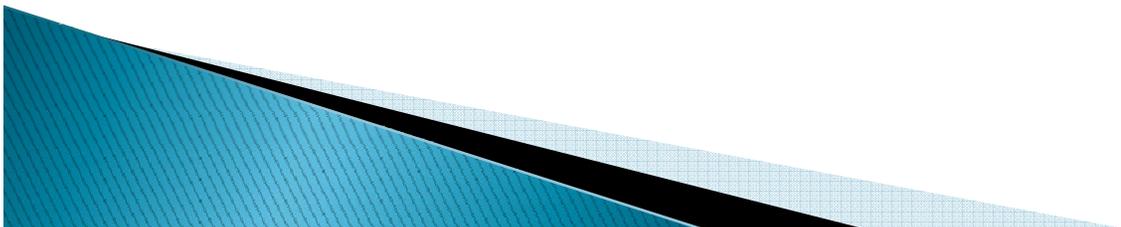
FY 2013 Budget assumption was 3.8% on FY 2012 forecasted base of \$117,005,968 (FY 2012 Actual is \$118,052,954).
Budget Recalendarized in December.

General Fund Fixed Operating Budget

FY 2013 Operating Budget		\$1,034,486,471
Mandated/Fixed Payments:		
	Jail Maintenance of Effort	\$170,497,876
	ALTCS	148,533,600
	AHCCCS	20,225,200
	Arnold v. Sarn	48,387,133
	SVP	4,000,000
	Elected Official Salaries/Benefits (including Constables, Judges and Justices of the Peace)	25,314,334
	Retirement Contributions (less 10%)	49,616,510
	Benefits (less 10%)	56,311,567
Subtotal Mandated/Fixed Payments		\$522,886,220
Contingencies:		
	General Contingency	\$30,825,226
Subtotal Contingencies		\$30,825,226
Total Fixed		\$553,711,446
FY 2013 Operating Budget Net of Mandated and Fixed Payments		\$480,775,025

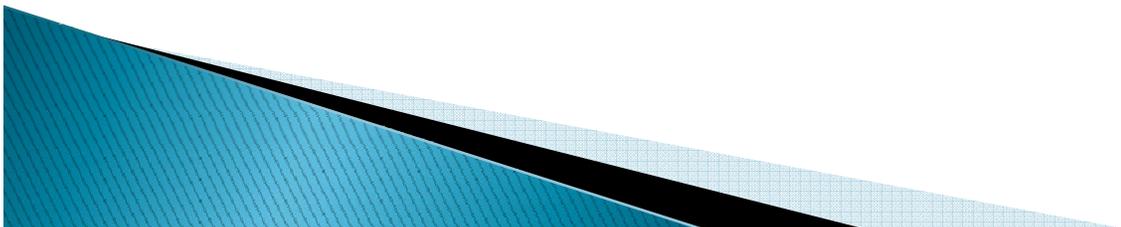
State Budget Impacts Yet to be Reversed

- ▶ Superior Court Judges Salaries \$9,217,912
- ▶ SVP Payments \$4,000,000



Issues

- ▶ Criminal Justice volumes are on the rise.
- ▶ Compensation pressures may need to be addressed in order to provide mandated services in some areas.
- ▶ State–shared Sales tax, VLT and Jail tax growth is sluggish.
- ▶ State is considering sales tax changes that may negatively impact Maricopa County’s share.
- ▶ State and Federal funding impacts are not yet known.



Recommendations

- ▶ No final decision on the property tax until impact on mandates is determined.
- ▶ Consider adjusting user fees based on actual costs.
- ▶ Request submittal of 3%, 5%, and 10% reduction scenarios from departments for review by the Board of Supervisors.
- ▶ Continue to fund the Performance Incentive Award program with one-time, non-recurring funding.

FY 2014 Budget Guidelines

▶ **Targets**

- Budget Requests submitted at Target.
- No backfill of State or Federal fund reductions.
- Budget reduction alternative submittals at 3%, 5% and 10%.

▶ **Employee Compensation**

- Review critical business needs where the alternatives are more costly.
- Continue Performance Incentive Award with one-time funding.

▶ **Additional Program Funding**

- No requests for additional program funding.

▶ **Fund Balance**

- Use for capital and one-time expenditures.

FY 2014 Budget Guidelines

- ▶ **Capital Improvement Program**
 - Critical projects meeting County's strategic goals.
 - Utilize non-recurring resources.
- ▶ **Information Technology**
 - Return on Investment of 3 years or less OR
 - Replacement of existing system no longer supported and critical to County operations.
 - Operational savings achieved from the technology to be reduced from operating budgets.
- ▶ **User Fees**
 - Review existing fees and present necessary adjustments to the Board of Supervisors.



Office of Management and Budget