



# Maricopa County Treasurer's Office

## ANNUAL REPORT FISCAL YEAR 2015 - 2016



**CHARLES "HOS" HOSKINS  
TREASURER**

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## Introduction

The purpose of the annual report is to update the public on the services the Maricopa County Treasurer's Office provides to property owners and other interested parties. The Maricopa County Treasurer's Office is the 4<sup>th</sup> largest county Treasurer's Office in the nation. The report lists several core activities and provides historical and current data to give the public insight into the operations and performance of the Treasurer's statutory duties. The Maricopa County Treasurer's Office is responsible for over \$10.5 billion annually, we serve over 1,600 taxing jurisdictions including school districts. This Office will continue to provide fiscally responsible policies that serve the Maricopa County taxpayers and protect their hard earned dollars.

## Section One - Collections

Property owners may choose to pay their taxes in four basic ways: 1) as part of their mortgage, 2) by mail, 3) in person at the Treasurer's Office or a branch bank, and 4) online through the Treasurer's website, their personal bank website, or by credit card.

**Figure 1.1 ALLOCATION OF PROPERTY TAX LEVY**

	<u>Total</u>	<u>Percent of Levy</u>	<u>Amount</u>
County (Operations, Flood, Library)	1	12.41%	\$539,956,426
Cities	25	10.66	463,782,103
Fire Districts	21	1.28	55,430,138
Irrigation, County, Municipal	127	1.22	53,053,989
Health, Water & Special	19	4.37	190,106,100
Schools	57	57.91	2,518,737,678
Community Colleges	1	11.89	517,264,557
<u>Street Lighting</u>	<u>1,406</u>	<u>0.26</u>	<u>11,156,386</u>
<b>Totals</b>	<b>1,657</b>	<b>100.0 %</b>	<b>\$ 4,349,487,377</b>

**Figure 1.2 PROPERTY TAX COLLECTIONS BY CATEGORY**

<u>CATEGORY</u>	<u>DOLLARS COLLECTED</u>			<u>NUMBER OF TRANSACTIONS</u>		
	<u>FY 2016</u>	<u>FY 2015</u>	<u>% CHANGE</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>% CHANGE</u>
Bulk Payments*	\$2,028,871,399	\$1,937,413,770	4.72%	1,602,184	1,579,401	1.44%
By Mail	\$1,224,150,829	\$1,231,015,358	-0.56%	640,412	646,737	-0.98%
In Office	\$306,999,130	\$313,743,947	-2.15%	104,316	111,221	-6.21%
Bank Branch	\$114,337,054	\$115,923,665	-1.37%	75,736	74,813	1.23%
Online Echeck**	\$291,308,656	\$264,347,715	10.20%	158,083	150,562	5.00%
Online Bank**	\$88,524,467	\$84,277,974	5.04%	80,529	79,699	1.04%
<u>Online Card**</u>	<u>\$63,618,119</u>	<u>\$57,896,672</u>	<u>9.88%</u>	<u>62,268</u>	<u>57,894</u>	<u>7.56%</u>
<b>Total***</b>	<b>\$4,117,809,654</b>	<b>\$4,004,619,101</b>	<b>2.83%</b>	<b>2,723,528</b>	<b>2,700,327</b>	<b>0.86%</b>

\* Payments made by financial institutions, tax services companies, mortgage companies, and multiple property owners.

\*\*Total online payments increased 13.59% from last year.

\*\*\*Includes prior year tax payments, fees, and late payment interest.

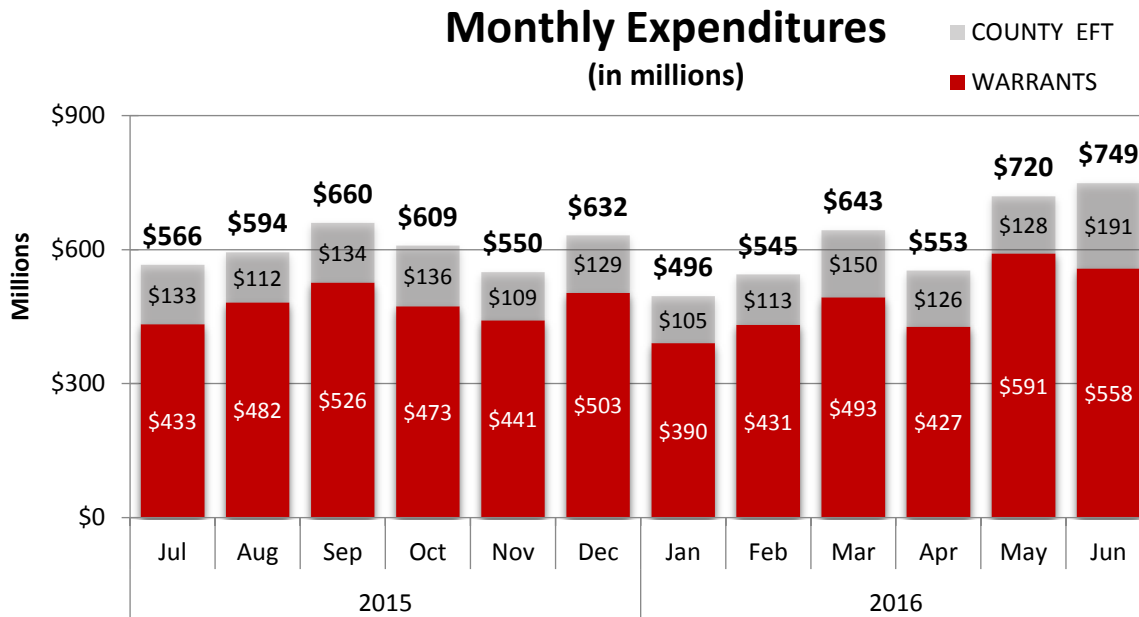
At the end of FY 2008 the Treasurer's Office began a program to increase the number of online transactions. Total electronic transactions that year totaled 130,518. In FY2016 over FY2008 the total was 300,880, representing a 130 percent increase.

## Section Two - Investments

### **ALL INVESTMENTS RESTRICTED PURSUANT TO ARS § 35-323**

The County Treasurer is charged by law to collect, invest and disburse taxpayer funds. The County Treasurer’s investment management goals include having sufficient funds available to meet short-term financial obligations of county agencies and school districts and invest pool participants’ excess funds for future liquidity needs while maximizing earnings. Short-term financial obligations include warrants, which are physical checks with the characteristics described in Arizona Revised Statute 11-645; and electronic file transfers (EFT), which are payments made electronically to county vendors. The portfolio contains eligible securities authorized under state statute which emphasize safety over risk while earning a rate of return that increases the value of the pooled participants’ funds. The investment results have demonstrated these conservative values over the years and still meet day-to-day operating liabilities even in this low interest rate environment.

Figure 2.1 **MONTHLY EXPENDITURES TOTAL**



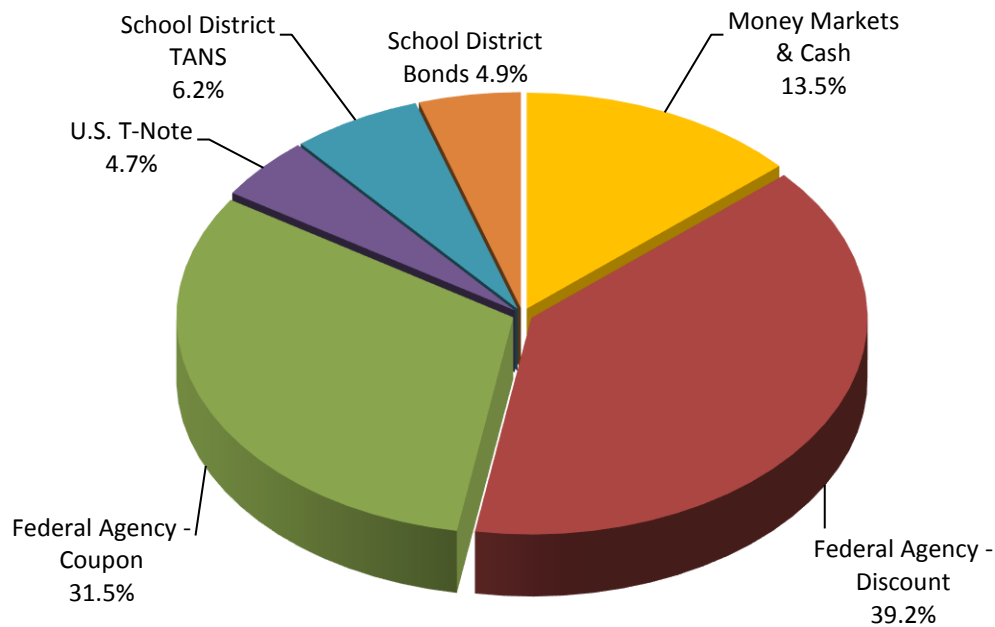
Treasurer’s internal investment policy caps maturities at five (5) years without the approval of the Treasurer’s Advisory Board. Portfolio securities are held-to-maturity unless cash is required to cover daily expenditures of the County or school districts. Sold securities must result in an overall earnings net gain preserving safety of principal. Fiscal year 2016’s average monthly portfolio balance was \$3.5 billion with .52% total return.

The County Treasurer’s Office continued purchasing school districts’ Tax Anticipation Notes (TANS); however, school district Improvement and Refunding bonds (I&R bond) were not offered a private-placement investment option for the Treasurer’s portfolio this fiscal year. TANS are one-year notes issued every July.

Both these financing programs provide school districts favorable interest rates and lower bond issuance costs compared to public bond offerings, and saved the school districts an estimated \$1,021,883 for the TANS financing program this fiscal year. These investments earn 25 basis points more than prevailing market rates. The portfolio’s interest income for both school district financing programs approached \$3.1 million.

**Figure 2.2 INVESTMENTS PORTFOLIO DISTRIBUTION**

The Maricopa County Treasurer’s Office invests public monies in accordance with Arizona Statute in four primary areas: 1) Federal (U.S.) Agencies; 2) U.S. Treasuries; 3) local municipality notes and bonds; and 4) money market instruments including cash.



**Figure 2.3 INTEREST EARNINGS DISTRIBUTION**

All portfolio interest earnings are distributed among the investment pool participants, which are school districts, county agencies and special districts. School districts’ interest earnings reduce their upcoming budget requirements when property tax rates are calculated.

	FY 2016		FY 2015		FY 2014		FY 2013	
County	7,857,343	42%	5,653,016	40%	6,043,182	44%	6,799,789	46%
Special Districts	202,858	1%	144,822	1%	150,925	1%	720,200	5%
Community College	---	0%	118,185	1%	118,678	1%	124,521	1%
Schools	<u>10,527,441</u>	<u>57%</u>	<u>8,092,731</u>	<u>58%</u>	<u>7,299,210</u>	<u>54%</u>	<u>7,042,166</u>	<u>48%</u>
Totals*	\$18,587,642	100%	\$14,008,754	100%	\$13,611,995	100%	\$14,686,676	100%

\*The interest reported for fiscal year 2015 was restated to reflect interest earned from a specific investment of Elderly Assistance monies. Fiscal year 2016 also includes the remaining earnings of this specific investment. The variances of earnings reported in section 2.3 as compared to earnings reported in section 2.4 are a result of bank earnings and investment adjustments that were deemed not material.

**Figure 2.4 INVESTMENT EARNINGS HISTORY**

Interest rates continued at historic lows with the average .52% rate paid to investment pool participants. The portfolio’s highest balance was \$3.7 billion at first-half and second-half property tax deadlines, finishing at \$3 billion on June 30, 2016.

Fiscal Year Ending	Average Return Rate	Interest Earnings	June 30 <sup>th</sup> Par Balance	Average Days to Maturity
2016	0.52%	18,660,851.44	3,057,703,000	342
2015	0.44%	14,044,907.01	3,119,595,000	367
2014	0.42%	13,611,995.40	3,011,549,000	374
2013	0.44%	14,686,675.99	2,938,424,000	491

## Section Three - Receipts & Disbursements

**Figure 3.1 CHANGE IN FUND BALANCE**

<b>BEGINNING BALANCE AT JULY 1, 2015</b>		<b>\$3,737,544,204</b>
<b>RECEIPTS</b>		
Taxes		
	Real Property	\$ 4,399,497,773
	Payments In-lieu of Taxes	78,588,969
	Sales Tax	341,311,760
	Gas Tax	101,783,129
		\$ 4,921,181,631
Intergovernmental		
	State Aid to Education- State Equalization & Prop 123	\$ 1,599,719,662
		\$ 1,599,719,662
Interest		
	Investments	\$ 18,587,642
	Delinquent Taxes	11,368,597
		\$ 29,956,239
Credit Line Borrowings		495,264,000
Bond Proceeds		884,500,000
Deposits for Agencies/Schools		2,384,789,142
		\$10,315,410,674
<b>Total Receipts</b>		<b>\$10,315,410,674</b>
<b>DISBURSEMENTS</b>		
Warrants & Checks Redeemed		
	School Districts	\$ 5,402,607,580
	County Funds	2,035,679,233
	Special Districts	141,188,620
		\$ 7,579,475,433
Bond Redemption & Interest		
	School District Bonds	\$ 761,829,297
	School District Credit Lines	568,717,000
	School District TANs	226,364,000
		\$ 1,556,910,297
Remitted To		
	State of Arizona	\$ 57,942,864
	Maricopa Community College	527,304,225
	Special Health Care District	105,813,070
	Other Political Subdivisions	507,286,281
		\$ 1,198,346,440
<b>Total Disbursements</b>		<b>\$10,334,732,170</b>
<b>ENDING BALANCE AT JUNE 30, 2016</b>		<b>\$ 3,718,222,708</b>

**Figure 3.2 DISBURSEMENT TYPES**

Most disbursements are made with warrants. A warrant is a government issued check payable for authorized expenditures of that government entity. The warrant is presented for payment and after the treasurer validates the warrant it is paid using available monies from an authorized fund.

<u>Jurisdictions</u>	<u>Transactions</u>	<u>Amount</u>	<u>Average</u>
County Warrants	111,351	\$291,363,641	\$2,617
School District Warrants	546,464	5,383,137,637	9,851
Special District Warrants	9,928	73,586,364	7,412
Treasurer’s Checks (1)	16,328	101,868,017	6,239
EFT Finance (2)	254	1,574,473,777	6,198,716
Electronic Payments (3)	N/A	<u>2,910,302,734</u>	N/A
Totals	684,325	\$10,334,732,170	\$15,102

(1) Treasurer's checks are actual checks that are issued by the County Treasurer and are payable by the bank when received. The Treasurer is the only agency that can issue checks, all other agencies must issue warrants that are payable by the Treasurer.

(2) Electronic Fund Transfer (EFT) payments are electronic payments issued by the County Department of Finance in place of a warrant. The same authorization and approval for warrants is required for funding of an electronic payment.

(3) Automated Clearing House (ACH) payments are electronic payments that are made by the Treasurer in place of a Treasurer's check. These payments are reoccurring in nature and are set up at the bank to facilitate the payment process and the cost is substantially lower than a check.

**Figure 3.3 ELDERLY ASSISTANCE FUND DISTRIBUTION**

The Elderly Assistance Fund (EAF) pays part of the school tax for qualified homeowners. Application forms are available from the County Assessor. The amount available for FY 2016 is \$4,696,377.

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>
Parcels Benefited by EAF	10,143	10,162	10,095	10,659
Total Monies Distributed	\$2,483,821	\$ 2,521,228	\$ 2,315,753	\$ 2,419,974

**Figure 3.4 BANK LINE OF CREDIT USAGE BY SCHOOLS**

The Maricopa County Treasurer’s Office acts as the bank for schools and many other government entities in Maricopa County. Warrants (government checks) are paid by the Treasurer from cash available for each entity. If cash is not available, then monies are borrowed through approved credit lines.

When warrants presented for any school district exceed the approved credit line limit, then warrants are “registered” or returned to the holder to be paid at a later date with interest. There were no registered warrants in FY 2016.

Credit line information for FY 2016 and FY 2015 and FY 2014.

	<u>FY 2016 Credit Line</u>	<u>FY 2015 Credit Line</u>	<u>FY 2014 Credit Line</u>
Outstanding Beginning Balance	\$ 193,130,000	\$ 173,079,000	\$ 182,660,000
Borrowings	495,264,000	645,750,000	822,927,000
Payments	568,717,000	625,699,000	713,741,000
Outstanding Ending Balance	119,677,000	193,130,000	173,079,000
Interest Paid	843,516	904,596	1,030,746

**Figure 3.5 DEBT SERVICE PAYMENTS BY SCHOOLS**

School debt consists of voter approved bonds. The debt service payments made during the 2016 and 2015 fiscal years are as follows:

	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Principal Payments	\$351,177,000	\$355,829,000	-1.32%
Interest Payments	<u>138,099,924</u>	<u>138,426,161</u>	<u>-.24%</u>
Total	\$489,276,924	\$494,255,161	-1.02%

**Figure 3.6 TAXPAYER INFORMATION FUND**

This Taxpayer Information Fund is comprised of fees and interest earnings (all non-tax dollars) to be used for various out-reach activities that assist the property owners with managing their property tax payments and promote understanding of the Arizona property tax system.

	<u>FY 2016</u>	<u>FY 2015</u>
Beginning Balance	\$382,428	\$335,977
Revenue	243,783	197,129
Disbursements	<u>(236,500)</u>	<u>(150,678)</u>
Ending Balance	\$389,711	\$382,428

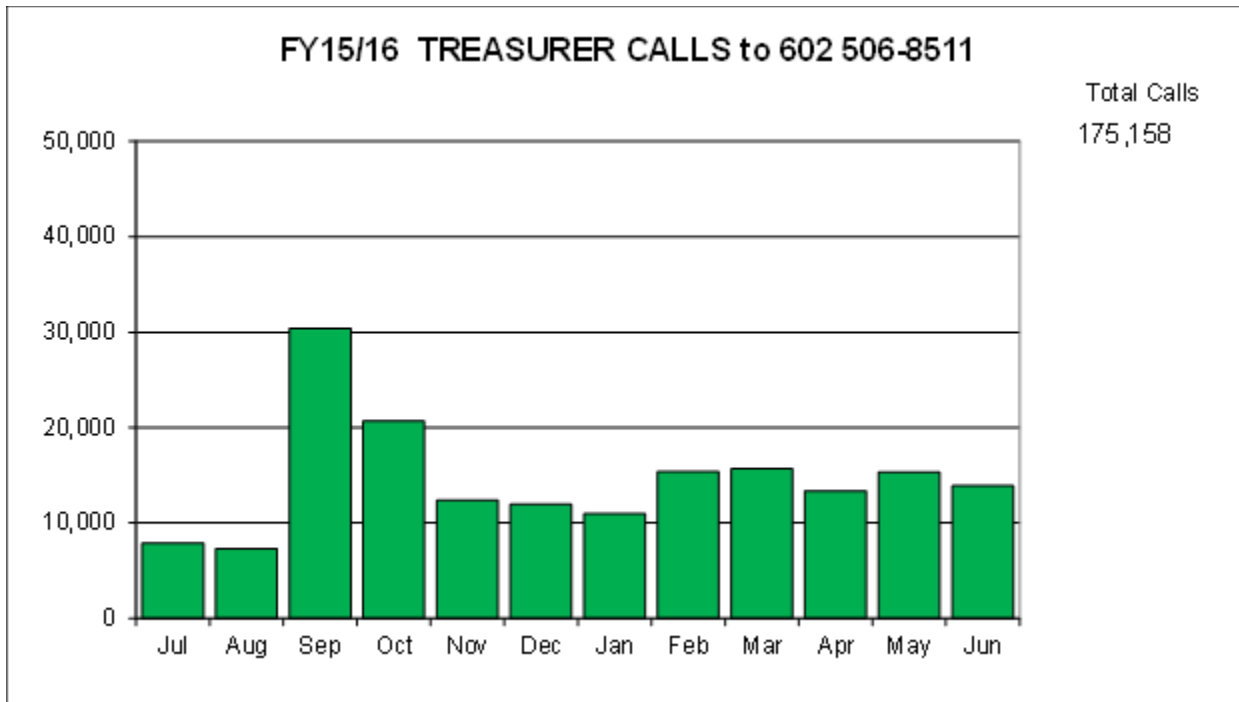


## Section Four – Taxpayer Services

There are a myriad of taxpayer services. They include responding to taxpayer requests, mailing tax bills, mailing delinquent tax notices, selling delinquent tax liens, foreclosing on delinquent taxes, conducting sales on foreclosed properties, and several other related functions.

The Treasurer’s Office receives nearly 200,000 requests from taxpayers each year. Most are handled by the Call center as shown in the following graph. Several thousand require more extensive research by the Treasurer’s Office that average about two hours of staff time each and are shown in Figure 4.2.

**Figure 4.1 STAR CENTER TREASURER’S CALLS**



**Figure 4.2 TAXPAYER RESEARCH REQUEST HISTORY**

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun*</u>	<u>Total</u>
<u>FY2016</u>	546	626	656	750	566	817	714	782	814	100	898	999	9,168
<u>FY2015</u>	287	217	455	466	363	321	250	692	711	470	510	938	5,680
<u>FY2014</u>	286	246	361	416	488	397	406	374	360	390	368	655	4,747
<u>FY2013</u>	589	308	519	486	441	414	373	363	385	399	396	779	5,452
<u>FY2012</u>	310	354	618	538	580	470	503	455	428	457	489	1,962	7,164
<u>FY2011</u>	276	319	551	470	459	433	422	392	438	517	391	742	5,410

\* Delinquent notices are mailed in June.

**Figure 4.3 TAXPAYER RESEARCH REQUEST BY SOURCE AND STATUS**

On average it takes approximately two working hours to complete each research request. While many can be resolved by electronic confirmation others are much more time consuming and require ordering records from archives, reviewing microfilm, interacting with external departments, and working directly with the taxpayer.

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY2013</u>	<u>FY2012</u>	<u>FY2011</u>
Online	2,892	1,969	2,021	2,309	3,807	2,039
Walk-In	2,034	1,327	598	923	1,352	1,468
Others	748	774	1,188	918	647	723
Fax	257	326	316	482	407	556
Mail	3,127	1,117	455	656	662	506
Phone	101	156	164	161	282	115
Assessor	10	11	5	3	7	3
<b>Total</b>	<b>9,169</b>	<b>5,680</b>	<b>4,747</b>	<b>5,452</b>	<b>7,164</b>	<b>5,410</b>
Closed	6,935	5,042	4,471	5,139	5,969	5,395
In Queue	940	354	120	184	1,038	4
In Service	1,294	284	156	129	157	11
<b>Total</b>	<b>9,169</b>	<b>5,680</b>	<b>4,747</b>	<b>5,452</b>	<b>7,164</b>	<b>5,410</b>

**Figure 4.4 TAX LIEN SALE HISTORY**

Liens not sold during the auction can be purchased from the County Treasurer. Delinquent property taxes constitute a lien against the property. That lien must be offered for purchase at auction in February each year per Arizona Revised Statute.

<u>Sale Year</u>	<u>Tax Year</u>	<u>Parcels Advertised</u>	<u>Dollar Value</u>	<u>Not Auctioned *</u>	<u>Liens Sold</u>	<u>Dollar Value</u>	<u>Avg Int Rate **</u>	<u>Unsold Liens</u>
2016	2014	18,364	\$17,217,200	6,433	11,431	\$16,997,884	2.43%	500
2015	2013	18,888	\$18,036,059	6,511	11,637	\$17,832,166	3.84%	740
2014	2012	21,342	\$33,970,380	6,206	12,710	\$18,354,687	5.01%	2,426
2013	2011	27,057	\$46,532,327	7,964	16,535	\$31,745,917	7.48%	2,558
2012	2010	34,550	\$86,424,452	8,072	19,949	\$55,659,726	9.93%	6,529
2011	2009	39,037	\$80,478,533	9,429	22,510	\$63,529,394	10.79%	12,543
2010	2008	41,859	\$69,946,978	9,317	25,660	\$57,093,614	8.62%	11,040
2009	2007	34,694	\$47,521,202	4,233	22,354	\$39,884,087	8.66%	8,107
2008	2006	28,047	\$32,713,999	5,995	20,401	\$27,558,290	7.64%	1,651
2007	2005	23,949	\$29,564,319	6,173	15,972	\$21,080,184	7.96%	1,804

\* Parcels may be advertised but not auctioned because of pending litigation such as bankruptcy.

\*\*Average interest rate earned by investors.

#### Figure 4.5 **INVESTOR CERTIFICATE OF PURCHASE FORECLOSURES**

In 2015, 31 percent of investor foreclosures were residential properties and 98 percent of those were owner occupied. Foreclosures have experienced a 556 percent increase. The Treasurer's Office sponsored legislation that will allow for partial payments on delinquent property taxes and separate certificates of purchase. Senate Bill 1135 became effective on January 1, 2016 and will help to counteract the rising number of investor foreclosures by giving property owners respite from paying all delinquent taxes and penalties at one time.

Calendar Year	2009	2010	2011	2012	2013	2014	2015
Investor Foreclosures	68	72	105	171	311	363	400

#### Figure 4.6 **MAILING ACTIVITY**

Tax bills and information statements for the 2015 tax year were mailed in late August. Tax information statements are mailed to property owners that pay their property taxes into an impound account usually as part of their monthly mortgage payment. Tax bills are mailed to those property owners that pay individually and owe more than two dollars. Delinquent Notices were mailed in December of 2015 and June 2016.

Tax Year	Singles	Multiple Bills	Information Statements	Total Mailing	Delinquent Notices
2015	730,148	102,744	710,861	1,562,861	133,044
2014	732,301	86,123	698,053	1,516,477	134,402
2013	733,920	88,939	675,536	1,498,395	137,344
2012	727,936	109,714	725,636	1,563,286	121,493
2011	729,608	85,756	731,201	1,546,565	136,240

#### Figure 4.7 **TREASURER FORECLOSURES AND TAX DEED LAND SALE**

During the year the Treasurer's Office foreclosed on 372 State of Arizona tax liens. The Maricopa County Board of Supervisors authorized a tax deed land sale which was conducted in March 2016 and 307 parcels sold for \$89,022 out of a total of 596 parcels with 49 being cancelled by the County Assessor's Office and 240 remaining unsold.

## **Section Five – Information Technology**

The Information Technology Division provides computer systems support for each of the other divisions within the Treasurer's Office. This includes operational and support services on all computer-based applications and processes utilized by the office. These services also extend to meeting needs of other county departments including Finance, Maricopa County Education Service Agency, independent school districts, special districts, other taxing jurisdictions, and the general public.

A few highlights of the Information Technology Division accomplishments for Fiscal Year 2016 are:

1. **System Replacement Project** – The effort of replacing and updating the Treasurer's computer systems was started in fiscal year 2014 and reached a major milestone in fiscal year 2016 when the Maricopa County Board of Supervisors awarded Thomson Reuters with a county contract (14001-RFP). Thomson Reuters will deliver a fully integrated computer system to fulfill the requirements for the Treasurer's property tax management, accounting/banking, and investment functions. This objective will be achieved by implementing three commercial off-the-shelf products (Thomson Reuter's Aumentum, Microsoft Dynamics AX, and Emphasys Sympro) in a seamless, integrated fashion. The overall project is anticipated to take 2-1/2 to 3 years to fully complete.

2. **USPS Intelligent Mail Barcode** – The Treasurer’s major mailing processes (tax bills and delinquent notices) were modified to implement the USPS Intelligent Mail Barcode resulting in significant cost savings for each of these. This work included the updating of several of the computer applications that support the tax bill and delinquent notice processing. Details concerning this effort are described later in this Annual Report.
3. **Proposition 117** – Proposition 117 was a voter approved initiative passed in the 2012 general election (A.R.S. § [42-13301](#)). It limits the increase of the Limited Property Value to 5% per year which is the sole value used to calculate primary and secondary taxes. The Treasurer’s computer system applications and portions of tax billing process needed to undergo modifications to support the changes brought about by this measure. These changes were applied by the Treasurer’s Information Technology staff and were implemented as part of the 2015 property tax bills in September, 2015.
4. **Senate Bill 1135** – This legislation was passed in 2015 in the 1<sup>st</sup> Regular Session of the 52<sup>nd</sup> Legislature and resulted in changes to six different Arizona Revised Statutes pertaining to tax liens. The affected statutes are A.R.S. § 42-18056, 42-18121, 42-18152, 42-18154, 42-18201, and 42-18202. In summary, the legislation required Maricopa County to make some changes related to how partial payments on delinquent taxes and outstanding tax liens are accepted. The specifics of the legislation can be found here: <http://www.azleg.state.az.us/legtext/44leg/2r/bills/sb1135s.pdf>. Treasurer computer applications and websites were modified to comply with these changes.
5. **LCV Penalty Appeals Management** – Treasurer computer applications were also changed to implement changes pursuant to A.R.S. § 42-12052. This entailed the imposing of a civil penalty as described in the statute pertaining to the property’s legal classification. As part of this effort, an application was written to support the appeals processing that resulted from the imposition of these penalties. This new application enabled the Clerk of the Board to manage the appeals and communicate the disposition of each appeal request to the Treasurer’s Office in an efficient and streamlined fashion.
6. **Technical Action Requests** – One of the services of the Treasurer’s Information Systems division is to respond to and address service requests as provided by Treasurer’s employees and both internal and external Treasurer customers. During fiscal year 2016, a total of 1,217 service requests were opened and 1,273 service requests were closed by the Information Systems division.

## Section Six - Personnel

As one of the fastest growing counties in the nation, the Maricopa County Treasurer’s Office (MCTO) is committed to maintaining a focus on our critical mission of serving Maricopa County taxpayers by adopting policies to guide this office in providing ***better, faster and more cost effective*** ways of serving the taxpayers. We are dedicated to working to guide good tax policies for working Maricopa taxpayers by working with the Arizona State Legislature and the Maricopa County Board of Supervisors.

The Treasurer’s Office, in spite of tremendous growth in demand has gone from 65 FTE’s to 54 FTE’s while improving services to the taxpayers of Maricopa County. The Maricopa County Treasurer’s Office is the 4<sup>th</sup> largest county Treasurer’s Office in the nation. This office handles more than \$10.5 billion dollars a year, with over 1,600 taxing jurisdictions and serve over 1.6 million property owners.

As we experience the loss of decades of talented employees, we work to recruit the best and brightest and focus on cross training our employees so there is never a gap in service. The Treasurer's Office continues to upgrade positions with degreed professionals to offset the loss of key employees.

### Section Seven - Budget

The Treasurer's office budget is almost entirely funded out of the general fund with the exception of the Taxpayer Information Fund. The budget below represents the Treasurer's Office operating general fund appropriation and actual expenditures for FY 2016. It does not include \$843,760 costs for mailing tax bills and statements which is paid out of the county general government fund. The tax mailing budget of \$899,140 was restored to the Treasurer's General Fund operating budget in FY 2017.

<b>GENERAL FUND EXPENDITURES</b>	<b>2016 Revised Budget</b>	<b>2016 Actual Expenses</b>	<b>Variance</b>	<b>2017 Adopted Budget</b>
Regular Pay	\$ 3,428,217	\$ 3,454,669	\$ (26,452)	\$ 3,221,907
Temp Pay	59,059	37,594	21,465	59,059
Overtime	0	158	(158)	0
Fringe Benefits	1,224,042	1,207,402	16,640	1,272,082
Other Personal Services	0	5,000	(5,000)	0
Personal Services Allocation Out	0	(24,000)	24,000	
<b>Total Personal Services</b>	<b>\$ 4,711,318</b>	<b>\$ 4,680,823</b>	<b>\$ 30,495</b>	<b>\$ 4,553,048</b>
General Supplies	26,640	16,345	10,295	26,640
Fuel	360	156	204	360
Other Services	14,060	23,633	(9,573)	14,060
Rent and Operating Leases	0	18,448	(18,448)	0
Repairs and Maintenance	180,653	149,566	31,088	180,653
Internal Service Charges	99,488	118,395	(18,907)	137,996
Travel	4,100	2,269	1,831	4,100
Education and Training	16,660	1,140	15,520	50,716
*Postage/Shipping	6,000	44,845	(38,845)	905,140
Utilities	0	180	(180)	0
Buildings and Improvements	0	2,637	(2,637)	0
<b>Other Operating Expenditures</b>	<b>\$ 347,961</b>	<b>\$ 377,614</b>	<b>\$ (29,653)</b>	<b>\$ 1,319,665</b>
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 5,059,279</b>	<b>\$ 5,058,437</b>	<b>\$ 842</b>	<b>\$ 5,872,713</b>

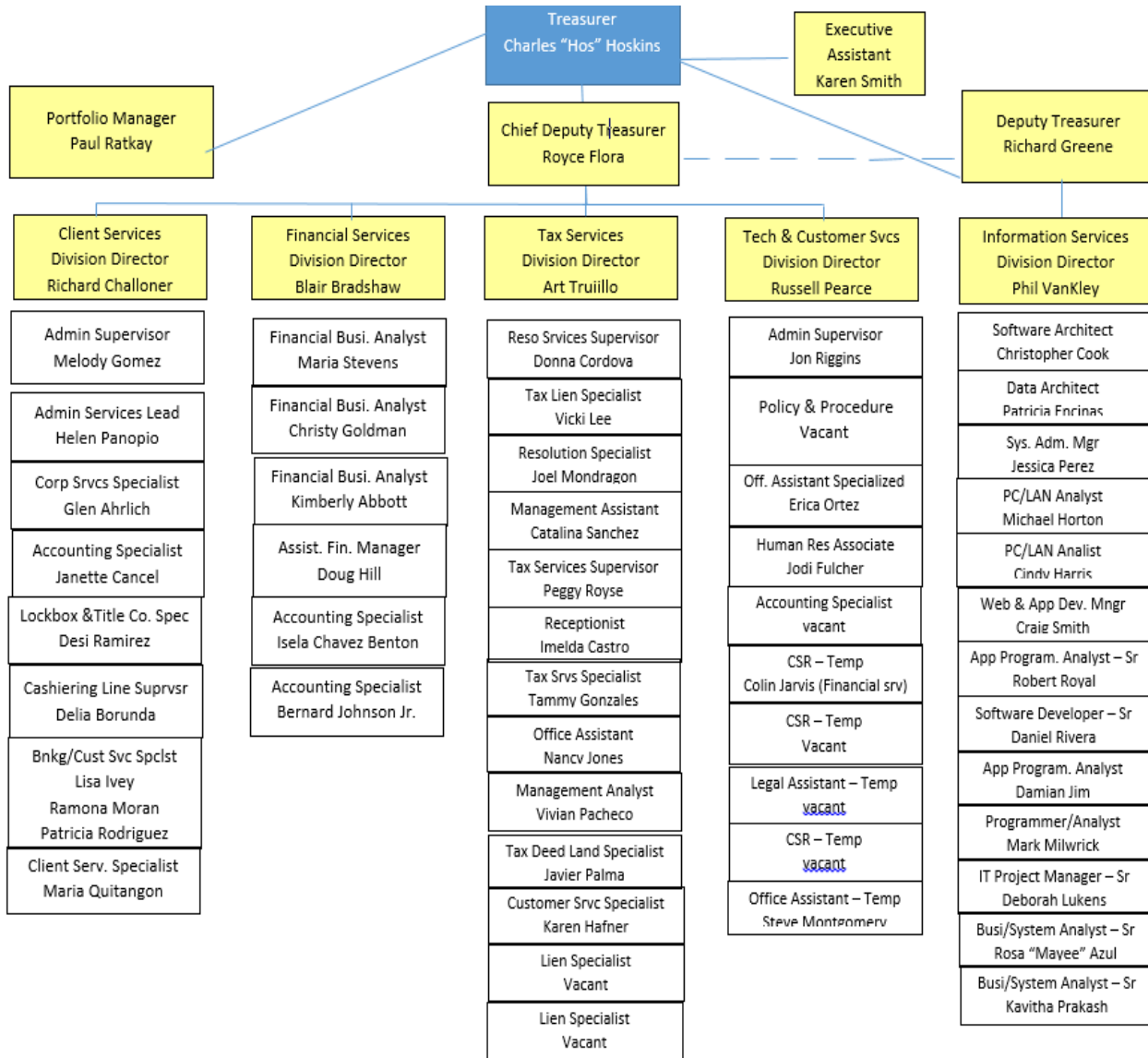
\*Postage paid in FY 16 does not reflect a separate tax mailing appropriation in the general government fund.

**The additional \$0.9 million in the FY 2016-17 budget is a reflection of moving the mailing budget from the county general fund to the Treasurer's general fund.**

### Budget History:

<b>Fiscal Year</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Operating Budget(MM)	\$2.9	\$3.2	\$3.9	\$4.7	\$4.5	\$4.7	\$5.0	\$5.0

## Section Eight-Organization Chart:



## **Section Nine - Recognition of Treasurer's Office Contributions to Better, Faster, Cheaper, Ways to Serve the Taxpayers of Maricopa County**

The Maricopa County Treasurer's Office is devoted to improving its internal processes and the customer experience. The Treasurer's Office has partnered with the county to promote the Rewarding Ideas Program designed to encourage employees to take an increased interest in county operations and to generate cost saving ideas. The Treasurer, Charles "Hos" Hoskins and Chief Deputy Treasurer, Royce Flora, have worked tirelessly to foster an environment that promotes innovation and recognition for



*(Left to Right: Royce Flora and Charles "Hos" Hoskins)*

those employees that take the initiative by contributing ideas that align with the Rewarding Ideas Program goals. Three exceptional employees implemented ideas that met the criteria of the Maricopa County Rewarding Ideas Program award: Erica Acosta, Patricia Encinas and Catalina Sanchez. In total, these three employees generated an unprecedented \$1.3 million worth of revenues

and cost savings for the county's general fund. One of the ideas was recognized by the Arizona Association of Counties (AACo) for creative innovation in which the Office was bestowed a Summit Award.

The first Rewarding Idea was designed and implemented by Erica Acosta and Patricia Encinas who leveraged the free intelligent barcode technology offered by the Post Office to streamline certain aspects of the Treasurer's 1.7 million tax mailings, leading to enhanced customer service and tangible savings. By using intelligent barcodes, all mail is now tracked electronically through the delivery pipeline. The new process eliminated the need to hire temporary employees to hand process 150,000 returned envelopes for data entry. This equated to a tangible savings of \$21,250 a year.

While there are various tangible cost savings, there are equally as many intangible benefits that have arisen due to this endeavor. The most significant is the enhancement of customer service through the access to real-time mailing information. Before this new process was implemented, it would take weeks before the property tax owner records were updated to reflect their mailing status. Customer service representatives now have real-time access to mailing statuses which will lead to more positive customer service interactions with the public.

By having access to more robust data in real-time, the Treasurer can better utilize business intelligence to



*(Left to Right: Treasurer Charles "Hos" Hoskins, Erica Acosta, Catalina Sanchez, Patricia Encinas, Chief Deputy Royce Flora)*

increase the accuracy of re-billings while eliminating the manual process of hand inputting returned mail data. In addition to saving Maricopa County money, the Treasurer's Office was recognized by AACo for its innovative approach to its mailing. The award raised awareness of the value of adopting the Intelligent Barcodes and there have been a flurry of inquiries from other offices and agencies that deal with high volumes of mail that want replicate our process.

The second innovative idea had a simple premise, but incredible gains. Catalina Sanchez, among her various job duties, remits unclaimed property from the public to the State Department of Revenue (ADOR). The public can claim this money from ADOR by searching the agency's website and contacting the department. Since Cathy would remit excess proceed monies from the public to ADOR she decided to research if Maricopa County could have money waiting to be claimed. What she discovered was over \$1.3 million that belonged to the county that had not been claimed for decades. She immediately notified the county manager and claimed the money for Maricopa County. This was a windfall for the county general fund and demonstrates the tremendous benefit of programs that are designed to spur employees to seek ways to improve the county and question the status quo. Cathy continues to contact additional states identifying more unclaimed monies for Maricopa County and receiving checks on a regular basis. The Treasurer's Office is proud to recognize these employees for their outstanding service and the value their efforts have delivered to the taxpayer.



## **Section Ten – MCTO Project ULTIS (Ultimate Treasurer’s Information System)**



**ULTIS Accounting Team: Blair Bradshaw, Christy Goldman & Art Trujillo**

### **ULTIS Launch Held June 21: Treasurer’s System Replacement Project**

The Treasurer’s Office officially launched the effort to replace the legacy Treasurer’s Information System in late June. The effort spans the next 2.5 years and includes systems to support:

- Accounting: Microsoft Dynamic AX
- Investments: Emphasys Sympro
- Property Tax: Thomson Reuters (TR) Aumentum

In today’s environment there is a dependency on technology to successfully and promptly conduct business. The Treasurer’s system manages over \$10 billion annually and serves numerous stakeholders consisting of taxpayers, county departments, and non-county entities all of whom have high service delivery expectations. Their expectations are governed by about 400 mandates in Arizona laws covering the Treasurer’s responsibilities of tax administration, banking, investment management, and accounting. The technology in these service areas continues to change at a rapid pace, and the Treasurer’s system must keep pace to assure sufficient capacity to sustain, evolve, and improve service delivery. More importantly, the technology must function according to the law and ensure reliability and security.

IT activities in parallel with the Accounting start-up consist of TR facilitated conversion planning sessions with the MCTO IT Team. IT efforts include mapping data from the legacy TIS system to the new Aumentum property tax files. This data mapping phase is expected to extend into the spring of 2017.

IT involvement doesn’t stop there! Their work includes the many interfaces between MCTO and other Maricopa County elected offices, Maricopa County departments and agencies.

Many of the core computer software applications have been in operation for over 27 years and are based on outdated technology. Through the years the system has been modified and extended to the point that it is a complex compilation of multiple technologies today. Though the current system is relatively stable and dependable at the present time, its age and older technologies present ever-increasing difficulties to maintain, update, and adapt to the evolving needs and requirements.

To address this concern, the Treasurer’s Office published a Request for Proposal (Serial 14001-RFP) in September, 2014 to acquire the necessary hardware, software and services to replace the existing computer systems and applications. The Treasurer’s system replacement initiative is based on business value, service, and a focus on improvement with extensive technology to guide decisions and operation support. Results are aimed at satisfying customer expectations and aligning more closely with county-established technology best practices and industry standards.



*Members of the MCTO Conversion Team: From right to left, Phil Van Kley, Patty Encinas, Craig Smith, Kavitha Prakash, and Rabbani Shaik (not included is Bob Royal and Debbie Lukens).*

In May, 2016 the Maricopa County Board of Supervisors awarded a county contract to Thomson Reuters as the prime contractor to deliver a fully-integrated solution to meet the needs of the Treasurer’s Office and its stakeholders. The solution will fully integrate three commercial off-the-shelf products. These products are Thomson Reuter’s Aumentum Tax, Microsoft’s Dynamics AX, and Emphasys’ Sympro. The end result will be a cohesive, efficient, and feature-rich system that takes full advantage of the latest

advancements in technology to meet current and future demands. The implementation project officially kicked off in June, 2016 and is expected to take approximately 3 years to complete.

## **Acknowledgement**

**Treasurer “Hos” Hoskins gratefully acknowledges the skilled and dedicated efforts of the employees and managerial staff at the Maricopa County Treasurer’s Office.**