ROYCE T. FLORA
Maricopa County Treasurer
Annual Report FY2019
Investments Exceed Projections
The Maricopa County Treasurer’s Office exceeded its $95 Million net investment income forecast for FY2019 earning $97,660,888.38. “We delivered as projected—and more. Our office is doing an excellent job of managing the taxpayers’ money resulting in nearly a 50% increase over last year.” To add more perspective, the amount of investment earnings from FY2017 through FY2019 increased over 600%.

Get Updates Online, Pay Online: Go Paperless
eNoticesOnline.com takes the hassle out of remembering when your taxes are due. Our Office has partnered with the Assessor’s Office to provide a one-stop solution to view all your tax bills, information, and notices. Please go to eNotices on our main page for instructions.

Prefer to Pay in Person? Pay Your Property Tax at any Full-Service Arizona Chase Bank
Our Office has partnered with Chase Bank to make paying your taxes more convenient. Taxpayers have been highly receptive to this convenient option. In FY2019, Chase branches collected over $225 Million in property tax payments representing an almost 20% increase in customer transactions compared to FY2018. Skip the trip downtown and bring your payment coupon to any full-service Arizona Chase Bank—even if you don’t bank with Chase—and pay your property taxes there.

Elderly Assistance
The American Dream has been from the founding days of this Republic: Life, Liberty and Property. I am committed to the taxpayers of Maricopa County to do all I can to make sure taxes are low and affordable. I am extremely concerned about the American Dream being lost as a result of rising property taxes. One of my goals is to move low income seniors from a Class 3 to a Class 6. This would lower their taxes and provide a Constitutional solution for this small group of qualified seniors. According to the Joint Legislative Budget Committee the state general fund would actually benefit by $2.7 Million each year. It’s a WIN, WIN, WIN Deal.

Additionally, I am committed to doing all I can to keep all homeowners in their homes. Government taxes should not be the reason a person loses their home. I will continue to work with the legislature to enact laws that protect all homeowners, including mobile homeowners, from having their homes sold at auction because property taxes are too high.

Sincerely,

Royce T. Flora
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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 fourth 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 $12 Billion annually; we serve over 1,700 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 five ways: 1) as part of their mortgage, 2) by mail, 3) any full-service Arizona Chase bank, 4) online through the Treasurer’s website or their personal bank website, or 5) in person at the Treasurer’s Office.

Figure 1.1  ALLOCATION OF PROPERTY TAX LEVY

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>Total</th>
<th>Percent of Levy</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>County (Operations, Flood, Library)</td>
<td>1</td>
<td>13.04%</td>
<td>$655,074,951</td>
</tr>
<tr>
<td>Cities</td>
<td>25</td>
<td>11.42%</td>
<td>573,770,750</td>
</tr>
<tr>
<td>Fire Districts</td>
<td>21</td>
<td>1.30%</td>
<td>65,122,365</td>
</tr>
<tr>
<td>Irrigation, County, Municipal</td>
<td>143</td>
<td>1.14%</td>
<td>57,456,151</td>
</tr>
<tr>
<td>Health, Water &amp; Special</td>
<td>18</td>
<td>4.17%</td>
<td>209,692,443</td>
</tr>
<tr>
<td>Schools</td>
<td>57</td>
<td>57.61%</td>
<td>2,894,219,416</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>1</td>
<td>11.07%</td>
<td>555,988,395</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>1494</td>
<td>.25%</td>
<td>12,818,508</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1760</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>$5,024,142,979</strong></td>
</tr>
</tbody>
</table>

FIGURE 1.2 PROPERTY TAX COLLECTIONS BY CATEGORY

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>2019</th>
<th>2018</th>
<th>% CHANGE</th>
<th>2019</th>
<th>2018</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulk Payments*</td>
<td>$2,404,322,306</td>
<td>$2,279,472,389</td>
<td>5.48%</td>
<td>1,685,572</td>
<td>1,646,951</td>
<td>2.34%</td>
</tr>
<tr>
<td>By Mail</td>
<td>$1,195,681,546</td>
<td>$1,218,966,285</td>
<td>-1.91%</td>
<td>506,936</td>
<td>551,149</td>
<td>-8.02%</td>
</tr>
<tr>
<td>In Office</td>
<td>$218,274,307</td>
<td>$205,872,517</td>
<td>6.02%</td>
<td>75,453</td>
<td>84,322</td>
<td>-10.52%</td>
</tr>
<tr>
<td>Bank Branch**</td>
<td>$225,977,102</td>
<td>$188,676,961</td>
<td>19.77%</td>
<td>136,454</td>
<td>118,847</td>
<td>14.81%</td>
</tr>
<tr>
<td>Online Echeck</td>
<td>$498,280,329</td>
<td>$427,477,108</td>
<td>16.56%</td>
<td>210,453</td>
<td>195,070</td>
<td>7.89%</td>
</tr>
<tr>
<td>Online Bank</td>
<td>$102,959,669</td>
<td>$97,474,728</td>
<td>5.63%</td>
<td>80,817</td>
<td>78,934</td>
<td>2.39%</td>
</tr>
<tr>
<td>Online Card</td>
<td>$97,989,168</td>
<td>$86,308,339</td>
<td>13.53%</td>
<td>81,578</td>
<td>76,094</td>
<td>7.21%</td>
</tr>
<tr>
<td><strong>Total</strong>*</td>
<td><strong>$4,743,484,427</strong></td>
<td><strong>$4,504,248,327</strong></td>
<td><strong>5.31%</strong></td>
<td><strong>2,777,263</strong></td>
<td><strong>2,751,367</strong></td>
<td><strong>0.94%</strong></td>
</tr>
</tbody>
</table>

* Payments made by financial institutions, tax services companies, mortgage companies, and multiple property owners.
** Messaging and design changes on tax bill highlighting bank branch payments led to a 52.32% transaction increase since 2017.
*** Includes prior year tax payments, fees, and late payment interest.
The County Treasurer is charged by law to collect, invest and disburse taxpayer funds. The County Treasurer’s investment management goals are 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 Tax Anticipation Notes (TANS). 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**

The 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. FY2019’s average monthly portfolio balance was $4.55 Billion with 2.00% total return.

The County Treasurer’s Office continued purchasing school districts’ Tax Anticipation Notes (TANS) and school district Improvement and Refunding bonds (I&R bonds). I&R bonds were purchased as private-placement investment options for the Treasurer’s portfolio this fiscal year. TANS are one-year notes issued every July; I&R bonds are in one to five-year timeframes.

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 bank lending fees for the TANS financing program this fiscal year. These investments earn a spread to Treasury notes beating prevailing market rates. The portfolio’s interest income for both school district financing programs exceeded $56.7 Million.

Figure 2.2 **INVESTMENTS PORTFOLIO DISTRIBUTION**

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. Maricopa Special Health Care District invests monies separate from the pool participants; however, their earnings are reflected as part of the Treasurer’s total portfolio earnings.

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>31,119,593</td>
<td>15,942,652</td>
<td>8,951,478</td>
<td>7,857,343</td>
</tr>
<tr>
<td>Special District</td>
<td>4,379,820</td>
<td>1,312,930</td>
<td>350,500</td>
<td>202,858</td>
</tr>
<tr>
<td>Schools</td>
<td>54,930,435</td>
<td>24,840,412</td>
<td>12,883,138</td>
<td>10,527,441</td>
</tr>
<tr>
<td>Totals*</td>
<td>90,429,848</td>
<td>$42,095,995</td>
<td>$22,185,116</td>
<td>$18,587,642</td>
</tr>
</tbody>
</table>

*The interest reported for FY2015 was restated to reflect interest earned from a specific investment of Elderly Assistance Monies. FY2016 also includes the remaining earnings of this specific investment. The variances of earnings reported in section 2.3.

Figure 2.4 **INVESTMENT EARNINGS HISTORY**

Federal Reserve had three interest rate hikes during the fiscal year increasing return to the pool participants. The portfolio’s highest balance was $6 Billion at second-half property tax deadline (May), finishing at $4.45 Billion on June 30, 2019.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Average Return Rate</th>
<th>Interest Earnings</th>
<th>June 30th Par Balance</th>
<th>Average Days to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2.00%</td>
<td>97,660,888.38</td>
<td>4,447,074,000</td>
<td>318</td>
</tr>
<tr>
<td>2018</td>
<td>1.77%</td>
<td>64,399,364.00*</td>
<td>4,499,882,000</td>
<td>502</td>
</tr>
<tr>
<td>2017</td>
<td>0.59%</td>
<td>22,323,140.11</td>
<td>3,474,236,000</td>
<td>457</td>
</tr>
<tr>
<td>2016</td>
<td>0.52%</td>
<td>18,660,851.44</td>
<td>3,057,703,000</td>
<td>342</td>
</tr>
<tr>
<td>2015</td>
<td>0.44%</td>
<td>14,044,907.01</td>
<td>3,119,595,000</td>
<td>367</td>
</tr>
<tr>
<td>2014</td>
<td>0.42%</td>
<td>13,611,995.40</td>
<td>3,011,549,000</td>
<td>374</td>
</tr>
</tbody>
</table>

*As compared to previous earnings report. FY2018 earnings represents the total of Interest Earnings ($44.5MM) and Net Gain on Investments ($19.8MM).
Section Three - Receipts & Disbursements

Figure 3.1 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 2020 is $607,926.15.

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcels Benefited by EAF</td>
<td>10,529</td>
<td>11,345</td>
<td>11,430</td>
<td>10,143</td>
</tr>
<tr>
<td>Total Monies Distributed</td>
<td>$2,245,536</td>
<td>$2,692,417</td>
<td>$2,812,207</td>
<td>$2,483,821</td>
</tr>
</tbody>
</table>

Figure 3.2 Bank Line of Credit Usage

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.

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding Beginning Balance</td>
<td>$119,684,000</td>
<td>$118,842,000</td>
<td>$119,677,000</td>
</tr>
<tr>
<td>Borrowings</td>
<td>402,230,000</td>
<td>300,416,000</td>
<td>408,360,000</td>
</tr>
<tr>
<td>Payments</td>
<td>-449,219,000</td>
<td>-299,574,000</td>
<td>-409,195,000</td>
</tr>
<tr>
<td>Outstanding Ending Balance</td>
<td>72,695,000</td>
<td>119,684,000</td>
<td>118,842,000</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>994,787</td>
<td>786,068</td>
<td>604,684</td>
</tr>
</tbody>
</table>

Figure 3.3 Debt Service Payments

Debt consists of voter approved bonds. The amounts presented below do not include refunding bonds that were collected and transferred to the trustees for future payments. The debt service payments made during the 2019 and 2018 fiscal years are as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Payments</td>
<td>$383,723,000</td>
<td>$392,054,000</td>
<td>0.98%</td>
</tr>
<tr>
<td>Interest Payments</td>
<td>159,095,274</td>
<td>141,112,660</td>
<td>1.13%</td>
</tr>
<tr>
<td>Sinking Fund Payments</td>
<td>5,200,189</td>
<td>5,805,852</td>
<td>&lt;0.89%</td>
</tr>
<tr>
<td>Total</td>
<td>$548,018,463</td>
<td>$538,972,512</td>
<td>1.01%</td>
</tr>
</tbody>
</table>

Figure 3.4 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.

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$290,066</td>
<td>$292,545</td>
<td>$389,711</td>
<td>$382,428</td>
</tr>
<tr>
<td>Revenue</td>
<td>183,423</td>
<td>188,446</td>
<td>168,094</td>
<td>243,783</td>
</tr>
<tr>
<td>Disbursements</td>
<td>-89,000</td>
<td>-190,925</td>
<td>-265,260</td>
<td>-236,500</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>$384,489</td>
<td>$290,066</td>
<td>$292,545</td>
<td>$389,711</td>
</tr>
</tbody>
</table>
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 Figure 4.1. 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**

<table>
<thead>
<tr>
<th></th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2019</td>
<td>685</td>
<td>441</td>
<td>994</td>
<td>876</td>
<td>614</td>
<td>579</td>
<td>1074</td>
<td>841</td>
<td>508</td>
<td>376</td>
<td>560</td>
<td>688</td>
<td>8,236</td>
</tr>
<tr>
<td>FY 2018</td>
<td>839</td>
<td>853</td>
<td>739</td>
<td>1075</td>
<td>734</td>
<td>638</td>
<td>692</td>
<td>742</td>
<td>961</td>
<td>856</td>
<td>837</td>
<td>753</td>
<td>9,719</td>
</tr>
<tr>
<td>FY 2017</td>
<td>461</td>
<td>428</td>
<td>766</td>
<td>834</td>
<td>969</td>
<td>730</td>
<td>770</td>
<td>823</td>
<td>1,030</td>
<td>748</td>
<td>727</td>
<td>991</td>
<td>9,277</td>
</tr>
<tr>
<td>FY 2016</td>
<td>546</td>
<td>626</td>
<td>656</td>
<td>750</td>
<td>566</td>
<td>817</td>
<td>714</td>
<td>782</td>
<td>814</td>
<td>100</td>
<td>898</td>
<td>999</td>
<td>9,168</td>
</tr>
<tr>
<td>FY 2015</td>
<td>287</td>
<td>217</td>
<td>455</td>
<td>466</td>
<td>363</td>
<td>321</td>
<td>250</td>
<td>692</td>
<td>711</td>
<td>470</td>
<td>510</td>
<td>938</td>
<td>5,680</td>
</tr>
<tr>
<td>FY 2014</td>
<td>286</td>
<td>246</td>
<td>361</td>
<td>416</td>
<td>488</td>
<td>397</td>
<td>406</td>
<td>374</td>
<td>360</td>
<td>390</td>
<td>368</td>
<td>655</td>
<td>4,747</td>
</tr>
</tbody>
</table>

* 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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Online</td>
<td>3143</td>
<td>3,446</td>
<td>3,152</td>
<td>2,892</td>
<td>1,969</td>
<td>2,021</td>
<td>2,309</td>
</tr>
<tr>
<td>Walk-In</td>
<td>2207</td>
<td>2,479</td>
<td>1,877</td>
<td>2,034</td>
<td>1,327</td>
<td>598</td>
<td>923</td>
</tr>
<tr>
<td>Others</td>
<td>620</td>
<td>587</td>
<td>793</td>
<td>748</td>
<td>774</td>
<td>1,188</td>
<td>918</td>
</tr>
<tr>
<td>Fax</td>
<td>71</td>
<td>187</td>
<td>154</td>
<td>257</td>
<td>326</td>
<td>316</td>
<td>482</td>
</tr>
<tr>
<td>Mail</td>
<td>1123</td>
<td>2,826</td>
<td>3,221</td>
<td>3,127</td>
<td>1,117</td>
<td>455</td>
<td>656</td>
</tr>
<tr>
<td>Phone</td>
<td>13</td>
<td>73</td>
<td>71</td>
<td>101</td>
<td>156</td>
<td>164</td>
<td>161</td>
</tr>
<tr>
<td>Assessor</td>
<td>6</td>
<td>121</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>7184</td>
<td>9,719</td>
<td>9,277</td>
<td>9,169</td>
<td>5,680</td>
<td>4,747</td>
<td>5,452</td>
</tr>
</tbody>
</table>

Closed | 6625    | 8,441   | 7,007   | 6,935   | 5,042   | 4,471   | 5,139   |

In Queue | 213     | 697     | 1,141   | 940     | 354     | 120     | 184     |

In Service | 346    | 581     | 1,129   | 1,294   | 284     | 156     | 129     |

Total | 7184    | 9,719   | 9,277   | 9,169   | 5,680   | 4,747   | 5,452   |

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.

<table>
<thead>
<tr>
<th>Sale Year</th>
<th>Tax Year</th>
<th>Parcels Advertised</th>
<th>Dollar Value</th>
<th>Not Auctioned *</th>
<th>Liens Sold</th>
<th>Dollar Value</th>
<th>Avg Int Rate **</th>
<th>Unsold Liens</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2017</td>
<td>18,988</td>
<td>$43,155,682</td>
<td>6,546</td>
<td>11,705</td>
<td>$18,266,885</td>
<td>4.20%</td>
<td>737</td>
</tr>
<tr>
<td>2018</td>
<td>2016</td>
<td>20,020</td>
<td>$37,260,723</td>
<td>7,168</td>
<td>12,145</td>
<td>$18,335,753</td>
<td>4.20%</td>
<td>707</td>
</tr>
<tr>
<td>2017</td>
<td>2015</td>
<td>21,242</td>
<td>$20,910,106</td>
<td>7,096</td>
<td>12,180</td>
<td>$20,449,727</td>
<td>5.08%</td>
<td>1,966</td>
</tr>
<tr>
<td>2016</td>
<td>2014</td>
<td>18,364</td>
<td>$17,217,200</td>
<td>6,433</td>
<td>11,431</td>
<td>$16,997,884</td>
<td>2.43%</td>
<td>500</td>
</tr>
<tr>
<td>2015</td>
<td>2013</td>
<td>18,888</td>
<td>$18,036,059</td>
<td>6,511</td>
<td>11,637</td>
<td>$17,832,166</td>
<td>3.84%</td>
<td>740</td>
</tr>
<tr>
<td>2014</td>
<td>2012</td>
<td>21,342</td>
<td>$33,970,380</td>
<td>6,206</td>
<td>12,710</td>
<td>$18,354,687</td>
<td>5.01%</td>
<td>2,426</td>
</tr>
<tr>
<td>2013</td>
<td>2011</td>
<td>27,057</td>
<td>$46,532,327</td>
<td>7,964</td>
<td>16,535</td>
<td>$31,745,917</td>
<td>7.48%</td>
<td>2,558</td>
</tr>
<tr>
<td>2012</td>
<td>2010</td>
<td>34,550</td>
<td>$86,424,452</td>
<td>8,072</td>
<td>19,949</td>
<td>$55,659,726</td>
<td>9.93%</td>
<td>6,529</td>
</tr>
<tr>
<td>2011</td>
<td>2009</td>
<td>39,037</td>
<td>$80,478,533</td>
<td>9,429</td>
<td>22,510</td>
<td>$63,529,394</td>
<td>10.79%</td>
<td>12,543</td>
</tr>
</tbody>
</table>

* Delinquent notices are mailed in June
<table>
<thead>
<tr>
<th>Year1</th>
<th>Year2</th>
<th>Parcels</th>
<th>Total Value</th>
<th>Delinquency Rate</th>
<th>Delinquency Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2008</td>
<td>41,859</td>
<td>$69,946,978</td>
<td>8.62%</td>
<td>$57,093,614</td>
</tr>
<tr>
<td>2009</td>
<td>2007</td>
<td>34,694</td>
<td>$47,521,202</td>
<td>8.66%</td>
<td>$39,884,087</td>
</tr>
<tr>
<td>2008</td>
<td>2006</td>
<td>28,047</td>
<td>$32,713,999</td>
<td>7.64%</td>
<td>$27,558,290</td>
</tr>
</tbody>
</table>

* 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 the 2018 calendar year (not fiscal year) investor foreclosures continued to decline from prior years. 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 has helped 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 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013
--- | --- | --- | --- | --- | --- | ---
Investor Foreclosures | 173 | 238 | 285 | 400 | 363 | 311

Figure 4.6 **MAILING ACTIVITY**

Tax bills and information statements for the 2018 tax year (not fiscal year) were mailed in early September 2018. Tax information statements are mailed to property owners who pay their property taxes into an impound account usually as part of their monthly mortgage payment. Tax bills are mailed to those property owners who pay individually and owe more than two dollars. Delinquent Notices were mailed in December of 2018 and June 2019.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Singles</th>
<th>Multiple Bills</th>
<th>Information Statements</th>
<th>Total Mailing</th>
<th>Delinquent Notices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>765,032</td>
<td>16,103</td>
<td>N/A</td>
<td>781,137</td>
<td>98,680</td>
</tr>
<tr>
<td>2017</td>
<td>769,705*</td>
<td>28,883**</td>
<td>N/A</td>
<td>798,588</td>
<td>120,312</td>
</tr>
<tr>
<td>2016</td>
<td>812,674</td>
<td>24,876</td>
<td>703,708</td>
<td>1,541,258</td>
<td>103,282</td>
</tr>
<tr>
<td>2015</td>
<td>730,148</td>
<td>102,744</td>
<td>710,861</td>
<td>1,562,861</td>
<td>133,044</td>
</tr>
<tr>
<td>2014</td>
<td>732,301</td>
<td>86,123</td>
<td>698,053</td>
<td>1,516,477</td>
<td>134,402</td>
</tr>
</tbody>
</table>

* In 2017 there were 51,176 tax bills suppressed from mailing due to eNotices, NCOA, and foreign/bad addresses. This total reflects the number of actual mailed items after the suppressed items were removed. Actual count sent to TMT was 820,881.
**This total is the sum of LEASE and MORTGAGE bill run types.

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

During FY2019 the Treasurer’s Office sold 15 tax parcels over the counter for a total of $6,500. The Treasurer’s Office did not foreclose on any parcels and did not hold a tax deed auction during FY2019, however, we are in the process of foreclosing on tax deed eligible parcels for FY2020. The approximate amount of tax deed eligible parcels expected to be foreclosed is 142 (parcels). The total property tax amount to be abated for these projected parcels is $1,307,351. The expected date these properties will become deeded to the State of Arizona is December 2019. The Treasurer’s Office expects to hold a tax deed land sale/auction in 2020.
The Information Technology Division (IT) 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 School Superintendent, Independent School districts, special districts, other taxing jurisdictions, and the general public. A few highlights of Information Technology Division accomplishments for FY2019 are:

1. **System Replacement Project (ULTIS)** – The effort of replacing and updating the Treasurer’s computer systems was started in FY2014 and reached a major milestone in FY2016 when the Maricopa County Board of Supervisors awarded Thomson Reuters with a county contract (14001-RFP). During FY2019, IT continued to provide day-to-day production support for the Treasurer’s new accounting/banking and investment functions that are based on two commercial off-the-shelf products, Microsoft Dynamics AX and Emphasys SymPro which was deployed into production on February, 28, 2018. The day-to-day IT support includes supporting Agency Websites, the Treasurer’s warrant management, general ledger, banking, disbursement, and investment management needs.

2. **Treasurer Web Application On-Line Payment Project Phase I** – Treasurer On-Line Payments Phase I was released in early June 2019. This new functionality provides our taxpayers with a variety of payment options. This new functionality includes on-line shopping cart functionality, the ability to make partial payments, back tax payments, provides multiple payment options (first half, full, minimum and other), detailed receipts and supporting automated emails.

3. **Additional System Enhancements** - Automation of Agency Web end user welcome packets and assignment of roles, improved accounting agency month-end and year-end report functionality, deployment of the Excess Proceeds utility, implementation of the 2018 Desegregation SB1529 across multiple systems, connectivity and interfaces with the new tax lien sale vendor, Real Auction LLC, implementation of a labor claiming application, the initiation of over 100 server refreshes and legacy system environment refresh, changes to accommodate the County’s domain / MC365 migrations, and the first phase of enhancing our cashiering process to utilize the Document Management System, OnBase.

4. **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. Even with the ongoing ULTIS and other IT projects described above, the Treasurer’s IT staff maintained a high level of service to both internal and external customers by satisfying requests for assistance throughout the year. During FY2019, IT Operations received a total of 1,491 service requests and completed 1,479 of those requests. IT Applications Development received a total of 394 service requests and completed 389 requests.
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 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, has gone from 65 FTE’s to 58 FTE’s while improving services to the taxpayers of Maricopa County. The Maricopa County Treasurer’s Office is the fourth largest county Treasurer’s Office in the nation. This office handles more than $12 Billion dollars a year, with over 1,700 taxing jurisdictions and serves over 1.7 Million parcels owned.

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.
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 FY2019. The tax mailing budget of $899,140 was restored to the Treasurer’s General Fund operating budget in FY2017. In FY2018, significant postage savings were realized due to the implementation of cost savings initiatives. Savings in FY2019 continued. Approximately $365,000 of budgetary savings and $80,000 of tax deed revenues were returned to the county General Fund.

### GENERAL FUND EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>2018 Revised Budget</th>
<th>2018 Actual Expenses</th>
<th>Variance</th>
<th>2019 Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Pay</td>
<td>$3,720,341</td>
<td>$3,830,884</td>
<td>($110,543)</td>
<td>$3,840,838</td>
</tr>
<tr>
<td>Temp Pay</td>
<td>23,101</td>
<td>42,710</td>
<td>($19,609)</td>
<td>45,254</td>
</tr>
<tr>
<td>Overtime</td>
<td>0</td>
<td>1,251</td>
<td>($1,251)</td>
<td>0</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>1,332,459</td>
<td>1,397,823</td>
<td>($65,364)</td>
<td>1,397,936</td>
</tr>
<tr>
<td>Personal Services Allocation Out</td>
<td>(345,038)</td>
<td>(674,892)</td>
<td>$329,854</td>
<td>(396,792)</td>
</tr>
<tr>
<td><strong>Total Personal Services</strong></td>
<td>$4,730,863</td>
<td>$4,597,776</td>
<td>$133,087</td>
<td>$4,887,236</td>
</tr>
<tr>
<td>General Supplies</td>
<td>26,617</td>
<td>121,506</td>
<td>($94,889)</td>
<td>30,000</td>
</tr>
<tr>
<td>Fuel</td>
<td>360</td>
<td>313</td>
<td>$47</td>
<td>264</td>
</tr>
<tr>
<td>Other Services</td>
<td>14,060</td>
<td>3,776</td>
<td>$10,284</td>
<td>10,392</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>336,767</td>
<td>241,630</td>
<td>$95,137</td>
<td>434,054</td>
</tr>
<tr>
<td>Technology Services</td>
<td>0</td>
<td>152,843</td>
<td>($152,843)</td>
<td>0</td>
</tr>
<tr>
<td>Internal Service Charges</td>
<td>165,357</td>
<td>172,059</td>
<td>($6,702)</td>
<td>169,260</td>
</tr>
<tr>
<td>Travel</td>
<td>4,100</td>
<td>945</td>
<td>$3,155</td>
<td>3,528</td>
</tr>
<tr>
<td>Education and Training</td>
<td>54,521</td>
<td>430</td>
<td>$54,091</td>
<td>25,056</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0</td>
<td>808</td>
<td>($808)</td>
<td>120</td>
</tr>
<tr>
<td>Postage/Shipping</td>
<td>905,140</td>
<td>579,858</td>
<td>$325,282</td>
<td>570,096</td>
</tr>
<tr>
<td><strong>Other Operating Expenditures</strong></td>
<td>$1,506,922</td>
<td>$1,274,168</td>
<td>$232,754</td>
<td>$1,242,770</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENDITURES</strong></td>
<td>$6,237,785</td>
<td>$5,871,944</td>
<td>$365,841</td>
<td>$6,130,006</td>
</tr>
</tbody>
</table>

### Budget History:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget(MM)</td>
<td>$6.24</td>
<td>$6.20</td>
<td>$5.90</td>
<td>$5.00</td>
<td>$4.70</td>
<td>$4.50</td>
</tr>
</tbody>
</table>
In today’s environment there is a dependency on technology to successfully and promptly conduct business. The Treasurer’s system manages over $12 Billion annually and serves numerous stakeholders consisting of taxpayers, county departments, and non-county entities all of which 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.

Many of the core computer software applications have been in operation for over 30 years and are based on outdated technology. Through the years the system has been modified and extended to the point that today it is a complex compilation of multiple technologies. 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.

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.

In June, 2016 the Treasurer’s Office officially launched the effort to replace the legacy Treasurer’s Information System and has been full steam ahead ever since. At project launch, the project was expected to take approximately three years to complete and deploy.

On February, 28, 2018, an early go-live was achieved for the Accounting (Microsoft Dynamics AX) and Investment (Emphasys SymPro) systems. This was a result from the solid progress made on the project and the business value of utilizing functionality as soon as possible. This early go-live was accompanied at the same time by the production go-live of the Treasurer’s new Agency Web application which works hand-in-hand with the Dynamics/SymPro system and extends the functionality outward to the many external agencies that utilize these accounting services.

In fiscal year 2019, the ULTIS project team continued working with Thomson Reuters on Phase II Property Tax Data Migration activities, and alignment of business requirements and statutes to business process flows for both current state and future state. This effort included over 448 original Property Tax requirements, 98 new additional requirements, 163 technical requirements, over 27 eGovernment Services to be provided by the website, and more than 107 business processes.

In June, 2019 the Maricopa County Board of Supervisors approved a scope increase for ULTIS Phase II. The ULTIS Phase II focus is to replace the Legacy Property Tax, Corporate Services and Cashiering systems. The scope increase brought in additional functionality required to support the new Property Tax System, Aumentum. The approved scope increase consists of a Document Management System, multiple system interfaces, websites, business reporting, and a data warehouse that will support those Interfaces, reports and websites. To accommodate the scope increase, the project timeline was extended and funded with Board of Supervisor approval.

FY20 focus will be requirement reconciliation with Thomson Reuters, Property Tax data translation/conversion, and system development.
Acknowledgement

Treasurer Royce T. Flora gratefully acknowledges the skilled and dedicated efforts of the employees and managerial staff at the

Maricopa County Treasurer’s Office.