



**ROYCE T. FLORA**

**Maricopa County Treasurer**

**Annual Report FY 2017-2018**





## Maricopa County

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**Royce T. Flora**  
**Treasurer**

### **Elderly Assistance Program**

Unfortunately there is not enough left in the Elderly Assistance fund to fully fund the program this year. The Legislature failed to fix the problem. I will try again next year to get a fix through legislative action.

From the founding days of this Republic, the American Dream has been 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. To that end, one of my goals is to move low income seniors from a class 3 to a class 6. This would significantly lower their taxes and provide a Constitutional solution for this small group of qualified seniors. According to the Joint Legislative Budget Committee, this will benefit the state general fund by \$2.7 Million each year as it will eliminate a state subsidy, which makes it A WIN, WIN DEAL.

### **Investments Exceed Projections**

The Maricopa County Treasurer's Office exceeded its \$60 Million net investment income forecast for fiscal year 2018 earning \$64,399,364. We delivered as projected. Our office is doing an excellent job of managing the taxpayers' money resulting in nearly a 300% increase over last year. To add some perspective, the amount of investment earnings in fiscal year 2018 is more than the three previously fiscal year earnings combined.

### **Get Updates Online, Pay Online: Go Paperless**

Get rid of the hassle of remembering when your taxes are due, receive your bill from eNoticesOnline.com. 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 see the enclosed **eNotices** flyer for instructions. Our website allows you to see your bill and pay online with an e-Check free of charge. For more information and options, visit [Treasurer.Maricopa.gov](http://Treasurer.Maricopa.gov).

### **If You Prefer to Pay in Person, Pay Your Property Tax at any Arizona Chase Bank**

The Maricopa County Treasurer has partnered with Chase Bank to make paying your taxes more convenient. Taxpayers have been highly receptive to this convenient option. In fiscal year 2018, Chase branches collected a whopping \$189 Million in property tax payments representing a 33% increase in customer transactions from fiscal year 2017. Skip the trip downtown and bring your payment coupon to any Arizona Chase Bank, even if you don't bank with Chase, and pay your property taxes there.

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 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 \$11.0 billion annually; we serve over 1,730 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 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**

	<u>Total</u>	<u>Percent of Levy</u>	<u>Amount</u>
County (Operations, Flood, Library)	1	12.90%	\$619,337,610
Cities	25	11.32	543,127,197
Fire Districts	21	1.31	62,695,604
Irrigation, County, Municipal	137	1.21	57,897,191
Health, Water & Special	18	4.16	199,791,250
Schools	57	57.60	2,764,190,594
Community Colleges	1	11.24	539,211,645
<u>Street Lighting</u>	<u>1,470</u>	<u>0.26</u>	<u>12,742,047</u>
<b>Totals</b>	<b>1,730</b>	<b>100.00 %</b>	<b>\$ 4,798,993,138</b>

**Figure 1.2 PROPERTY TAX COLLECTIONS BY CATEGORY**

<u>CATEGORY</u>	<u>DOLLARS COLLECTED</u>			<u>NUMBER OF TRANSACTIONS</u>		
	<u>FY 2018</u>	<u>FY 2017</u>	<u>% CHANGE</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>% CHANGE</u>
Bulk Payments*	\$2,279,472,389	\$2,160,050,557	5.53%	1,646,951	1,616,127	1.91%
By Mail	\$1,218,966,285	\$1,254,134,323	-2.80%	551,149	597,085	-7.69%
In Office	\$205,872,517	\$275,249,776	-25.21%	84,322	100,282	-15.92%
Bank Branch**	\$188,676,961	\$142,567,940	32.34%	118,847	89,578	32.67%
Online Echeck	\$427,477,108	\$367,530,958	16.31%	195,070	184,384	5.80%
Online Bank	\$97,474,728	\$95,931,918	1.61%	78,934	80,842	-2.36%
<u>Online Card</u>	<u>\$86,308,339</u>	<u>\$76,320,110</u>	<u>13.09%</u>	<u>76,094</u>	<u>70,929</u>	<u>7.28%</u>
<b>Total***</b>	<b>\$4,504,248,327</b>	<b>\$4,371,785,582</b>	<b>3.03%</b>	<b>2,751,367</b>	<b>2,739,227</b>	<b>0.44%</b>

\* 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 32.67% YOY transaction increase.

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

## **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 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**

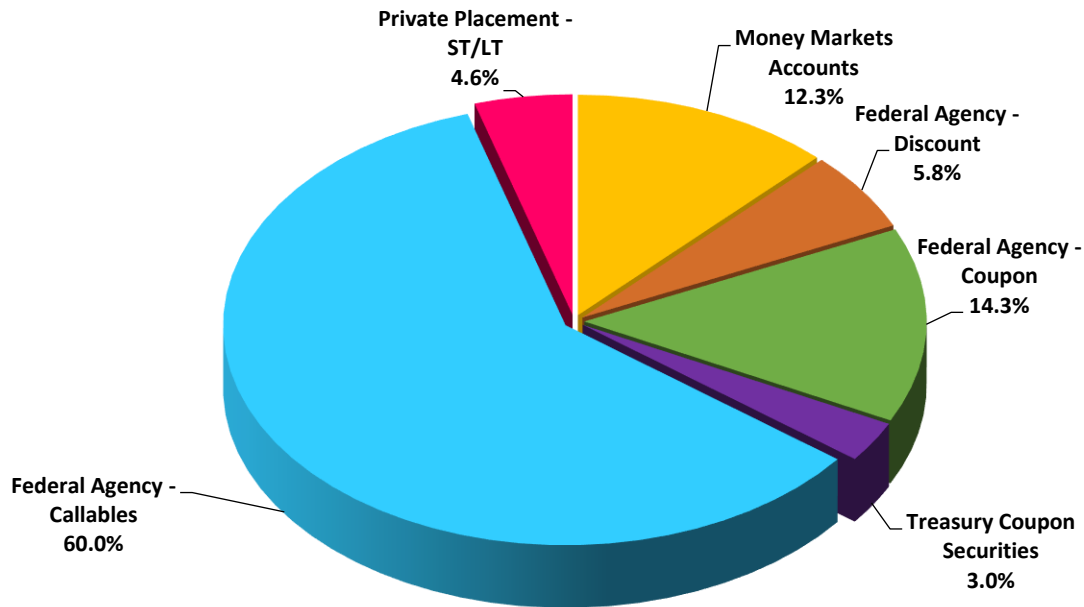
The Treasurer's internal investment policy caps maturities at three (3) years without the approval of the Treasurer's Advisory Board. Portfolio securities are held to maturity unless cash is required to cover daily expenditures of the County or school districts. Sold securities must result in an overall earnings net gain preserving safety of principal. Fiscal year 2018's average monthly portfolio balance was \$4.0 billion with 1.77% 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) 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 timeframe.

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 \$506,053 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 \$3.0 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. 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.

	FY 2018		FY 2017		FY 2016		FY 2015	
County	15,942,652	38%	8,951,478	40%	7,857,343	42%	5,653,016	40%
Special District	1,312,930	3%	350,500	2%	202,858	1%	144,822	1%
Community College	---	0%	---	0%	---	0%	118,185	1%
<u>Schools</u>	<u>24,840,412</u>	<u>59%</u>	<u>12,883,138</u>	<u>58%</u>	<u>10,527,441</u>	<u>57%</u>	<u>8,029,731</u>	<u>58%</u>
Totals*	\$42,095,995	100%	\$22,185,116	100%	\$18,587,642	100%	\$14,008,754	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.

**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 \$5.5 billion at second-half property tax deadline (May), finishing at \$4.5 billion on June 30, 2018.

Fiscal Year Ending	Average Return Rate	Interest Earnings	June 30 <sup>th</sup> Par Balance	Average Days to Maturity
2018	1.77%	64,399,364.00*	4,499,882,000	502
2017	0.59%	22,323,140.11	3,474,236,000	457
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

\*As compared to previous earnings report. FY 2018 earnings represents the total of Interest Earnings (\$44.5MM) and Net Gain on Investments (\$19.8MM).

## Section Three - Receipts & Disbursements

Figure 3.1 **CHANGE IN FUND BALANCE**

<b>BEGINNING BALANCE AT JULY 1, 2017</b>		<b>\$4,335,506,626</b>
<b>RECEIPTS</b>		
Taxes		
Real Property	\$ 4,752,128,572	
Payments In-lieu of Taxes	88,089,057	
Sales Tax	281,932,528	
Highway User Gas Tax	104,876,230	
		\$ 5,227,026,387
Intergovernmental		
State Aid to Education-		
State Equalization & Prop 123	\$1,667,489,150	
		\$ 1,667,489,150
Interest		
Investments	\$ 42,095,995	
Delinquent Taxes	11,773,365	
		\$ 53,869,360
Credit Line Borrowings		300,416,000
Bond Proceeds		1,051,461,461
Deposits for Agencies/Schools		2,837,120,900
<b>Total Receipts</b>		<b>\$11,137,383,258</b>
<b>DISBURSEMENTS</b>		
Warrants, Checks EFTs Redeemed		
School Districts	\$ 5,794,706,850	
County Funds	2,022,224,502	
Special Districts	344,080,615	
		8,161,011,967
Bond Redemption & Interest		
School District Bonds	\$ 667,205,343	
School District Credit Lines	300,360,068	
School District TANs	276,195,719	
		\$ 1,243,761,130
Remitted To		
State of Arizona	\$ 117,178,501	
Maricopa Community College	545,626,341	
Other Political Subdivisions	590,433,241	
		\$ 1,253,238,083
<b>Total Disbursements</b>		<b>\$10,658,011,180</b>
<b>ENDING BALANCE AT JUNE 30, 2018</b>		<b><u>\$ 4,814,878,704</u></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	94,742	\$286,276,681	\$3,022
School District Warrants	456,179	5,794,706,850	12,703
Special District Warrants	23,386	330,650,885	14,139
Treasurer’s Checks (1)	17,301	105,874,272	6,120
EFT Finance (2)	294	1,630,073,549	5,544,468
Electronic Payments (3)	N/A	<u>2,510,428,943</u>	N/A
Totals	591,902	\$10,658,011,180	\$18,006

(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 2018 is \$12. Additional amounts available from prior years is \$2,865,458.

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>
Parcels Benefited by EAF	11345	11,430	10,143	10,162
Total Monies Distributed	\$2,692,417	\$2,812,207	\$2,483,821	\$ 2,521,228

**Figure 3.4 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. Warrants registered in the amount of \$2,046,519 in FY 2018.

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Outstanding Beginning Balance	\$118,842,000	\$119,677,000	\$193,130,000
Borrowings	300,416,000	408,360,000	495,264,000
<u>Payments</u>	299,574,000	409,195,000	<u>568,717,000</u>
Outstanding Ending Balance	119,684,000	118,842,000	119,677,000
Interest Paid	786,068	604,684	843,516



Figure 3.5 **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 2018 and 2017 fiscal years are as follows:

	<u>FY 2018</u>	<u>FY 2017</u>	<u>% Change</u>
Principal Payments	\$392,054,000	\$360,215,000	8.84%
Interest Payments	141,112,660	130,340,481	8.26%
Sinking Fund Payments	<u>5,805,852</u>	<u>2,503,534</u>	<u>131.91%</u>
Total	\$538,972,512	\$493,059,015	9.31%

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.

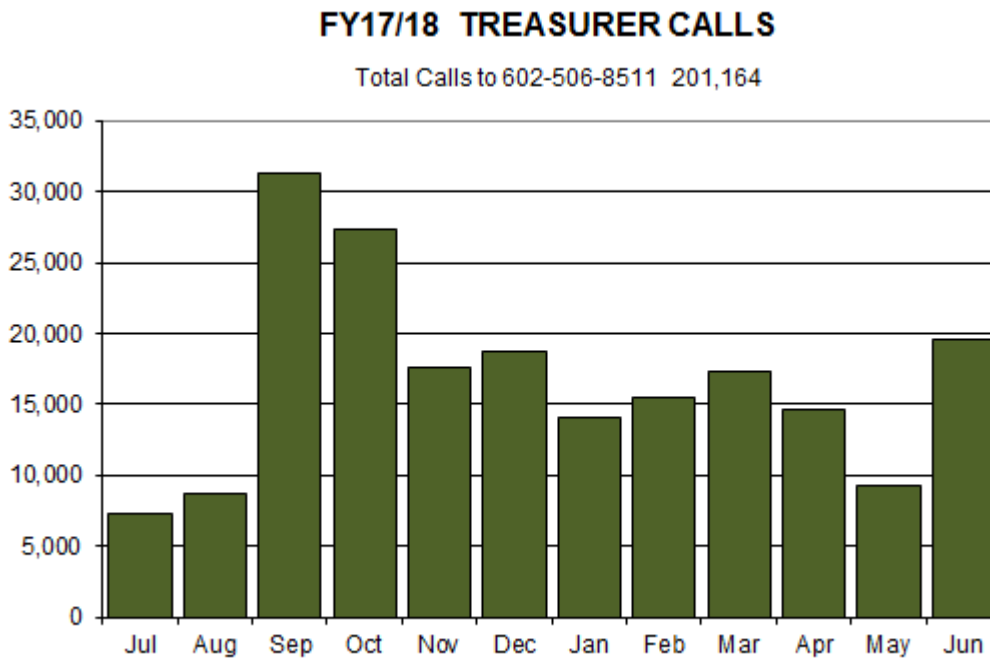
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Beginning Balance	\$292,545	\$389,711	\$382,428
Revenue	188,446	168,094	243,783
<u>Disbursements</u>	<u>(190,925)</u>	<u>(265,260)</u>	<u>(236,500)</u>
Ending Balance	\$290,066	\$292,545	\$389,711

## 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**

	<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>FY 2018</u>	839	853	739	1075	734	638	692	742	961	856	837	753	9719
<u>FY 2017</u>	461	428	766	834	969	730	770	823	1,030	748	727	991	9,277
<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

\* 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 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY2013</u>
Online	3,446	3,152	2,892	1,969	2,021	2,309
Walk-In	2,479	1,877	2,034	1,327	598	923
Others	587	793	748	774	1,188	918
Fax	187	154	257	326	316	482
Mail	2,826	3,221	3,127	1,117	455	656
Phone	73	71	101	156	164	161
Assessor	121	9	10	11	5	3
<b>Total</b>	<b>9,719</b>	<b>9,277</b>	<b>9,169</b>	<b>5,680</b>	<b>4,747</b>	<b>5,452</b>
Closed	8,441	7,007	6,935	5,042	4,471	5,139
In Queue	697	1,141	940	354	120	184
In Service	581	1,129	1,294	284	156	129
<b>Total</b>	<b>9,719</b>	<b>9,277</b>	<b>9,169</b>	<b>5,680</b>	<b>4,747</b>	<b>5,452</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>
2018	2016	20,020	\$37,260,723	7,168	12,145	\$18,335,753	4.20%	707
2017	2015	21,242	\$20,910,106	7,096	12,180	\$20,449,727	5.08%	1,966
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

\* 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 2017 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	2017	2016	2015	2014	2013	2012
Investor Foreclosures	238	285	400	363	311	171

**Figure 4.6 MAILING ACTIVITY**

Tax bills and information statements for the 2017 tax year were mailed in early September. 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 2017 and June 2018.

Tax Year	Singles	Multiple Bills	Information Statements	Total Mailing	Delinquent Notices
2017	769,705*	28,883**		798,588	120,312
2016	812,674	24,876	703,708	1,541,258	103,282
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

\* 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 the year Treasurer’s Office sold 22 tax parcels over the counter for a total of \$6,500. A tax deed auction was also held in April 2018 with 202 parcels sold for \$112,155. The Treasurer’s Office also abated taxes that were deemed uncollectible for 7,657 parcels totaling \$2,897,135.

## **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 Information Technology Division accomplishments for Fiscal Year 2018 are:

1. **System Replacement Project (ULTIS)** – 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). During fiscal year 2018, Thomson Reuters delivered a solution for the Treasurer’s accounting/banking and investment functions based on two commercial off-the-shelf products, Microsoft Dynamics AX and Emphasys Sympro. The solution went into live, production use during the last week of February, 2018 and first week of March.

The Dynamics/Sympro solution is now satisfying the day-to-day requirements for the Treasurer’s warrant management, general ledger, banking, disbursement, and investment management needs. As with all new system implementations of this magnitude, challenges were encountered as new processes and procedures were taking root and system users become accustomed to using the new system. The Treasurer’s IT staff and their valued IT business partners have worked tirelessly to address each challenge and continue to work toward each one’s resolution.

In fiscal year 2019, the ULTIS project team will continue working with Thomson Reuters as focus is turned toward the planning, design, and development of the property tax management solution.

2. **Web Application Replacement Project** – In conjunction with the production go-live of the Treasurer’s Dynamics/Sympro solution, the Treasurer’s IT staff completed work on the Treasurer’s AgencyWeb solution and deployed it into live production use at the same time. Treasurer AgencyWeb complements the Dynamics AX solution and extends its functionality out to the many county agencies, school districts, and other jurisdictions that are dependent on its services.
3. **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 WARP 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 fiscal year 2018, a total of 1,823 service requests were opened and 1,696 service requests were completed and 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, has gone from 65 FTE's to 60 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 \$11 billion dollars a year, with over 1,730 taxing jurisdictions and serves 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**

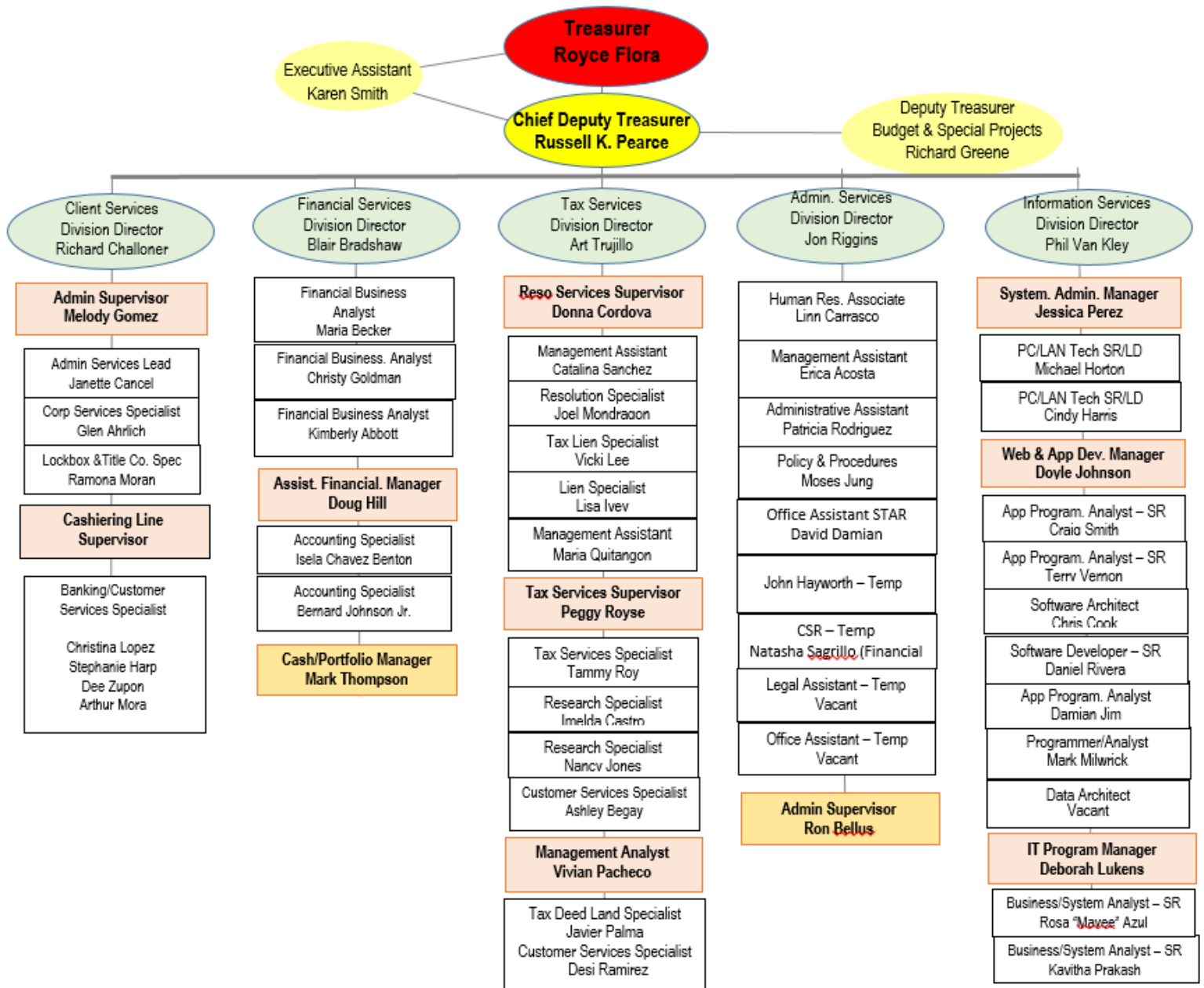
The Treasurer's office budget is almost entirely funded out of the general fund with the exception of the Taxpayer Information Fund. The budget below represents the Treasurer's Office operating general fund appropriation and actual expenditures for FY 2018. The tax mailing budget of \$899,140 was restored to the Treasurer's General Fund operating budget in FY 2017. In FY 2018, significant postage savings were realized due to the implementation of cost savings initiatives. Approximately \$365,000 of budgetary savings and \$80,000 of tax deed revenues were returned to the county General Fund.

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

### **Budget History:**

<b>Fiscal Year</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
Operating Budget(MM)	\$6.24	\$6.20	\$5.90	\$5.00	\$4.70	\$4.50

## Section Eight-Organization Chart



## Section Nine – MCTO Project ULTIS



*Members of the MCTO ULTIS Deployment Team: from right to left front row, Madhu Nekkalapudi, Jessica Perez, Doreen Jimenez, Maria Becker, Blair Bradshaw, Petre Snegireff, from right to left back row: Kevin Sifford, Max Glass, James Moore, Terry Vernon, Carter Cross, Debbie Lukens, Chris Cook, Doug Hill, Mark Milwrick, Dan Rivera, Craig Smith, Doyle Johnson, (not pictured: Phil Van Kley, Lisa Redding, Christy Goldman, and Sumi Kanchana).*

In today's environment there is a dependency on technology to successfully and promptly conduct business. The Treasurer's system manages over \$11 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 28 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.

The Treasurer's Office officially launched the effort to replace the legacy Treasurer's Information System in late June, 2016 and has been full steam ahead ever since. At project launch, the project was expected to take approximately three years to complete and deploy. Resulting from the solid progress made on the project and the business value of utilizing functionality as soon as possible, an early go-live deployment for the Accounting (Microsoft Dynamics AX) and Investment (Emphasys SymPro) systems was approved and scheduled for early 2018.

That early go-live deployment was realized during the last week of February 2018 and first week of March when the new solution was placed into full production use. The go-live of the Dynamics AX/Sympro solution was accompanied at the same time by the production go-live of the Treasurer's new AgencyWeb 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. A hallmark of this effort has been the dedication and quality work of the Treasurer's IT staff in conjunction with the Treasurer's highly-valued business partners, Grant Thornton and Thomson Reuters.

ULTIS fiscal year 2018 project activities included development and delivery of functionality, including over 25 business reports, more than 30 interfaces, over 50 business process flows and work instructions. End-to-End Integration Testing was performed with external business entities as well as User Acceptance Testing. Prior to go-live, the project team performed 2 mock run executions of the implementation and deployment activities which allowed for a smooth deployment within the planned timeframe. Production deployment activities included establishing a Command Center and Help Desk services to provide communication and support for County and Agency end users and leadership.

During the upcoming year, the project team will turn its focus toward the property tax portion of the ULTIS project which will utilize Thomson Reuter's Aumentum Property Tax solution. Treasurer IT staff will engage in system data mapping activities during the latter part of calendar year 2018 and will continue this effort into 2019.

## **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.**