

State Treasurer: The Honorable David Petersen

Analyst: Brian Schmitz

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	31.4	31.4	33.4
Personal Services	1,515,400	1,673,000	1,805,400
Employee Related Expenditures	349,900	417,100	443,300
Professional and Outside Services	139,900	131,500	131,500
Travel - In State	1,000	0	0
Travel - Out of State	2,800	0	0
Other Operating Expenditures	109,300	360,700	384,600
Equipment	77,600	0	0
OPERATING SUBTOTAL	2,195,900	2,582,300	2,764,800
SPECIAL LINE ITEMS			
Justice of the Peace Salaries	2,186,500	2,775,500	2,775,500
Property Tax Refunds	120,100	0	0
AGENCY TOTAL	4,502,500	5,357,800	5,540,300^{1/2/}

FUND SOURCES			
General Fund	4,502,500	5,357,800	5,390,300
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	0	0	150,000
SUBTOTAL - Other Appropriated Funds	0	0	150,000
SUBTOTAL - Appropriated Funds	4,502,500	5,357,800	5,540,300
TOTAL - ALL SOURCES	4,502,500	5,357,800	5,540,300

AGENCY DESCRIPTION — The State Treasurer is an elected Constitutional Officer. The primary responsibilities of the office are to receive and keep custody over all monies belonging to the state that are not required to be kept by some other entity, to pay warrants of the Arizona Department of Administration, and to keep an account of all monies received and disbursed. The office also invests state monies and operates the Local Government Investment Pool (LGIP) for the benefit of participating units of local government.

PERFORMANCE MEASURES	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Appropriation
• Ratio of yield of LGIP to Standard and Poor’s LGIP Index	1.1	1.6	1.1	1.2
• Ratio of yield of endowment pools to Salomon Big Bond Index	--	1.07	1.08	1.09
• Administration as a % of total cost	0	2.8	3.1	2.8
• Customer satisfaction rating for local government investment pool participants (Scale 1-8)	6.0	NA	7.6	6.0

Comments: The agency did not submit information for any measure labeled as “NA.”

Operating Budget

The budget provides \$2,764,800 for the operating budget in FY 2005. This amount consists of \$2,614,800 from the General Fund and \$150,000 from the Capital Outlay Stabilization Fund. The General Fund amount includes an

increase for statewide salary and other adjustments. (Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

^{1/} It is the intent of the Legislature that the investment management fee on monies managed by the State Treasurer be set at 8 basis points. (General Appropriation Act footnote)
^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Tenant Improvements

The budget includes \$150,000 from the Capital Outlay Stabilization Fund in FY 2005 for improvements to the State Treasurer's office. This is a one-time appropriation.

Also, the Capital Outlay Bill (Laws 2004, Chapter 276) allocates \$170,000 from the Department of Administration's appropriation of Capital Outlay Stabilization Fund monies for building renewal for improvements to the State Treasurer's office. The \$170,000 is not part of the State Treasurer appropriation and is not reflected in the table above.

New Investment Pools

The budget includes a General Fund increase of \$300,000 and 2 FTE Positions to enable the State Treasurer to add new investment pools. These pools would provide longer duration investment opportunities to Local Government Investment Pool (LGIP) participants. Of the \$300,000, a total of \$150,000 represents one-time equipment costs. The other \$150,000 represents on-going funding for the 2 FTE Positions. In time, the 2 FTE Positions will be paid for by the management fees associated with operating the new pools (see *Additional Legislation*). However, until the new pools are fully operational, these FTE Positions will require General Fund support.

Eliminate One-Time Automation

The budget includes a General Fund decrease of \$(300,000) to eliminate one-time funding for technology upgrades.

Special Line Items

Justice of the Peace Salaries

The budget provides \$2,775,500 from the General Fund for Justice of the Peace Salaries in FY 2005. This amount is unchanged from FY 2004. Statute requires the state to pay a percentage of the salary of each Justice of the Peace (JP), with the county paying the remainder. In FY 2005, a session law requires the state to pay 38.5% of JP salaries, for a total cost of \$2,775,500.

Additional Legislation

State Treasurer Investments; Funding

Laws 2004, Chapter 71 authorized the State Treasurer to establish new long-term local government investment pools. It created the State Treasurer's Management Fund, consisting of monies received by the State Treasurer from management fees for the new pools. The Treasurer's portion of monies in the fund is subject to legislative appropriation and can only be used for personnel and operating expenses of the Treasurer's office relating to technology and investments.

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