

State Treasurer

JLBC: Brian Schmitz
 OSPB: Bret Cloninger

| DESCRIPTION | FY 2003 | FY 2004 | FY 2005 | |
|---------------------------------------|------------------|------------------|---------|------------------|
| | ACTUAL | ESTIMATE | OSPB | JLBC |
| OPERATING BUDGET | | | | |
| <i>Full Time Equivalent Positions</i> | 31.4 | 31.4 | | 33.4 |
| Personal Services | 1,515,400 | 1,673,000 | | 1,773,000 |
| Employee Related Expenditures | 349,900 | 412,300 | | 438,400 |
| 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 | | 234,600 |
| Equipment | 77,600 | 0 | | 0 |
| OPERATING SUBTOTAL | 2,195,900 | 2,577,500 | | 2,577,500 |
| 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 | 5,353,000 | | 5,353,000 |
| FUND SOURCES | | | | |
| General Fund | 4,502,500 | 5,353,000 | | 5,353,000 |
| SUBTOTAL - Appropriated Funds | 4,502,500 | 5,353,000 | | 5,353,000 |
| TOTAL - ALL SOURCES | 4,502,500 | 5,353,000 | | 5,353,000 |

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

| | \$ Change | % Change |
|--------------------------|-----------|----------|
| General Fund | 0 | 0.0% |
| Total Appropriated Funds | 0 | 0.0% |
| Total - All Sources | 0 | 0.0% |

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 | FY 2003 | FY 2004 | FY 2005 |
|--|---------------|---------|---------------|------------|
| | Appropriation | Actual | Appropriation | Recommend. |
| • 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 | NA |

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

RECOMMENDED CHANGES FROM FY 2004

Operating Budget

The JLBC recommends \$2,577,500 from the General Fund for the operating budget in FY 2005. This amount would fund the following adjustments:

Eliminate One-Time Automation GF \$(300,000)

The JLBC recommends a decrease of \$(300,000) from the General Fund to eliminate the one-time appropriation in FY 2004 for technology upgrades.

New Investment Pools GF 300,000

The JLBC recommends an increase of \$300,000 from the General Fund and 2 FTE Positions to enable the State Treasurer to add 2 new investment pools. These pools would provide longer duration investment opportunities to Local Government Investment Pool (LGIP) participants. The LGIP consists of monies pooled together by various local governments and operated by the State Treasurer for the purpose of investment diversification and increased returns. It currently invests in short term instruments. Pursuant to a budget footnote (see *JLBC Recommended Footnotes*), LGIP participants pay a management fee to the Treasurer of 0.08%. In this way, the LGIP generates approximately \$3 million in annual revenues for the General Fund. The recommended 2 new investment pools could be expected to also generate some revenue for the General Fund from the management fees.

The FTE Positions would include a portfolio trader and an assistant. Adding these 2 new positions to the Treasurer's investment team is designed to improve the performance of all of the Treasurer's portfolios, thus generating additional revenue for the state. This is because of the collaboration and information sharing that goes into making investment decisions. Another trader and assistant would add more expertise and manpower to the investment team. In addition to the costs associated with the FTE Positions, this recommendation would provide for equipment costs of approximately \$150,000. The equipment costs would be one-time.

Special Line Items

Justice of the Peace Salaries

The JLBC recommends \$2,775,500 from the General Fund for Justice of the Peace Salaries in FY 2005. This amount is unchanged from FY 2004. There is a statutory formula that requires the state to pay a percentage of the salary of each Justice of the Peace (JP), with the county paying the remainder. Prior to FY 2003, statute required the state to pay 40% of each JP salary. Since that time, session laws have required the state to pay less than 40%. In FY 2005, a session law already in place will again require the state to pay 38.5% of JP salaries. This amount is estimated to equate to \$2,775,500.

Property Tax Refunds

The JLBC recommends no funding for Property Tax Refunds in FY 2005. Funding for this program existed only in FY 2002, though some expenditures were made in FY 2003.

* * *

JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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.

[Click here to return to the Table of Contents](#)