

State Treasurer

JLBC: Justin Narducci
 OSPB: Bret Cloninger

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	31.4	33.4	33.4
Personal Services	1,425,800	1,805,400	1,675,200
Employee Related Expenditures	376,200	464,200	446,400
Professional and Outside Services	246,600	131,500	131,500
Travel - In State	1,800	0	0
Travel - Out of State	2,400	0	0
Other Operating Expenditures	258,200	384,600	232,600
Equipment	267,600	0	0
OPERATING SUBTOTAL	2,578,600	2,785,700	2,485,700
SPECIAL LINE ITEMS			
Justice of the Peace Salaries	2,316,400	2,775,500	2,775,500
AGENCY TOTAL	4,895,000	5,561,200	5,261,200

FUND SOURCES			
General Fund	4,895,000	5,411,200	5,261,200
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	0	150,000	0
State Treasurer's Management Fund	0	0	0
SUBTOTAL - Other Appropriated Funds	0	150,000	0
SUBTOTAL - Appropriated Funds	4,895,000	5,561,200	5,261,200
TOTAL - ALL SOURCES	4,895,000	5,561,200	5,261,200

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	(150,000)	(2.8%)
Other Appropriated Funds	(150,000)	(100.0%)
Total Appropriated Funds	(300,000)	(5.4%)
Total - All Sources	(300,000)	(5.4%)

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 another 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 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• Ratio of yield of LGIP to Standard and Poor's LGIP Index	1.6	1.7	1.2	1.7
• Ratio of yield of endowment pools to Citigroup Big Bond Index	1.07	2.60	1.09	1.10
• Administration as a % of total cost	2.8	4.6	2.8	--
• Customer satisfaction rating for local government investment pool participants (Scale 1-8)	NA	NA	6.0	6.1

Comments: The agency did not submit information for any measure labeled as "NA." The State Treasurer's LGIP consistently outperforms the Standard and Poor's LGIP Index. The agency attributes higher returns for the endowment pools, relative to the Citigroup Big Bond Index, to successful cash management strategies.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$2,485,700 from the General Fund for the operating budget in FY 2006. This amount would fund the following adjustments:

One-Time Equipment **GF** **FY 2006**
\$(150,000)

The JLBC recommends a decrease of \$(150,000) from the General Fund in FY 2006 for the elimination of one-time equipment costs associated with the implementation of Local Government Investment Pools in FY 2005.

Tenant Improvements **OF** **(150,000)**

The JLBC recommends a decrease of \$(150,000) from the Capital Outlay Stabilization Fund in FY 2006 for the elimination of one-time tenant improvement expenses in FY 2005.

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 2006. This amount is unchanged from FY 2005. A.R.S. § 22-117 requires the state to pay 40% of the salary for each Justice of the Peace (JP), with the county paying the remainder. Since FY 2003, session laws have required the state to pay 38.5% of JP Salaries. The JLBC recommends extending the session law through FY 2006 (*see JLBC Recommended Statutory Changes*).

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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.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends session law modifying A.R.S. § 22-117 to decrease the state’s share of JP Salaries from 40% to 38.5%.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

State Treasurer’s Management Fund

Laws 2004, Chapter 71 authorized the State Treasurer to establish Long-Term Local Government Investment Pools (LGIP) for use by cities, towns, tribal governments, counties and political subdivisions of the state. Chapter 71 also established the State Treasurer’s Management Fund to collect fee revenue from management charges assessed to entities utilizing LGIP. The department anticipates opening the LGIP during the first quarter of calendar year 2005.

In FY 2005, the State Treasurer was appropriated \$300,000 (\$150,000 for one-time equipment expenses and \$150,000 for 2 FTE Positions) from the General Fund to implement LGIP. The recommended budget for FY 2006 sustains funding for the 2 FTE Positions, while eliminating the one-time equipment expenses. By FY 2007, the State Treasurer anticipates that accumulated management fees and future revenue receipts will be sufficient to fund the management costs of LGIP.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
State Treasurer’s Management (TRA3799/A.R.S. § 41-177)		Appropriated
Source of Revenue: During the first quarter of calendar year 2005, Long-Term Local Government Investment Pool (LGIP) will receive management fees from cities, towns, tribal governments, counties and political subdivisions of the state.		
Purpose of Fund: To provide funding for the administrative expenses associated with managing LGIP. Expenditures will begin in FY 2007.		
Funds Expended	0	0
Year-End Fund Balance	0	0

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