

State Treasurer: The Honorable David Petersen

Analyst: Nick Klingerman

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	33.4	33.4	33.4
Personal Services	1,523,200	1,731,400	1,796,800
Employee Related Expenditures	422,200	507,600	588,100
Professional and Outside Services	253,800	131,500	131,500
Travel - In State	6,100	0	0
Travel - Out of State	2,000	0	0
Other Operating Expenditures	433,900	279,900	303,900
Equipment	135,100	0	0
OPERATING SUBTOTAL	2,776,300	2,650,400	2,820,300
SPECIAL LINE ITEMS			
Justice of the Peace Salaries	2,390,100	2,775,500	2,949,000
AGENCY TOTAL	5,166,400	5,425,900	5,769,300^{1/2/3/}

FUND SOURCES

General Fund	5,016,400	5,425,900	5,769,300
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	150,000	0	0
SUBTOTAL - Other Appropriated Funds	150,000	0	0
SUBTOTAL - Appropriated Funds	5,166,400	5,425,900	5,769,300
TOTAL - ALL SOURCES	5,166,400	5,425,900	5,769,300

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 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.

	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 Approved
PERFORMANCE MEASURES				
• Ratio of yield of LGIP to Standard and Poor's LGIP Index	1.6	1.7	1.2	1.2
Comments: The State Treasurer's LGIP outperforms the Standard and Poor's LGIP Index if the ratio is above 1.0.				
• Ratio of yield of endowment pools to Big Bond Index	1.07	2.60	0.78	1.10
Comments: The State Treasurer's endowment pools outperform the Big Bond Index if the ratio is above 1.0. The endowment pool consists of investments that are shorter in duration than the Big Bond Index. Due to rising short term interest rates and falling long term interest rates, the Treasurer was unable to outperform the Big Bond Index for FY 2005.				
• Customer satisfaction rating for local government investment pool participants (Scale 1-8)	NA	NA	NA	6.1
Comments: The agency has never submitted information despite this measure being listed in the General Appropriation Act since FY 2002.				

^{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.

^{3/} The State Government Budget Reconciliation Bill (Laws 2006, Chapter 350) appropriates \$1,000,000 to the State Treasurer for distribution to certain counties to reduce out of county tuition expenses. This appropriation is not displayed above and, instead, appears in the Community College summary along with a discussion of the funding.

Operating Budget

The budget provides \$2,820,300 from the General Fund for the operating budget in FY 2007. This amount includes an increase of \$169,900 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Special Line Items

Justice of the Peace Salaries

The budget provides \$2,949,000 from the General Fund for Justice of the Peace Salaries in FY 2007.

Justice of the Peace Salary Increase

The budget provides an increase of \$173,500 from the General Fund in FY 2007 for Justice of the Peace (JP) salary increases. Currently, the state pays 38.5% of JP salaries at a cost of about \$2.7 million each year. Laws 2005, Chapter 286 approved a 12.5% salary increase for Superior Court judges effective January 1, 2007. Since A.R.S § 22-125 requires the compensation level for each JP be computed as a percentage of Superior Court judges' salaries, JP salaries are expected to increase by 12.5% beginning January 1, 2007.

A.R.S. § 22-117 requires the state to pay 40% of the salary for each JP, with the county paying the remainder. Since FY 2003, there have been a series of annual session law provisions requiring the state to pay 38.5% of JP salaries. The Criminal Justice Budget Reconciliation Bill (Laws 2006, Chapter 348) continues the provision that the state fund JP salaries at 38.5% during FY 2007.