

# State Treasurer

JLBC: Nick Klingerman  
 OSPB: Timothy Grubbs

DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	33.4	33.4	33.4
Personal Services	1,523,200	1,702,500	1,702,500
Employee Related Expenditures	422,200	502,500	502,500
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	279,900
Equipment	135,100	0	0
<b>OPERATING SUBTOTAL</b>	<b>2,776,300</b>	<b>2,616,400</b>	<b>2,616,400</b>
<b>SPECIAL LINE ITEMS</b>			
Justice of the Peace Salaries	2,390,100	2,775,500	2,949,000
<b>AGENCY TOTAL</b>	<b>5,166,400</b>	<b>5,391,900</b>	<b>5,565,400</b>

<b>FUND SOURCES</b>			
General Fund	5,016,400	5,391,900	5,565,400
<u>Other Appropriated Funds</u>			
Capital Outlay Stabilization Fund	150,000	0	0
SUBTOTAL - Other Appropriated Funds	150,000	0	0
<b>SUBTOTAL - Appropriated Funds</b>	<b>5,166,400</b>	<b>5,391,900</b>	<b>5,565,400</b>
<b>TOTAL - ALL SOURCES</b>	<b>5,166,400</b>	<b>5,391,900</b>	<b>5,565,400</b>

<b>CHANGE IN FUNDING SUMMARY</b>	<u>FY 2006 to FY 2007 JLBC</u>	
	<u>\$ Change</u>	<u>% Change</u>
General Fund	173,500	3.2%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	173,500	3.2%
Total - All Sources	173,500	3.2%

**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.

<b>PERFORMANCE MEASURES</b>	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
• Ratio of yield of LGIP to Standard and Poor's LGIP Index Comments: The State Treasurer's LGIP outperforms the Standard and Poor's LGIP Index if the ratio is above 1.0.	1.6	1.7	1.2	1.2
• Ratio of yield of endowment pools to Big Bond Index 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.	1.07	2.60	.78	1.10
• Customer satisfaction rating for local government investment pool participants (Scale 1-8) Comments: The agency has never submitted information despite this measure being listed in the General Appropriation Act since FY 2002.	NA	NA	NA	6.1

**RECOMMENDED CHANGES FROM FY 2006**

***Operating Budget***

The JLBC recommends \$2,616,400 from the General Fund for the operating budget in FY 2007. This amount is unchanged from FY 2006.

***Special Line Items***

***Justice of the Peace Salaries***

The JLBC recommends \$2,949,000 from the General Fund for Justice of the Peace Salaries in FY 2007. This amount would fund the following adjustment:

**FY 2007**

**Justice of the Peace Salary Increase GF \$173,500**

The JLBC recommends 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. Assuming the state continues to pay 38.5% of JP salaries, a 12.5% salary increase beginning January 1, 2007 will cost the state \$173,500 from the General Fund in FY 2007 and \$347,000 from the General Fund in FY 2008.

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.

\* \* \*

**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.

*Deletion of Prior Year Footnotes*

The JLBC recommends deleting the footnote that required the State Treasurer to submit a one-time report regarding 529 College Savings Plans.

**JLBC RECOMMENDED STATUTORY CHANGES**

The JLBC recommends notwithstanding A.R.S. § 22-117 for FY 2007 to decrease the state's share of JP salaries from 40% to 38.5%. This provision has been included in the budget as session law since FY 2003.

<b>SUMMARY OF FUNDS</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Estimate</b>
<b>State Treasurer's Management Fund (TRA3799/A.R.S. § 41-177)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Long-Term Local Government Investment Pool (LGIP) management fees paid by cities, towns, tribal governments, counties and political subdivisions of the state.		
<b>Purpose of Fund:</b> To provide funding for the administrative expenses associated with managing LGIP.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	5,000	20,100