

State Treasurer

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	30.4	30.4	30.4
Personal Services	1,687,700	1,697,000	1,697,000
Employee Related Expenditures	642,600	717,400	717,400
Professional and Outside Services	193,800	180,900	180,900
Travel - In State	600	2,000	2,000
Travel - Out of State	3,500	0	0
Other Operating Expenditures	250,800	250,800	250,800
OPERATING SUBTOTAL	2,779,000	2,848,100	2,848,100
SPECIAL LINE ITEMS			
Virtual Border Fence	0	12,100	0
Justice of the Peace Salaries	1,205,100	1,205,100	1,205,100
Law Enforcement/Boating Safety Fund Grants	1,894,000	2,183,800	2,183,800
AGENCY TOTAL	5,878,100	6,249,100	6,237,000
FUND SOURCES			
General Fund	1,205,100	1,205,100	1,205,100
<u>Other Appropriated Funds</u>			
Border Security Trust Fund	0	12,100	0
Law Enforcement and Boating Safety Fund	1,894,000	2,183,800	2,183,800
State Treasurer Empowerment Scholarship Account Fund	40,000	79,700	79,700
State Treasurer's Management Fund	197,600	196,600	196,600
State Treasurer's Operating Fund	2,541,400	2,571,800	2,571,800
SUBTOTAL - Other Appropriated Funds	4,673,000	5,044,000	5,031,900
SUBTOTAL - Appropriated Funds	5,878,100	6,249,100	6,237,000
Other Non-Appropriated Funds	4,495,400	4,495,400	4,495,400
TOTAL - ALL SOURCES	10,373,500	10,744,500	10,732,400

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.

Operating Budget

The Baseline includes \$2,848,100 and 30.4 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
State Treasurer Empowerment Scholarship Account Fund	\$79,700
State Treasurer's Management Fund	196,600
State Treasurer's Operating Fund	2,571,800

These amounts are unchanged from FY 2016.

The State Treasurer Empowerment Scholarship Account Fund is funded with monies retained from students' ESAs pursuant to A.R.S. § 15-2402C. That law allows the Arizona Department of Education (ADE) to retain 5% of each student's ESA funding for program administration, which for FY 2016 would have been as much as \$1,355,000 (an estimated \$27,100,000 ESA cost for the year X 5%). A.R.S. § 15-2402C requires ADE to transfer one-fifth of the 5% to the State Treasurer Empowerment Scholarship Account Fund for the costs of ESA fund processing. The actual expenditure, however, is subject to legislative appropriation. *(Please see the Arizona Department of Education narrative for more information on ESAs.)*

Virtual Border Fence

The Baseline includes no funding in FY 2017 for the development of a fence along the Arizona-Mexico border. FY 2017 adjustments would be as follows:

Remove One-Time Funding OF (12,100)

The Baseline includes a decrease of \$(12,100) from the Border Security Trust Fund in FY 2017 for the elimination of one-time funding.

Laws 2015, Chapter 231 appropriates all monies received by the Border Security Trust Fund in FY 2015 and FY 2016 to the Border Security Advisory Committee for the construction and maintenance of a fence along the Arizona-Mexico border. This amount is estimated to be approximately \$12,100. Prior to this bill, Laws 2012, Chapter 247 appropriated all of the monies received by the fund in FY 2012 and FY 2013 for the construction of a border fence, although only \$11,333 has been expended to date. At its November 9, 2015 meeting, the Border Security Advisory Committee approved an allocation of \$219,212 from the Border Security Trust Fund for a grant to the Cochise County Sheriff’s Office for thermal imaging, GPS, and other equipment that will be utilized by the Southeastern Arizona Border Region Enforcement team, a multi-agency task force, and the Cochise County Sheriff’s Office Ranch Patrol unit to track illegal drug and other illegal activity on the Arizona-Mexico border.

Justice of the Peace Salaries

The Baseline includes \$1,205,100 from the General Fund in FY 2017 for the Justice of the Peace (JP) Salaries Special Line Item. This amount is unchanged from FY 2016.

A.R.S. § 22-117 requires the state to pay 19.25% of the salary for each Justice of the Peace, with the county paying the remainder. This provision does not apply to Maricopa County, which pays 100% of its JP costs. A.R.S. § 22-117 also limits the amount that the state can reimburse to the counties to the amount appropriated.

Justice of the Peace salaries are based on a proportion of the annual compensation for a Superior Court judge as

determined by the guidelines for Judicial Productivity Credits (JPCs) outlined in statute. JPCs are calculated every 2 years and are based on the total and type of cases that a Justice of the Peace hears and whether or not the Justice receives clerical help. An annual average JPC total is compared against the salary ranges in statute to determine an individual Justice’s compensation.

Law Enforcement/Boating Safety Fund Grants

The Baseline includes \$2,183,800 from the Law Enforcement and Boating Safety Fund (LEBSF) in FY 2017 for the administration of the Law Enforcement/Boating Safety Fund grants. This amount is unchanged from FY 2016.

A.R.S. § 5-383 requires the State Treasurer to administer LEBSF monies. However, the allocation determinations are made by the Arizona Game and Fish Commission. The Treasurer disburses monies to county law enforcement agencies in Apache, Coconino, Gila, La Paz, Maricopa, Mohave, Navajo, and Yuma Counties in accordance with the distribution formula developed by the Arizona Game and Fish Commission. The FY 2015 allocation is included in *Table 1*. The distribution is less than the appropriation due to insufficient revenues.

County	FY 2015	FY 2016 Thru October 14
Apache	\$ 54,900	\$ 15,200
Coconino	182,400	49,000
Gila	181,600	50,200
La Paz	336,700	94,000
Maricopa	352,400	98,500
Mohave	538,800	148,500
Navajo	62,700	17,400
Yuma	184,400	51,100
Total	\$1,893,900	\$523,900

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FORMAT — Operating Lump Sum with Special Line Items by Agency

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Border Security Trust Fund (TRA2549/A.R.S. § 41-113)		Appropriated
Source of Revenue: Public and private donations.		
Purpose of Fund: To provide funding for the construction of a physical or virtual fence along the Arizona-Mexico border.		
Funds Expended	0	12,100
Year-End Fund Balance	270,100	275,000

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Criminal Justice Enhancement Fund (TRA3702/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: The fund receives 11.7% of Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: For distribution to counties for the training of detention officers and county jail operational enhancement.		
Funds Expended	4,495,400	4,495,400
Year-End Fund Balance	0	0
Law Enforcement and Boating Safety Fund (TRA2111/A.R.S. § 5-383)		Appropriated
Source of Revenue: A portion of watercraft licensing taxes and fines for operating motorized watercraft while under the influence.		
Purpose of Fund: To provide grants to county law enforcement agencies for water and boating safety programs. The Treasurer distributes grants based on a formula determined by the Arizona Game and Fish Commission.		
Funds Expended	1,894,000	2,183,800
Year-End Fund Balance	0	0
Public Deposit Administration Fund (TRA2574/A.R.S. § 35-1212)		Non-Appropriated
Source of Revenue: Pro Rata fees assessed to participants in the Statewide Collateral Pool and interest.		
Purpose of Fund: Funds the administration of the Statewide Collateral Pool. The Statewide Collateral Pool serves as a centralized fund for collateral that banks hold against public deposits in the event of a default.		
Funds Expended	0	0
Year-End Fund Balance	0	0
State Treasurer Empowerment Scholarship Account Fund (TRA2570/A.R.S. § 15-2402)		Appropriated
Source of Revenue: Monies transferred from Basic State Aid pursuant to A.R.S. § 15-2402C.		
Purpose of Fund: To fund the State Treasurer's cost of administering the Empowerment Scholarship Accounts program authorized by A.R.S. § 15-2402. The Arizona Department of Education (ADE) also transfers monies to the State Treasurer each quarter for funding Empowerment Scholarship Accounts for individual students. Those monies are not displayed to avoid double counting of the General Fund (see also the "Department of Education Empowerment Scholarship Account Fund" in the Summary of Funds for ADE).		
Funds Expended	40,000	79,700
Year-End Fund Balance	0	0
State Treasurer's Management Fund (TRA3799/A.R.S. § 35-326.01)		Appropriated
Source of Revenue: A portion of management fees paid by the General Fund, state agencies, cities, towns, tribal governments, counties and political subdivisions of the state, not to exceed the amount appropriated by the Legislature.		
Purpose of Fund: To provide funding for the administrative expenses associated with managing LGIP.		
Funds Expended	197,600	196,600
Year-End Fund Balance	340,200	340,200
State Treasurer's Operating Fund (TRA3795/A.R.S. § 35-316)		Appropriated
Source of Revenue: A portion of management fee collections not to exceed 0.06% from the earnings on investment pools other than permanent endowment funds.		
Purpose of Fund: To provide funding for the operating expenses of the agency.		
Funds Expended	2,541,400	2,571,800
Year-End Fund Balance	333,000	333,000