

Office of the Arizona State Treasurer

Annual financial statement audit

The Office of the Arizona State Treasurer’s (ASTO) fiscal year 2025 reported financial information is reliable. However, we reported deficiencies over financial reporting, summarized on the next page.

Audit’s purpose

To express our opinion on the ASTO’s financial statements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

ASTO manages the State’s and local governments’ investments

On behalf of:	Investments at June 30, 2025
State of Arizona	\$24.0 billion
Local governments	\$8.3 billion
Total	\$32.3 billion

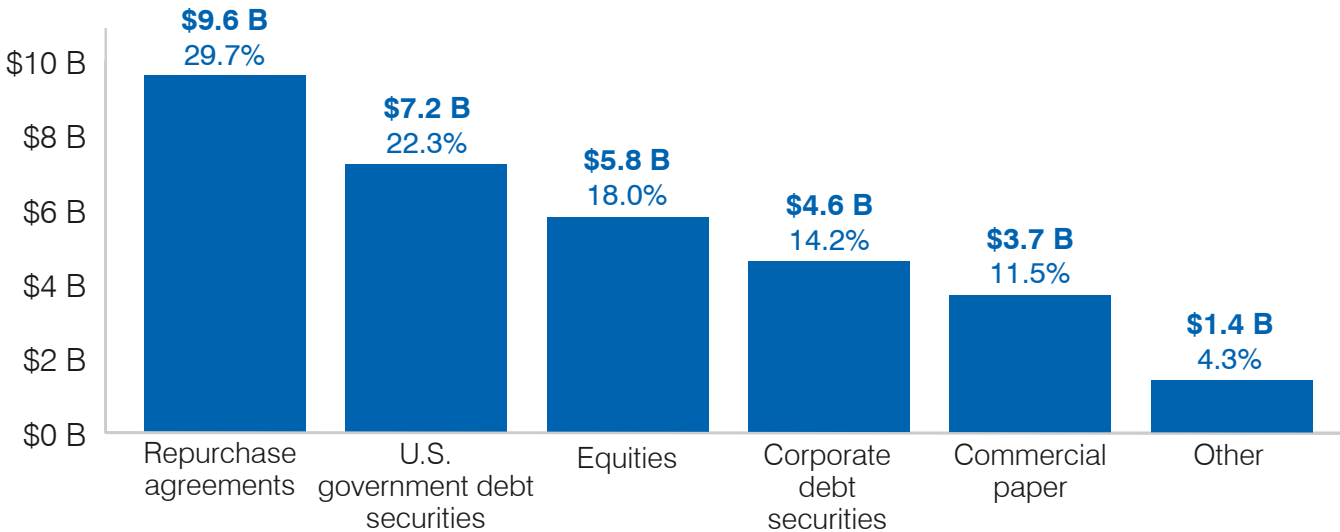
The ASTO’s primary function is holding and investing monies on behalf of State agencies including land trust funds and local governments such as cities and towns, special taxing districts, counties, and community college districts. It is responsible for maintaining effective internal controls that ensure the integrity of its financial and accounting information and accountability for its stewardship and use of public monies.

ASTO diversifies investments to help reduce risk

Investment type	Definition
Repurchase agreements	Short-term borrowing instruments where government debt securities are purchased and sold back to the seller at a slightly higher price. The securities serve as collateral in the agreement.
U.S. government debt securities	Borrowing instruments, such as bonds or notes, issued by a U.S. government agency or authority, including U.S. Treasury securities.
Equities	Stocks or shares that signify ownership in a corporation.
Corporate debt securities	Borrowing instruments, such as bonds and notes, issued by a corporation and backed by its assets.
Commercial paper	Short-term borrowing instruments, like promissory notes, issued by a corporation or financial institution.
Other	Various investments allowed under State law, such as certificates of deposit or money market mutual funds.

\$32.3 billion total investments by type

June 30, 2025



Auditor findings and recommendations

Summarized below are our findings and recommendations included in the ASTO’s [Report on Internal Control and on Compliance](#) where there is further information and the ASTO’s responses.

The ASTO needs to:

- ▶ Maintain accurate records to support cash and investments balances to ensure that the ASTO and State financial statements are accurately reported. In addition, develop and implement new policies and procedures to reconcile the ASTO records to the State’s accounting records. We found that the ASTO did not ensure its reconciliation of cash and investments balances to the State’s accounting records was accurate and valid and prepared timely. Consequently, ASTO reduced its original cash balances recorded in its preliminary financial statements by \$23 million because of misstatements recorded from the prior fiscal year and an additional \$377.7 million from duplicate adjustments and other errors to the balance.
- ▶ Finalize and implement processes to enhance authentication requirements for its information technology (IT) systems and data to effectively restrict access. We found that some control procedures for restricting access were not sufficient, which increases the risk that the ASTO may not adequately protect its IT systems and data.

Auditor General website report links

- ▶ **June 30, 2025, [ASTO Annual Financial Report and Report on Internal Control and on Compliance.](#)**

These highlights summarize the reports above. The full reports explain the ASTO's overall financial picture and our reporting responsibilities.

- ▶ The [ASTO's reports from prior years.](#)

- ▶ **User guides that help explain the important information presented in these reports:**

- [Financial Report User Guide for State and Local Governments.](#)
- [Internal Control and Compliance Reports User Guide.](#)