

Office of the Arizona State Treasurer

CONCLUSION: Based on our annual audit, we issued an opinion on the Treasurer’s Office fiscal year 2018 financial statements concluding that the information in those statements is reliable. We also issued a report over the Treasurer’s Office internal control and compliance over financial reporting, which did not include any reported weaknesses in the Treasurer’s Office internal control or instances of noncompliance over financial reporting.

Treasurer’s Office manages the State’s and local governments’ investments

The Treasurer’s Office’s primary function is holding and investing monies on behalf of state agencies, 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 and being accountable for its stewardship and use of public monies. As of June 30, 2018, the Treasurer’s Office held and invested approximately \$15.3 billion in various investment types. As shown to the right, the investments are reported in two fund types. Agency funds hold and invest monies for custodial reasons for the State’s departments, including land trust funds, agencies, commissions, and boards and for local governments. The remaining investments reported in investment trust funds are described on the following page.

**Investments
June 30, 2018**



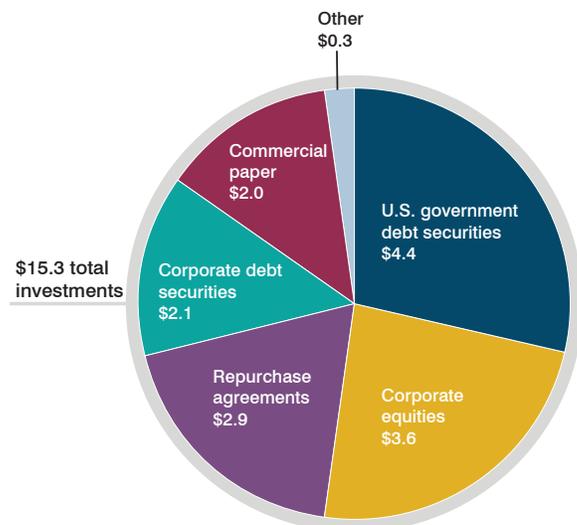
\$11.7 billion
AGENCY FUNDS

\$3.6 billion
INVESTMENT TRUST FUNDS

Treasurer diversifies investment types to reduce risk—Arizona law allows the Treasurer’s Office to invest in only certain investment types. As shown in the figure below, the Treasurer’s Office had a total of \$15.3 billion invested as of June 30, 2018.

Total investments by type June 30, 2018

(In billions)



Investment type definitions

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.

Corporate equities

Stocks or shares that signify ownership in a corporation.

Repurchase agreements

Short-term borrowing instruments where government debt securities are sold and repurchased and serve as collateral.

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.

Investment trust funds

One primary function of the State Treasurer: manage external investments for other governments such as counties and community college districts.

June 30, 2018, total = **\$3.6 billion**



Two largest investment trust fund investment pools

Local Government Investment Pool (LGIP)

2018 total invested
\$1.4 billion

AVERAGE YIELD

2017	2018
.62%	1.38%

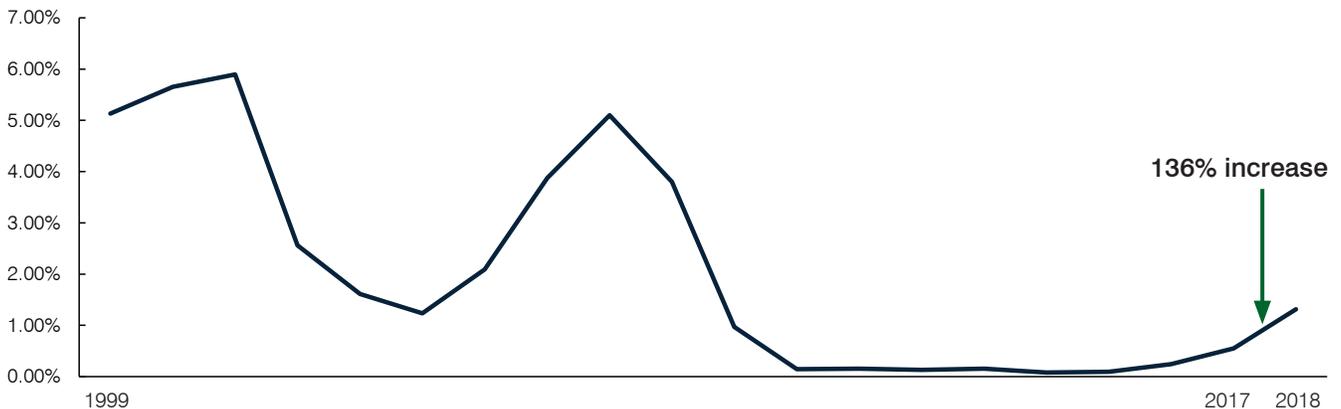
Local Government Investment Pool— Full Faith and Credit Gov (LGIP—FF&C)

2018 total invested
\$1.4 billion

AVERAGE YIELD

2017	2018
.49%	1.24%

LGIP and LGIP—FF&C 20-year average yield trend
Fiscal years 1999 through 2018
(Unaudited)



Source: Auditor General staff summary of information obtained from the Treasurer's Office "LGIP Yields" reports and website at <http://aztreasury.gov>.