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DEPUTY AUDITOR GENERAL

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DEPUTY AUDITOR GENERAL

December 20, 2018

The Honorable Eileen I. Klein, State Treasurer  
Office of the Arizona State Treasurer  
1700 West Washington  
Phoenix, AZ 85007

Dear Treasurer Klein:

We have completed the audit of the Office of the Arizona State Treasurer as of and for the year ended June 30, 2018, which we conducted in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, and issued our report dated October 31, 2018. As those auditing standards require, we are providing you the following information related to our audit to help you oversee the financial reporting and disclosure process for which management is responsible.

#### **Auditors' reports issued and auditors' results**

We have reported the results of our audit in our auditors' report on the Treasurer's financial statements that is included in the Treasurer's financial statement report. In addition, we have separately issued our report on our consideration of the Treasurer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Treasurer's internal control over financial reporting or on compliance. That report is an integral part of our audit of the Treasurer's financial statements. You should have already received a copy of the Treasurer's financial report and our separately issued report on internal control and on compliance.

Based on our audit we found that the information in the Treasurer's financial statements is fairly presented in all material respects and the financial statements are reliable. Also, the Treasurer generally maintained adequate internal control over financial reporting. The Treasurer is responsible for its system of internal control over financial reporting and compliance.

#### **Qualitative aspects of significant accounting practices**

Management is responsible for selecting and using appropriate accounting policies, accounting estimates, and financial statement disclosures. The significant accounting policies the Treasurer used are described in Note 1 to the financial statements. The Treasurer did not adopt new accounting policies or change the application of other existing policies during the year ended June 30, 2018. We noted no transactions the Treasurer entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements management prepares and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no accounting estimates affecting the financial statements that were considered sensitive.

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

### **Material misstatements**

There were no material misstatements that came to our attention during the audit that required management's correction.

### **Management representations**

We obtained certain representations from management that are included in the management representation correspondence dated October 31, 2018.

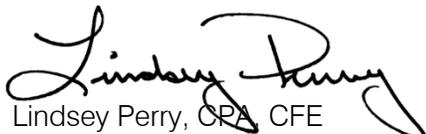
### **Management consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves applying an accounting principle to the Treasurer's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the accountant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This correspondence is intended solely for the information of those charged with the governance of the Office of the Arizona State Treasurer and is not intended to be and should not be used by anyone other than the specified party.

If you would like to discuss this correspondence or have any questions, please contact Nicole Franjevic, Financial Audit Manager, at (602) 553-0333.

Sincerely,

  
Lindsey Perry, CPA, CFE  
Auditor General