



OFFICE OF THE
Arizona State Treasurer



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TREASURER

October 10, 2018 – To the Stakeholders of the Arizona State Treasurer:

I'll be the first to admit: State Treasurer doesn't get a lot of attention. Many folks don't really know what the office does. I can tell you first hand—it is a really big job, one that matters to every single Arizonan. We are the state's bank and portfolio manager; we pay state bills and invest taxpayer money. I've reported to you regularly on our growing assets under management (currently more than \$14 Billion) and our record earnings and payments to schools from investment performance. But I haven't told you much about how we do it and ways we are doing it better. To that end, I want to touch on a few operational changes here at the Treasury that are improving the security, safety, and efficiency of this office. For our complete 5-year strategic plan, [click here](#).

Upon my arrival in April, we instituted a **daily investment briefing** with all portfolio managers to discuss overnight performance, cash flow, payments, and key economic reports that may impact upcoming investment activity. Getting a daily snapshot of 'where we are' with funds flowing in and out and investments maturing helps us plan and execute our role as the state's bill payer. Having contingency measures in place for market volatility is crucial for any investment business. We have begun conducting **stress-testing** on all our investment portfolios for any future market downturns.

We revamped the monthly **State Board of Investment meeting** to include a market outlook from each portfolio manager and contingency plans for possible international economic volatility. We also invite guest economic experts to present a different perspective on market conditions.

We facilitated **upgraded security compliance training** for more than 100 state agencies who accept credit/debit cards. The state is now in a better position to protect card users from personal data compromises when they make card payments on state agency websites.

We **increased transparency** with the public through the Treasury website, social media, and our monthly newsletters to investment participants and education community. We've committed to making our investment activity and performance easy for the public to find and understand.

On the operations side, we are transitioning to **electronic transaction processing**. Currently, senior managers devote as much as 75% of their time to manual reconciliations of accounts. Efficiency will significantly improve as we move to full automation for processing deposits and payments. We have also just completed a **comprehensive operations manual** for all internal processes and controls.

I'm pleased to share these on-going reforms and improvements with you and believe these initiatives will make Arizona better in the years ahead. It's an honor and a privilege to be your Treasurer and I look forward to the remainder of my term. Treasurer Klein