



## TREASURER OF STATE

**Dennis Milligan**  
Treasurer

500 Woodlane Street, Suite 220  
Little Rock, Arkansas 72201

June 30, 2018

The Honorable Asa Hutchinson  
Governor of Arkansas  
State Capitol Room 250  
500 Woodlane  
Little Rock, AR 72201

Dear Governor Hutchinson:

In accordance with Arkansas Code Annotated §19-3-504(b)(2), we respectfully submit the enclosed reports of the Treasurer of State for the period July 1, 2017, through June 30, 2018. A summary of these reports is shown in Attachment 1 to this letter.

If you should have any questions or comments regarding these reports, please feel free to contact our office.

Sincerely,

Dennis Milligan  
Treasurer of State

Enclosures:  
Attachment 1 – Summary  
Reports



## TREASURER OF STATE

**Dennis Milligan**  
Treasurer

500 Woodlane Street, Suite 220  
Little Rock, Arkansas 72201

June 30, 2018

Mr. Roger Norman, Director  
Arkansas Division of Legislative Audit  
172 State Capitol  
Little Rock, AR 72201

Dear Mr. Norman:

In accordance with Arkansas Code Annotated §19-3-504(b)(2), we respectfully submit the enclosed reports of the Treasurer of State for the period July 1, 2017, through June 30, 2018. A summary of these reports is shown in Attachment 1 to this letter.

If you should have any questions or comments regarding these reports, please feel free to contact our office.

Sincerely,

Dennis Milligan  
Treasurer of State

Enclosures:  
Attachment 1 – Summary  
Reports



## TREASURER OF STATE

**Dennis Milligan**  
Treasurer

500 Woodlane Street, Suite 220  
Little Rock, Arkansas 72201

June 30, 2018

The Honorable Bill Sample, Co-Chair  
The Honorable Jim Dotson, Co-Chair  
Arkansas Legislative Council  
State Capitol, Room 315  
Little Rock, AR 72201

Dear Senator Sample and Representative Dotson:

In accordance with Arkansas Code Annotated §19-3-504(b)(2), we respectively submit the enclosed reports of the Treasurer of State for the period July 1, 2017, through June 30, 2018. A summary of these reports is shown in Attachment 1 to this letter.

If you should have any questions or comments regarding these reports, please feel free to contact our office.

Sincerely,

Dennis Milligan  
Treasurer of State

Enclosures:  
Attachment 1 – Summary

Complying with ACT 1088, the State Board of Finance established a benchmark rate of return for the Treasury portfolio. Several factors that play a role in setting an appropriate expectation for return as investments are made within the primary mission of the Treasury in mind, to provide adequate liquidity for the State's business. Once that need is met, the available funds are invested balancing future needs with opportunities available in the marketplace.

The analysis of cash flows to more accurately assess liquidity is an ongoing process and we continue to appreciate the collective effort of all state agencies.

We, as the Treasury, have a fiduciary responsibility to all tax payers. Our updated investment policy remains a conservative approach to portfolio management. New management analysis software and information services have allowed the Treasury to increase overall return.

Essentially, we have achieved and expect continued improved performance in terms of dollars returned to the State. This is being accomplished by constant analysis of risk vs return and active management. Therefore the rate of return for as denoted by an interest rate will best be stated as a target of 2.50% on invested dollars.

## Liquidity Requirements

To appropriately address current and future liquidity requirements, we analyze daily cash flows from 2014 through 2017, make projections based on experiential data and communication with the various agencies and make short term investments so that maturities coincide with the expected warrants to be redeemed. We manage liquidity by active investment of commercial paper holdings, our bank DDA accounts and Money Management Trust. We continue to negotiate higher rates of return in our liquid, collateralized DDA accounts. Not only have we generated a much higher return on these monies, we have actually succeeded in making the Treasury more liquid at the same time. We maintain approximately \$300 to \$800 million in collateralized or insured, on demand, bank accounts, and \$750 million to \$1.8 billion in highly liquid commercial paper maturing in 90 days or less and investments in the MMT ranging from \$200 mm to 1.2B. The size and mix of the amount vary to meet seasonal Treasury liquidity needs as well as maximize the overall return to the State.

## Attachment 1 - Summary

1. Target Rate of Investment Return and Actual Rate of Investment Return
2. Liquidity Requirements and Actual Liquidity
3. Cash Flow Analysis Reports – January 2018 through July 2018
4. Checks Charged Off 20180630 – the daily report on June 30, 2018, of the amount of uncollected checks legally charged off.
5. Checks Charged Off YTD FY2018 – the report from July 1, 2017, to June 30, 2018, of the amount of uncollected checks legally charged off.
6. Demand Account Activity 20180630 – the daily report on June 30, 2018, of the amount of liquidity in the State Treasury demand accounts.
7. Demand Account Activity YTD FY2018 – the report from July 1, 2017, to June 30, 2018, of the amount of liquidity in the State Treasury demand accounts.
8. Fund Transactions by Type 20180630 – the daily report on June 30, 2018, of the summary financial transactions for the day including direct receipts, transfer receipts, disbursements by warrant redemption and disbursements by transfer.
9. Fund Transactions by Type YTD FY2018 – the report from July 1 2017, to June 30, 2018, of the cumulative summary financial transactions for fiscal year-to-date including direct receipts, transfer receipts, disbursements by warrant redemption and disbursements by transfer.
10. Money Market Account Activity 20180630 – the daily report on June 30, 2018, of the amount of liquidity in the State Treasury money market accounts.
11. Money Market Account Activity YTD FY2018 – the report from July 1, 2017, to June 30, 2018, of the amount of liquidity in the State Treasury money market accounts.
12. Return on Investment June 2018 – the detail report from July 1, 2017, to June 30, 2018, of the State Treasury's rate of investment return.
13. Return on Investment YTD FY2018 – the detail report from July 1, 2017, to June 30, 2018, of the State Treasury's rate of investment return.
14. Safekeeping Inventory 20180630 – the report of the principal amount of securities held in trust in Safekeeping in the State Treasury.