

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
JANUARY 9, 2015**

ECONOMIC HIGHLIGHTS

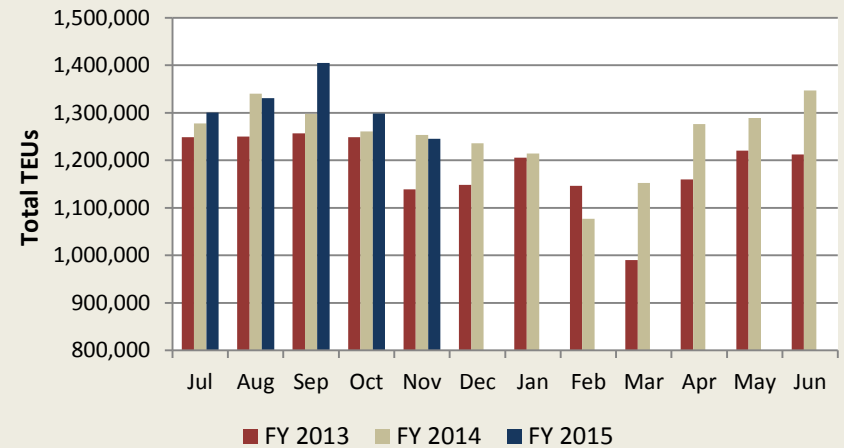
Arizona Indicators

- Combined container volume at the Port of Los Angeles and Port of Long Beach was 0.7 percent lower in November of FY 2015 than in November of FY 2014.
- The contract between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU) expired June 30, 2014. In the fall of 2014 the ports of Los Angeles and Long Beach began experiencing congestion. The cause of the congestion at those ports is a controversial topic, however in late December the PMA asked the U.S. Federal Mediation and Conciliation Service to provide mediation services in the continuing labor negotiations.
- According to the Bureau of Economic Analysis, the US real gross domestic product (GDP) increased at an annual rate of 5.0 percent in the third quarter of 2014. This is the strongest growth rate experienced by the US GDP in over a decade.

Greater Phoenix Area Indicators

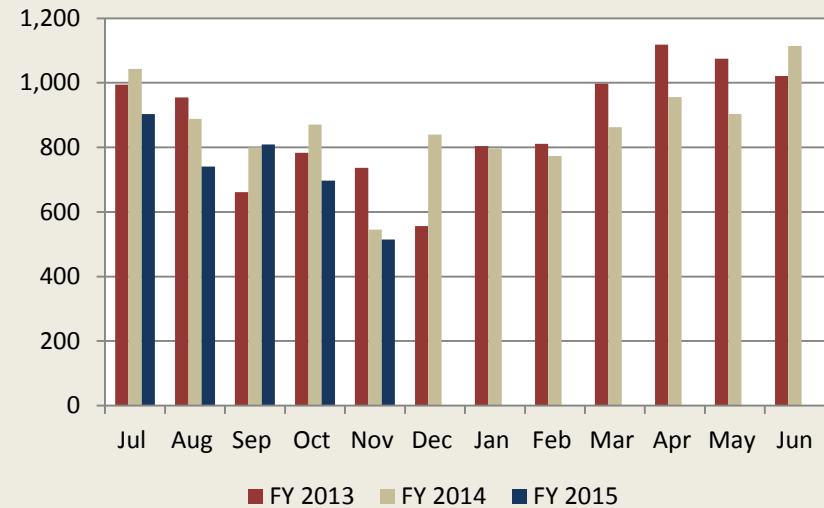
- The number of new single-family building permits issued in Maricopa County in November 2014 was 5.5 percent lower than the number issued in November 2013.
- The November Employment Report published by the Arizona Department of Administration stated the construction sector in the Greater Phoenix Area lost 3,000 jobs year-over-year from November 2013 to November 2014, a decrease of 3.2 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 5.9 percent in November 2014, down from 6.2 percent in November 2013.

Container Statistics for Port of LA and Port of Long Beach



TEU (Twenty-foot equivalent unit) - a maritime industry standardized measurement used for counting cargo containers of differing lengths.

Maricopa County New Single-Family Building Permits

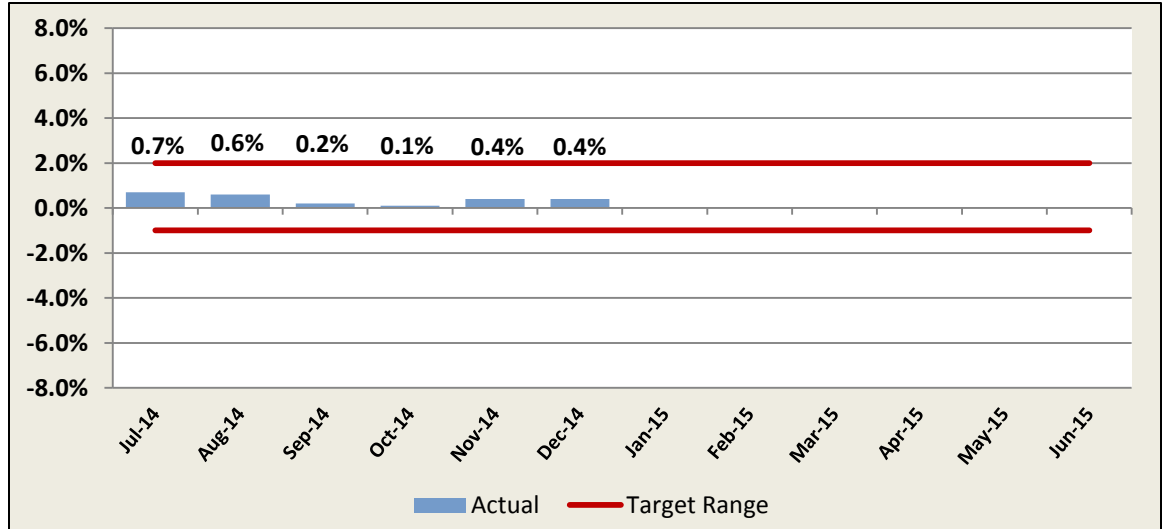


HIGHWAY USER REVENUE FUND (HURF) THROUGH DECEMBER 31, 2014

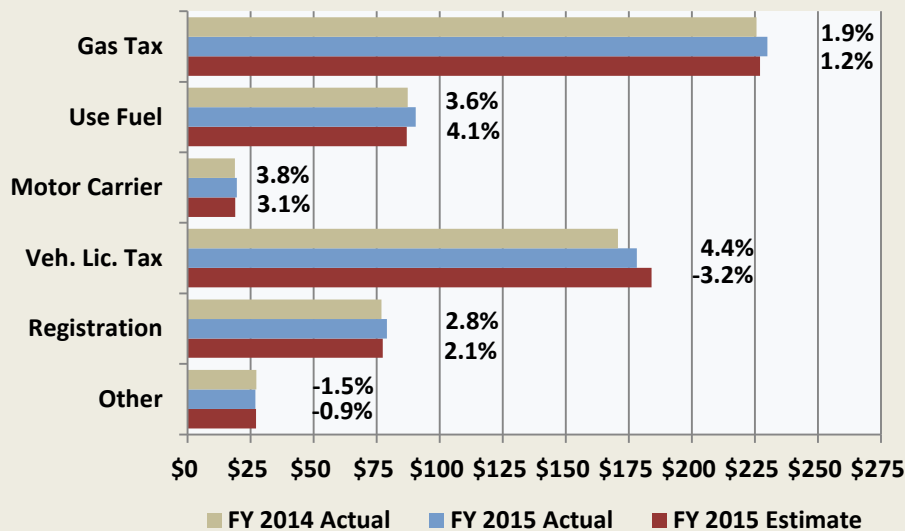
Highlights

- In the first half of FY 2015 VLT revenue experienced a year-over-year growth rate of 4.4 percent, however it is below the estimate in its year to date performance.
- Arizona gas prices continued to decrease significantly in December, with the Arizona average price per gallon falling to \$2.18 for regular unleaded gas. This is \$1.01 per gallon lower than in December of last year.
- In conjunction with lower gas prices, gas tax collections in the month of December are up 4.9 percent compared to December of last year.

Variance from Forecast Year to Date



Revenue Category Performance Year to Date (\$ in Millions)



Monthly Comparisons (\$ in Thousands)

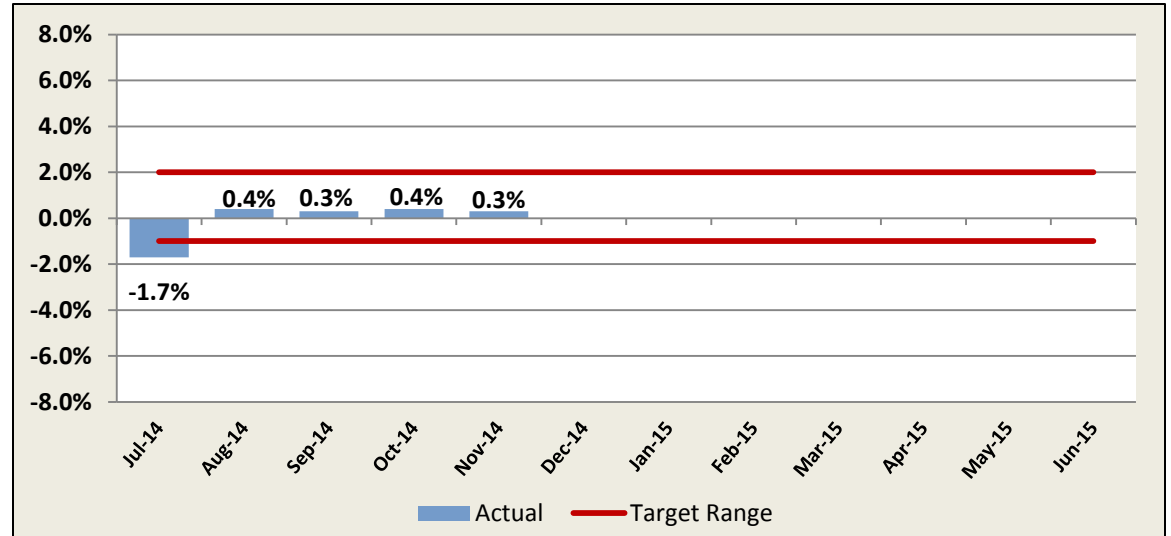
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277	103,784	4.5%	103,314	0.5%
September	102,824	104,092	1.2%	104,738	-0.6%
October	99,475	101,931	2.5%	101,846	0.1%
November	98,260	102,418	4.2%	100,829	1.6%
December	102,062	105,850	3.7%	105,512	0.3%
Subtotal	\$606,696	\$624,028	2.9%	\$621,483	0.4%
January		107,186		107,574	
February		103,713		108,955	
March		103,084		105,765	
April		113,312		115,397	
May		101,631		102,492	
June		105,711		108,934	
Total	\$1,241,332	\$624,028		\$1,270,600	

REGIONAL AREA ROAD FUND (RARF) THROUGH NOVEMBER 30, 2014

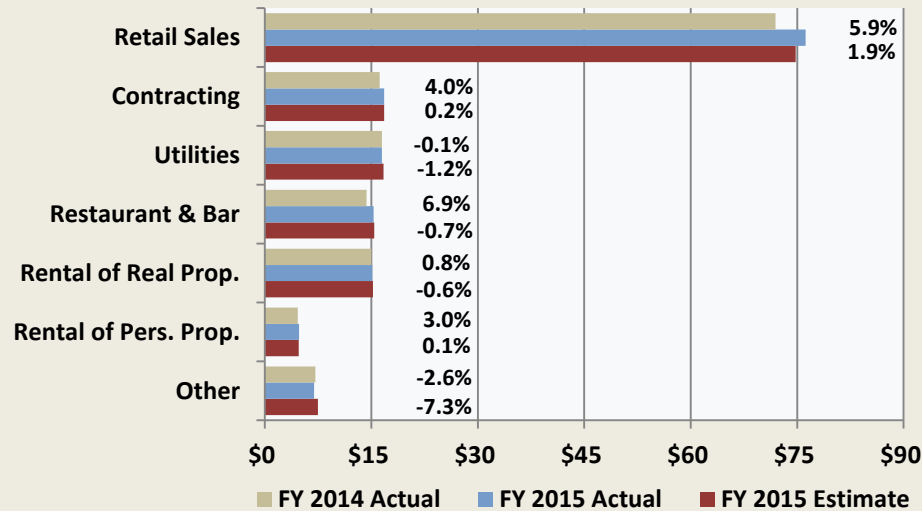
Highlights

- Restaurant and bar revenues grew by 6.9 percent, making it the RARF revenue category with the strongest year-over-year growth rate.
- The retail sales category continued to experience strong growth in FY 2015 with a year-over-year growth rate of 5.9 percent.
- The slowdown to single digit growth in contracting revenues in the last part of FY 2014 continued into the first five months of FY 2015 with collections up just 4.0 percent compared to the same period last fiscal year.

Variance from Forecast Year to Date



Revenue Category Performance Year to Date (\$ in Millions)



Monthly Comparisons (\$ in Thousands)

	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$29,651	\$30,448	2.7%	\$30,983	-1.7%
August	28,798	30,193	4.8%	29,425	2.6%
September	29,076	30,315	4.3%	30,256	0.2%
October	28,969	30,609	5.7%	30,387	0.7%
November	29,171	30,063	3.1%	30,096	-0.1%
Subtotal	\$145,664	\$151,628	4.1%	\$151,147	0.3%
December	29,881			30,784	
January	37,604			36,601	
February	28,423			29,891	
March	29,753			31,033	
April	32,940			34,556	
May	30,387			31,972	
June	30,908			32,416	
Total	\$365,561	\$151,628		\$378,400	

INVESTMENT PERFORMANCE THROUGH NOVEMBER 30, 2014 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Invested Balance	Percent Invested	November		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$367,423	99.84%	\$218	0.71%	\$1,018	0.69%
HURF Bond Redemption	\$60,469	99.99%	\$35	0.71%	\$92	0.69%
FY11A HURF Proceeds	\$14,763	99.45%	\$9	0.71%	\$76	0.69%
FY11A GAN Proceeds	\$403	88.17%	\$0	0.71%	\$11	0.69%
FY13A HURF Proceeds	\$230,749	99.96%	\$135	0.71%	\$666	0.69%
Other/1	\$79,200	99.70%	\$49	0.71%	\$258	0.69%
Subtotal	\$753,007	99.86%	\$446	0.71%	\$2,121	0.69%
Pool 3						
HELP/2	\$78,336	99.94%	\$48	0.74%	\$240	0.73%
Other/3	\$9,485	64.87%	\$6	0.74%	\$28	0.73%
Subtotal	\$87,821	94.43%	\$53	0.74%	\$268	0.73%
Pool 4						
2011 RARF Proceeds	\$13,843	99.42%	\$9	0.82%	\$81	0.85%
RARF Bond Redemption	\$40,390	100.00%	\$28	0.82%	\$76	0.85%
Regional Area Road Fund	\$499,308	99.91%	\$337	0.82%	\$1,722	0.85%
Subtotal	\$553,541	99.90%	\$374	0.82%	\$1,879	0.85%
Total	\$1,394,369	99.53%	\$874	0.76%	\$4,268	0.76%

Note: Numbers may not add due to rounding.

Source: State Treasurer's Office Statement of Accounts.

/1 Includes Aviation, HURF, Equipment, STAN and GAN redemption funds.

/2 HELP: Highway Expansion and Extension Loan Program.

/3 Includes Safety Enforcement, Storage Tank, Magazine, Economic Strength and Special Plates funds.

HIGHWAY EXPANSION AND EXTENSION LOAN PROGRAM (HELP) CASH STATUS AS OF DECEMBER 31, 2014

Revenues:

Federal Capitalization	\$46,185,974
State Match	2,791,729
Board Funding Obligation, Series 1999	100,000,000
Board Funding Obligation, Series 2000	100,000,000
Board Funding Obligation, Series 2002	40,000,000
Board Funding Obligation, Series 2003	140,000,000
Board Funding Obligation, Series 2007	50,000,000
Highway Fund Transfer	20,000,000
General Fund Appropriation	20,000,000
Interest Received on Loans	27,031,891
Interest Income	44,351,067
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,939,183</u>

Expenditures:

Loan Draws	\$545,578,522
BFO Payment to Treasurer - Principal	430,000,000
BFO Payment to Treasurer - Interest	39,667,756
Highway Fund Repayment	20,000,000
General Fund Reversion	20,000,000
Administration	2,226,371
Total Expenditures	<u>\$1,057,472,649</u>

Final Cash Balance as of 12/31/14*	\$78,466,534
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