

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
FEBRUARY 20, 2015**

ECONOMIC HIGHLIGHTS

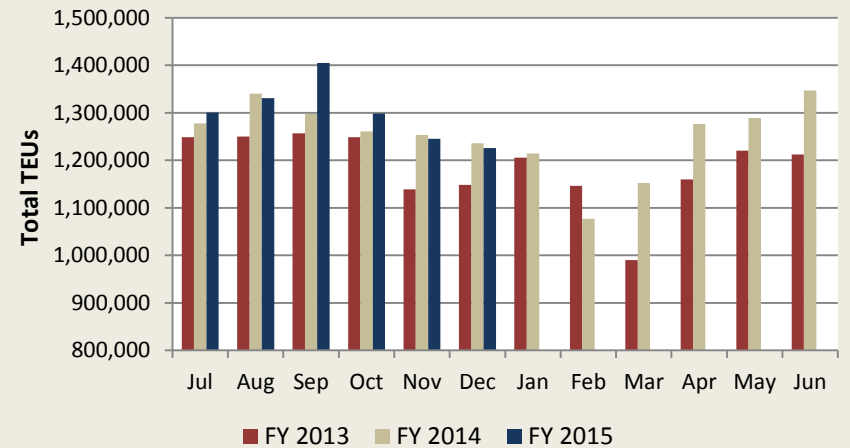
Arizona Indicators

- Combined container volume at the Port of Los Angeles and Port of Long Beach was 0.8 percent lower in December of FY 2015 than in December 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. On February 11, 2015 the PMA announced they would suspend U.S. West Coast vessel operations on four days during February 12-16. The PMA claims the ILWU is causing the slowdowns and will not pay the ILWU weekend or holiday pay for reduced work.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Department of Administration, fell from 7.6 percent in December 2013 to 6.7 percent in December 2014.

Greater Phoenix Area Indicators

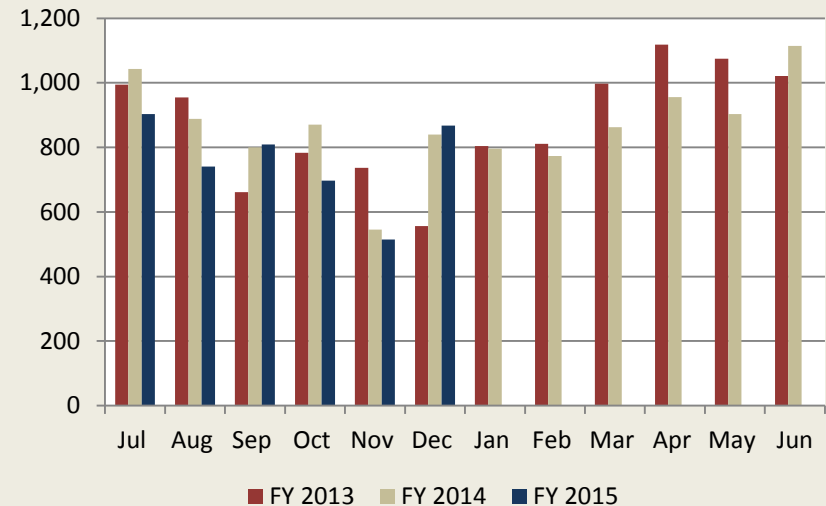
- The number of new single-family building permits issued in Maricopa County in December 2014 was 3.2 percent higher than the number issued in December 2013.
- The December Employment Report published by the Arizona Department of Administration stated the construction sector in the Greater Phoenix Area lost 3,400 jobs year-over-year from December 2013 to December 2014, a decrease of 3.6 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 5.6 percent in December 2014, down from 6.2 percent in December 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

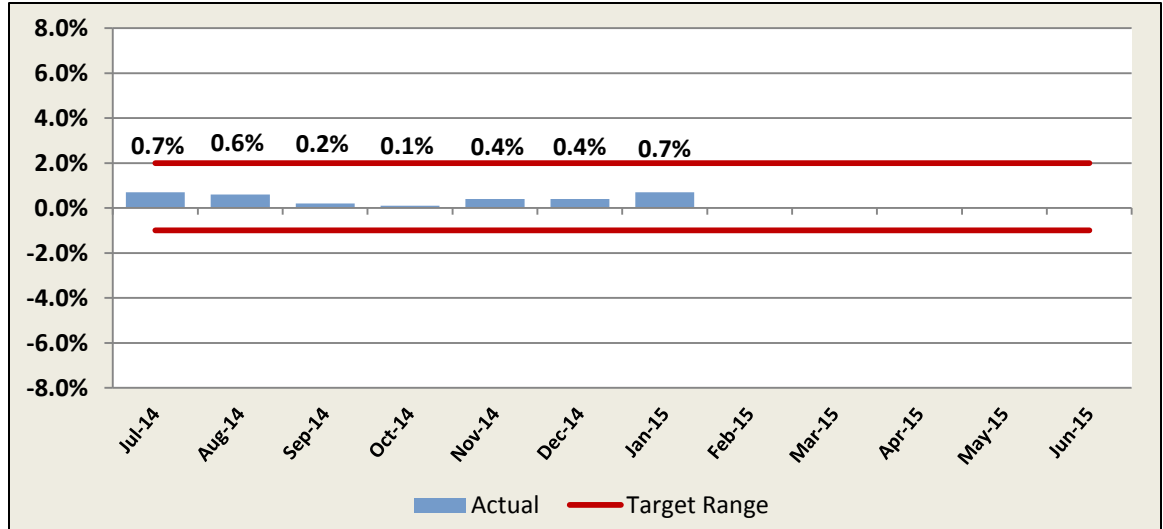


HIGHWAY USER REVENUE FUND (HURF) THROUGH JANUARY 31, 2015

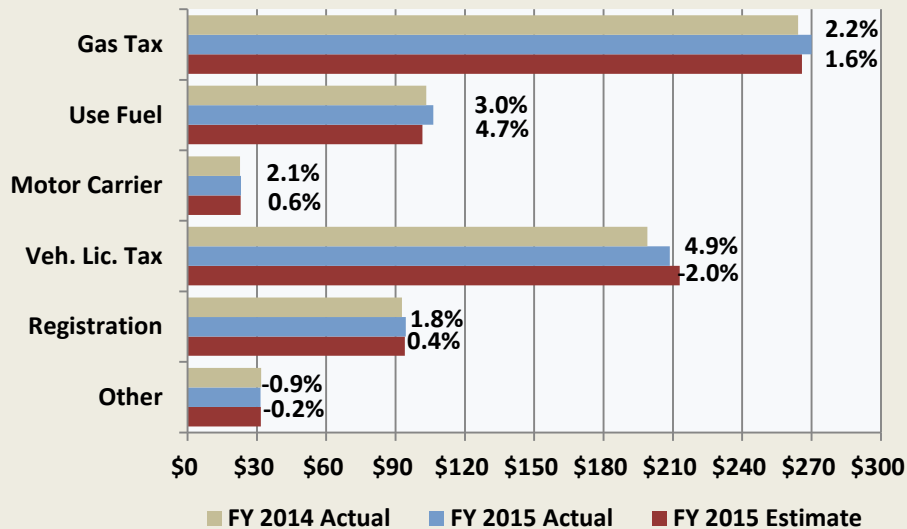
Highlights

- VLT collections experienced a year-over-year growth rate of 4.9 percent in the first seven months of FY 2015, however it remains below the estimate in its year to date performance.
- The average price for a gallon of regular unleaded gasoline in Arizona was \$1.91 in January. This is \$1.34 per gallon lower than in January of last year.
- In conjunction with lower gas prices, gas tax revenues in the month of January were up 4.1 percent compared to January of last year.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

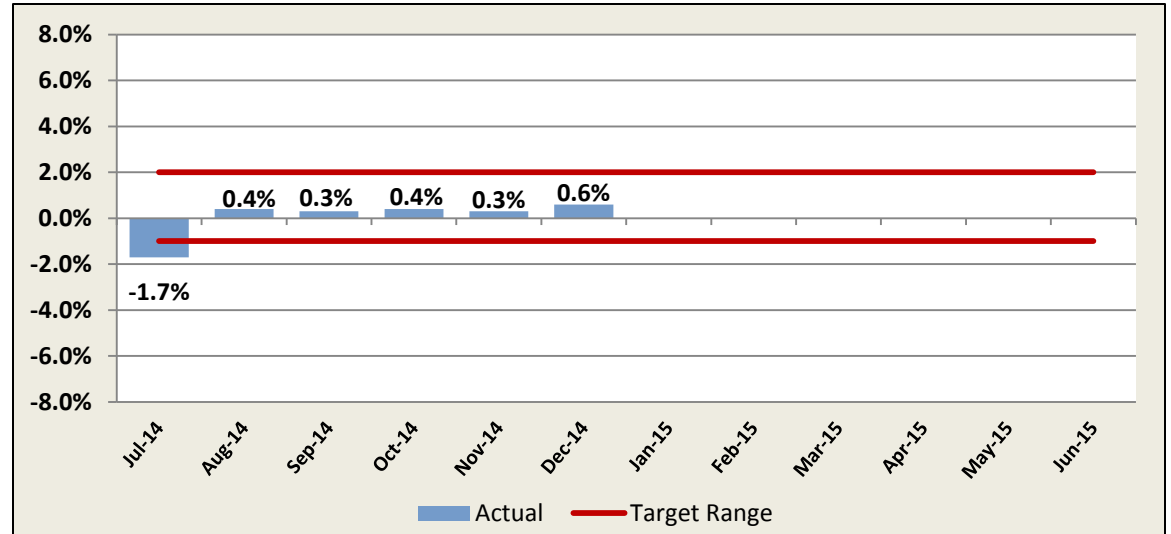
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277	103,784	4.5%	103,314	0.5%
September	102,824	104,092	1.2%	104,738	-0.6%
October	99,475	101,931	2.5%	101,846	0.1%
November	98,260	102,418	4.2%	100,829	1.6%
December	102,062	105,850	3.7%	105,512	0.3%
January	107,186	110,249	2.9%	107,574	2.5%
Subtotal	\$713,882	\$734,277	2.9%	\$729,057	0.7%
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	\$734,277		\$1,270,600	

REGIONAL AREA ROAD FUND (RARF) THROUGH DECEMBER 31, 2014

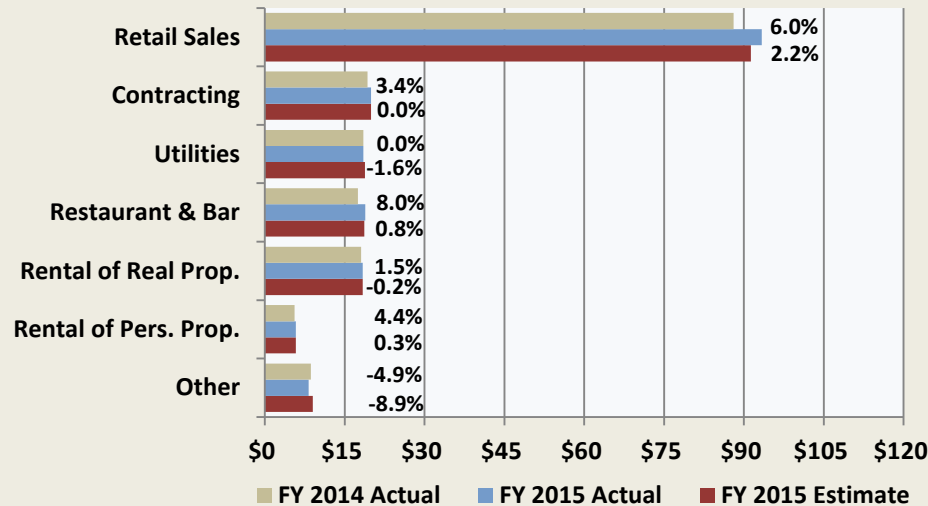
Highlights

- Restaurant and bar collections grew by 8.0 percent, making it the RARF revenue category with the strongest year-over-year growth rate.
- Retail sales revenue also experienced strong growth in the first half of FY 2015 with a year-over-year growth rate of 6.0 percent.
- Growth in the contracting category of RARF continued to be sluggish in the first half of FY 2015 with collections up just 3.4 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%
December	29,881	31,376	5.0%	30,784	1.9%
Subtotal	\$175,545	\$183,004	4.2%	\$181,931	0.6%
January				36,601	
February				29,891	
March				31,033	
April				34,556	
May				31,972	
June				32,416	
Total	\$365,561	\$183,004		\$378,400	

INVESTMENT PERFORMANCE THROUGH DECEMBER 31, 2014 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Invested Balance	Percent Invested	December		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$377,262	99.84%	\$221	0.69%	\$1,239	0.69%
HURF Bond Redemption	\$58,936	94.32%	\$37	0.69%	\$128	0.69%
FY11A HURF Proceeds	\$7,745	98.97%	\$5	0.69%	\$81	0.69%
FY11A GAN Proceeds	\$0	2.09%	\$0	0.69%	\$12	0.69%
FY13A HURF Proceeds	\$230,824	99.97%	\$135	0.69%	\$801	0.69%
Other/1	\$82,157	99.70%	\$49	0.69%	\$307	0.69%
Subtotal	\$756,924	99.40%	\$447	0.69%	\$2,568	0.69%
Pool 3						
HELP/2	\$78,392	99.94%	\$52	0.78%	\$292	0.74%
Other/3	\$9,715	99.42%	\$7	0.78%	\$35	0.74%
Subtotal	\$88,107	99.88%	\$59	0.78%	\$327	0.74%
Pool 4						
2011 RARF Proceeds	\$6,108	98.70%	\$4	0.83%	\$85	0.84%
2014 RARF Proceeds	\$260	90.89%	\$0	0.83%	\$0	0.84%
RARF Bond Redemption	\$47,900	97.90%	\$34	0.83%	\$110	0.84%
Regional Area Road Fund	\$513,854	99.92%	\$361	0.83%	\$2,083	0.84%
Subtotal	\$568,122	99.73%	\$399	0.83%	\$2,278	0.84%
Total	\$1,413,153	99.56%	\$905	0.75%	\$5,173	0.75%

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 JANUARY 31, 2015

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	44,403,103
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,991,219</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 01/31/15	\$78,518,570