

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORTS
JULY 11, 2014**

ECONOMIC HIGHLIGHTS

Arizona Indicators

Arizona Total Nonfarm Employment

Month	2013	2014	Yearly Change
April	2,525,500	2,569,100	43,600
May	2,523,100	2,554,100	31,000

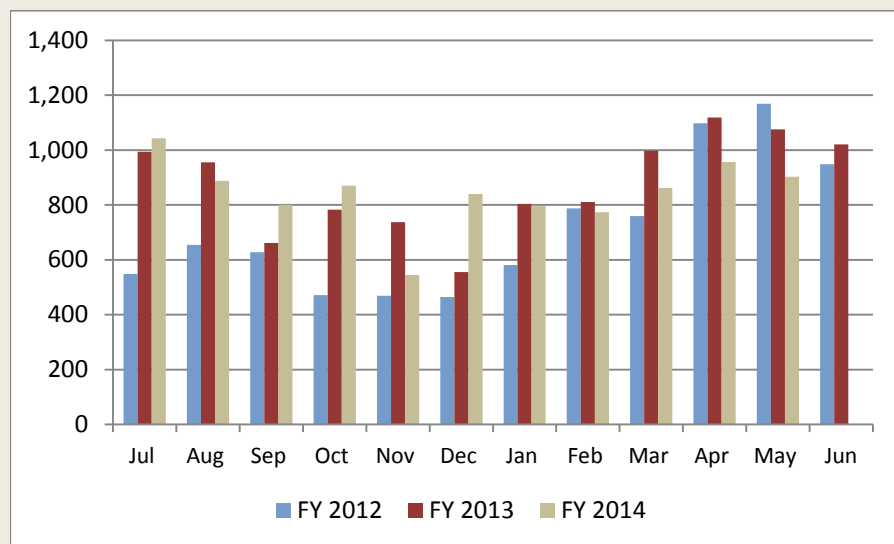
Greater Phoenix Area Total Nonfarm Employment

Month	2013	2014	Yearly Change
April	1,815,000	1,852,700	37,700
May	1,812,700	1,841,000	28,300

Average Fuel Price per Gallon

Fuel Type	June 2013	May 2014	June 2014
Gasoline (Arizona)	\$3.50	\$3.52	\$3.58
Diesel (West Coast)	\$3.96	\$4.03	\$4.03

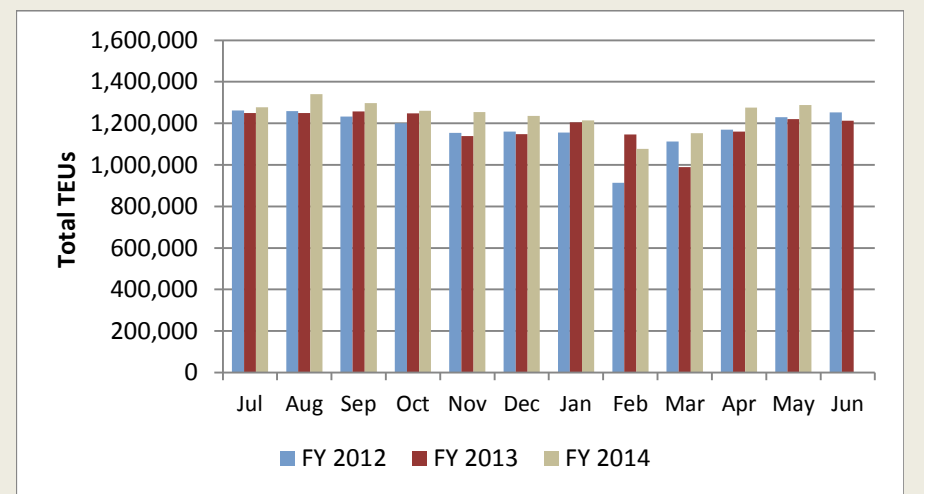
Maricopa County New Single-Family Building Permits



Financial Market Activity

- In June, Moody's downgraded 26 "stand-alone" GARVEE bond ratings. The downgraded bonds are secured only by federal highway/transit funds, seen as increasingly uncertain due to declining revenues flowing into the federal highway trust fund. **ADOT's Grant Anticipation Notes (GANs; secured by HURF and RARF funds) were not downgraded.**
- In early July, the U.S. Bureau of Labor Statistics (BLS) released a jobs report that showed the U.S. economy added 288,000 non-farm jobs in June. This news caused the stock market to react and the Dow reached over 17,000 for the first time in its history. The bond market also reacted and yields on the benchmark 10-year treasury rose after the BLS report was released.

Container Statistics for Port of LA and Port of Long Beach



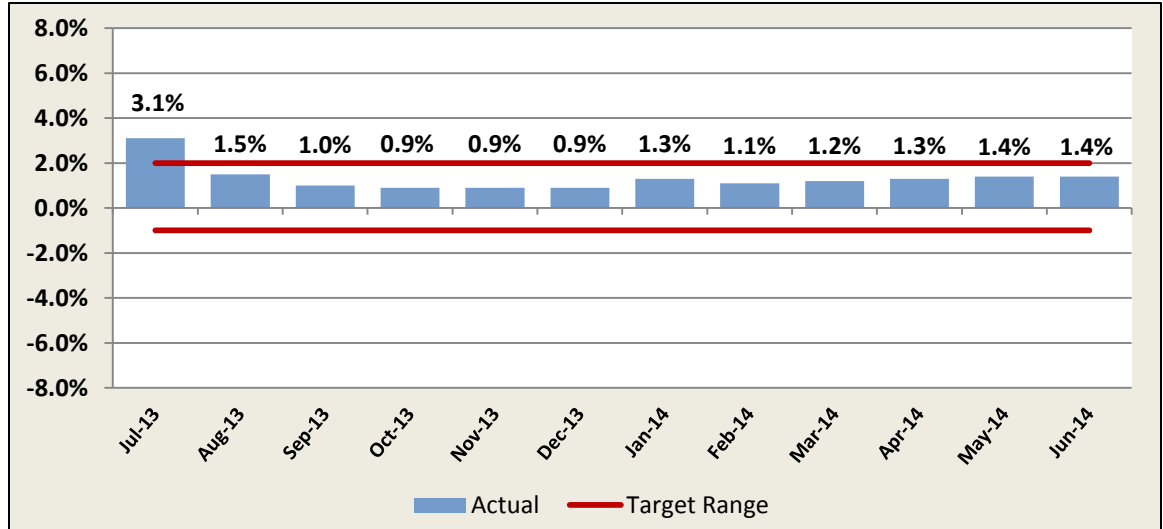
TEU (Twenty-foot equivalent unit) - a maritime industry standardized measurement used for counting cargo containers of differing lengths.

HIGHWAY USER REVENUE FUND (HURF) THROUGH JUNE 30, 2014

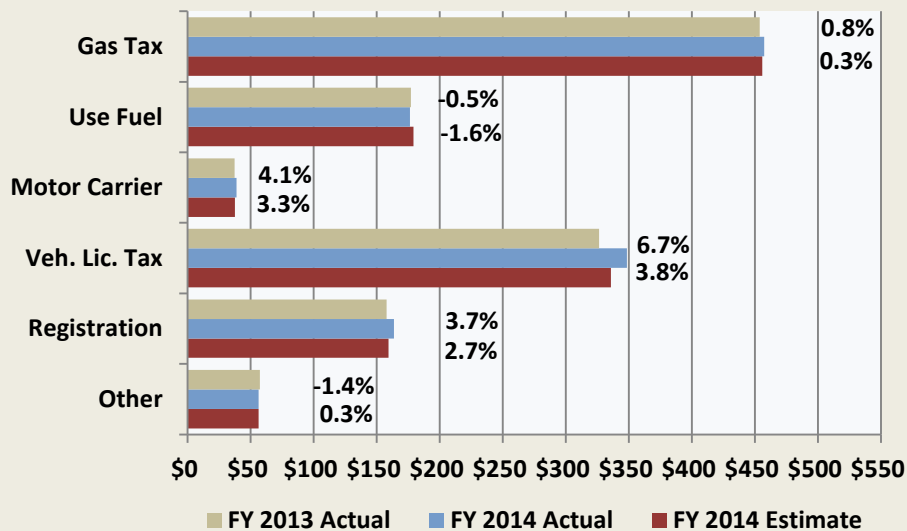
Highlights

- Fiscal year 2014 HURF revenues totaled \$1,241.3 million, which was 2.6 percent above FY 2013. This is the strongest year-over-year growth seen since the Great Recession. Even so, FY 2014 HURF revenues are approximately at the levels seen in FY 2005.
- Four of the six HURF revenue categories experienced positive year-over-year growth rates, but growth was strongest in the vehicle license tax category at 6.7 percent.
- Vehicle license tax was the only revenue category that registered positive year-over-year growth every month in FY 2014.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

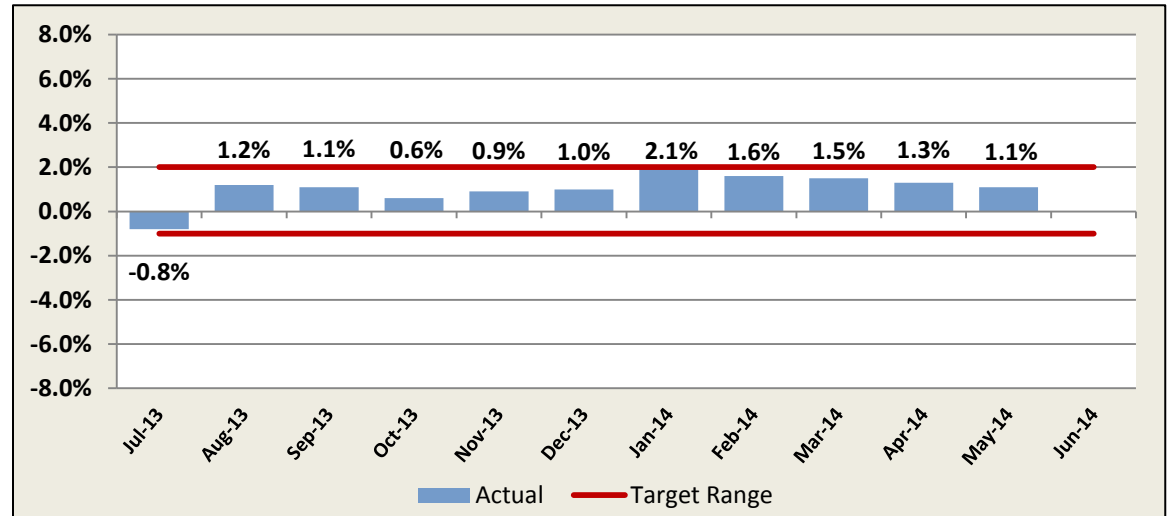
	FY 2013 Actual	FY 2014 Actual	Change	FY 2014 Estimate	Change
July	\$97,577	\$104,799	7.4%	\$101,691	3.1%
August	101,151	99,277	-1.9%	99,284	0.0%
September	100,314	102,824	2.5%	102,768	0.1%
October	94,632	99,475	5.1%	98,866	0.6%
November	96,347	98,260	2.0%	97,708	0.6%
December	101,776	102,062	0.3%	100,696	1.4%
January	100,290	107,186	6.9%	103,474	3.6%
February	103,971	103,713	-0.2%	104,535	-0.8%
March	100,260	103,084	2.8%	101,092	2.0%
April	109,220	113,312	3.7%	110,570	2.5%
May	101,381	101,631	0.2%	99,332	2.3%
June	103,106	105,711	2.5%	104,284	1.4%
Total	\$1,210,024	\$1,241,332	2.6%	\$1,224,300	1.4%

MARICOPA COUNTY TRANSPORTATION EXCISE TAX (RARF) THROUGH MAY 31, 2014

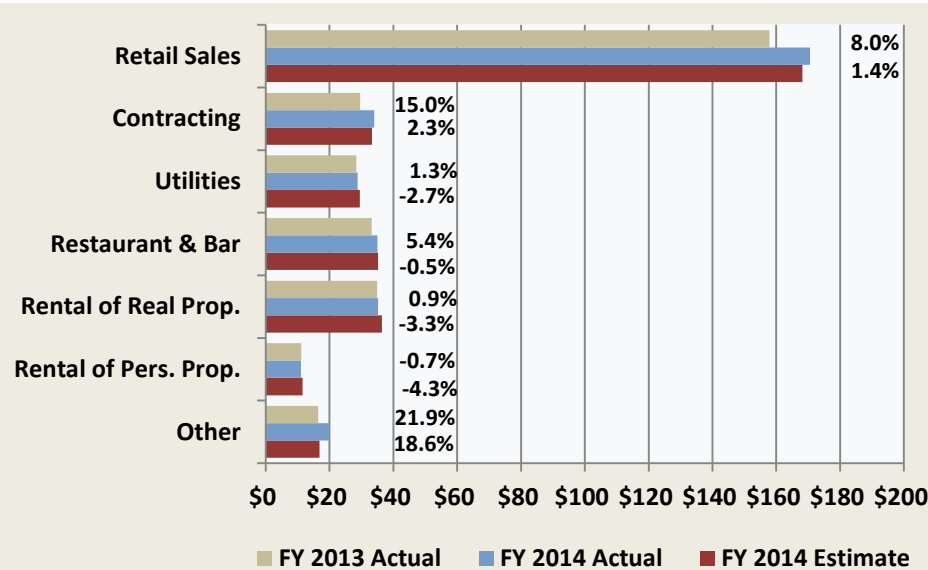
Highlights

- Retail sales is the largest revenue category of RARF with a fiscal year to date total collections of \$170.5 million.
- According to the Arizona Department of Administration, the unemployment rate in the Greater Phoenix area was 5.3 percent in April 2014, which was significantly lower than the 6.5 percent unemployment rate reported in April 2013.
- Although May contracting revenues grew 5.7 percent compared to May of last year, the May growth rate was 2.2 percent below the estimate.
- There were 956 single-family building permits issued within Maricopa County in April 2014, down from 1,118 issued in April 2013.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

	FY 2013 Actual	FY 2014 Actual	Change	FY 2014 Estimate	Change
July	\$28,653	\$29,651	3.5%	\$29,902	-0.8%
August	26,183	28,798	10.0%	27,858	3.4%
September	27,053	29,076	7.5%	28,831	0.8%
October	27,053	28,969	7.1%	29,237	-0.9%
November	27,239	29,171	7.1%	28,593	2.0%
December	27,539	29,881	8.5%	29,414	1.6%
January	32,815	37,604	14.6%	34,995	7.5%
February	27,236	28,423	4.4%	28,923	-1.7%
March	27,416	29,753	8.5%	29,580	0.6%
April	31,325	32,940	5.2%	33,015	-0.2%
May	28,999	30,387	4.8%	30,663	-0.9%
Subtotal	\$311,511	\$334,653	7.4%	\$331,011	1.1%
June	30,066			30,989	
Total	\$341,577	\$334,653		\$362,000	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	May		Year-To-Date (YTD)	
			Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2						
Highway	\$288,437	99.79%	\$135	0.56%	\$1,915	0.82%
HURF Bond Redemption	\$94,651	100.00%	\$43	0.56%	\$419	0.82%
FY11A HURF Proceeds	\$46,732	99.83%	\$23	0.56%	\$446	0.82%
FY11A GAN Proceeds	\$14,784	99.48%	\$7	0.56%	\$220	0.82%
FY13A HURF Proceeds	\$232,212	99.97%	\$108	0.56%	\$1,683	0.82%
Other/1	\$102,382	99.81%	\$49	0.56%	\$733	0.82%
Subtotal	\$779,198	99.87%	\$365	0.56%	\$5,416	0.82%
Pool 3						
HELP/2	\$78,050	99.94%	\$48	0.73%	\$620	0.87%
Other/3	\$8,575	91.09%	\$5	0.73%	\$65	0.87%
Subtotal	\$86,625	98.99%	\$53	0.73%	\$685	0.87%
Pool 4						
2011 RARF Proceeds	\$44,850	99.82%	\$28	0.73%	\$564	0.77%
RARF Bond Redemption	\$75,441	100.00%	\$47	0.73%	\$299	0.77%
Regional Area Road Fund	\$487,731	99.92%	\$304	0.73%	\$3,462	0.77%
Subtotal	\$608,022	99.92%	\$379	0.73%	\$4,325	0.77%
Total	\$1,473,845	99.84%	\$797	0.64%	\$10,426	0.80%

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 JUNE 30, 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	44,068,939
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,657,055</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 06/30/14	\$78,184,406