

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORTS
AUGUST 8, 2014**

FISCAL YEAR-END HIGHLIGHTS

Historic HURF and RARF Revenues

Fiscal Year-End Revenues by Fund (\$ in Millions)

FUND	2005	2006	2007	2008	2009	2010	2011	2012	2013
RARF	\$316.8	\$367.6	\$392.5	\$380.1	\$328.2	\$299.0	\$309.2	\$324.2	\$341.6
HURF	\$1,245.6	\$1,331.6	\$1,382.5	\$1,344.5	\$1,248.6	\$1,194.4	\$1,205.1	\$1,210.6	\$1,210.0



HURF = \$1,241.3
RARF = \$365.6

FY 2014 HURF and RARF revenues are at FY 2005 and FY 2006 levels, respectively.

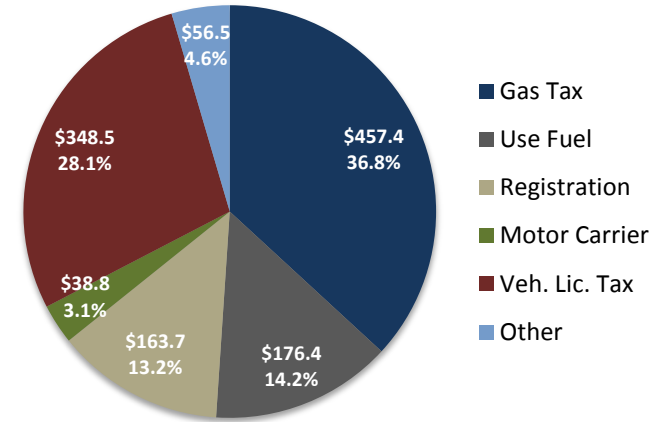
FY 2014 HURF HIGHLIGHTS

- 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.
- The vehicle license tax revenue category experienced the strongest rate of growth in FY 2014 at 6.7 percent.
- Vehicle license tax was the only revenue category that registered positive year-over-year growth every month in FY 2014.

FY 2014 RARF HIGHLIGHTS

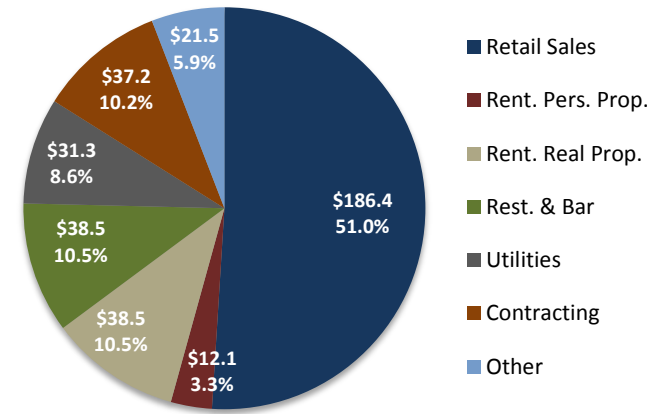
- Total RARF collections were \$365.6 million in fiscal year 2014, which was 7.0 percent greater than FY 2013 revenues.
- Total RARF revenues have posted four years of positive growth, however revenues remain at FY 2006 levels.
- Although FY 2014 contracting revenues grew 14.0 percent compared to last fiscal year, a recent slowdown in the Phoenix real estate market has tempered contracting revenue growth in the last three months of the fiscal year.

FY 2014 HURF REVENUE CATEGORIES



(Dollars in Millions)

FY 2014 RARF REVENUE CATEGORIES



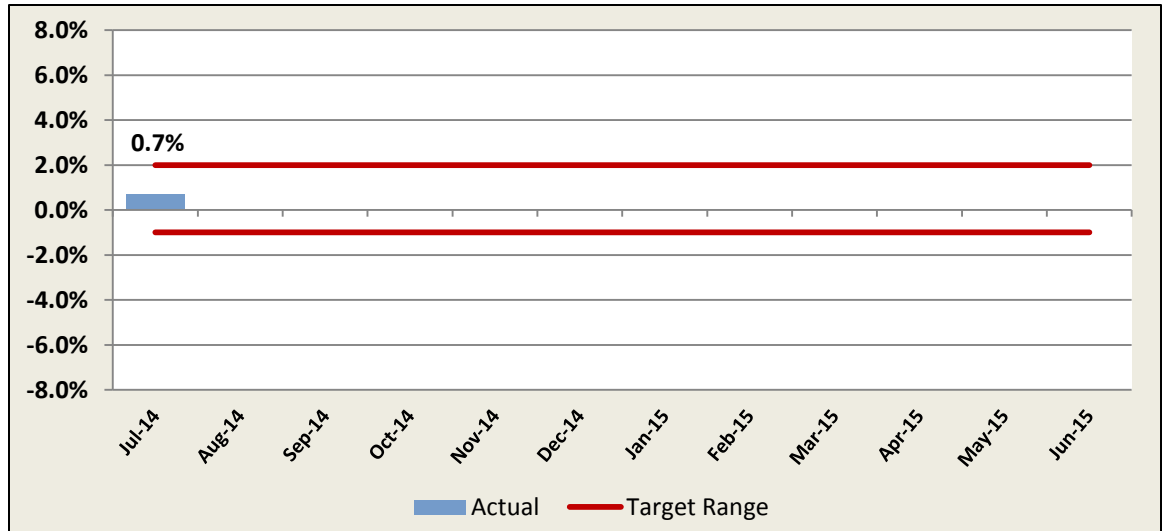
(Dollars in Millions)

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

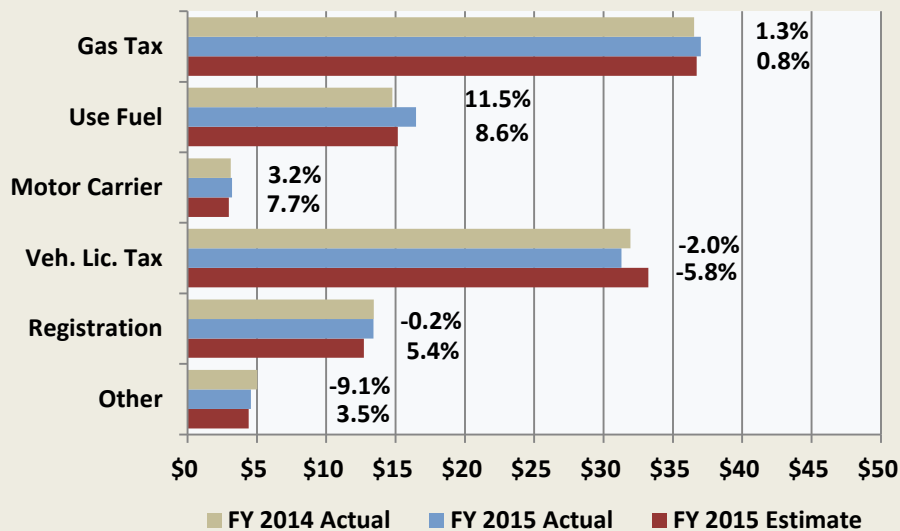
Highlights

- Use fuel collections for the first month of FY 2015 totaled \$16.5 million, making it the HURF revenue category with the highest rate of growth when compared to the first month of FY 2014.
- Arizona gas prices declined in July, with the Arizona average price per gallon falling to \$3.53 for regular unleaded gas. This is two cents less than the Arizona average price per gallon for regular unleaded gasoline in July of last year.
- Along with lower gas prices, gas tax revenue was 1.3 percent higher than it was in July of the previous year.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

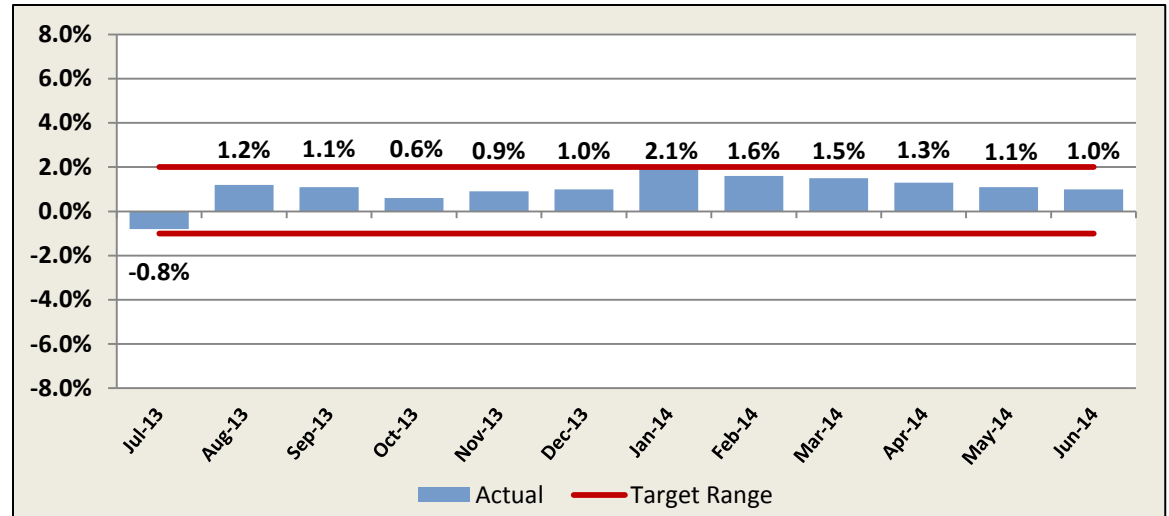
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
Subtotal	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277			103,314	
September	102,824			104,738	
October	99,475			101,846	
November	98,260			100,829	
December	102,062			105,512	
January	107,186			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	\$105,953		\$1,270,600	

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

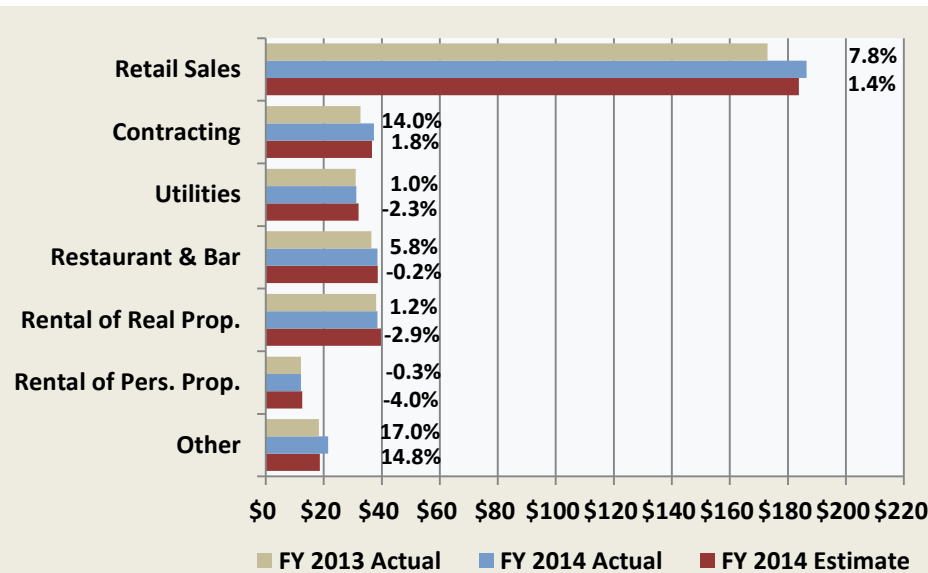
Highlights

- Compared to FY 2013, all of the major RARF revenue categories, except rental of personal property experienced positive year-over-year growth.
- RARF "Utilities" collections increased 1.0 percent in FY 2014 compared to FY 2013, but were 2.3 percent below the estimate. The mild winter in Phoenix in FY 2014 restrained growth in this category.
- FY 2014 "Other" collections increased 17.0 percent over FY 2013. "Other" revenues were positively impacted by a correction issued by the Department of Revenue. This correction involved adjustments to retail sales activity misbooked as use tax for an extended period of time resulting in a one-time deposit into the Other revenue category of approximately \$3.2 million in January.

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%
June	30,066	30,908	2.8%	30,989	-0.3%
Total	\$341,577	\$365,561	7.0%	\$362,000	1.0%

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	June		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$311,681	99.80%	\$159	0.62%	\$2,074	0.78%
HURF Bond Redemption	\$79,949	89.48%	\$45	0.62%	\$464	0.78%
FY11A HURF Proceeds	\$38,734	99.78%	\$20	0.62%	\$466	0.78%
FY11A GAN Proceeds	\$13,634	99.47%	\$7	0.62%	\$228	0.78%
FY13A HURF Proceeds	\$232,319	99.97%	\$120	0.62%	\$1,802	0.78%
Other/1	\$110,873	99.65%	\$60	0.62%	\$793	0.78%
Subtotal	\$787,190	98.67%	\$411	0.62%	\$5,827	0.78%
Pool 3						
HELP/2	\$78,111	99.94%	\$42	0.64%	\$662	0.85%
Other/3	\$8,531	99.24%	\$5	0.64%	\$70	0.85%
Subtotal	\$86,642	99.87%	\$47	0.64%	\$732	0.85%
Pool 4						
2011 RARF Proceeds	\$36,830	99.78%	\$24	0.81%	\$588	0.84%
RARF Bond Redemption	\$65,672	89.48%	\$43	0.81%	\$342	0.84%
Regional Area Road Fund	\$475,894	99.91%	\$318	0.81%	\$3,780	0.84%
Subtotal	\$578,396	98.60%	\$385	0.81%	\$4,710	0.84%
Total	\$1,452,228	98.71%	\$843	0.70%	\$11,269	0.81%

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 JULY 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	44,110,959
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,699,075</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 07/31/14	\$78,226,426