

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORTS
SEPTEMBER 12, 2014**

ECONOMIC HIGHLIGHTS

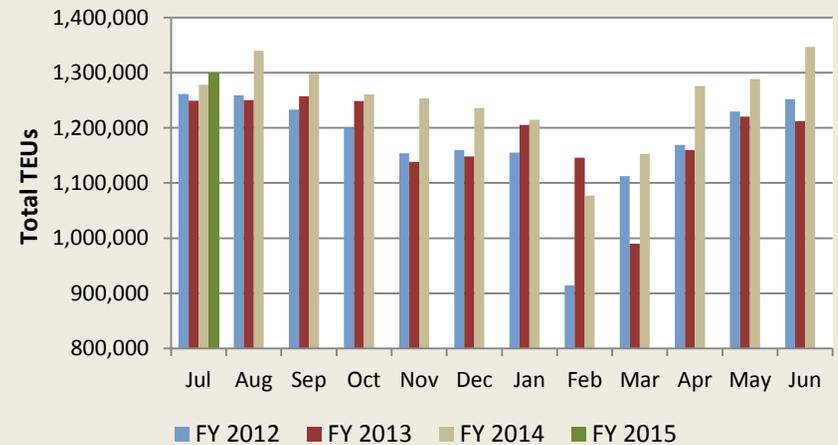
Arizona Indicators

- A direct relationship typically exists between the Port of Los Angeles and Port of Long Beach shipping container volume and use fuel consumption in Arizona because of the movement of goods from California through Arizona to destinations throughout the United States.
- Combined container volume at the Port of Los Angeles and Port of Long Beach was higher in July of FY 2015 than in July of FY 2014.
- The July Employment Report issued by the Arizona Department of Administration indicated the statewide seasonally adjusted unemployment rate increased from 6.9 percent in June to 7 percent in July.
- The FY 2015 HURF forecast predicts an annual growth rate of 2.4 percent in total collections, with a large portion of the growth estimated to come from the vehicle license tax revenue category.

Greater Phoenix Area Indicators

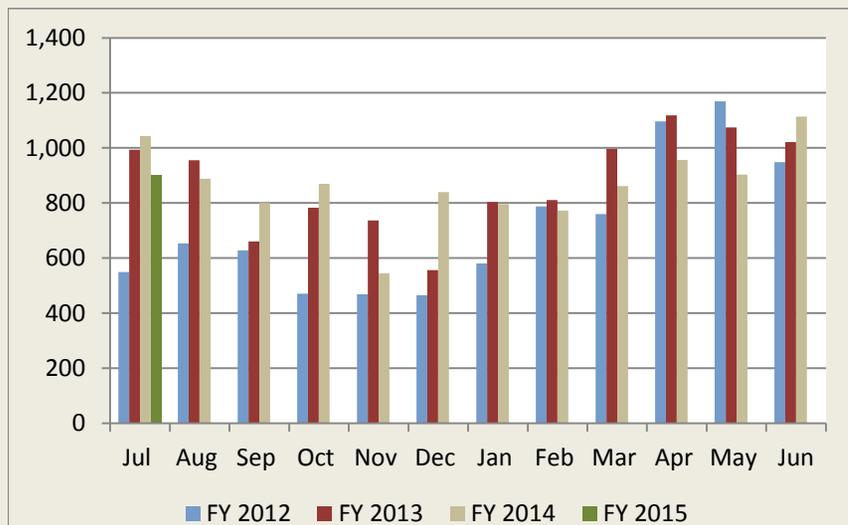
- According to the U.S. Census Bureau, the number of new single-family building permits issued in Maricopa County was lower compared to the number issued in same month of the previous year in 5 of the 6 months in the last half of FY 2014. The number of permits issued in Maricopa County the first month of FY 2015 was also lower than the number issued in the same month of FY 2014.
- The July Employment Report published by the Arizona Department of Administration stated the construction sector has fewer jobs in the Greater Phoenix Area in July when compared to the same month of last year.
- The RARF forecast predicts contracting revenues to grow at 4.5 percent for FY 2015 which is markedly lower than the 14 percent growth experienced in this revenue category in FY 2014.

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

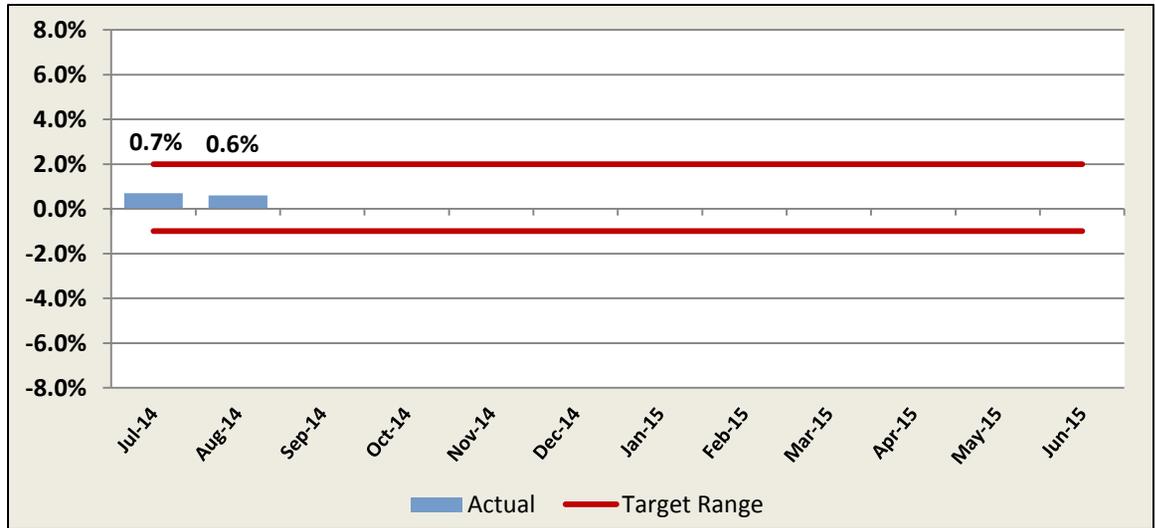


HIGHWAY USER REVENUE FUND (HURF) THROUGH AUGUST 31, 2014

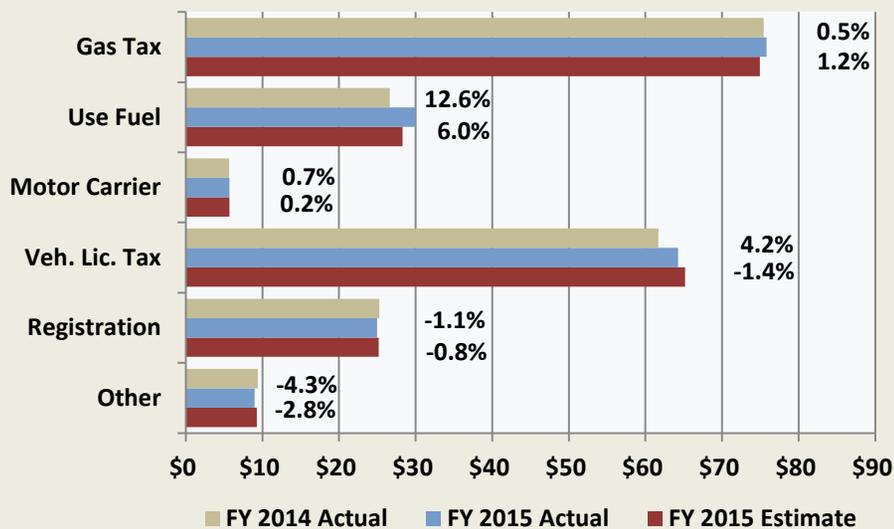
Highlights

- Use fuel revenues experienced double digit growth rates in both July and August of FY 2015 when compared to the same months of FY 2014.
- Arizona gas prices continued to decline in August, with the Arizona average price per gallon falling to \$3.44 for regular unleaded gas. Despite eight consecutive weeks of declining prices, Arizona gas prices were still five cents per gallon higher than they were in August of last year.
- Along with slightly higher gas prices, August gas tax collections were 0.3 percent lower than in the same month of the previous year.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

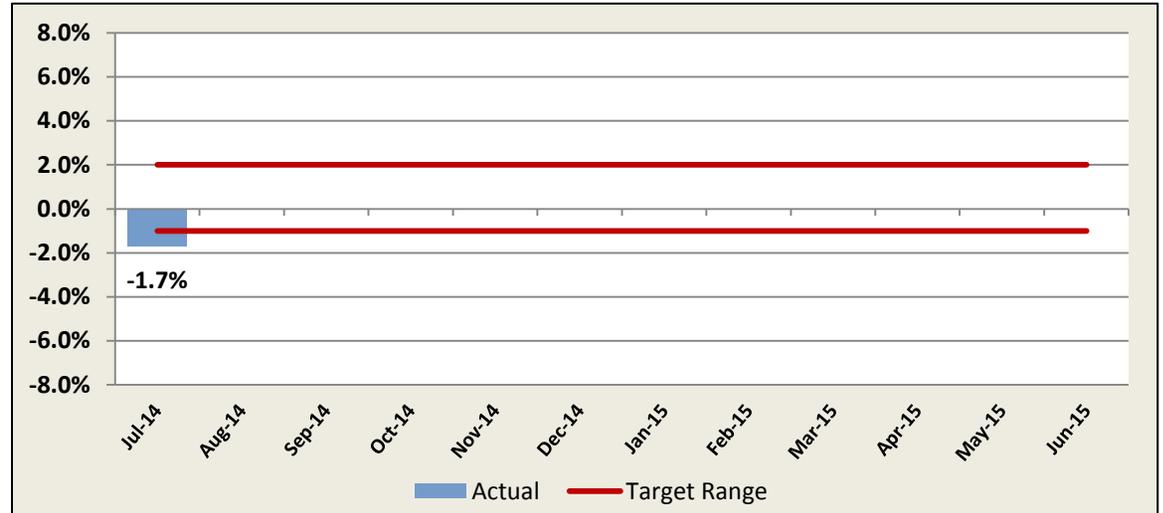
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277	103,784	4.5%	103,314	0.5%
Subtotal	\$204,076	\$209,737	2.8%	\$208,558	0.6%
September				104,738	
October				101,846	
November				100,829	
December				105,512	
January				107,574	
February				108,955	
March				105,765	
April				115,397	
May				102,492	
June				108,934	
Total	\$1,241,332	\$209,737		\$1,270,600	

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

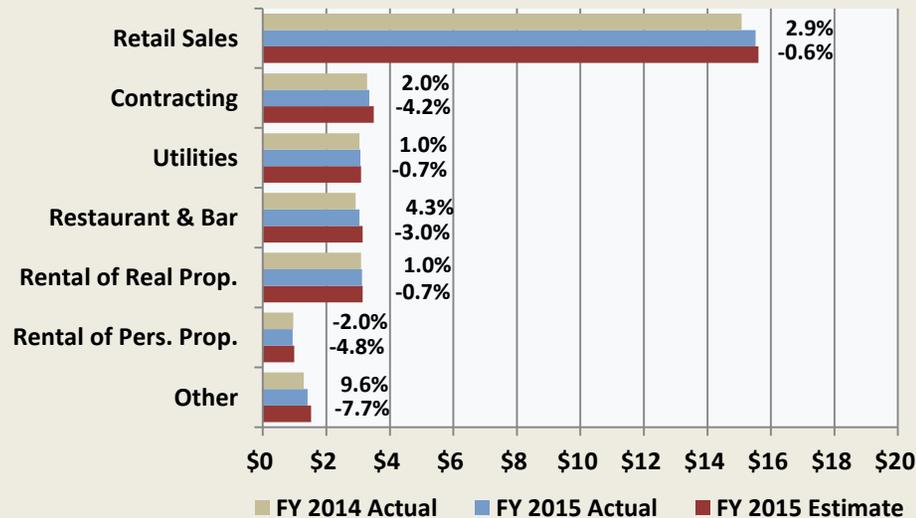
Highlights

- While it is anticipated that FY 2015 RARF revenues will increase compared to FY 2014, the forecasted annual growth rate is 3.5 percent, which is notably lower than the 7 percent growth rate experienced in FY 2014.
- RARF revenues are anticipated to grow at a lower rate in FY 2015 than FY 2014 largely due to a slowdown in growth in the last half of FY 2014 that is likely to continue into FY 2015 in two substantial RARF categories; Retail Sales and Contracting.
- Year-over-year growth in contracting revenues slowed to single digit figures in the last quarter of FY 2014, and that slowdown in growth continued into the first month of FY 2015 with revenue up only 2 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			29,425	
September	29,076			30,256	
October	28,969			30,387	
November	29,171			30,096	
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	\$30,448		\$378,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	July		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$331,254	99.82%	\$200	0.71%	\$200	0.71%
HURF Bond Redemption	\$7,513	99.93%	\$4	0.71%	\$4	0.71%
FY11A HURF Proceeds	\$35,861	99.78%	\$22	0.71%	\$22	0.71%
FY11A GAN Proceeds	\$7,657	98.87%	\$4	0.71%	\$4	0.71%
FY13A HURF Proceeds	\$232,357	99.97%	\$140	0.71%	\$140	0.71%
Other/1	\$101,346	99.80%	\$64	0.71%	\$64	0.71%
Subtotal	\$715,988	99.85%	\$434	0.71%	\$434	0.71%
Pool 3						
HELP/2	\$78,161	99.94%	\$50	0.75%	\$50	0.75%
Other/3	\$9,757	99.26%	\$6	0.75%	\$6	0.75%
Subtotal	\$87,918	99.86%	\$56	0.75%	\$56	0.75%
Pool 4						
2011 RARF Proceeds	\$29,356	99.71%	\$24	0.97%	\$24	0.97%
RARF Bond Redemption	\$4,352	99.98%	\$4	0.97%	\$4	0.97%
Regional Area Road Fund	\$472,502	99.91%	\$391	0.97%	\$391	0.97%
Subtotal	\$506,210	99.90%	\$419	0.97%	\$419	0.97%
Total	\$1,310,116	99.87%	\$909	0.81%	\$909	0.83%

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 AUGUST 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	44,161,090
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,749,206</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 08/31/14	\$78,276,557