

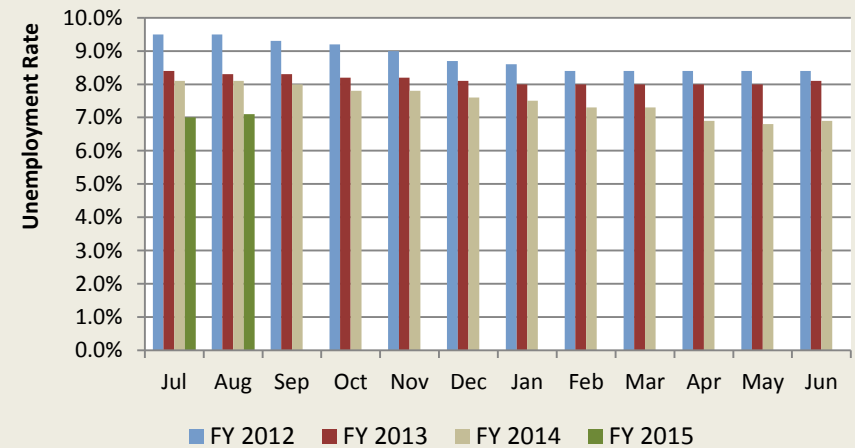
**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
OCTOBER 10, 2014**

ECONOMIC HIGHLIGHTS

Arizona Indicators

- The Employment Report issued by the Arizona Department of Administration on September 18th, indicated the statewide seasonally adjusted unemployment rate increased from 7.0 percent in July to 7.1 percent in August, marking the third consecutive month of increase in the state unemployment rate.
- Although the Arizona unemployment rate ticked upwards to 7.1 percent in August of 2014, it is a full percentage point lower than the 8.1 percent experienced in August of 2013.
- 51,400 nonfarm jobs were added in Arizona over the year, with a majority of those gains in the private sector.
- Combined container volume at the Port of Los Angeles and Port of Long Beach was 0.7 percent lower in August of FY 2015 than in August of FY 2014.

Arizona Unemployment Rate

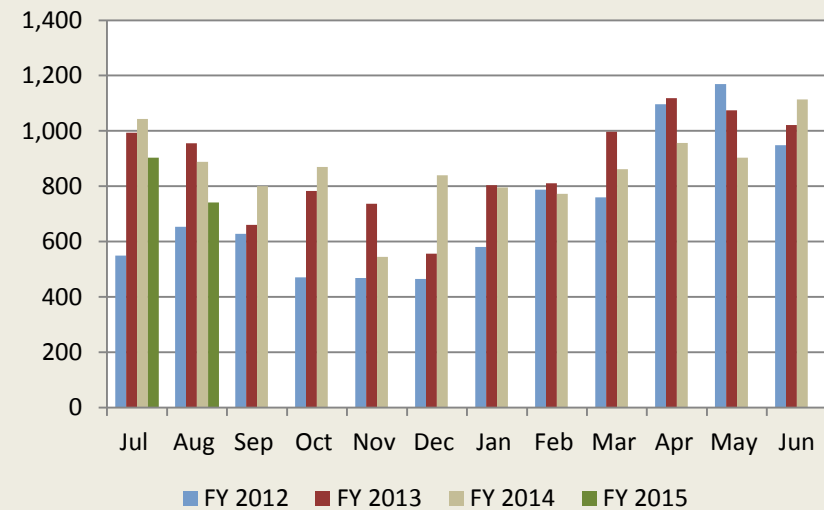


Seasonally Adjusted Unemployment rate data from the U. S. Bureau of Labor Statistics as of September 19, 2014

Greater Phoenix Area Indicators

- According to the U.S. Census Bureau, the number of new single-family building permits issued in Maricopa County in August of FY 2015 was 16.6 percent lower than the number issued in the same month of FY 2014.
- In a news release from the W.P. Carey School of Business dated September 3, 2014, supply and demand in the Greater Phoenix Area housing market are both low.
- The August Employment Report published by the Arizona Department of Administration stated the August non-seasonally adjusted unemployment rate in the Greater Phoenix Area was unchanged from the July rate of 6.3 percent. Although unchanged from the previous month, the Greater Phoenix Area unemployment rate is 1.0 percent lower than in August of 2013.
- The construction sector in the Greater Phoenix Area lost 5,000 jobs in August of 2014 when compared to August of 2013.

Maricopa County New Single-Family Building Permits

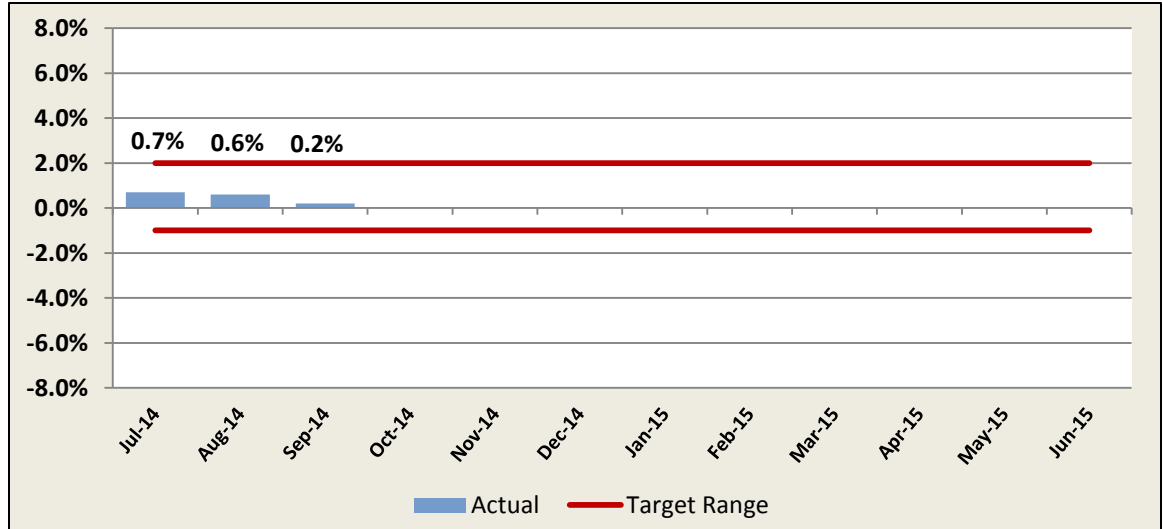


HIGHWAY USER REVENUE FUND (HURF) THROUGH SEPTEMBER 30, 2014

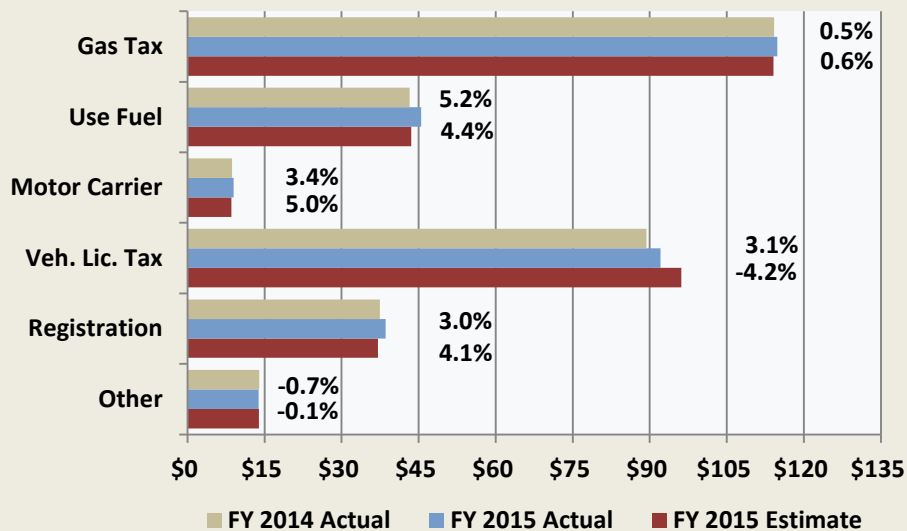
Highlights

- VLT revenue growth was weak in September, with an increase of only 0.7 percent above September of FY 2014, and was 10.1 percent below the estimate for the month.
- Arizona gas prices continued to decrease in September, with the Arizona average price per gallon falling to \$3.30 for regular unleaded gas. This is six cents per gallon lower than in September of last year.
- In conjunction with lower gas prices, September gas tax collections were 0.6 percent higher 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)

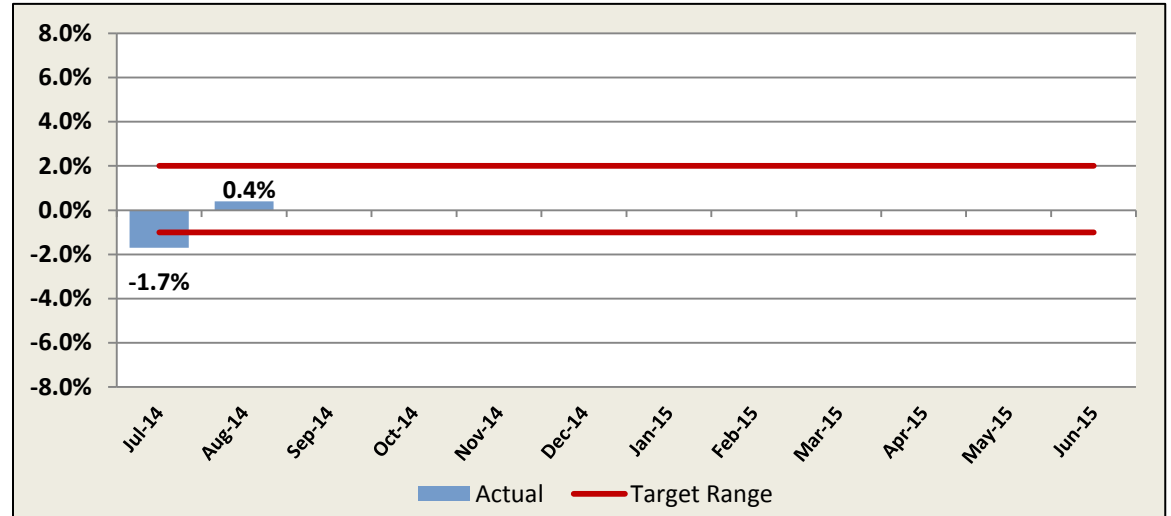
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277	103,784	4.5%	103,314	0.5%
September	102,824	104,092	1.2%	104,738	-0.6%
Subtotal	\$306,900	\$313,829	2.3%	\$313,296	0.2%
October	99,475			101,846	
November	98,260			100,829	
December	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	\$313,829		\$1,270,600	

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

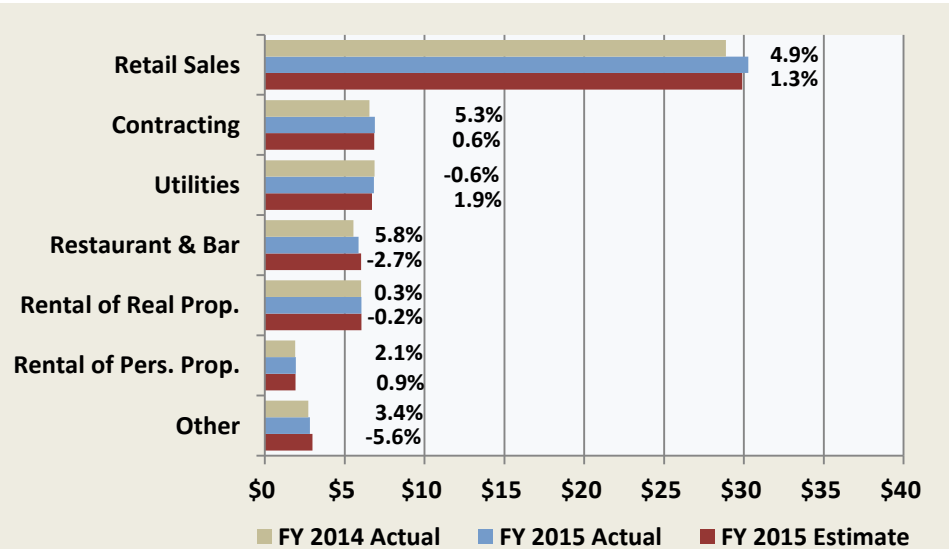
Highlights

- Retail sales, the largest revenue category of RARF, grew 7.0 percent in August when compared to the same month of the prior year.
- The slowdown to single digit growth in contracting revenues in the last half of FY 2014 continued into the first two months of FY 2015 with collections up 5.3 percent compared to the same period last fiscal year.
- According to the September 18, 2014 Arizona Department of Administration's employment report, contracting employment in the Greater Phoenix Area decreased from 96,100 in August 2013 to 91,100 in August 2014.

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%
Subtotal	\$58,448	\$60,641	3.8%	\$60,408	0.4%
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	\$60,641		\$378,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	August		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$341,293	99.82%	\$223	0.76%	\$423	0.74%
HURF Bond Redemption	\$21,124	99.99%	\$12	0.76%	\$16	0.74%
FY11A HURF Proceeds	\$31,556	99.74%	\$21	0.76%	\$43	0.74%
FY11A GAN Proceeds	\$5,466	98.56%	\$4	0.76%	\$8	0.74%
FY13A HURF Proceeds	\$231,958	99.97%	\$150	0.76%	\$289	0.74%
Other/1	\$87,288	99.74%	\$58	0.76%	\$122	0.74%
Subtotal	\$718,685	99.85%	\$468	0.76%	\$901	0.74%
Pool 3						
HELP/2	\$78,200	99.94%	\$55	0.82%	\$105	0.79%
Other/3	\$9,007	99.42%	\$6	0.82%	\$12	0.79%
Subtotal	\$87,207	99.89%	\$61	0.82%	\$117	0.79%
Pool 4						
2011 RARF Proceeds	\$26,737	99.70%	\$19	0.80%	\$43	0.89%
RARF Bond Redemption	\$14,435	99.99%	\$9	0.80%	\$13	0.89%
Regional Area Road Fund	\$480,381	99.92%	\$325	0.80%	\$716	0.89%
Subtotal	\$521,553	99.91%	\$353	0.80%	\$772	0.89%
Total	\$1,327,445	99.88%	\$882	0.78%	\$1,791	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 SEPTEMBER 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	44,215,748
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,803,864</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 09/30/14	\$78,331,215