

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
NOVEMBER 14, 2014**

ECONOMIC HIGHLIGHTS

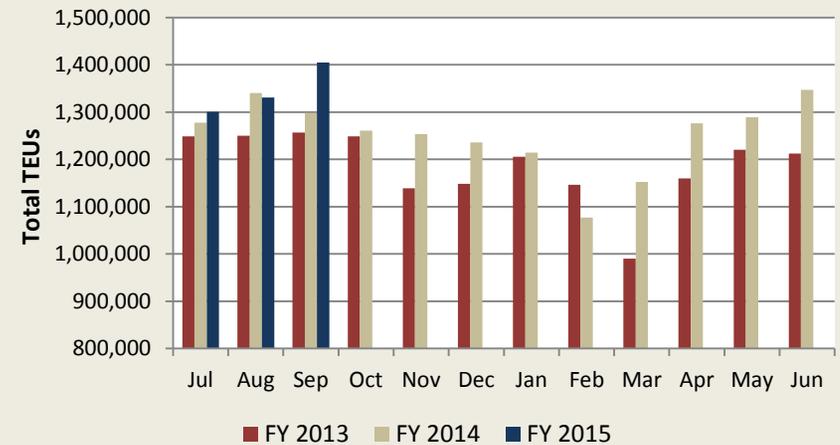
Arizona Indicators

- Combined container volume at the Port of Los Angeles and Port of Long Beach was 8.2 percent higher in September of FY 2015 than in September of FY 2014.
- The September Employment Report issued by the Arizona Department of Administration, indicated the statewide seasonally adjusted unemployment rate decreased from 7.1 percent in August to 6.9 percent in September. The U.S. seasonally adjusted unemployment rate also fell two-tenths of a percent from 6.1 percent in August to 5.9 percent in September.
- 28,800 nonfarm jobs were added in Arizona over-the-month, with a majority being seasonal gains in the government sector as school employment levels returned to normal.

Greater Phoenix Area Indicators

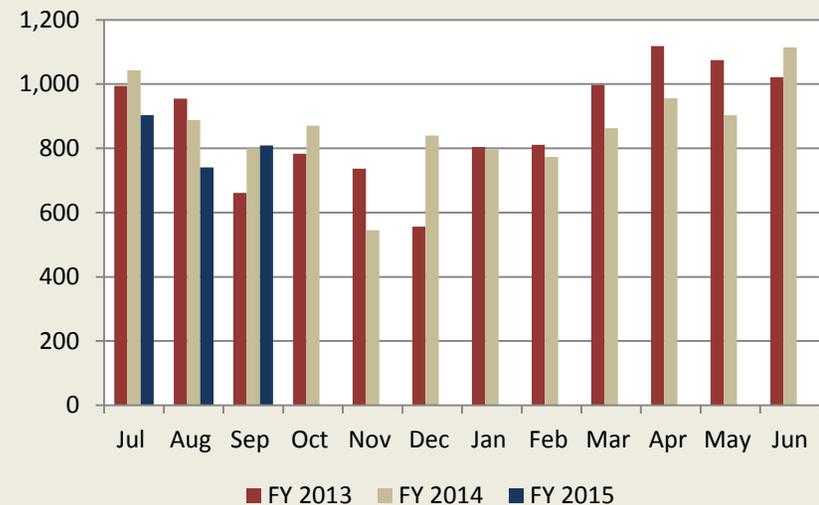
- September marked the first time in fiscal year 2015 that the number of new single-family building permits issued in Maricopa County were higher than the number issued in the same month of FY 2014, albeit the increase was only 1.1 percent.
- The September Employment Report published by the Arizona Department of Administration stated the construction sector in the Greater Phoenix Area lost 6,900 jobs year-over-year from September 2013 to September 2014, a decrease of 6.9 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 5.8 percent in September 2014, down from 6.9 percent in September 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

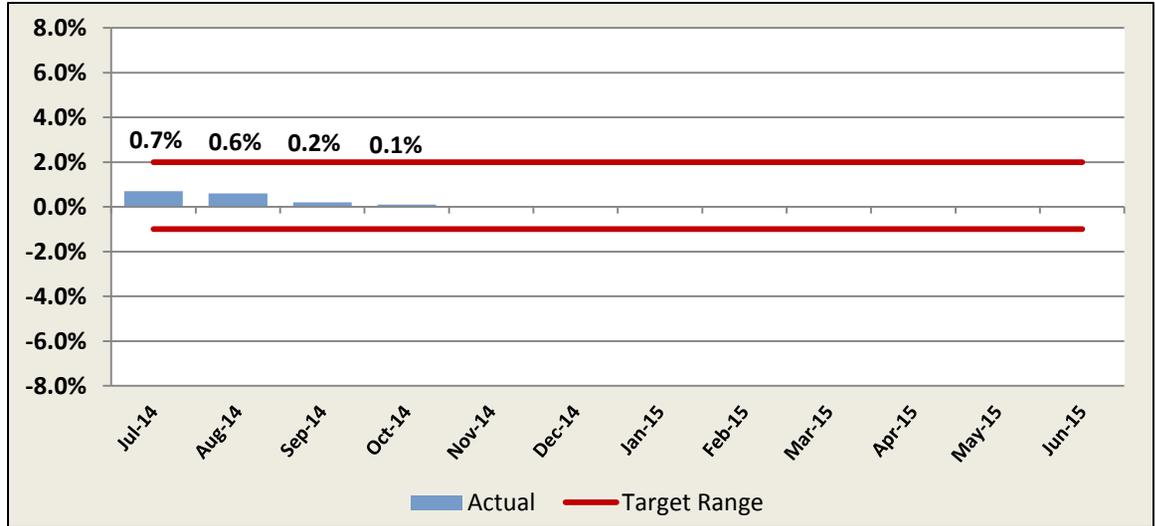


HIGHWAY USER REVENUE FUND (HURF) THROUGH OCTOBER 31, 2014

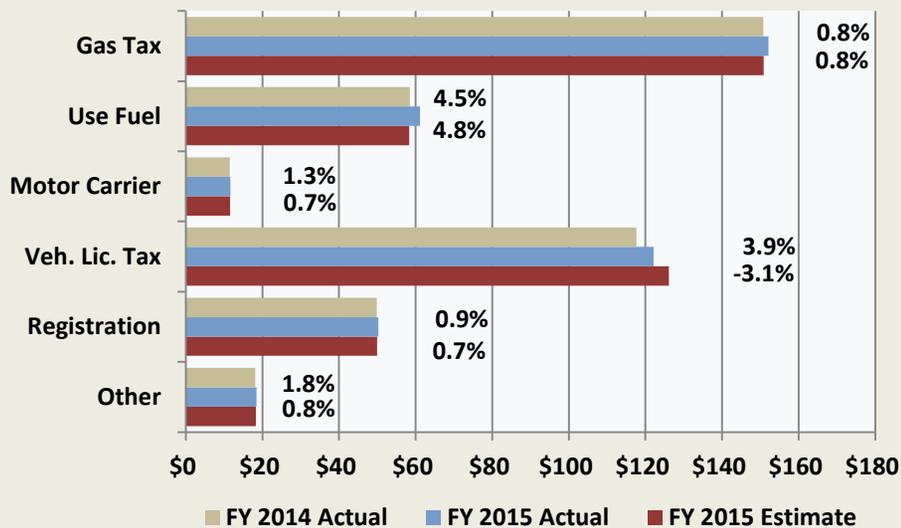
Highlights

- In the first four months of FY 2015, VLT revenue experienced a year-over-year growth rate of 3.9 percent, however it is the only revenue category of HURF below the estimate in its year to date performance.
- Arizona gas prices decreased significantly in October, with the Arizona average price per gallon falling to \$2.97 for regular unleaded gas. This is twenty six cents per gallon lower than in October of last year.
- In conjunction with lower gas prices, October gas tax collections were 1.8 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)

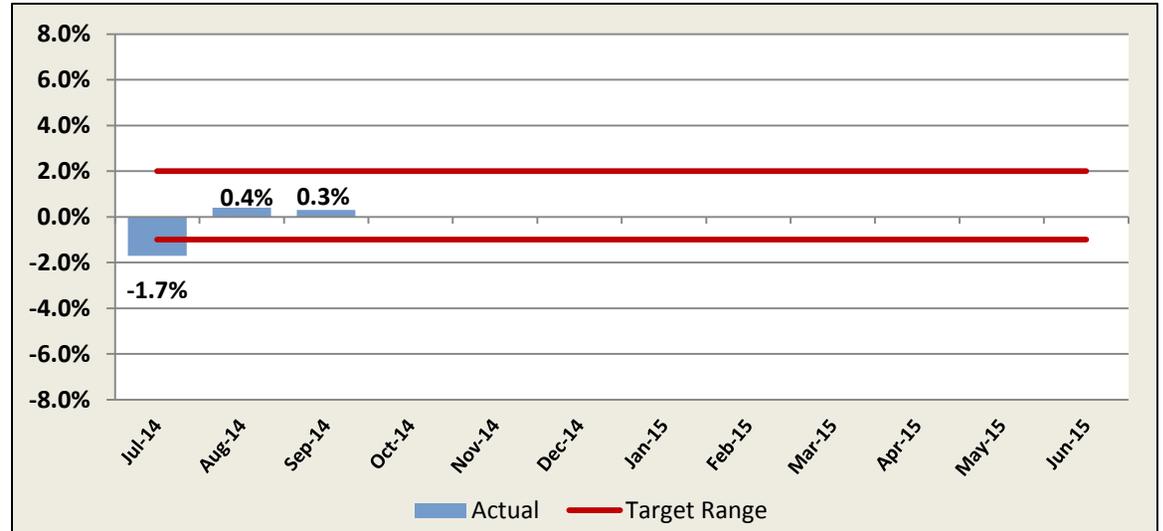
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277	103,784	4.5%	103,314	0.5%
September	102,824	104,092	1.2%	104,738	-0.6%
October	99,475	101,931	2.5%	101,846	0.1%
Subtotal	\$406,375	\$415,760	2.3%	\$415,142	0.1%
November	98,260			100,829	
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	\$415,760		\$1,270,600	

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

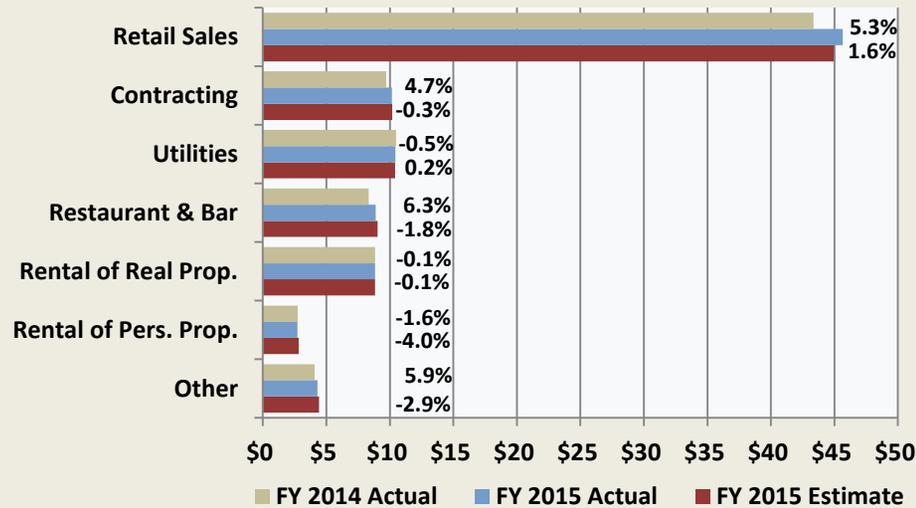
Highlights

- The restaurant and bar revenue category of RARF experienced the highest rate of year-to-date of growth, 6.3 percent when compared to the same period of the prior year.
- Growth in contracting revenues in the first quarter of FY 2015 remained sluggish with an increase of only 4.7 percent compared to the first quarter of FY 2014.
- According to the Arizona Department of Administration's September employment report, total nonfarm employment in the Greater Phoenix Area increased 2.3 percent to 1,859,900 jobs in September 2014 from 1,818,700 in September of 2013. Contracting employment in the Greater Phoenix Area however, decreased from 95,300 in September 2013 to 88,400 in September 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%
September	29,076	30,315	4.3%	30,256	0.2%
Subtotal	\$87,524	\$90,956	3.9%	\$90,664	0.3%
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	\$90,956		\$378,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	September		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$358,302	99.83%	\$199	0.67%	\$623	0.71%
HURF Bond Redemption	\$34,977	100.00%	\$18	0.67%	\$34	0.71%
FY11A HURF Proceeds	\$24,139	99.67%	\$14	0.67%	\$57	0.71%
FY11A GAN Proceeds	\$3,461	97.73%	\$2	0.67%	\$10	0.71%
FY13A HURF Proceeds	\$231,141	99.97%	\$127	0.67%	\$416	0.71%
Other/1	\$76,556	99.70%	\$42	0.67%	\$164	0.71%
Subtotal	\$728,576	99.85%	\$402	0.67%	\$1,304	0.71%
Pool 3						
HELP/2	\$78,263	99.94%	\$46	0.71%	\$151	0.76%
Other/3	\$8,356	99.49%	\$5	0.71%	\$17	0.76%
Subtotal	\$86,619	99.90%	\$51	0.71%	\$168	0.76%
Pool 4						
2011 RARF Proceeds	\$22,672	99.65%	\$17	0.88%	\$60	0.88%
RARF Bond Redemption	\$21,616	100.00%	\$15	0.88%	\$28	0.88%
Regional Area Road Fund	\$487,415	99.92%	\$350	0.88%	\$1,066	0.88%
Subtotal	\$531,703	99.91%	\$382	0.88%	\$1,154	0.88%
Total	\$1,346,898	99.88%	\$835	0.76%	\$2,626	0.78%

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 OCTOBER 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	44,261,633
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,849,749</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 10/31/14	\$78,377,100
--	---------------------