

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
DECEMBER 12, 2014**

ECONOMIC HIGHLIGHTS

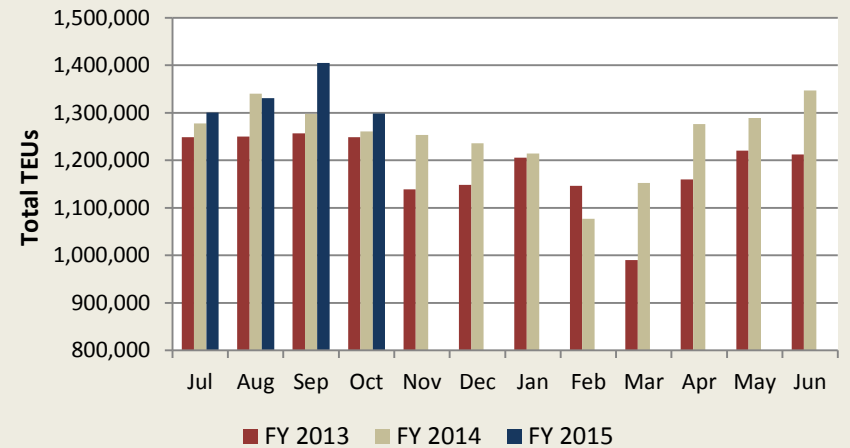
Arizona Indicators

- Combined container volume at the Port of Los Angeles and Port of Long Beach was 3.0 percent higher in October of FY 2015 than in October of FY 2014.
- The October Employment Report issued by the Arizona Department of Administration indicated the statewide seasonally adjusted unemployment rate decreased from 7.8 percent in October 2013 to 6.8 percent in October 2014. The U.S. seasonally adjusted unemployment rate also experienced a year over year decrease from 7.2 percent in October 2013 to 5.8 percent in October 2014.
- 66,400 nonfarm jobs were added in Arizona over the year, which is the largest gain experienced since January 2007.

Greater Phoenix Area Indicators

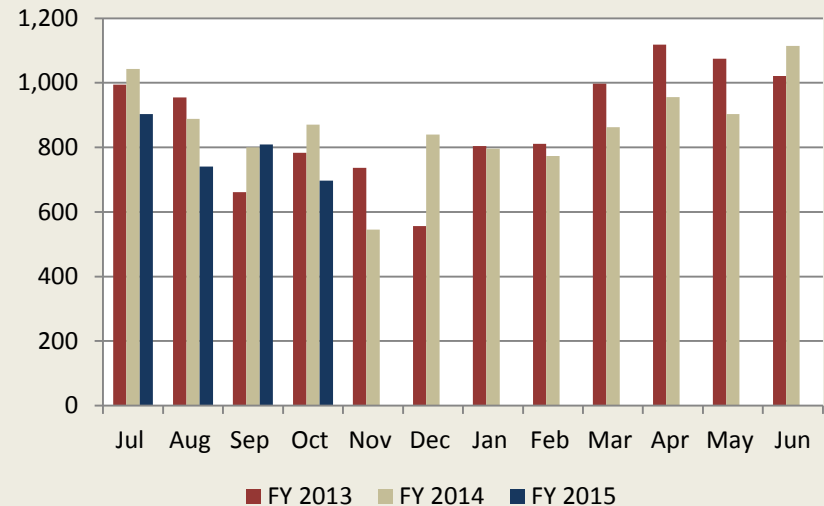
- The number of new single-family building permits issued in Maricopa County in October 2014 was 19.9 percent lower than the number issued in October 2013.
- The October Employment Report published by the Arizona Department of Administration stated the construction sector in the Greater Phoenix Area lost 1,700 jobs year-over-year from October 2013 to October 2014, a decrease of 1.8 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 5.7 percent in October 2014, down from 6.8 percent in October 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

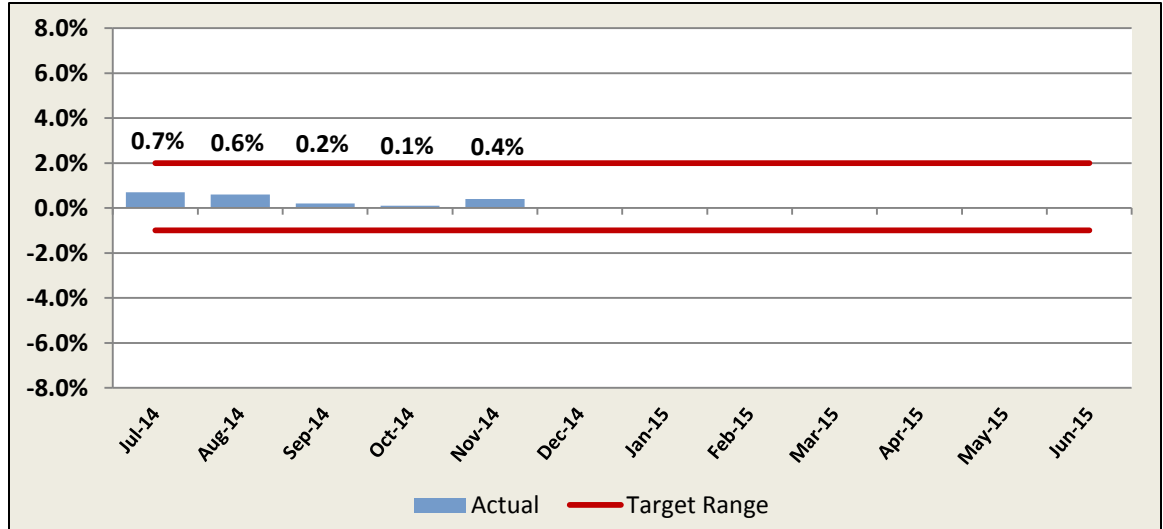


HIGHWAY USER REVENUE FUND (HURF) THROUGH NOVEMBER 30, 2014

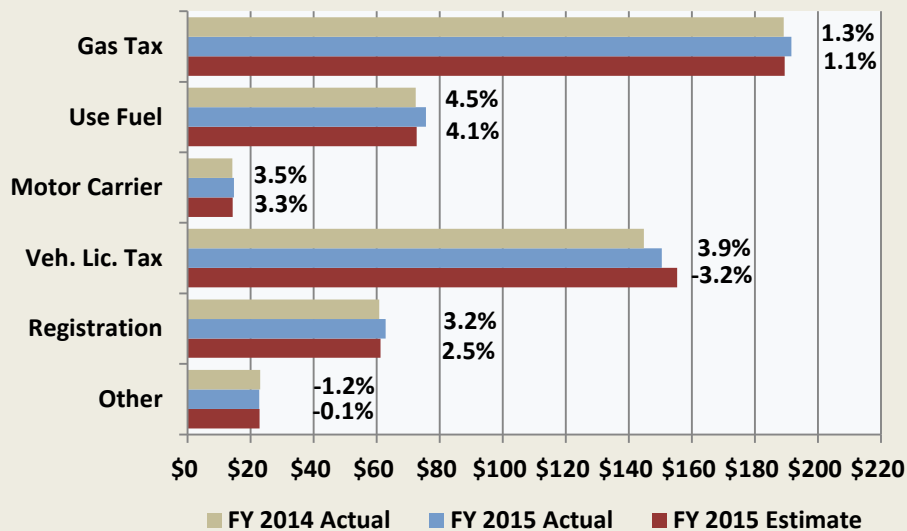
Highlights

- In the first five months of FY 2015 VLT revenue experienced a year-over-year growth rate of 3.9 percent, however it is below the estimate in its year to date performance.
- Arizona gas prices continued to decrease significantly in November, with the Arizona average price per gallon falling to \$2.73 for regular unleaded gas. This is forty one cents per gallon lower than in November of last year.
- In conjunction with lower gas prices, gas tax collections in the first five months of FY 2015 are up 1.3 percent compared to the same period in FY 2014.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

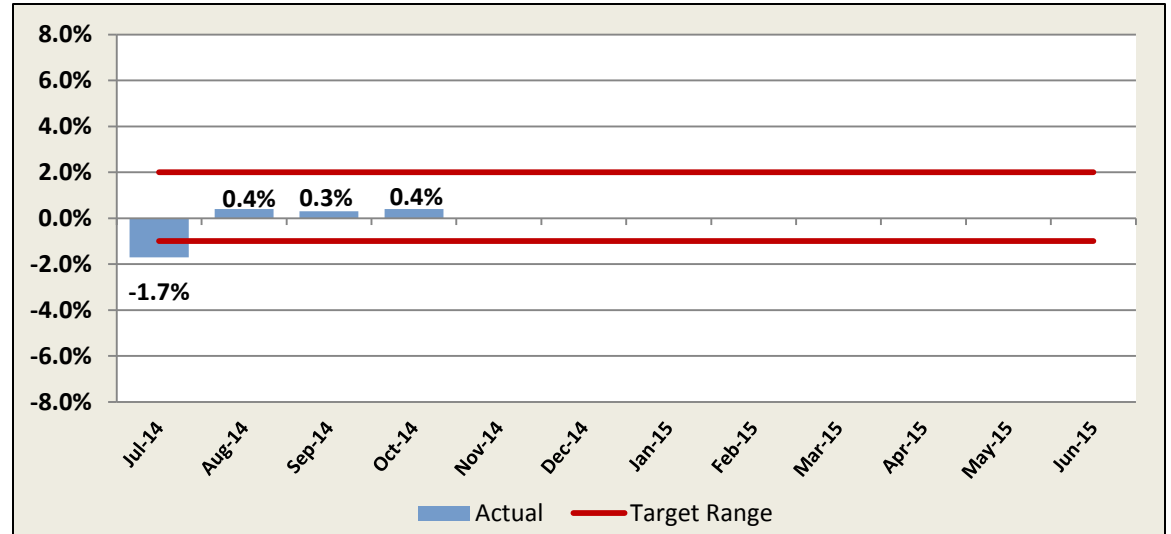
	FY 2014 Actual	FY 2015 Actual	Change	FY 2015 Estimate	Change
July	\$104,799	\$105,953	1.1%	\$105,244	0.7%
August	99,277	103,784	4.5%	103,314	0.5%
September	102,824	104,092	1.2%	104,738	-0.6%
October	99,475	101,931	2.5%	101,846	0.1%
November	98,260	102,418	4.2%	100,829	1.6%
Subtotal	\$504,634	\$518,178	2.7%	\$515,971	0.4%
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	\$518,178		\$1,270,600	

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

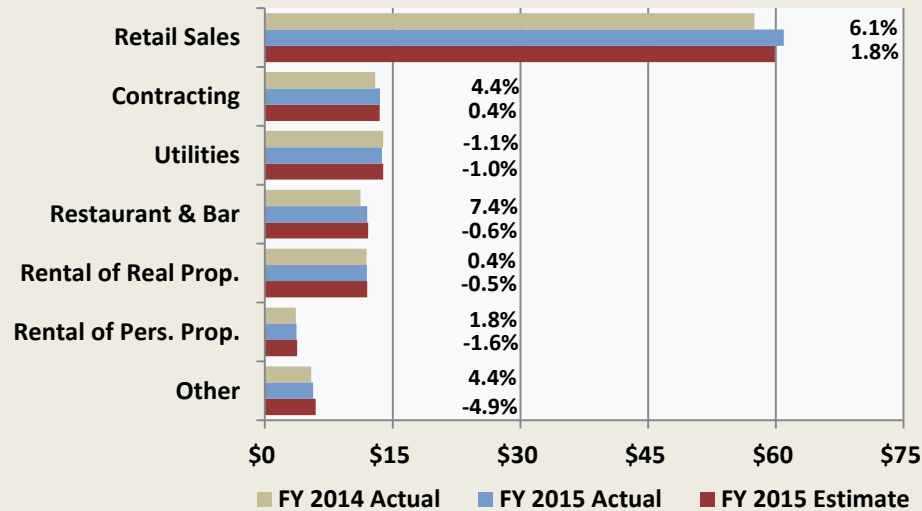
Highlights

- The highest year-over-year growth through October was experienced by the restaurant and bar revenue category of RARF with a growth rate of 7.4 percent.
- Strong growth in retail sales revenues were experienced in the first four months of FY 2015 with an increase of 6.1 percent compared to the first four months of FY 2014.
- According to the Arizona Department of Administration's October employment report, total nonfarm employment in the Greater Phoenix Area increased 2.9 percent to 1,886,500 jobs in October 2014 from 1,833,000 in October of 2013.

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%
October	28,969	30,609	5.7%	30,387	0.7%
Subtotal	\$116,493	\$121,565	4.4%	\$121,051	0.4%
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	\$121,565		\$378,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	October		Fiscal Year	
			Interest Received	Current Yield	Interest Received	FY Yield
Pool 2						
Highway	\$359,571	99.83%	\$178	0.58%	\$801	0.68%
HURF Bond Redemption	\$46,603	100.00%	\$23	0.58%	\$57	0.68%
FY11A HURF Proceeds	\$19,486	99.58%	\$10	0.58%	\$67	0.68%
FY11A GAN Proceeds	\$1,730	95.56%	\$1	0.58%	\$11	0.68%
FY13A HURF Proceeds	\$230,869	99.97%	\$114	0.58%	\$530	0.68%
Other/1	\$90,303	99.74%	\$45	0.58%	\$209	0.68%
Subtotal	\$748,562	99.86%	\$371	0.58%	\$1,675	0.68%
Pool 3						
HELP/2	\$78,283	99.94%	\$42	0.63%	\$192	0.78%
Other/3	\$8,968	99.43%	\$5	0.63%	\$22	0.78%
Subtotal	\$87,251	99.89%	\$47	0.63%	\$215	0.78%
Pool 4						
2011 RARF Proceeds	\$18,842	99.57%	\$12	0.76%	\$72	0.85%
RARF Bond Redemption	\$32,194	100.00%	\$20	0.76%	\$48	0.85%
Regional Area Road Fund	\$499,114	99.92%	\$319	0.76%	\$1,385	0.85%
Subtotal	\$550,150	99.91%	\$351	0.76%	\$1,505	0.85%
Total	\$1,385,963	99.88%	\$769	0.65%	\$3,395	0.76%

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 NOVEMBER 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	44,303,377
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,135,891,493</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 11/30/14*	\$78,418,844