

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
FEBRUARY 19, 2016**

ECONOMIC HIGHLIGHTS

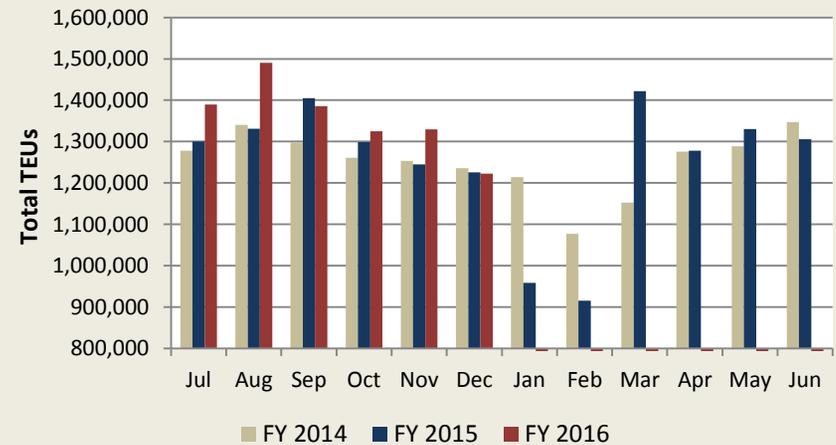
Arizona Indicators

- Combined container volume at the Port of Los Angeles and Port of Long Beach was -0.3 percent lower in December 2015 than in December 2014.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.53 per gallon in December 2015, down from \$3.47 per gallon in December 2014.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Department of Administration, fell from 6.6 percent in December 2014 to 5.8 percent in December 2015.

Greater Phoenix Area Indicators

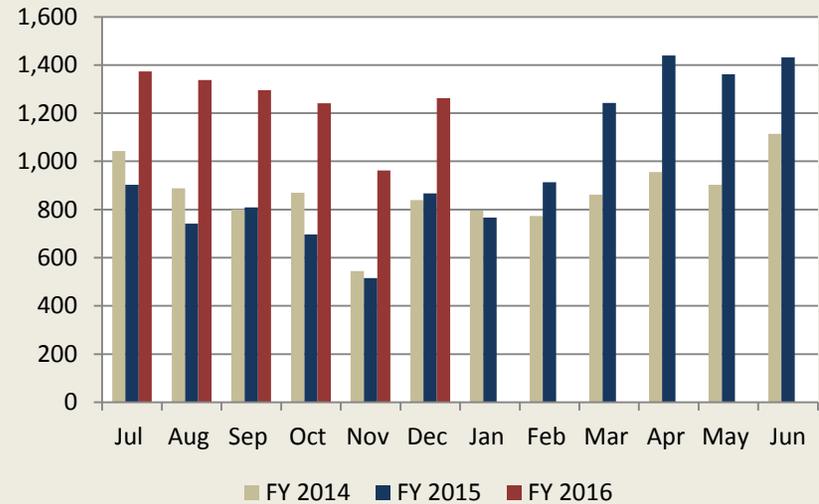
- The number of new single-family building permits issued in Maricopa County in December 2015 grew 45.6 percent compared to the same month of 2014. Estimated single-family building permits issued in Maricopa County have been experiencing significant year-over-year growth since February 2015, making December the eleventh consecutive month with year-over-year growth.
- The December Employment Report published by the Arizona Department of Administration stated the construction sector in the Greater Phoenix Area gained 7,300 jobs year-over-year from December 2014 to December 2015, an increase of 7.5 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.7 percent in December 2015, down from 5.5 percent in December 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

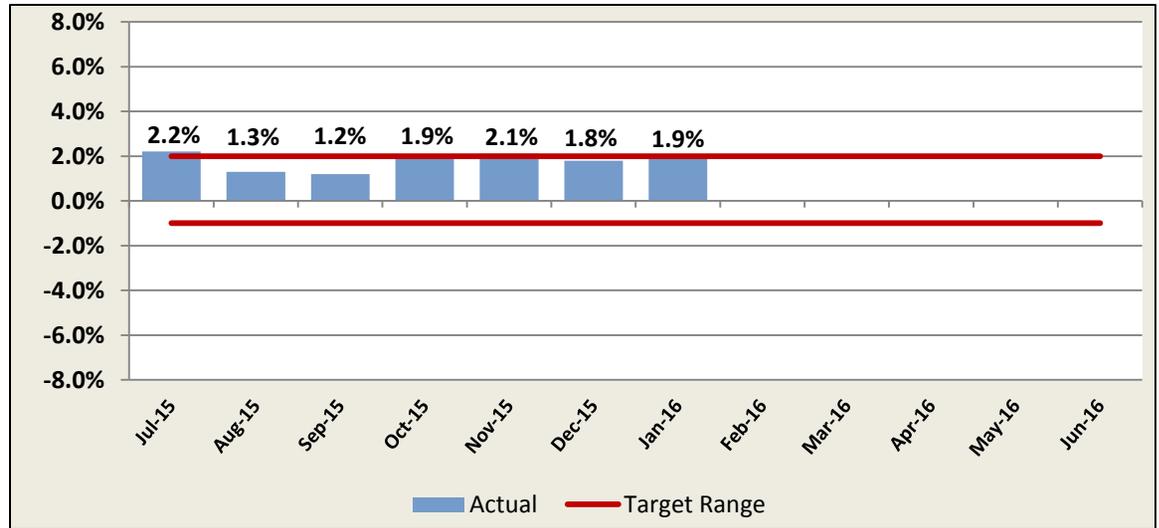


HIGHWAY USER REVENUE FUND (HURF) THROUGH JANUARY 31, 2016

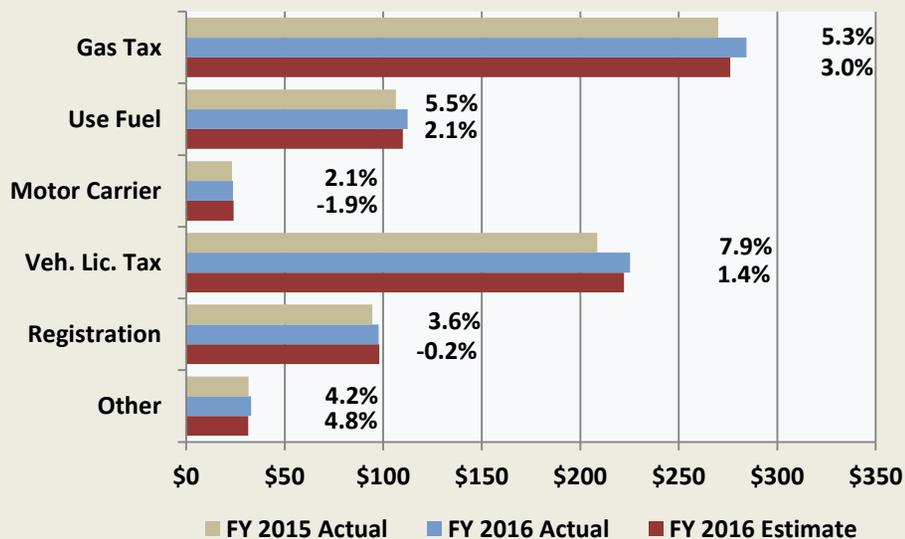
Highlights

- All six revenue categories of HURF experienced positive year to date growth rates in FY 2016 when compared to FY 2015.
- Arizona gas prices declined again in January, with the Arizona average price per gallon falling to \$1.84 for regular unleaded gas. Arizona gas prices were 6 cents per gallon lower than they were in January of last year.
- Along with slightly lower gas prices, January gas tax collections were 0.2 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)

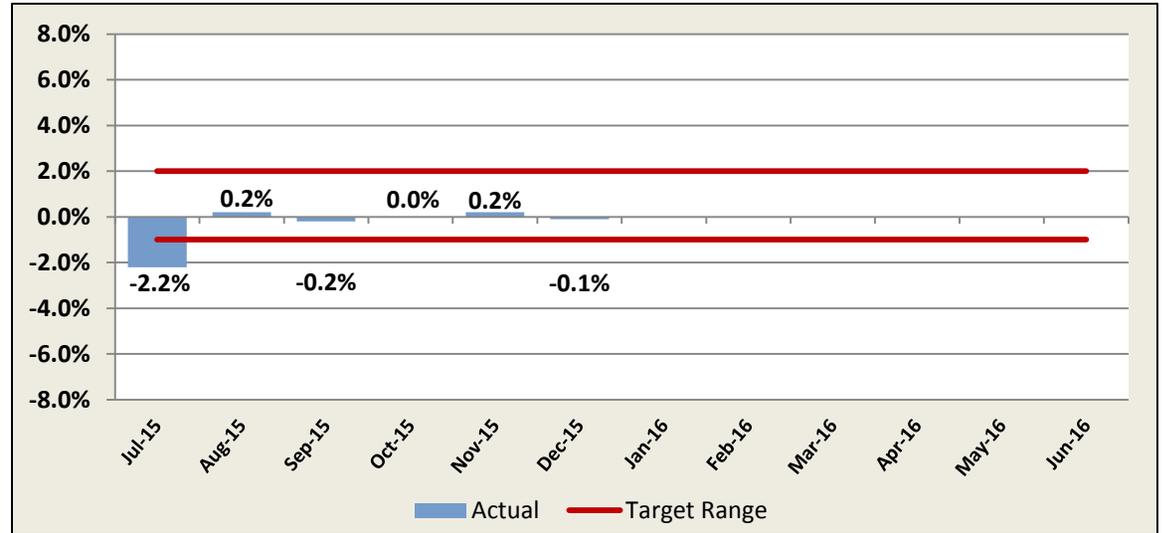
	FY 2015 Actual	FY 2016 Actual	Change	FY 2016 Estimate	Change
July	\$105,953	\$112,198	5.9%	\$109,750	2.2%
August	103,784	108,456	4.5%	108,147	0.3%
September	104,092	110,398	6.1%	109,190	1.1%
October	101,931	110,199	8.1%	106,036	3.9%
November	102,418	108,351	5.8%	105,413	2.8%
December	105,850	111,965	5.8%	111,029	0.8%
January	110,249	114,573	3.9%	112,174	2.1%
Subtotal	\$734,277	\$776,139	5.7%	\$761,739	1.9%
February				114,578	
March				111,099	
April				121,549	
May				108,202	
June				113,833	
Total	\$1,290,439	\$776,139		\$1,331,000	

REGIONAL AREA ROAD FUND (RARF) THROUGH DECEMBER 31, 2015

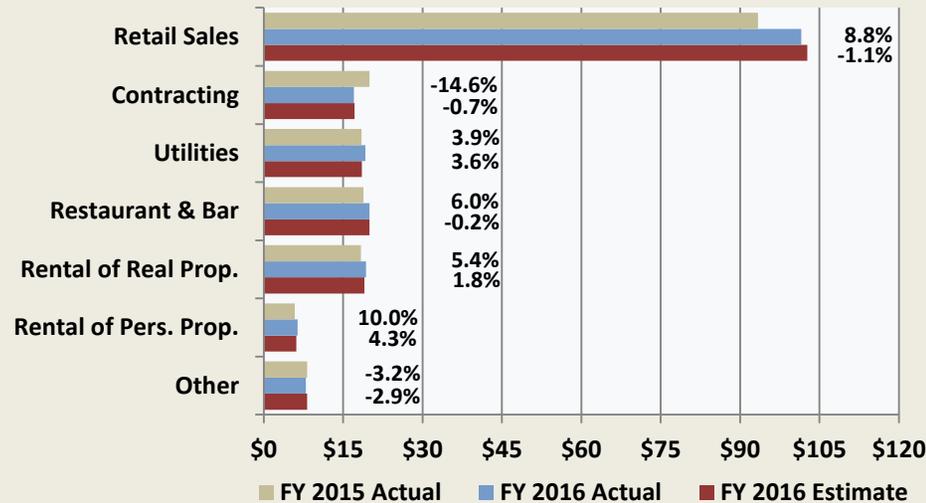
Highlights

- Retail sales, the largest revenue category of RARF, grew 8.8 percent in the first half of FY 2016 when compared to the same period of the prior year.
- Meanwhile, the contracting category of RARF decreased 14.6 percent in the first six months of FY 2016 when compared to the same period of the prior year.
- Some of the year-over-year changes in the retail sales and contracting categories of RARF can be explained by legislation taking effect in February 2015 that moved taxes collected on certain contracting activities from the contracting revenue category to the retail revenue category. Since these changes were anticipated, retail sales revenues are tracking only 1.1 below estimate and contracting revenues are 0.7 percent below the estimate.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

	FY 2015 Actual	FY 2016 Actual	Change	FY 2016 Estimate	Change
July	\$30,448	\$31,765	4.3%	\$32,477	-2.2%
August	30,193	31,814	5.4%	30,969	2.7%
September	30,315	31,444	3.7%	31,738	-0.9%
October	30,609	32,122	4.9%	31,966	0.5%
November	30,063	32,117	6.8%	31,741	1.2%
December	31,376	32,154	2.5%	32,757	-1.8%
Subtotal	\$183,004	\$191,415	4.6%	\$191,648	-0.1%
January	36,974			38,925	
February	29,998			31,923	
March	32,308			33,382	
April	35,270			36,918	
May	32,055			33,934	
June	32,583			34,270	
Total	\$382,191	\$191,415		\$401,000	

INVESTMENT PERFORMANCE THROUGH DECEMBER 31, 2015 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Invested Balance	Percent Invested	December		Year-to Date (YTD)	
			Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2						
Highway/1	\$110,219	99.39%	\$53	0.55%	\$432	0.52%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$340,750	99.81%	\$160	0.55%	\$736	0.52%
HURF Bond Redemption	\$63,489	100.00%	\$31	0.55%	\$93	0.52%
FY13A HURF Proceeds	\$173,587	99.95%	\$82	0.55%	\$506	0.52%
Other/2	\$55,004	99.46%	\$25	0.55%	\$212	0.52%
Subtotal	\$743,049	99.77%	\$351	0.55%	\$1,979	0.52%
Pool 3						
HELP/3	\$58,951	99.98%	\$36	0.72%	\$265	0.71%
Other/4	\$6,601	99.36%	\$4	0.72%	\$38	0.71%
Subtotal	\$65,552	99.92%	\$40	0.72%	\$303	0.71%
Pool 4						
RARF Bond Redemption	\$47,978	100.00%	\$24	0.58%	\$82	0.64%
Regional Area Road Fund	\$383,427	99.90%	\$189	0.58%	\$1,311	0.64%
Subtotal	\$431,405	99.91%	\$213	0.58%	\$1,393	0.64%
Total	\$1,240,006	99.83%	\$604	0.57%	\$3,675	0.58%

Note: Numbers may not add due to rounding.

Source: State Treasurer's Office Statement of Accounts.

/1 In the new chart of accounts, the State Highway Fund no longer includes MAG/PAG 12.6% and 2.6% monies, Highway Postage or the State Highway GANS cash reserve.

/2 Pool 2 Other includes HURF, Aviation, STAN TOC, Equipment, Highway Postage, STAN RORS and GANS redemption funds.

/3 HELP: Highway Expansion and Extension Loan Program.

/4 Pool 3 Other includes Economic Strength, Magazine, Storage Tank, Special Plates and Safety Enforcement funds.

HIGHWAY EXPANSION AND EXTENSION LOAN PROGRAM (HELP) CASH STATUS AS OF JANUARY 31, 2016

Revenues:	Inception to Date
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	44,920,152
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,136,508,268</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	40,000,000
Administration	2,227,566
Total Expenditures	<u>\$1,077,473,844</u>
Final Cash Balance as of 1/31/16*	\$59,034,424

* In November 2015, \$20.0 million was swept from the HELP fund to the state general fund Per Laws 2015, Chapter 8 (SB 1469)