

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
JUNE 17, 2016**

ECONOMIC HIGHLIGHTS

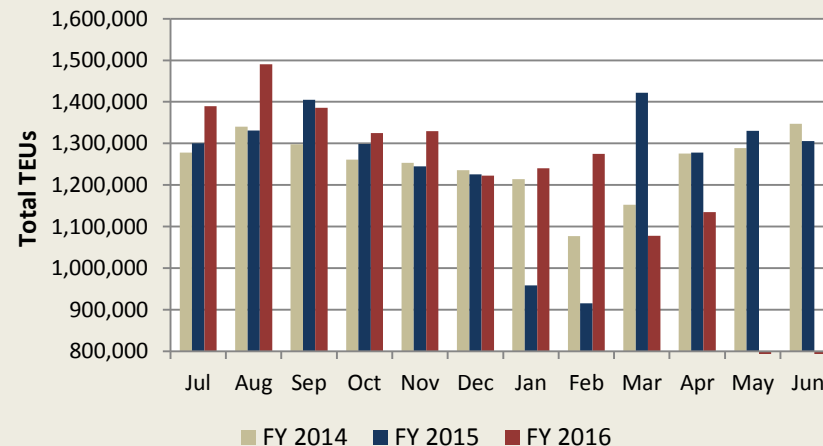
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 11.2 percent lower in April 2016 than in April 2015. The majority of this drop is due to decreased container volume at the Port of Long Beach, which plunged 22.1 percent from April 2015 to April 2016. West coast ports as a whole experienced a 1.8 percent decline in container volume from April 2015 to April 2016.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.36 per gallon in April 2016, down from \$2.96 per gallon in April 2015. The Arizona average price per gallon for regular unleaded gas was \$2.15 in April 2016, compared to \$2.52 in April 2015.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Department of Administration, fell from 6.0 percent in April 2015 to 5.5 percent in April 2016.

Greater Phoenix Area Indicators

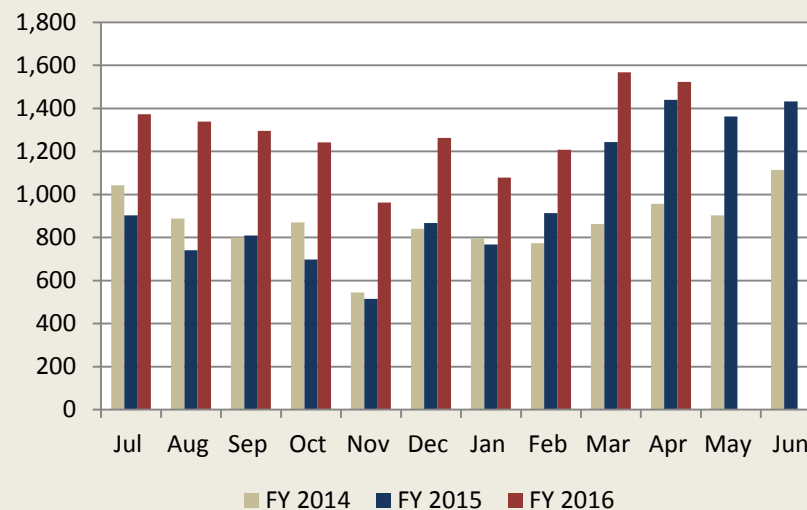
- The number of new single-family building permits issued in Maricopa County in April 2016 grew 5.8 percent compared to the same month of 2015. Estimated single-family building permits issued in Maricopa County have been experiencing significant year-over-year growth since February 2015, making April 2016 the fifteenth consecutive month with year-over-year growth.
- The April Employment Report published by the Arizona Department of Administration stated the construction sector in the Greater Phoenix Area gained 7,200 jobs year-over-year from April 2015 to April 2016, an increase of 7.4 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.7 percent in April 2016, down from 5.0 percent in April 2015.

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

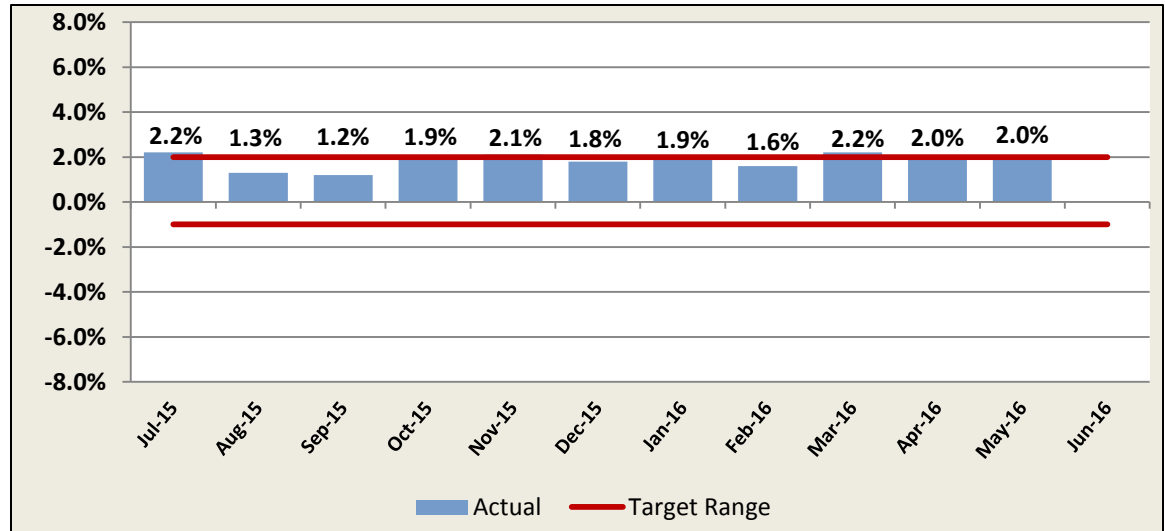


HIGHWAY USER REVENUE FUND (HURF) THROUGH MAY 31, 2016

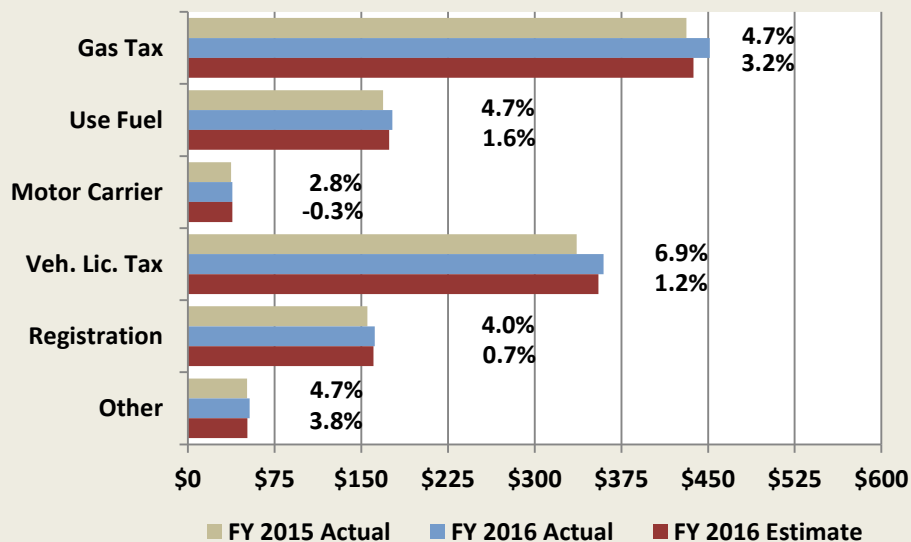
Highlights

- All six revenue categories of HURF experienced positive year to date growth rates in FY 2016 when compared to FY 2015.
- Arizona gas prices rose in May, with the Arizona average price per gallon rising two cents to \$2.17 for regular unleaded gas. Even with the rise in prices, Arizona gas prices were 61 cents per gallon lower than they were in May of last year.
- Year to date new car registrations and new to Arizona registrations in FY 2016 were up 1.3 percent and 14.8 percent respectively from the same period of FY 2015.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

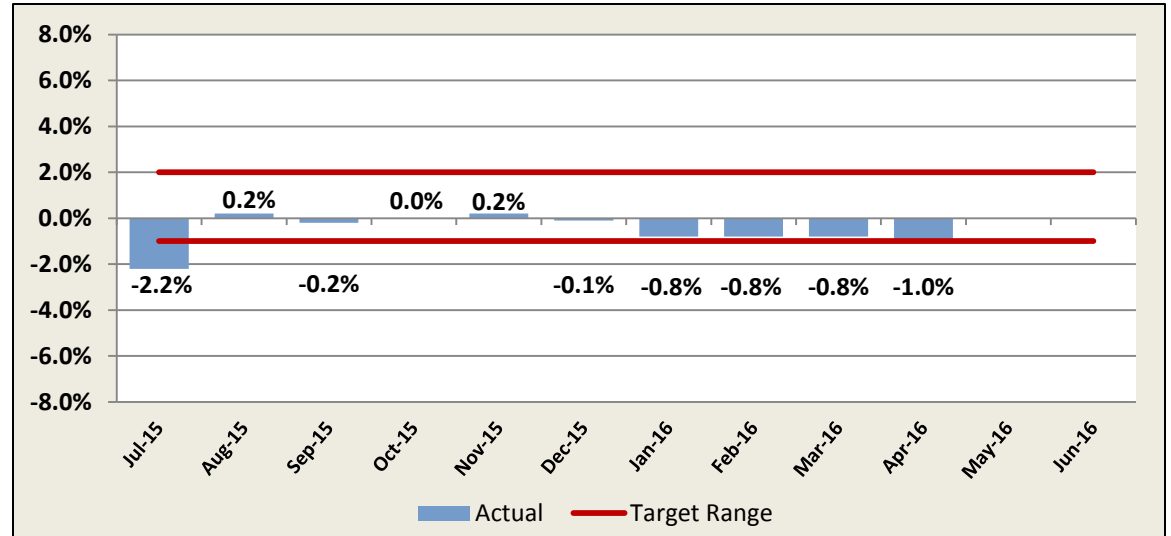
	FY 2015 Actual	FY 2016 Actual	Change	FY 2016 Estimate	Change
July	\$105,953	\$112,198	5.9%	\$109,750	2.2%
August	103,784	108,456	4.5%	108,147	0.3%
September	104,092	110,398	6.1%	109,190	1.1%
October	101,931	110,199	8.1%	106,036	3.9%
November	102,418	108,351	5.8%	105,413	2.8%
December	105,850	111,965	5.8%	111,029	0.8%
January	110,249	114,573	3.9%	112,174	2.1%
February	109,134	113,786	4.3%	114,578	-0.7%
March	108,363	119,020	9.8%	111,099	7.1%
April	120,165	121,891	1.4%	121,549	0.3%
May	108,263	110,563	2.1%	108,202	2.2%
Subtotal	\$1,180,201	\$1,241,400	5.2%	\$1,217,167	2.0%
June		110,238		113,833	
Total	\$1,290,439	\$1,241,400		\$1,331,000	

REGIONAL AREA ROAD FUND (RARF) THROUGH APRIL 30, 2016

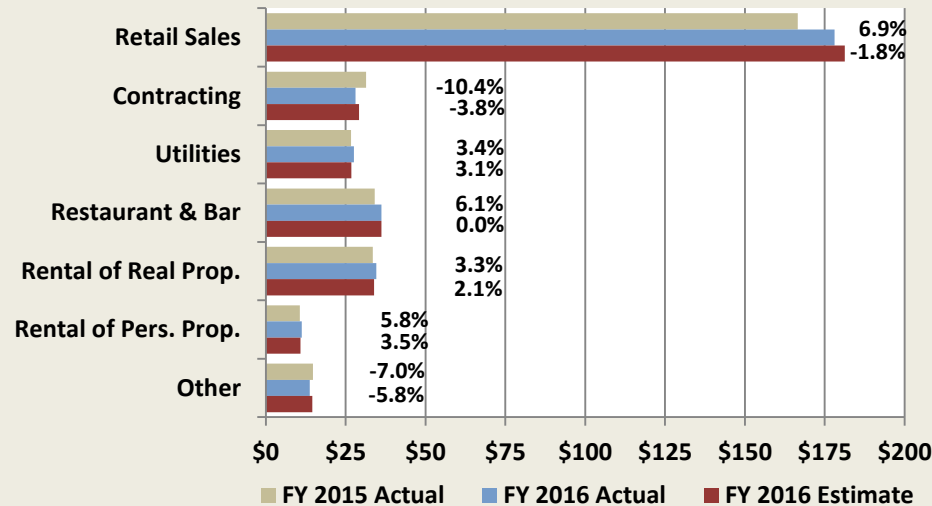
Highlights

- Retail sales, the largest revenue category of RARF, grew 6.9 percent in the first ten months of FY 2016 when compared to the same period of the prior year.
- Meanwhile, the contracting category of RARF decreased 10.4 percent in the first ten 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 1.8 below estimate and contracting revenues are 3.8 percent below the estimate.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

	FY 2015 <u>Actual</u>	FY 2016 <u>Actual</u>	<u>Change</u>	FY 2016 <u>Estimate</u>	<u>Change</u>
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%
January	36,974	37,384	1.1%	38,925	-4.0%
February	29,998	31,504	5.0%	31,923	-1.3%
March	32,308	33,192	2.7%	33,382	-0.6%
April	35,270	36,015	2.1%	36,918	-2.4%
Subtotal	\$317,554	\$329,509	3.8%	\$332,796	-1.0%
May		32,055		33,934	
June		32,583		34,270	
Total	\$382,191	\$329,509		\$401,000	

INVESTMENT PERFORMANCE THROUGH APRIL 30, 2016 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Invested Balance	Percent Invested	April		Year-to Date (YTD)		
			Interest Received	Current Yield	Interest Received	YTD Yield	
Pool 2							
Highway/1	\$132,633	99.67%	\$74	0.68%	\$696	0.60%	
MAG/PAG 12.6% & 2.6% and PAG STAN	\$361,887	99.82%	\$200	0.68%	\$1,562	0.60%	
HURF Bond Redemption	\$87,515	100.00%	\$47	0.68%	\$249	0.60%	
HURF 2013A Proceeds	\$149,952	99.95%	\$86	0.68%	\$889	0.60%	
Other/2	\$50,331	99.29%	\$30	0.68%	\$337	0.60%	
Subtotal	\$782,318	99.80%	\$437	0.68%	\$3,733	0.60%	
Pool 3 Revised							
HELP/3	\$59,120	100.00%	\$45	0.92%	\$436	0.78%	
Other/4	\$7,163	99.25%	\$5	0.92%	\$59	0.78%	
Subtotal	\$66,283	99.92%	\$50	0.92%	\$495	0.78%	
Pool 4							
RARF Bond Redemption	\$70,860	100.00%	\$43	0.74%	\$215	0.67%	
Regional Area Road Fund	\$368,162	99.91%	\$222	0.74%	\$2,203	0.67%	
Subtotal	\$439,022	99.92%	\$265	0.74%	\$2,418	0.67%	
Total	\$1,287,623	99.85%	\$752	0.72%	\$6,646	0.64%	

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 MAY 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	45,090,948
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,136,679,064</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	2,226,371
Total Expenditures	<u>\$1,077,472,649</u>
Final Cash Balance as of 5/31/16*	\$59,206,415

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