

**FINANCIAL MANAGEMENT SERVICES  
MONTHLY FINANCIAL REPORT  
FEBRUARY 17, 2017**

## ECONOMIC HIGHLIGHTS

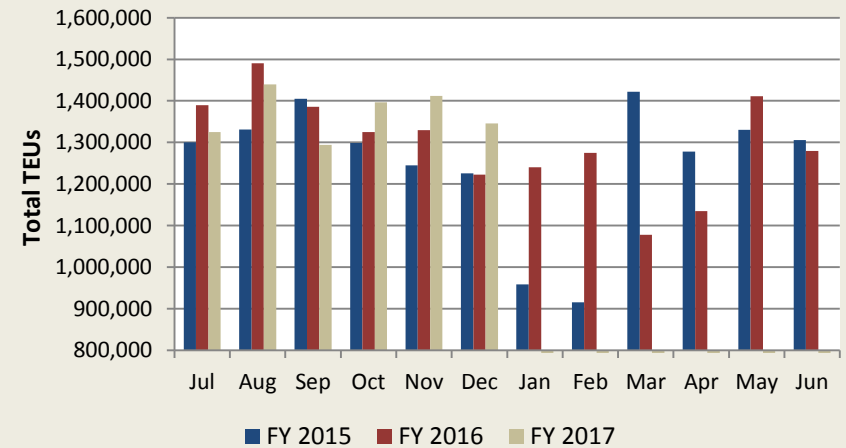
### Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 10.0 percent higher in December 2016 than in December 2015.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.78 per gallon in December 2016, up from \$2.54 per gallon in December 2015. The Arizona average price per gallon for regular unleaded gas was \$2.10 in December 2016, compared to \$1.99 in December 2015.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, fell from 5.9 percent in December 2015 to 4.8 percent in December 2016.

### Greater Phoenix Area Indicators

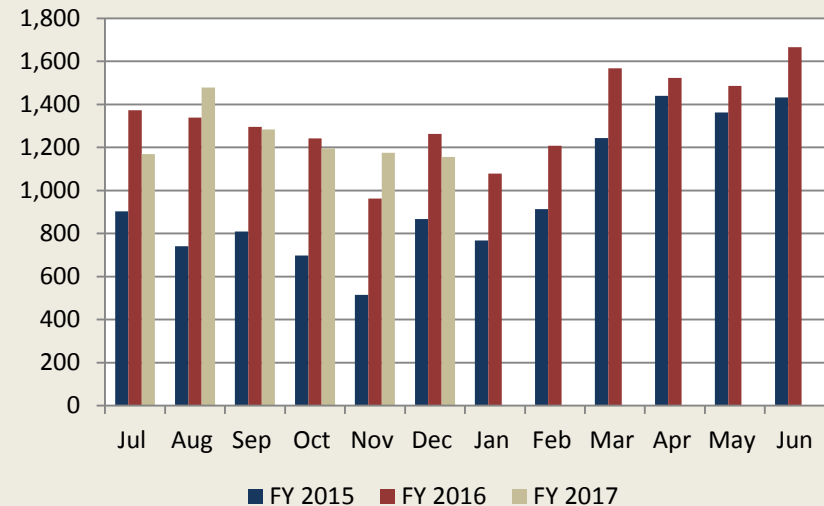
- The number of new single-family building permits issued in Maricopa County in December 2016 fell 8.5 percent compared to the same month of 2015. The 1,155 permits issued in December 2016 are 33.2 percent higher than the 867 permits issued in December 2014.
- The December Employment Report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 5,800 jobs year-over-year from December 2015 to December 2016, an increase of 5.7 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.1 percent in December 2016, down from 4.7 percent in December 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

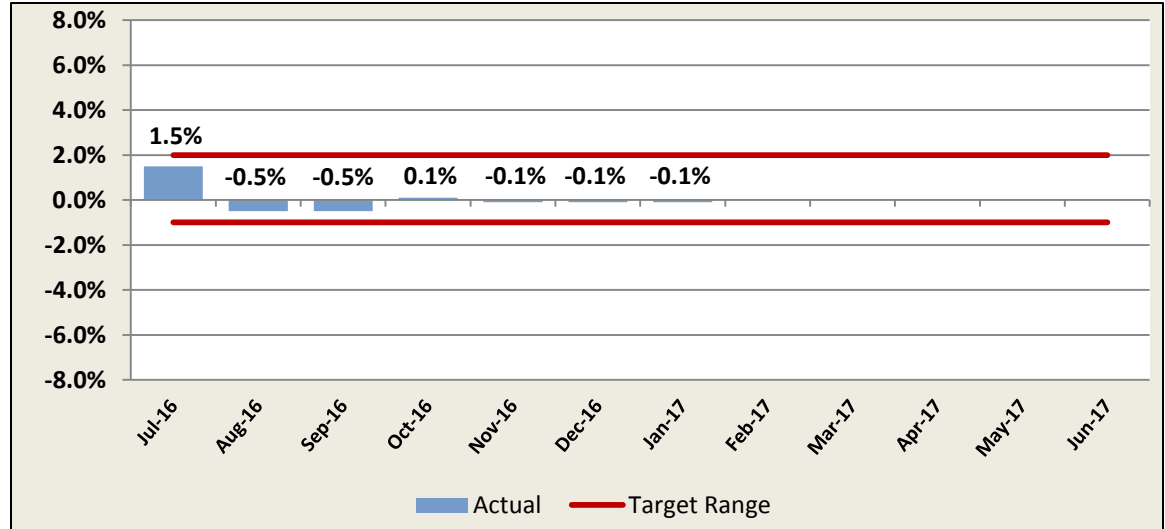


# HIGHWAY USER REVENUE FUND (HURF) THROUGH JANUARY 31, 2017

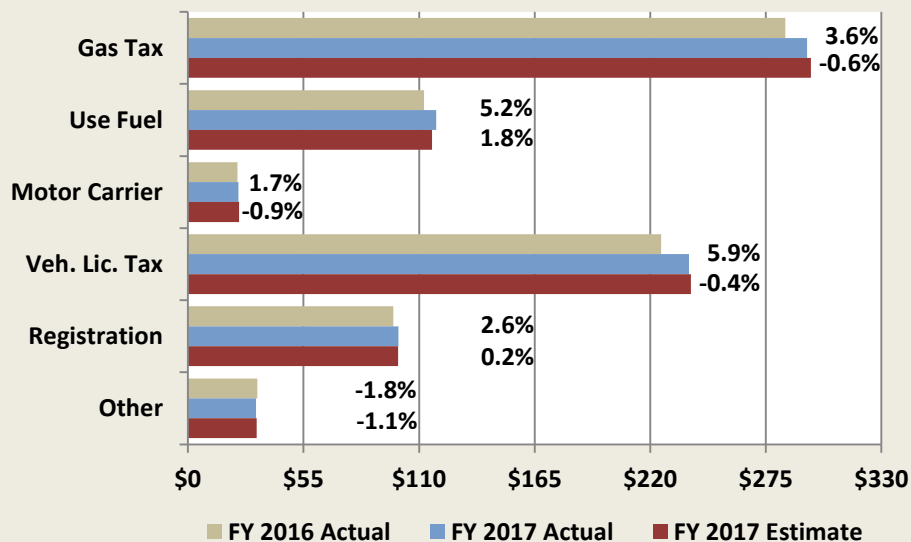
## Highlights

- HURF's largest category, gas tax, continues to grow. Year-to-date gas tax revenues have increased 3.6 percent compared to the same period last year.
- Arizona gas prices rose in January, with the Arizona average price per gallon increasing eight cents to \$2.18 for regular unleaded gas. Arizona gas prices were 23 cents per gallon higher than they were in January of last year.
- In the first seven months of FY 2017, vehicle license tax revenues grew 5.9 percent compared to the same period last year. Vehicle renewal registrations and new car registrations are up 3.9 percent and 4.7 percent, respectively, over the same period.

## Variance from Forecast Year to Date



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



## Monthly Comparisons (\$ in Thousands)

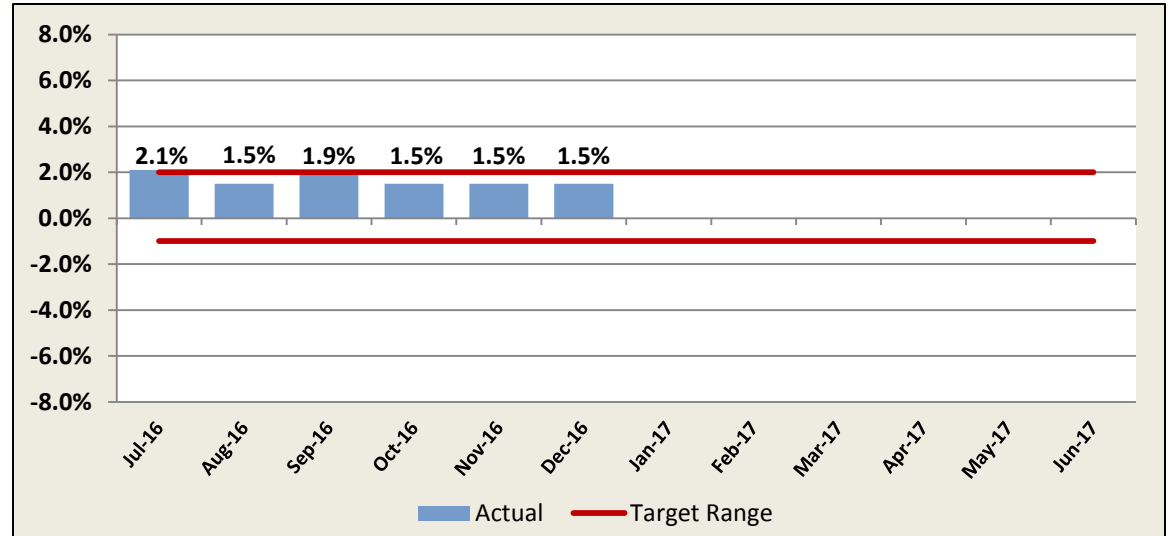
	FY 2016 Actual	FY 2017 Actual	Change	FY 2017 Estimate	Change
July	\$112,198	\$118,728	5.8%	\$116,922	1.5%
August	108,456	111,347	2.7%	114,394	-2.7%
September	110,398	115,423	4.6%	116,068	-0.6%
October	110,199	115,306	4.6%	113,070	2.0%
November	108,351	110,796	2.3%	112,002	-1.1%
December	111,965	117,255	4.7%	117,336	-0.1%
January	114,573	118,957	3.8%	119,054	-0.1%
<b>Subtotal</b>	<b>\$776,139</b>	<b>\$807,812</b>	<b>4.1%</b>	<b>\$808,846</b>	<b>-0.1%</b>
February		113,786		121,163	
March		119,020		119,696	
April		121,891		128,559	
May		110,563		116,107	
June		115,352		121,229	
<b>Total</b>	<b>\$1,356,752</b>	<b>\$807,812</b>		<b>\$1,415,600</b>	

# REGIONAL AREA ROAD FUND (RARF) THROUGH DECEMBER 31, 2016

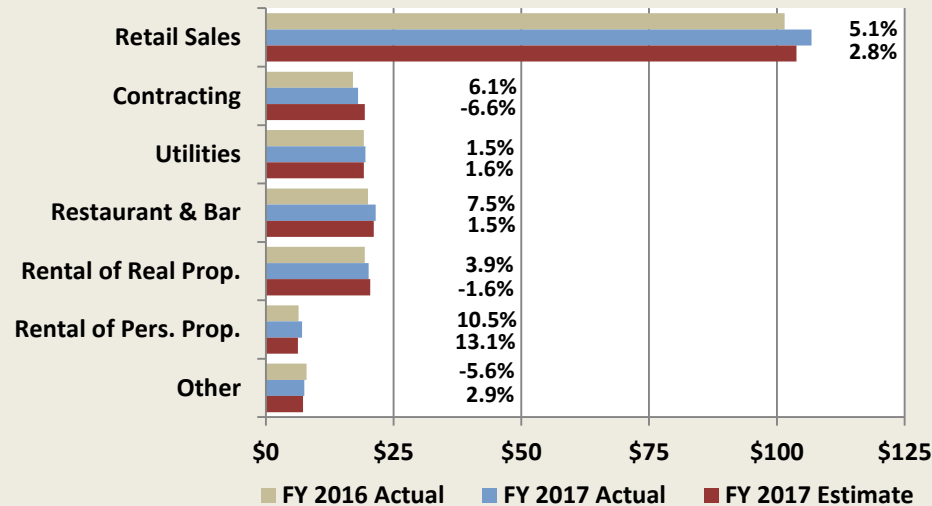
## Highlights

- Total year-to-date RARF revenue in FY 2017 surpassed revenue in the same period of FY 2016 by 4.7 percent and was 1.5 percent above the estimate.
- Retail sales, the largest revenue category of RARF, grew 5.1 percent year-to-date when compared to the same period last year.
- Year-to-date RARF contracting revenues increased only 6.1 percent compared to the same period last year, and was 6.6 percent below forecast. The interest rate on 30 year mortgages in December 2016 was 4.20 percent, higher than the 3.96 percent experienced in December 2015. This is the first time average mortgage rates were above 4.00 since July 2015.

## Variance from Forecast Year to Date



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



## Monthly Comparisons (\$ in Thousands)

	FY 2016 Actual	FY 2017 Actual	Change	FY 2017 Estimate	Change
July	\$31,765	\$33,492	5.4%	\$32,816	2.1%
August	31,814	33,126	4.1%	32,817	0.9%
September	31,444	33,575	6.8%	32,678	2.7%
October	32,122	33,071	3.0%	33,007	0.2%
November	32,117	33,115	3.1%	32,640	1.5%
December	32,154	34,058	5.9%	33,505	1.6%
<b>Subtotal</b>	<b>\$191,415</b>	<b>\$200,436</b>	<b>4.7%</b>	<b>\$197,463</b>	<b>1.5%</b>
January				39,455	
February				32,793	
March				34,034	
April				37,748	
May				34,619	
June				35,288	
<b>Total</b>	<b>\$396,810</b>	<b>\$200,436</b>		<b>\$411,400</b>	

INVESTMENT PERFORMANCE THROUGH DECEMBER 31, 2016 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Invested Balance	Percent Invested	December		Year-to Date (YTD)	
			Interest Received	Current Yield	Interest Received	YTD Yield
<b>Pool 2</b>						
Highway	\$202,606	99.79%	\$141	0.82%	\$784	0.82%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$365,217	99.98%	\$263	0.82%	\$1,609	0.82%
HURF Bond Redemption	\$63,969	100.00%	\$47	0.82%	\$152	0.82%
HURF 2013A Proceeds	\$97,766	100.00%	\$70	0.82%	\$525	0.82%
Other/1	\$54,615	99.36%	\$46	0.82%	\$194	0.82%
<b>Subtotal</b>	<b>\$784,172</b>	<b>99.89%</b>	<b>\$568</b>	<b>0.82%</b>	<b>\$3,265</b>	<b>0.82%</b>
<b>Pool 3 Revised</b>						
HELP/2	\$59,538	100.00%	\$52	1.03%	\$308	1.03%
Other/3	\$8,655	99.50%	\$8	1.03%	\$42	1.03%
<b>Subtotal</b>	<b>\$68,193</b>	<b>99.94%</b>	<b>\$60</b>	<b>1.03%</b>	<b>\$351</b>	<b>1.03%</b>
<b>Pool 4</b>						
RARF Bond Redemption	\$47,319	100.00%	\$32	0.78%	\$108	0.80%
Regional Area Road Fund	\$360,366	99.92%	\$239	0.78%	\$1,446	0.80%
<b>Subtotal</b>	<b>\$407,685</b>	<b>99.93%</b>	<b>\$271</b>	<b>0.78%</b>	<b>\$1,554</b>	<b>0.80%</b>
<b>Total</b>	<b>\$1,260,050</b>	<b>99.91%</b>	<b>\$899</b>	<b>0.82%</b>	<b>\$5,170</b>	<b>0.83%</b>

Note: Numbers may not add due to rounding.

Source: State Treasurer's Office Statement of Accounts.

/1 Pool 2 Other includes HURF, Aviation, STAN TOC, Equipment, Highway Postage, STAN RORS and GANS redemption funds.

/2 HELP: Highway Expansion and Extension Loan Program.

/3 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, 2017

<b>Revenues:</b>	<b>Inception to Date</b>
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	45,486,248
Principal Repaid on Loans	545,578,522
<b>Total Revenues</b>	<b><u>\$1,137,074,364</u></b>
<b>Expenditures:</b>	
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
<b>Total Expenditures</b>	<b><u>\$1,077,472,649</u></b>
<b>Final Cash Balance as of 1/31/17</b>	<b>\$59,601,715</b>