

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
JULY 21, 2017**

ECONOMIC HIGHLIGHTS

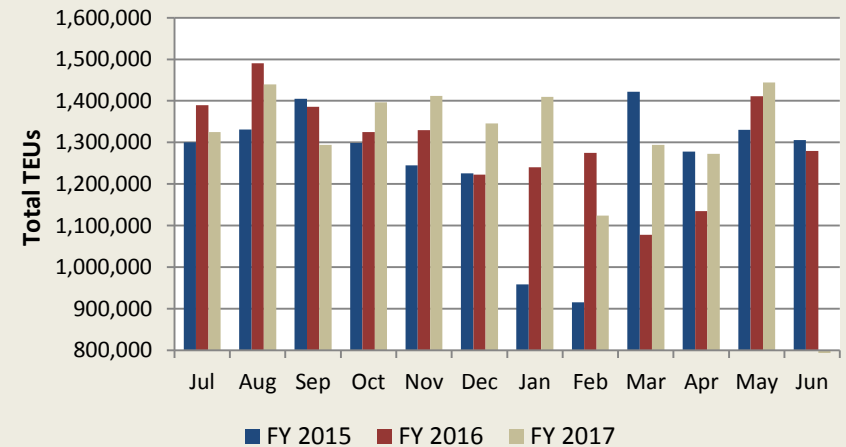
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 2.4 percent higher in May 2017 than in May 2016.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.84 per gallon in May 2017, up from \$2.55 per gallon in May 2016. The Arizona average price per gallon for regular unleaded gas was \$2.29 in May 2017, compared to \$2.16 in May 2016.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, fell from 5.3 percent in May 2016 to 5.1 percent in May 2017.

Greater Phoenix Area Indicators

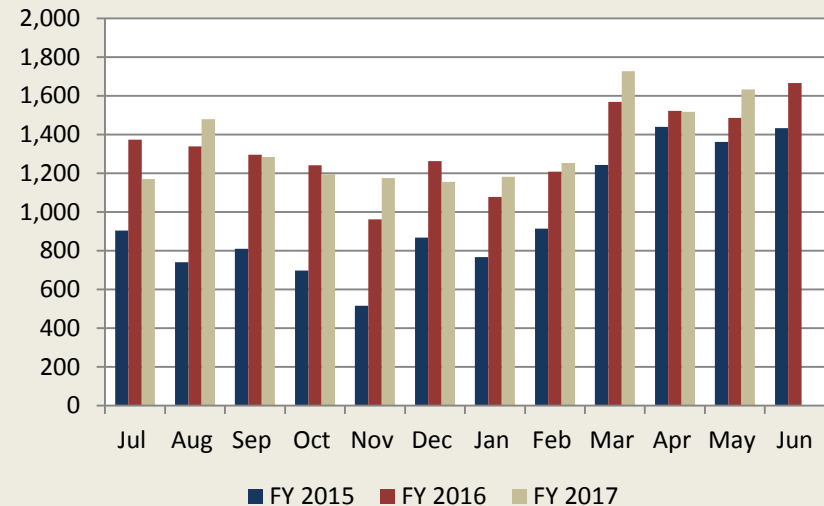
- The number of new single-family building permits issued in Maricopa County in May 2017 grew 9.9 percent compared to the same month of 2016.
- The May Employment Report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 4,800 jobs year-over-year from May 2016 to May 2017, an increase of 4.6 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.3 percent in May 2017, down from 4.4 percent in May 2016.

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

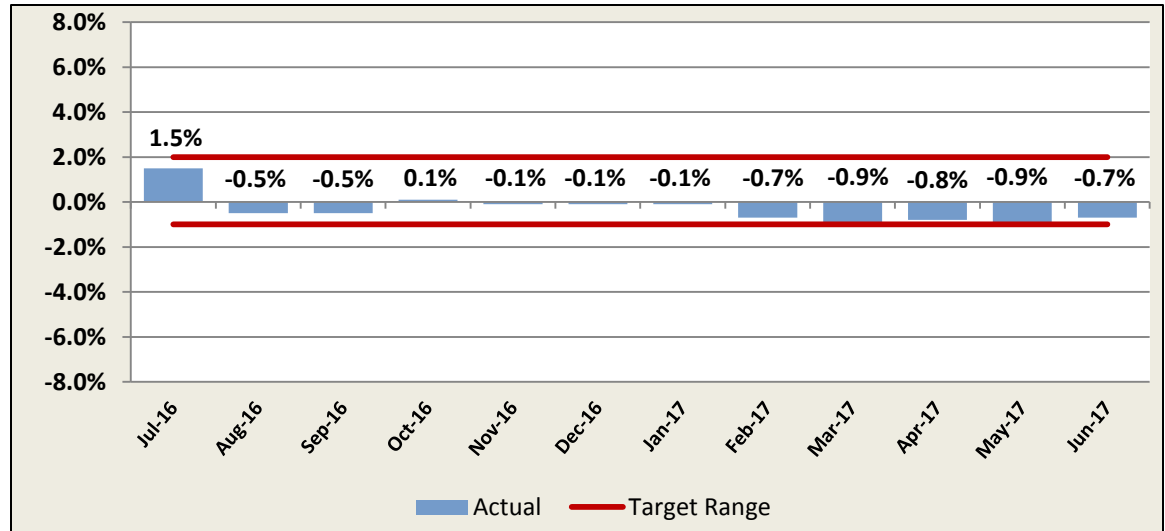


HIGHWAY USER REVENUE FUND (HURF) THROUGH JUNE 30, 2017

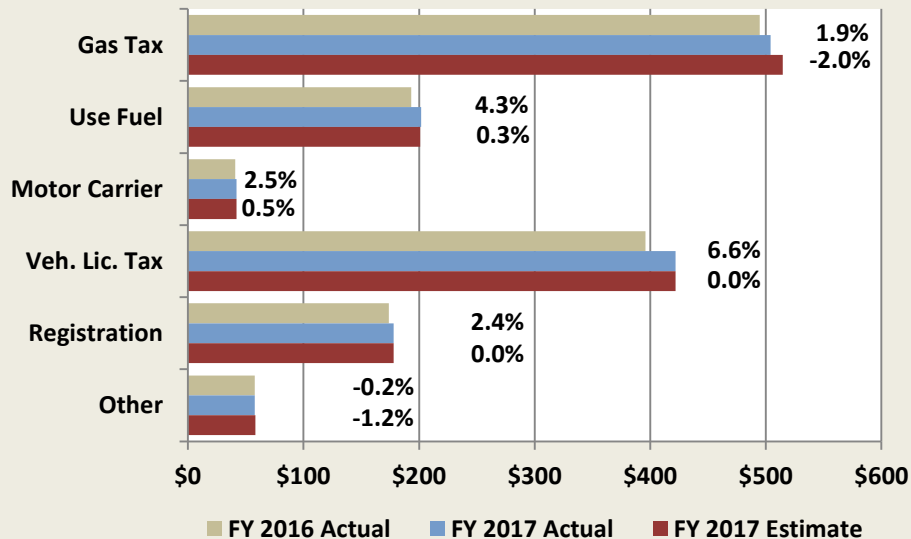
Highlights

- FY 2017 was the first year that HURF revenues surpassed the pre-recession high set in FY 2007. FY 2017 HURF revenues were 1.7 percent higher than FY 2007 HURF revenues.
- FY 2017 HURF revenues were 3.6 percent above FY 2016, but 0.7 percent below the forecast.
- Revenues in HURF's largest category, gas tax, have increased 1.9 percent from FY 2016 to FY 2017.
- In FY 2017, vehicle license tax revenues grew 6.6 percent compared to FY 2016. Vehicle renewal registrations and new car registrations are up 3.3 percent and 5.8 percent, respectively, over the fiscal year.

Variance from Forecast Year-to-date



Revenue Category Performance Year-to-date (\$ in Millions)



Monthly Comparisons (\$ in Thousands)

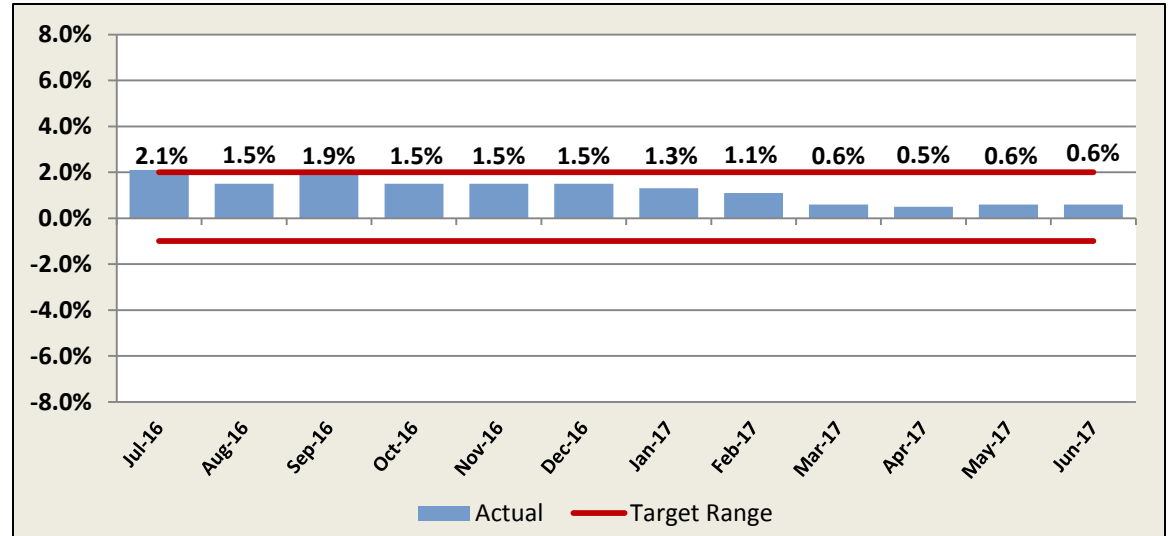
	FY 2016 Actual	FY 2017 Actual	Change	FY 2017 Estimate	Change
July	\$112,198	\$118,728	5.8%	\$116,922	1.5%
August	108,456	111,347	2.7%	114,394	-2.7%
September	110,398	115,423	4.6%	116,068	-0.6%
October	110,199	115,306	4.6%	113,070	2.0%
November	108,351	110,796	2.3%	112,002	-1.1%
December	111,965	117,255	4.7%	117,336	-0.1%
January	114,573	118,957	3.8%	119,054	-0.1%
February	113,786	115,727	1.7%	121,163	-4.5%
March	119,020	116,522	-2.1%	119,696	-2.7%
April	121,891	128,380	5.3%	128,559	-0.1%
May	110,563	114,841	3.9%	116,107	-1.1%
June	115,352	122,167	5.9%	121,229	0.8%
Total	\$1,356,752	\$1,405,448	3.6%	\$1,415,600	-0.7%

REGIONAL AREA ROAD FUND (RARF) THROUGH JUNE 30, 2017

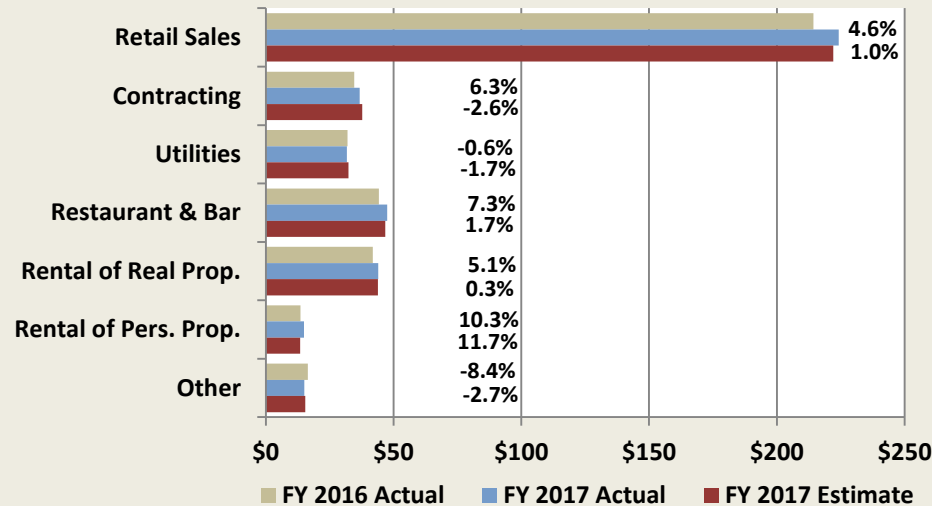
Highlights

- Total RARF revenue in FY 2017 surpassed revenue in FY 2016 by 4.3 percent and was 0.6 percent above the forecast. FY 2016 was the first fiscal year to surpass the pre-recession high set in FY 2007, making FY 2017 the second consecutive record year for RARF revenues.
- Retail sales, the largest revenue category of RARF, grew 4.6 percent when compared to the last fiscal year.
- RARF contracting revenue increased 6.3 percent in FY 2017, and was 2.6 percent below forecast. The interest rate on 30 year mortgages in June 2017 was 3.90 percent, higher than the 3.57 percent experienced in June 2016.

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%
January	37,384	39,652	6.1%	39,455	0.5%
February	31,504	32,662	3.7%	32,793	-0.4%
March	33,192	32,961	-0.7%	34,034	-3.2%
April	36,015	37,452	4.0%	37,748	-0.8%
May	33,455	35,284	5.5%	34,619	1.9%
June	33,846	35,623	5.3%	35,288	0.9%
Total	\$396,810	\$414,071	4.3%	\$411,400	0.6%

INVESTMENT PERFORMANCE THROUGH MAY 31, 2017 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Invested Balance	Percent Invested	May		Year-to-date (YTD)	
			Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2						
Highway	\$186,602	99.79%	\$152	0.97%	\$1,498	0.85%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$386,268	99.99%	\$317	0.97%	\$2,900	0.85%
HURF Bond Redemption	\$104,075	100.00%	\$85	0.97%	\$435	0.85%
HURF 2013A Proceeds	\$21,845	99.09%	\$18	0.97%	\$702	0.85%
Other/1	\$54,072	99.55%	\$40	0.97%	\$374	0.85%
Subtotal	\$752,863	99.88%	\$612	0.97%	\$5,909	0.85%
Pool 3 Revised						
HELP/2	\$59,811	100.00%	\$62	1.23%	\$596	1.08%
Other/3	\$5,558	99.27%	\$6	1.23%	\$76	1.08%
Subtotal	\$65,369	99.94%	\$68	1.23%	\$672	1.08%
Pool 4						
RARF Bond Redemption	\$80,470	100.00%	\$68	1.00%	\$341	0.84%
Regional Area Road Fund	\$387,658	99.93%	\$330	1.00%	\$2,850	0.84%
Subtotal	\$468,128	99.94%	\$398	1.00%	\$3,191	0.84%
Total	\$1,286,360	99.91%	\$1,078	1.00%	\$9,772	0.86%

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 JUNE 30, 2017

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	45,774,257
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,137,362,373</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 6/30/17	\$59,889,724

Although HELP currently has a cash balance, the FY 2018 budget recently passed by the Arizona legislature will sweep \$60 million from HELP over the next two years, effectively eliminating all available funds within HELP.