

**FINANCIAL MANAGEMENT SERVICES  
MONTHLY FINANCIAL REPORT  
SEPTEMBER 16, 2016**

## ECONOMIC HIGHLIGHTS

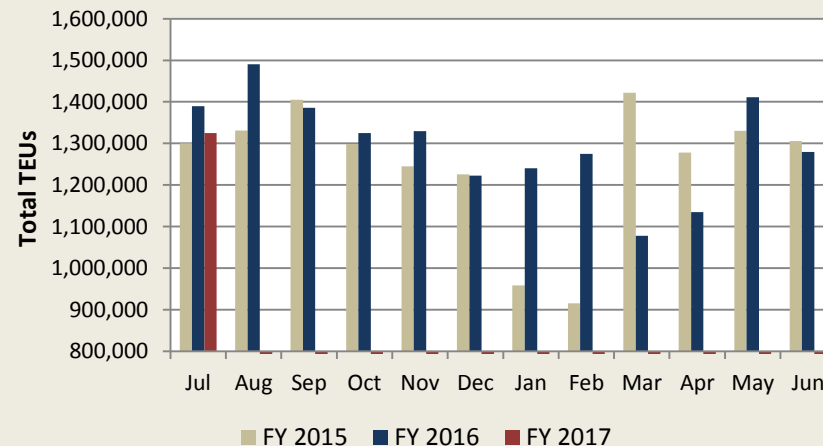
### Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 4.6 percent lower in July 2016 than in July 2015.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.69 per gallon in July 2016, down from \$3.02 per gallon in July 2015. The Arizona average price per gallon for regular unleaded gas was \$2.16 in July 2016, compared to \$2.81 in July 2015.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, fell from 6.6 percent in July 2015 to 6.3 percent in July 2016.

### Greater Phoenix Area Indicators

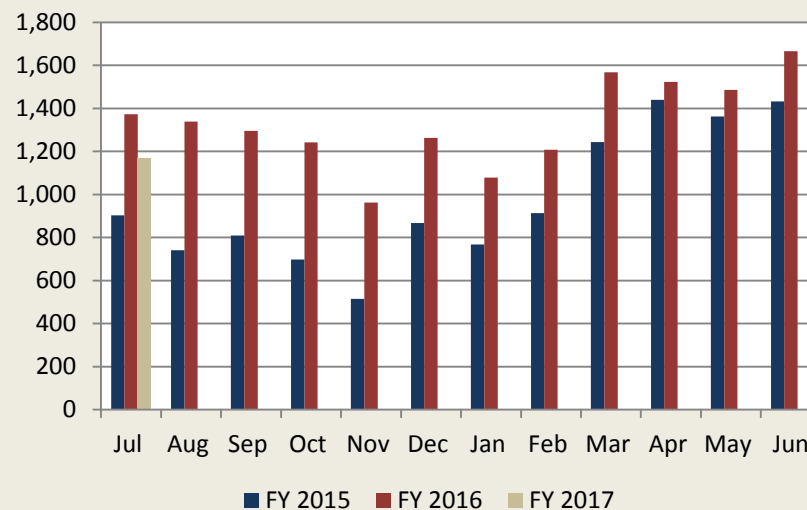
- The number of new single-family building permits issued in Maricopa County in July 2016 fell 14.9 percent compared to the same month of 2015. This is the first year-over-year decline since January 2015. Estimated single-family building permits issued in Maricopa County have been experiencing significant year-over-year growth since February 2015. Despite the year-over-year decline, the 1169 permits issued in July 2016 are 29.4% higher than the 903 permits issued in July 2014.
- The July Employment Report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 10,700 jobs year-over-year from June 2015 to June 2016, an increase of 10.7 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 5.4 percent in July 2016, down from 5.6 percent in July 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

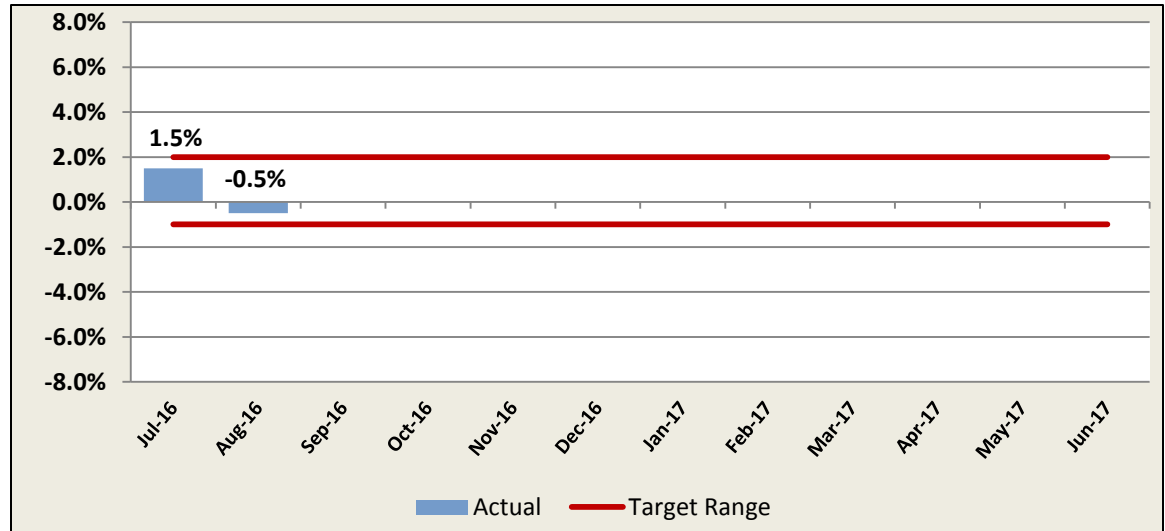


# HIGHWAY USER REVENUE FUND (HURF) THROUGH AUGUST 31, 2016

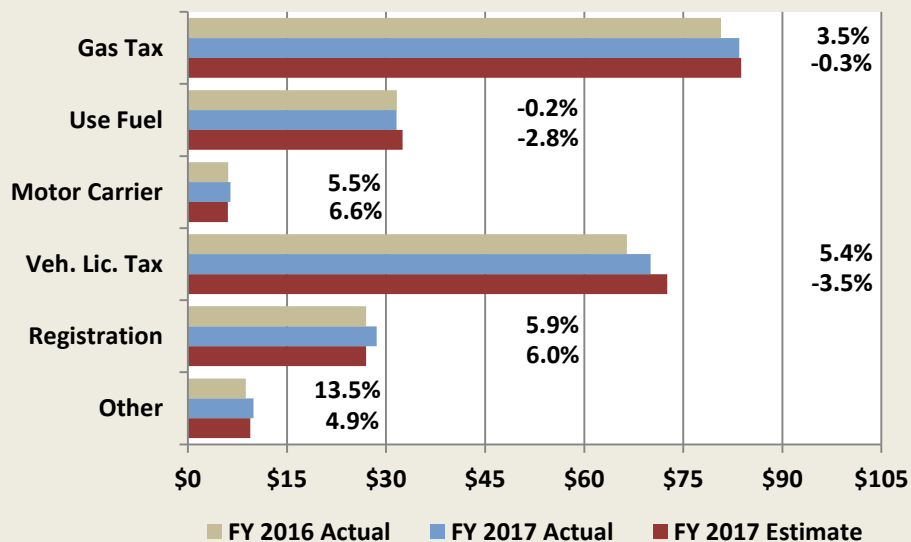
## Highlights

- HURF's largest category, gas tax, continues to grow. Year-to-date gas tax revenues have increased 3.5 percent compared to the same period last year.
- Arizona gas prices fell in August, with the Arizona average price per gallon decreasing thirteen cents to \$2.03 for regular unleaded gas. Arizona gas prices were 67 cents per gallon lower than they were in August of last year.
- In the first two months of FY 2017, vehicle license tax revenues grew 5.4 percent compared to the same period last year. Vehicle renewal registrations and new car registrations are up 3.5 percent and 1.9 percent, respectively, over the same period.

## Variance from Forecast Year to Date



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



## Monthly Comparisons (\$ in Thousands)

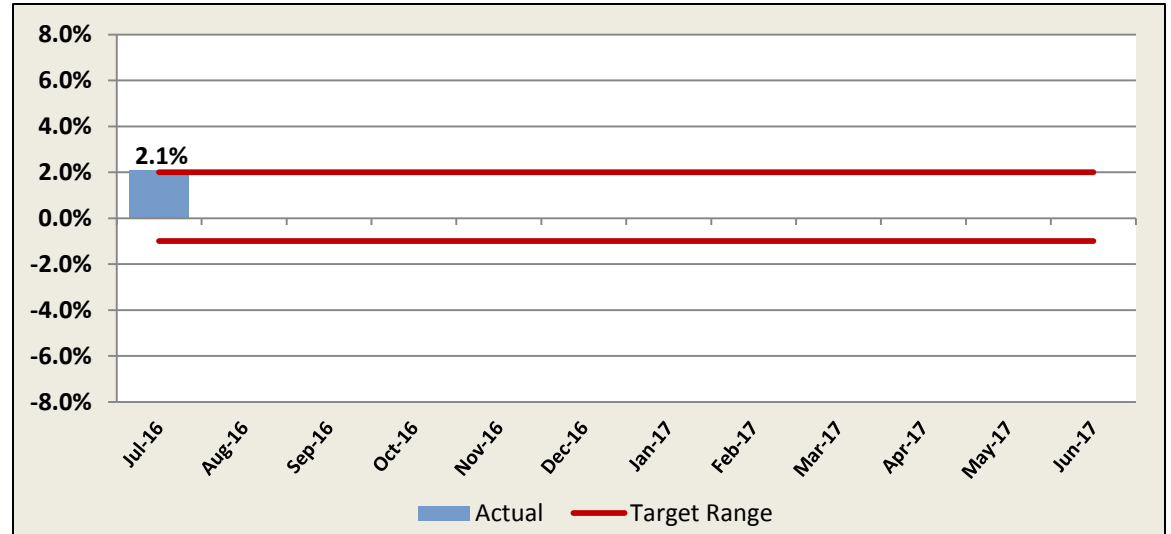
	FY 2016 Actual	FY 2017 Actual	Change	FY 2017 Estimate	Change
July	\$112,198	\$118,728	5.8%	\$116,922	1.5%
August	108,456	111,347	2.7%	114,394	-2.7%
<b>Subtotal</b>	<b>\$220,654</b>	<b>\$230,075</b>	<b>4.3%</b>	<b>\$231,316</b>	<b>-0.5%</b>
September	110,398			116,068	
October	110,199			113,070	
November	108,351			112,002	
December	111,965			117,336	
January	114,573			119,054	
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>\$230,075</b>		<b>\$1,415,600</b>	

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

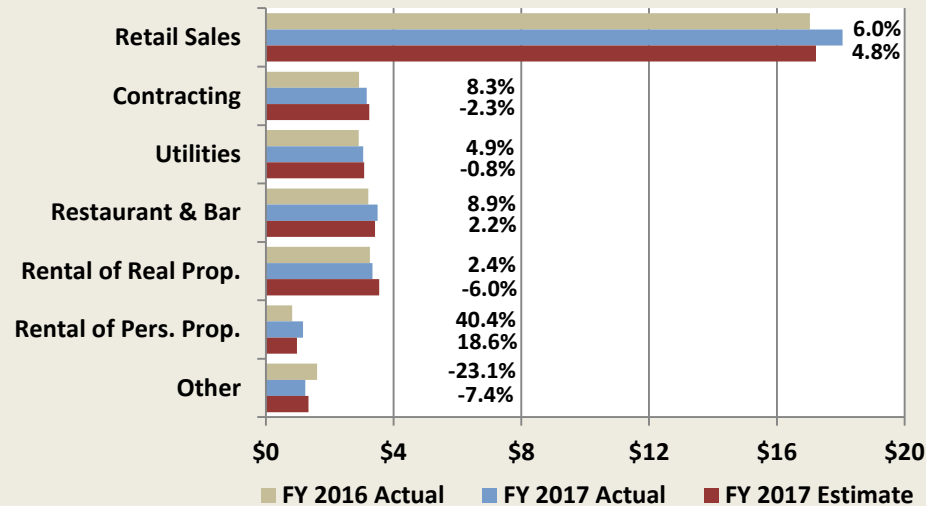
### Highlights

- Retail sales, the largest revenue category of RARF, grew 6.0 percent in July FY 2017 when compared to July FY 2016.
- The contracting category of RARF increased 8.3 percent in July FY 2017 when compared July FY 2016. Mortgage rates continue to remain low. The rate of 30 year mortgages in July 2016 was 3.44 percent, much lower than the 4.05 percent in July 2015.
- Total RARF revenue in July FY 2017 surpassed July FY 2016 revenue by 5.4 percent and was 2.1 percent above the July FY 2017 estimate.

### 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%
<b>Subtotal</b>	\$31,765	\$33,492	5.4%	\$32,816	2.1%
August	31,814			32,817	
September	31,444			32,678	
October	32,122			33,007	
November	32,117			32,640	
December	32,154			33,505	
January	37,384			39,455	
February	31,504			32,793	
March	33,192			34,034	
April	36,015			37,748	
May	33,455			34,619	
June	33,846			35,288	
<b>Total</b>	\$396,810	\$33,492		\$411,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	July		Year-to Date (YTD)		
			Interest Received	Current Yield	Interest Received	YTD Yield	
<b>Pool 2</b>							
Highway/1	\$168,697	99.70%	\$132	0.90%	\$132	0.90%	
MAG/PAG 12.6% & 2.6% and PAG STAN	\$383,439	99.98%	\$293	0.90%	\$293	0.90%	
HURF Bond Redemption	\$5,983	100.00%	\$4	0.90%	\$4	0.90%	
HURF 2013A Proceeds	\$140,697	99.98%	\$108	0.90%	\$108	0.90%	
Other/2	\$52,946	99.20%	\$43	0.90%	\$43	0.90%	
<b>Subtotal</b>	<b>\$751,762</b>	<b>99.86%</b>	<b>\$580</b>	<b>0.90%</b>	<b>\$580</b>	<b>0.90%</b>	
<b>Pool 3 Revised</b>							
HELP/3	\$59,273	100.00%	\$48	0.95%	\$48	0.95%	
Other/4	\$7,045	98.97%	\$5	0.95%	\$5	0.95%	
<b>Subtotal</b>	<b>\$66,318</b>	<b>99.89%</b>	<b>\$53</b>	<b>0.95%</b>	<b>\$53</b>	<b>0.95%</b>	
<b>Pool 4</b>							
RARF Bond Redemption	\$4,258	100.00%	\$3	0.79%	\$3	0.79%	
Regional Area Road Fund	\$372,817	99.90%	\$250	0.79%	\$250	0.79%	
<b>Subtotal</b>	<b>\$377,075</b>	<b>99.90%</b>	<b>\$253</b>	<b>0.79%</b>	<b>\$253</b>	<b>0.79%</b>	
<b>Total</b>	<b>\$1,195,155</b>	<b>99.87%</b>	<b>\$886</b>	<b>0.87%</b>	<b>\$886</b>	<b>0.87%</b>	

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 AUGUST 31, 2016

<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	45,225,473
Principal Repaid on Loans	545,578,522
<b>Total Revenues</b>	<b><u>\$1,136,813,589</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 8/31/16</b>	<b>\$59,340,940</b>