

**FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
OCTOBER 21, 2016**

ECONOMIC HIGHLIGHTS

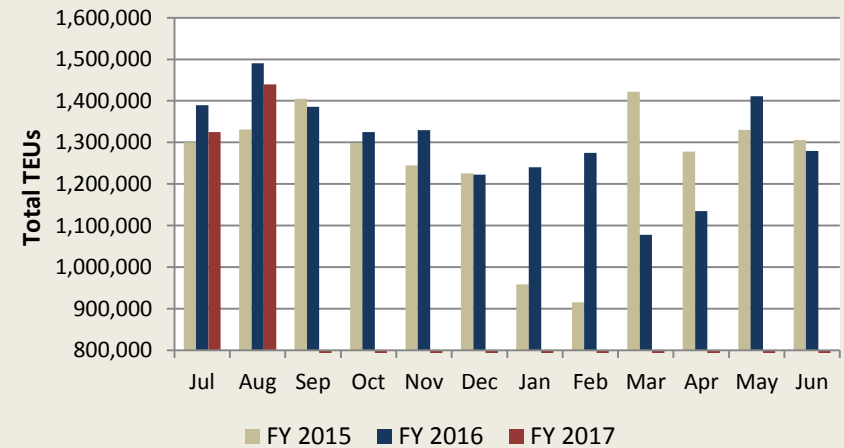
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 3.4 percent lower in August 2016 than in August 2015.
- According to the U.S. Census Bureau, the total value of exports and imports in the U.S. in August 2016 was 1.2 percent lower than in August 2015.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.62 per gallon in August 2016, down from \$2.82 per gallon in August 2015. The Arizona average price per gallon for regular unleaded gas was \$2.03 in August 2016, compared to \$2.70 in August 2015.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, fell from 6.0 percent in August 2015 to 5.8 percent in August 2016.

Greater Phoenix Area Indicators

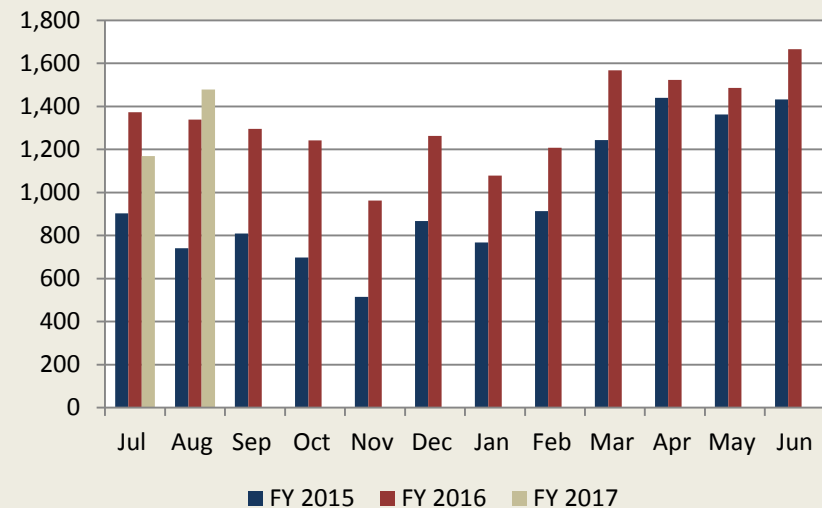
- The number of new single-family building permits issued in Maricopa County in August 2016 grew 10.5 percent compared to the same month of 2015. This reverses the first year-over-year decline since January 2015 experienced in July 2016. With the exception of July 2016, estimated single-family building permits issued in Maricopa County have been experiencing significant year-over-year growth since February 2015. The 1478 permits issued in August 2016 are 99.5% higher than the 741 permits issued in August 2014.
- The August Employment Report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 6,100 jobs from August 2015 to August 2016, an increase of 6.1 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 5.0 percent in August 2016, down from 5.6 percent in August 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

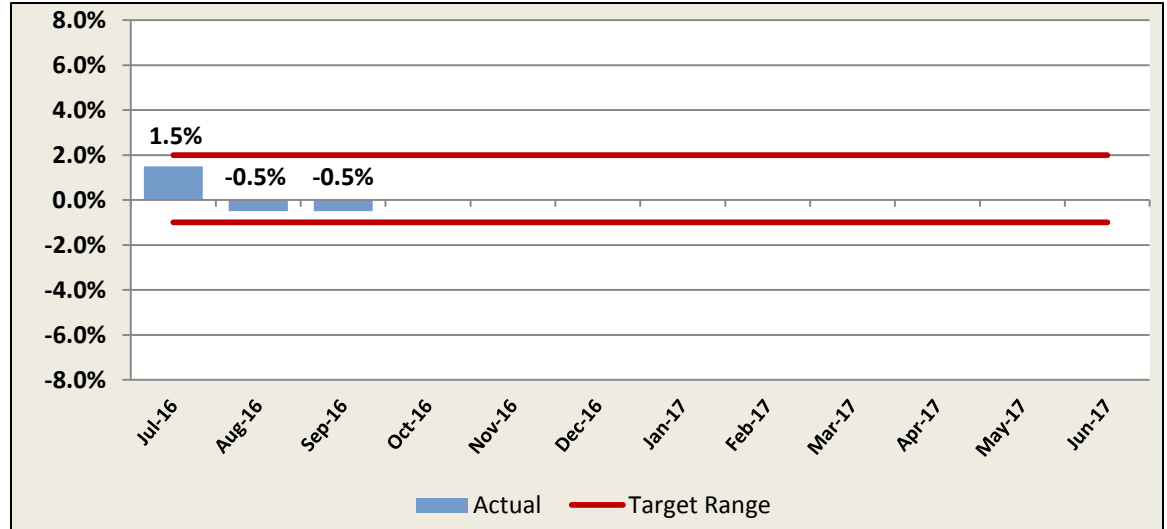


HIGHWAY USER REVENUE FUND (HURF) THROUGH SEPTEMBER 30, 2016

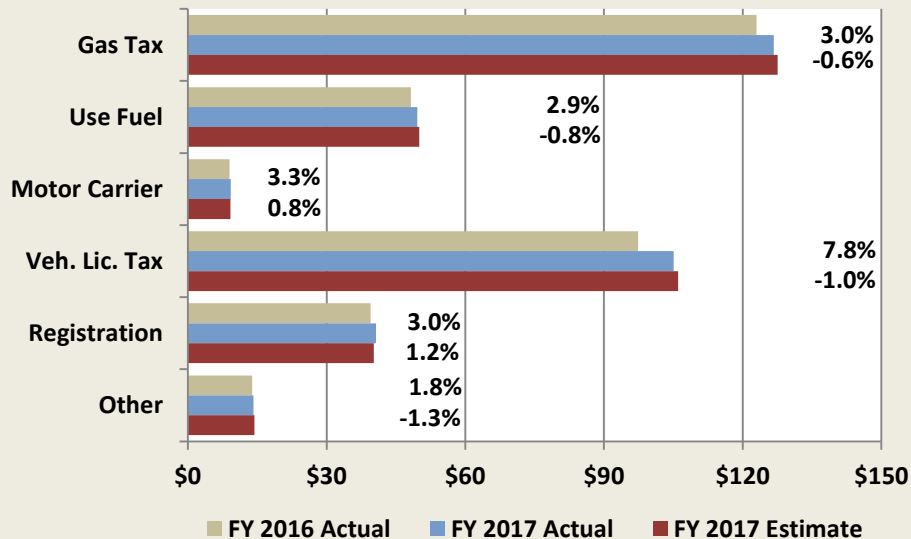
Highlights

- HURF's largest category, gas tax, continues to grow. Year-to-date gas tax revenues have increased 3.0 percent compared to the same period last year.
- Arizona gas prices grew slightly in September, with the Arizona average price per gallon increasing eight cents to \$2.11 for regular unleaded gas. Arizona gas prices were 23 cents per gallon lower than they were in September of last year.
- In the first three months of FY 2017, vehicle license tax revenues grew 7.8 percent compared to the same period last year. Vehicle renewal registrations and new car registrations are up 3.2 percent and 1.0 percent, respectively, over the same period.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

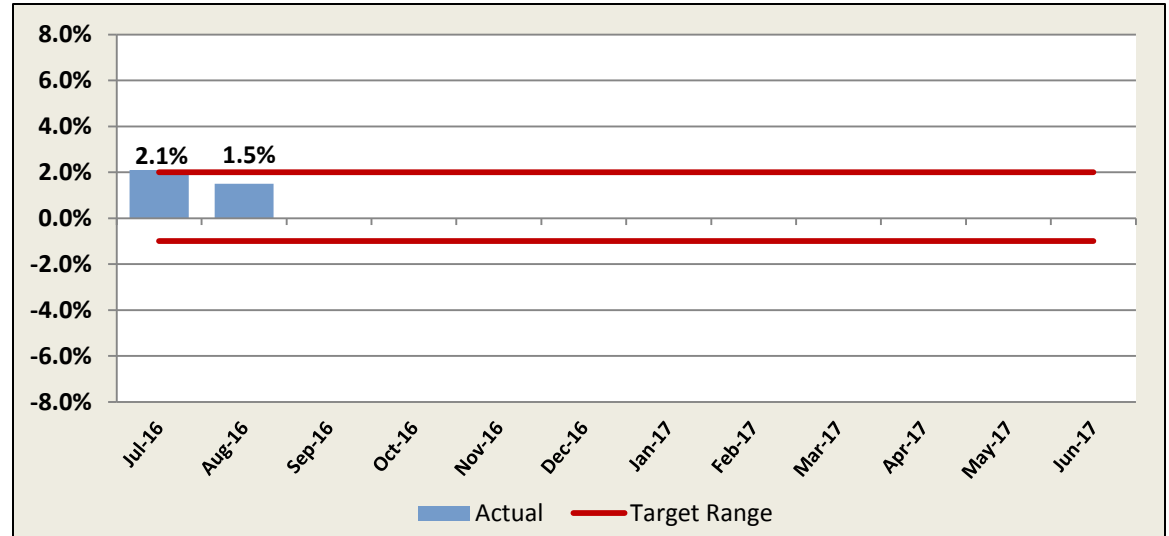
	FY 2016 Actual	FY 2017 Actual	Change	FY 2017 Estimate	Change
July	\$112,198	\$118,728	5.8%	\$116,922	1.5%
August	108,456	111,347	2.7%	114,394	-2.7%
September	110,398	115,423	4.6%	116,068	-0.6%
Subtotal	\$331,051	\$345,498	4.4%	\$347,384	-0.5%
October	110,199			113,070	
November	108,351			112,002	
December	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	
Total	\$1,356,752	\$345,498		\$1,415,600	

REGIONAL AREA ROAD FUND (RARF) THROUGH AUGUST 31, 2016

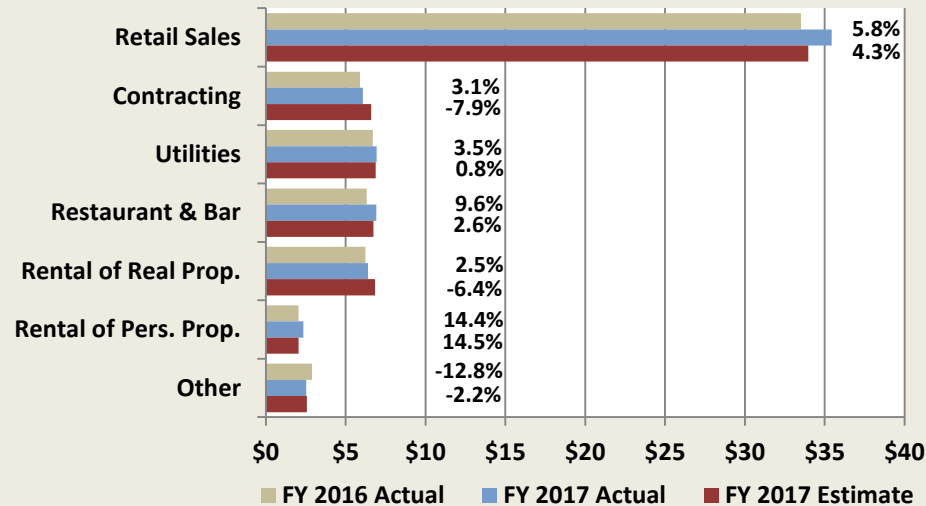
Highlights

- Retail sales, the largest revenue category of RARF, grew 5.8 percent year-to-date when compared to the same period last year.
- Year-to-date RARF contracting revenues increased 3.1 percent compared to the same period last year. Mortgage interest rates continue to remain low. The interest rate of 30 year mortgages in August 2016 was 3.44 percent, which was much lower than the 3.91 percent in August 2015.
- Total year-to-date RARF revenue in FY 2017 surpassed revenue in the same period last year by 4.8 percent and was 1.5 percent above the 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%
August	31,814	33,126	4.1%	32,817	0.9%
Subtotal	\$63,579	\$66,618	4.8%	\$65,633	1.5%
September				32,678	
October				33,007	
November				32,640	
December				33,505	
January				39,455	
February				32,793	
March				34,034	
April				37,748	
May				34,619	
June				35,288	
Total	\$396,810	\$66,618		\$411,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	August		Year-to Date (YTD)	
			Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2						
Highway	\$174,218	99.70%	\$139	0.92%	\$271	0.91%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$386,870	99.92%	\$301	0.92%	\$594	0.91%
HURF Bond Redemption	\$21,216	100.00%	\$16	0.92%	\$20	0.91%
HURF 2013A Proceeds	\$135,572	99.99%	\$106	0.92%	\$214	0.91%
Other/1	\$39,581	99.16%	\$27	0.92%	\$70	0.91%
Subtotal	\$757,457	99.84%	\$589	0.92%	\$1,169	0.91%
Pool 3 Revised						
HELP/2	\$59,308	100.00%	\$54	1.08%	\$102	1.02%
Other/3	\$7,622	99.41%	\$7	1.08%	\$13	1.02%
Subtotal	\$66,930	99.93%	\$61	1.08%	\$115	1.02%
Pool 4						
RARF Bond Redemption	\$15,455	100.00%	\$11	0.85%	\$14	0.82%
Regional Area Road Fund	\$360,612	99.57%	\$260	0.85%	\$510	0.82%
Subtotal	\$376,067	99.59%	\$271	0.85%	\$524	0.82%
Total	\$1,200,454	99.77%	\$921	0.91%	\$1,808	0.89%

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 SEPTEMBER 30, 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	45,279,815
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,136,867,931</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	2,225,576
Total Expenditures	<u>\$1,077,471,854</u>
Final Cash Balance as of 9/30/16	\$59,396,077