

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

ECONOMIC HIGHLIGHTS

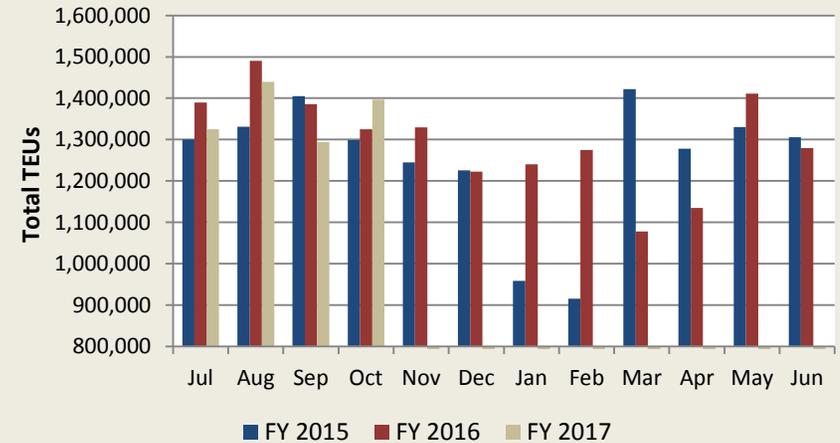
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 5.4 percent higher in October 2016 than in October 2015.
- The U.S. Energy Information Administration reported the price of West Coast No 2 diesel was \$2.73 per gallon in October 2016, up from \$2.71 per gallon in October 2015. The Arizona average price per gallon for regular unleaded gas was \$2.16 in October 2016, compared to \$2.18 in October 2015.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, fell from 6.1 percent in October 2015 to 5.2 percent in October 2016.

Greater Phoenix Area Indicators

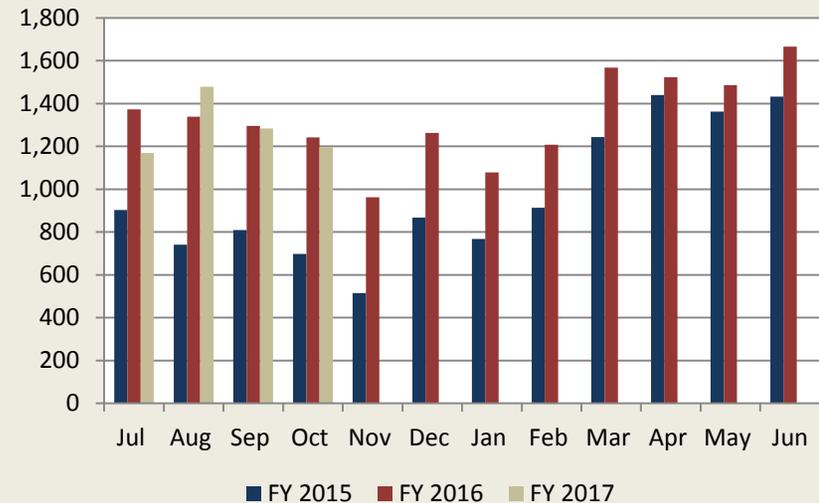
- The number of new single-family building permits issued in Maricopa County in October 2016 fell 3.7 percent compared to the same month of 2015. The 1,195 permits issued in October 2016 are 71.4 percent higher than the 697 permits issued in October 2014.
- The October Employment Report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 9,900 jobs year-over-year from October 2015 to October 2016, an increase of 9.9 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.5 percent in October 2016, down from 5.1 percent in October 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

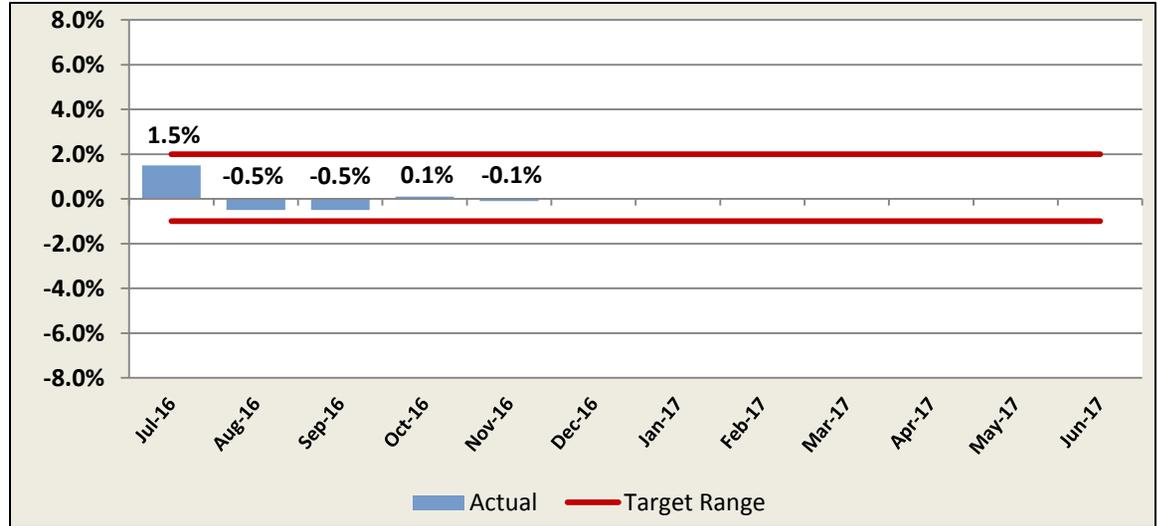


HIGHWAY USER REVENUE FUND (HURF) THROUGH NOVEMBER 30, 2016

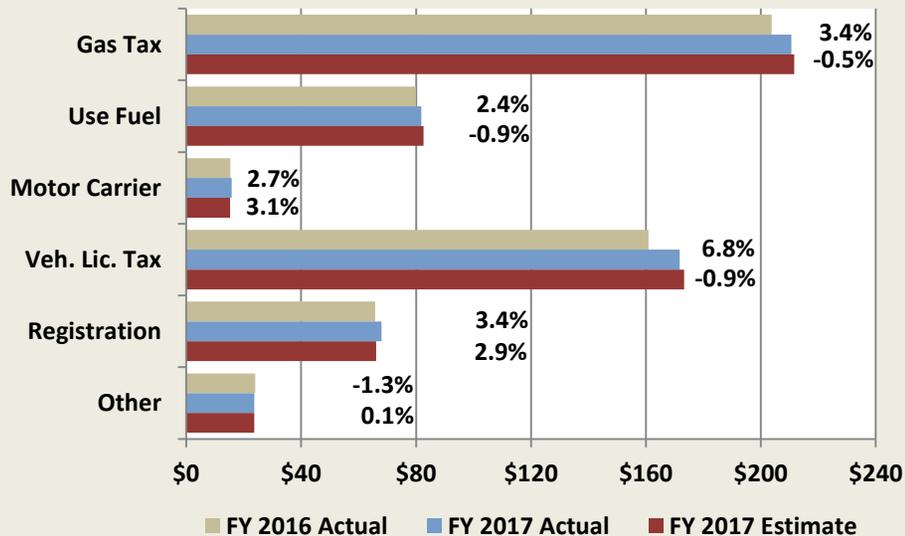
Highlights

- HURF's largest category, gas tax, continues to grow. Year-to-date gas tax revenues have increased 3.4 percent compared to the same period last year.
- Arizona gas prices fell in November, with the Arizona average price per gallon decreasing three cents to \$2.13 for regular unleaded gas. Arizona gas prices were six cents per gallon higher than they were in November of last year.
- In the first five months of FY 2017, vehicle license tax revenues grew 6.8 percent compared to the same period last year. Vehicle renewal registrations and new car registrations are up 4.2 percent and 2.9 percent, respectively, over the same period.

Variance from Forecast Year to Date



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



Monthly Comparisons (\$ in Thousands)

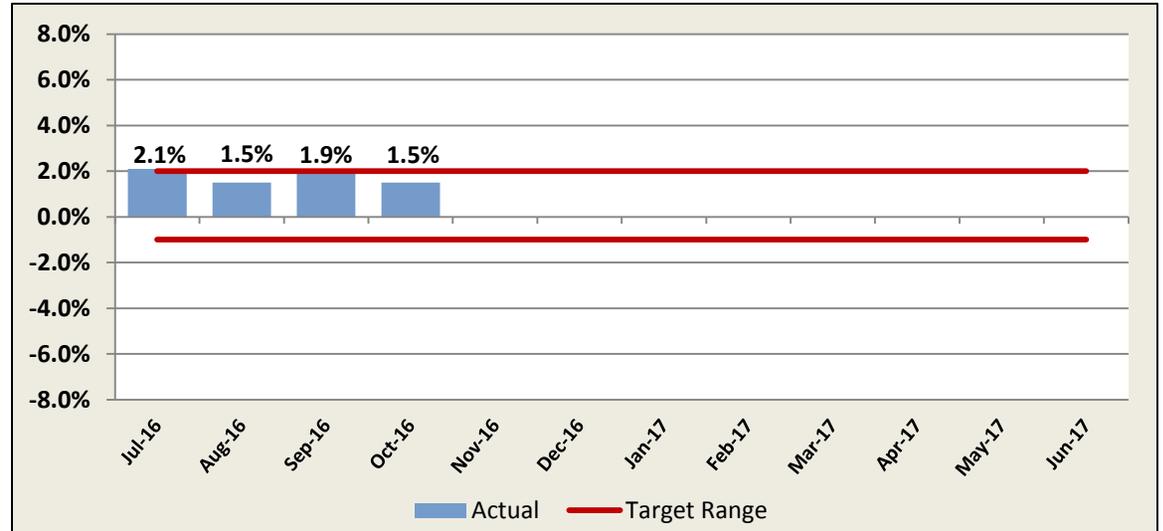
	FY 2016 Actual	FY 2017 Actual	Change	FY 2017 Estimate	Change
July	\$112,198	\$118,728	5.8%	\$116,922	1.5%
August	108,456	111,347	2.7%	114,394	-2.7%
September	110,398	115,423	4.6%	116,068	-0.6%
October	110,199	115,306	4.6%	113,070	2.0%
November	108,351	110,796	2.3%	112,002	-1.1%
Subtotal	\$549,601	\$571,600	4.0%	\$572,456	-0.1%
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	\$571,600		\$1,415,600	

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

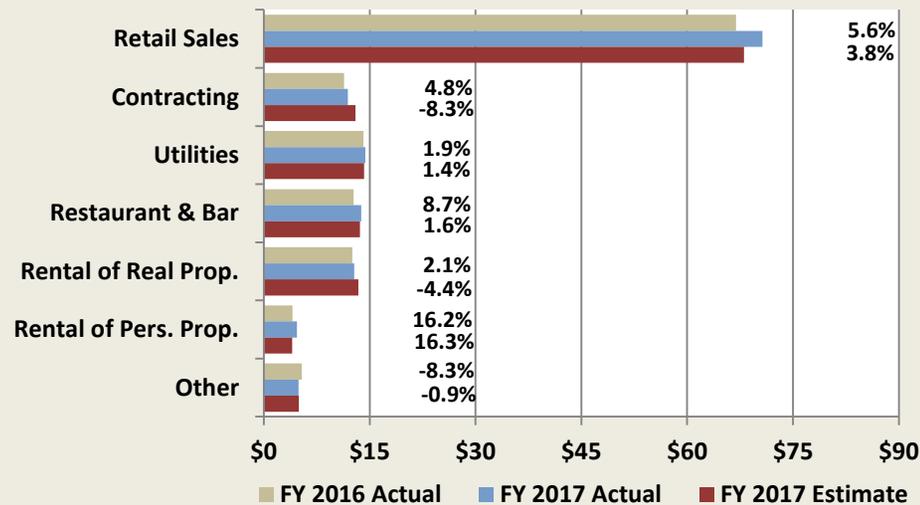
Highlights

- Total year-to-date RARF revenue in FY 2017 surpassed revenue in the same period of FY 2016 by 4.8 percent and was 1.5 percent above the estimate.
- Retail sales, the largest revenue category of RARF, grew 5.6 percent year-to-date when compared to the same period last year.
- Year-to-date RARF contracting revenues increased 4.8 percent compared to the same period last year. Mortgage interest rates continue to remain low. The interest rate on 30 year mortgages in October 2016 was 3.47 percent, much lower than the 3.80 percent experienced in October 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%
Subtotal	\$127,144	\$133,263	4.8%	\$131,318	1.5%
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	\$133,263		\$411,400	

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

Investment Pools	Monthly Average Invested Balance	Percent Invested	October		Year-to Date (YTD)	
			Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2						
Highway	\$189,233	99.78%	\$111	0.68%	\$504	0.83%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$394,884	99.98%	\$229	0.68%	\$1,082	0.83%
HURF Bond Redemption	\$45,407	100.00%	\$25	0.68%	\$66	0.83%
HURF 2013A Proceeds	\$126,979	100.00%	\$74	0.68%	\$376	0.83%
Other/1	\$41,369	99.20%	\$26	0.68%	\$127	0.83%
Subtotal	\$797,872	99.90%	\$465	0.68%	\$2,155	0.83%
Pool 3 Revised						
HELP/2	\$59,397	100.00%	\$53	1.06%	\$206	1.04%
Other/3	\$8,316	99.51%	\$8	1.06%	\$27	1.04%
Subtotal	\$67,713	99.94%	\$61	1.06%	\$233	1.04%
Pool 4						
RARF Bond Redemption	\$32,180	100.00%	\$21	0.79%	\$50	0.81%
Regional Area Road Fund	\$353,816	99.93%	\$236	0.79%	\$983	0.81%
Subtotal	\$385,996	99.93%	\$257	0.79%	\$1,033	0.81%
Total	\$1,251,581	99.91%	\$783	0.75%	\$3,421	0.84%

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 NOVEMBER 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	45,383,887
Principal Repaid on Loans	545,578,522
Total Revenues	<u>\$1,136,972,003</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 11/30/16	\$59,499,354