

FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
JUNE 15, 2018

ECONOMIC HIGHLIGHTS

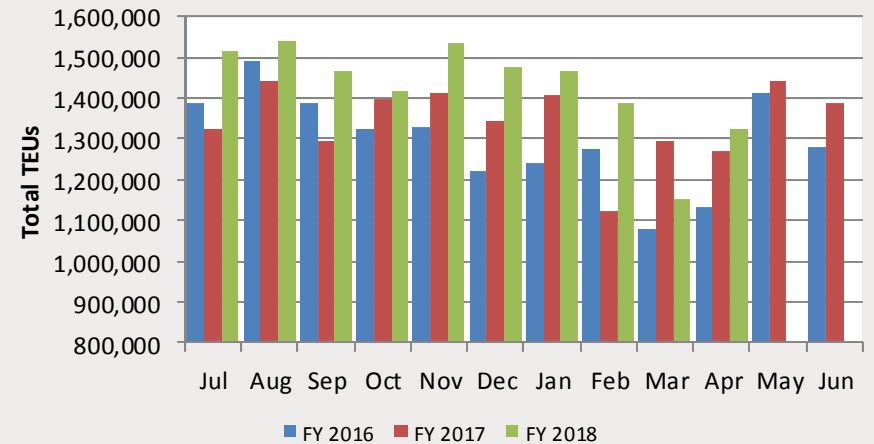
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 4.0 percent higher in April 2018 than in April 2017.
- The U.S. Energy Information Administration reported the price of West Coast No. 2 diesel was \$3.57 per gallon in April 2018, up from \$2.86 per gallon in April 2017. The Arizona average price per gallon for regular unleaded gas was \$2.83 in April 2018, compared to \$2.31 in April 2017.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, held steady at 4.9 percent in April 2018 and 4.9 percent in April 2017.

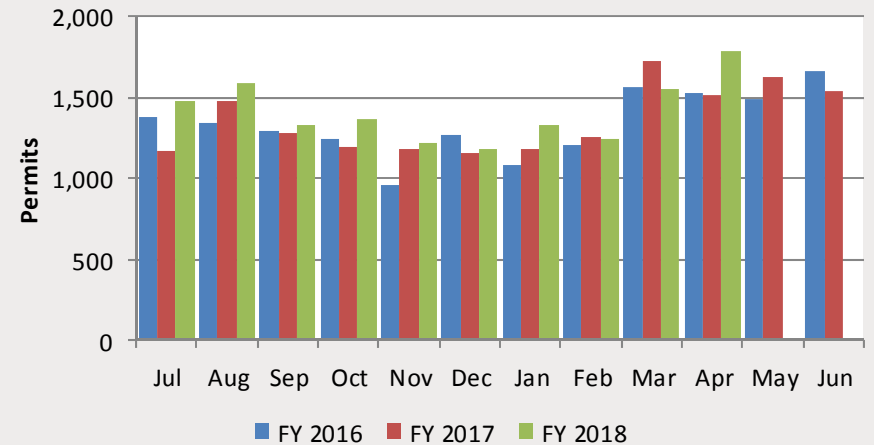
Greater Phoenix Area Indicators

- The number of new single-family building permits issued in Maricopa County in April 2018 grew 17.7 percent compared to the same month of 2017.
- The monthly employment report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 11,000 jobs year-over-year from April 2017 to April 2018, an increase of 10.0 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 3.8 percent in April 2018, down from 4.1 percent in April 2017.

Container Statistics for Port of LA and Port of Long Beach



Maricopa County New Single-family Building Permits

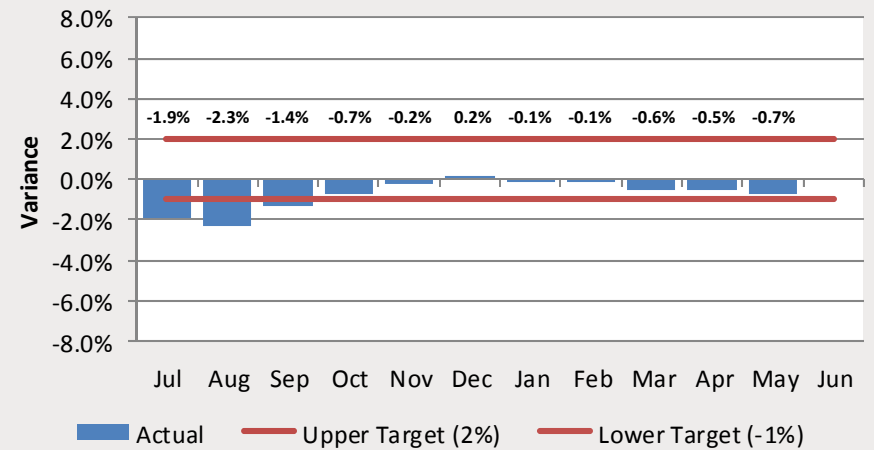


HIGHWAY USER REVENUE FUND (HURF) THROUGH MAY 31, 2018

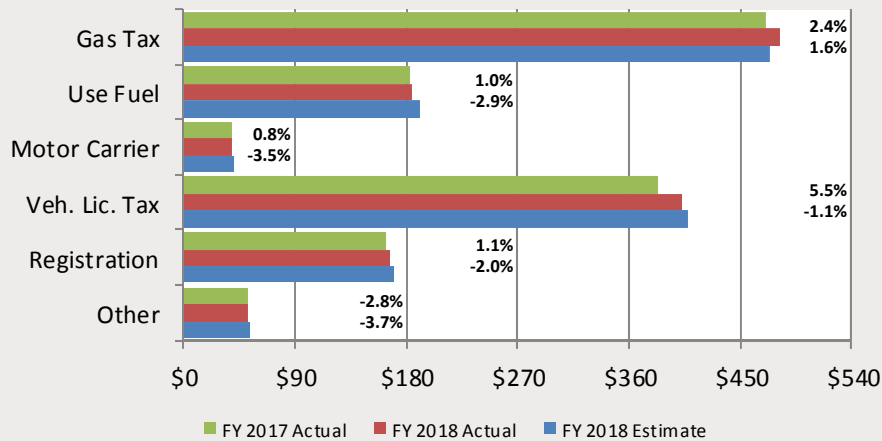
Highlights

- FY 2018 HURF revenues are 0.7 percent below forecast year-to-date, with FY 2018 HURF revenues 2.7 percent above the same period of FY 2017.
- Revenues in HURF's largest category, gas tax, have increased 2.4 percent from FY 2017 to FY 2018 year-to-date. Gas tax collections are 1.6 percent above forecast year-to-date.
- In FY 2018, vehicle license tax revenues grew 5.5 percent compared to FY 2017 year-to-date. Vehicle renewal registrations and new car registrations are up 5.5 percent and 2.9 percent, respectively, over the same time period.

Variance from Forecast Year-to-date



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



Monthly Comparison (\$ in Thousands)

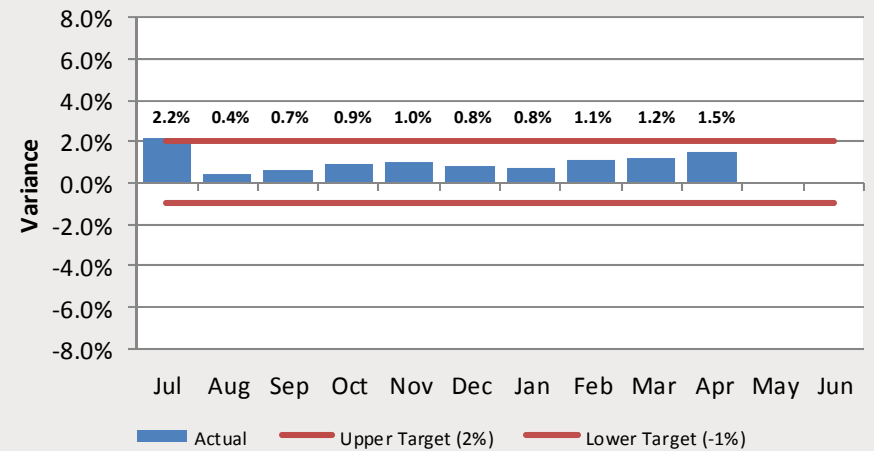
| | FY 2017 Actual | FY 2018 Actual | Change | FY 2018 Estimate | Change |
|-----------|----------------|----------------|--------|------------------|--------|
| July | \$119,624 | \$119,155 | -0.4% | \$121,466 | -1.9% |
| August | \$112,285 | \$114,333 | 1.8% | \$117,632 | -2.8% |
| September | \$116,373 | \$120,553 | 3.6% | \$119,849 | 0.6% |
| October | \$116,214 | \$118,848 | 2.3% | \$117,414 | 1.2% |
| November | \$111,731 | \$117,992 | 5.6% | \$115,771 | 1.9% |
| December | \$118,167 | \$123,775 | 4.7% | \$121,185 | 2.1% |
| January | \$119,891 | \$121,125 | 1.0% | \$123,716 | -2.1% |
| February | \$116,612 | \$123,478 | 5.9% | \$123,126 | 0.3% |
| March | \$117,363 | \$117,775 | 0.4% | \$122,869 | -4.1% |
| April | \$129,361 | \$132,783 | 2.6% | \$133,377 | -0.4% |
| May | \$115,783 | \$118,097 | 2.0% | \$120,707 | -2.2% |
| Subtotal | \$1,293,404 | \$1,327,914 | 2.7% | \$1,337,112 | -0.7% |
| June | \$123,119 | | | \$125,388 | |
| Total | \$1,416,523 | \$1,327,914 | | \$1,462,500 | |

REGIONAL AREA ROAD FUND (RARF) THROUGH APRIL 30, 2018

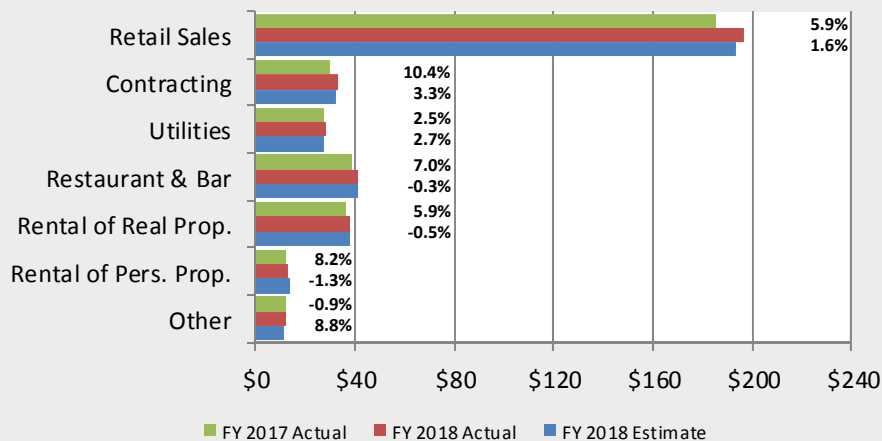
Highlights

- Year-to-date FY 2018 RARF revenues through April surpassed the same period of FY 2017 by 6.0 percent and were 1.5 percent above the forecast.
- Retail sales, the largest revenue category of RARF, grew 5.9 percent year-to-date when compared to the same period of the last fiscal year.
- Year-to-date RARF contracting revenues increased 10.4 percent compared to the same period of the last fiscal year, and were 3.3 percent above forecast. The interest rate on 30 year mortgages in April 2018 was 4.47 percent, higher than the 4.05 percent experienced in April 2017.

Variance from Forecast Year-to-date



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



Monthly Comparison (\$ in Thousands)

| | FY 2017 Actual | FY 2018 Actual | Change | FY 2018 Estimate | Change |
|-----------|----------------|----------------|--------|------------------|--------|
| July | \$33,492 | \$35,805 | 6.9% | \$35,038 | 2.2% |
| August | \$33,126 | \$33,527 | 1.2% | \$34,017 | -1.4% |
| September | \$33,575 | \$34,727 | 3.4% | \$34,309 | 1.2% |
| October | \$33,071 | \$34,934 | 5.6% | \$34,431 | 1.5% |
| November | \$33,115 | \$34,994 | 5.7% | \$34,475 | 1.5% |
| December | \$34,058 | \$35,459 | 4.1% | \$35,436 | 0.1% |
| January | \$39,652 | \$41,557 | 4.8% | \$41,410 | 0.4% |
| February | \$32,662 | \$35,485 | 8.6% | \$34,309 | 3.4% |
| March | \$32,961 | \$35,962 | 9.1% | \$35,306 | 1.9% |
| April | \$37,452 | \$41,265 | 10.2% | \$39,605 | 4.2% |
| Subtotal | \$343,163 | \$363,714 | 6.0% | \$358,336 | 1.5% |
| May | | | | \$36,603 | |
| June | | | | \$37,061 | |
| Total | \$414,071 | \$363,714 | | \$432,000 | |

INVESTMENT PERFORMANCE THROUGH APRIL 30, 2018 (\$ IN THOUSANDS)

| Investment Pools | Monthly Average Available Cash | Monthly Average Invested Balance | Percent Invested | April | | Year-to-date (YTD) | |
|-----------------------------------|---|---|---------------------|----------------------|------------------|----------------------|--------------|
| | | | | Interest Received | Current Yield | Interest Received | YTD Yield |
| Pool 2 | | | | | | | |
| Highway | \$159,273 | \$154,532 | 97.02% | \$202 | 1.61% | \$1,776 | 1.33% |
| MAG/PAG 12.6% & 2.6% and PAG STAN | \$455,616 | \$455,281 | 99.93% | \$602 | 1.61% | \$4,572 | 1.33% |
| HURF Bond Redemption | \$92,056 | \$91,432 | 99.32% | \$120 | 1.61% | \$596 | 1.33% |
| HURF 2013A Proceeds | \$1,936 | \$0 | 0.00% | \$0 | 1.61% | \$19 | 1.33% |
| Other/1 | \$100,608 | \$98,111 | 97.52% | \$131 | 1.61% | \$996 | 1.33% |
| Subtotal | \$809,489 | \$799,356 | 98.75% | \$1,056 | 1.61% | \$7,958 | 1.33% |
| Pool 3 Revised | | | | | | | |
| HELP/2 | \$30,359 | \$30,359 | 100.00% | \$43 | 1.73% | \$477 | 1.54% |
| Other/3 | \$8,768 | \$8,696 | 99.18% | \$12 | 1.73% | \$113 | 1.54% |
| Subtotal | \$39,127 | \$39,055 | 99.82% | \$56 | 1.73% | \$590 | 1.54% |
| Pool 4 | | | | | | | |
| RARF Bond Redemption | \$71,010 | \$70,579 | 99.39% | \$95 | 1.65% | \$463 | 1.37% |
| Regional Area Road Fund/4 | \$420,697 | \$418,010 | 99.36% | \$567 | 1.65% | \$4,588 | 1.37% |
| Subtotal | \$491,707 | \$488,589 | 99.37% | \$662 | 1.65% | \$5,051 | 1.37% |
| Total | \$1,340,323 | \$1,327,000 | 99.01% | \$1,773 | 1.63% | \$13,600 | 1.35% |

Note: Numbers may not add due to rounding. Beginning in FY 2018, the methodology for calculating the Percent Invested has changed to consider monies set aside for pending payments which were not previously considered.

Source: State Treasurer's Office Statement of Accounts.

/1 Pool 2 Other includes HURF, Aviation, STAN TOC, Equipment, Highway Postage, STAN RORS, Highway GANS Cash Reserves 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.

/4 Includes RARF GANS Cash Reserves.