

FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
FEBRUARY 15, 2019

ECONOMIC HIGHLIGHTS

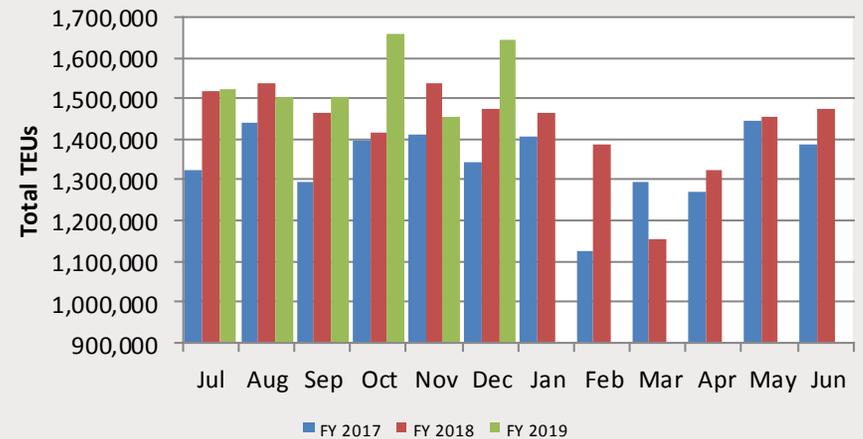
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 11.4 percent higher in December 2018 than in December 2017.
- The U.S. Energy Information Administration reported the price of West Coast No. 2 diesel was \$3.62 per gallon in December 2018, up from \$3.34 per gallon in December 2017. The Arizona average price per gallon for regular unleaded gas was \$2.66 in December 2018, compared to \$2.31 in December 2017.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, was 4.8 percent in December 2018, up from 4.7 percent in December 2017.

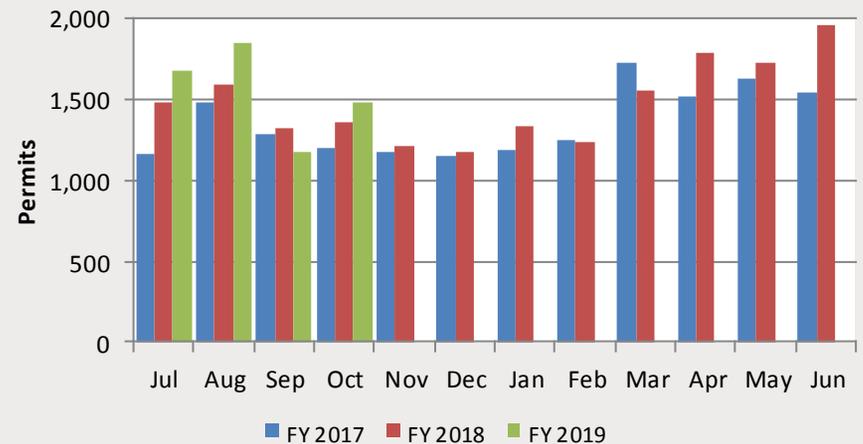
Greater Phoenix Area Indicators

- Due to the government shutdown, November and December 2018 new single-family building permit data is unavailable.
- The monthly employment report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 16,200 jobs year-over-year from December 2017 to December 2018, an increase of 13.7 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.5 percent in December 2018, an increase from 4.0 percent in December 2017. Although the number of employed workers increased from December 2017 to December 2018, the Greater Phoenix Area labor force increased by a greater amount, causing the unemployment rate to rise.

Container Statistics for Port of LA and Port of Long Beach



Maricopa County New Single-family Building Permits

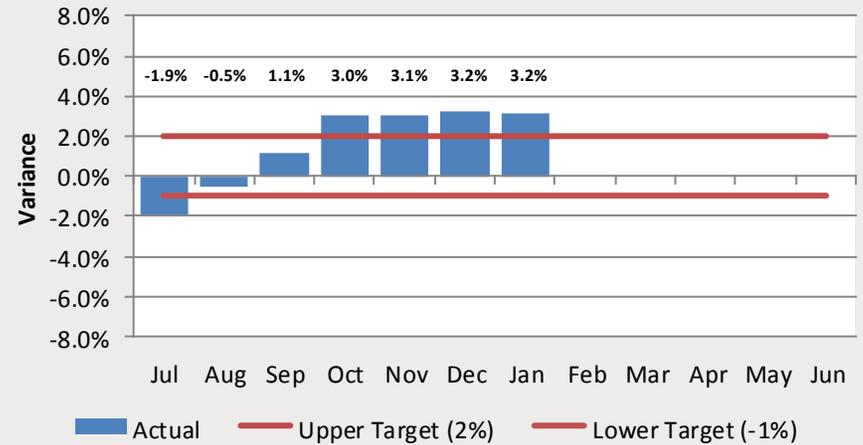


HIGHWAY USER REVENUE FUND (HURF) THROUGH JANUARY 31, 2019

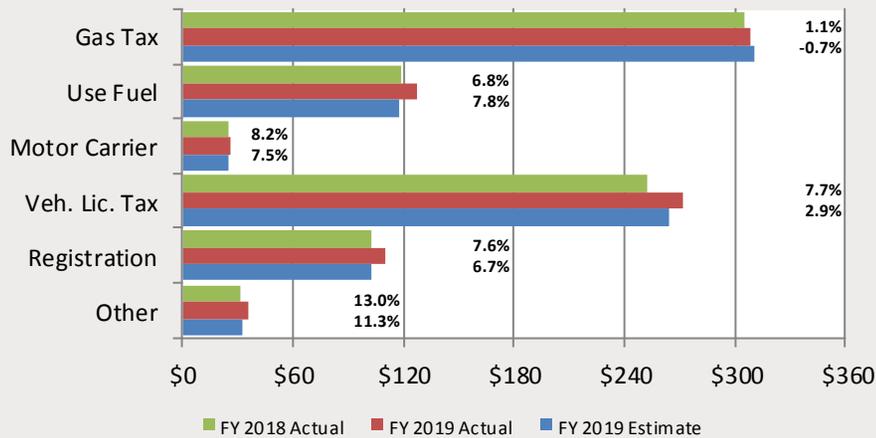
Highlights

- FY 2019 HURF revenues are 3.2 percent above forecast year-to-date and are 5.3 percent above the same period in FY 2018.
- Gas tax revenues have increased 1.1 percent from FY 2018 to FY 2019 year-to-date. Gas tax collections are 0.7 percent below forecast year-to-date.
- Most of the \$27.0 million variance from forecast year-to-date is due to higher than expected VLT revenues (\$7.6 million difference), higher than expected use fuel revenues (\$9.3 million difference) and higher than expected registration revenues (\$6.9 million difference).

Variance from Forecast Year-to-date



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



Monthly Comparison (\$ in Thousands)

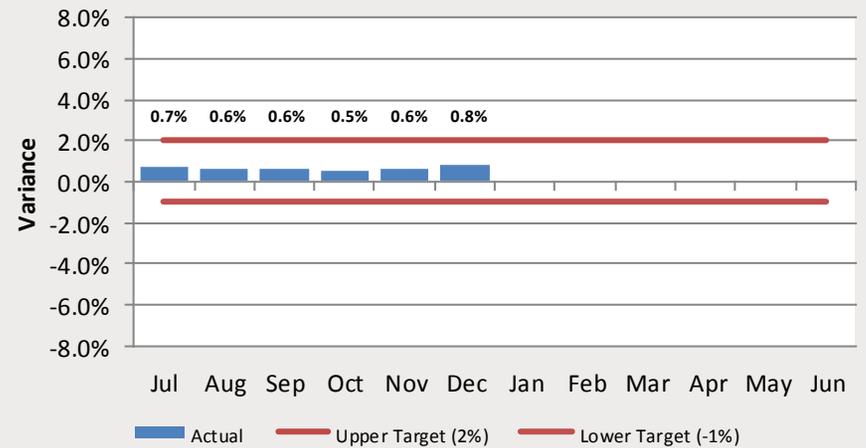
	FY 2018 Actual	FY 2019 Actual	Change	FY 2019 Estimate	Change
July	\$119,155	\$121,456	1.9%	\$123,853	-1.9%
August	\$114,333	\$120,681	5.6%	\$119,475	1.0%
September	\$120,553	\$127,674	5.9%	\$122,310	4.4%
October	\$118,848	\$130,724	10.0%	\$120,354	8.6%
November	\$117,992	\$123,260	4.5%	\$119,162	3.4%
December	\$123,775	\$127,345	2.9%	\$122,706	3.8%
January	\$121,125	\$129,293	6.7%	\$125,535	3.0%
Subtotal	\$835,781	\$880,433	5.3%	\$853,395	3.2%
February				\$126,051	
March				\$123,163	
April				\$136,067	
May				\$122,748	
June				\$128,777	
Total	\$1,455,779	\$880,433		\$1,490,201	

REGIONAL AREA ROAD FUND (RARF) THROUGH DECEMBER 31, 2018

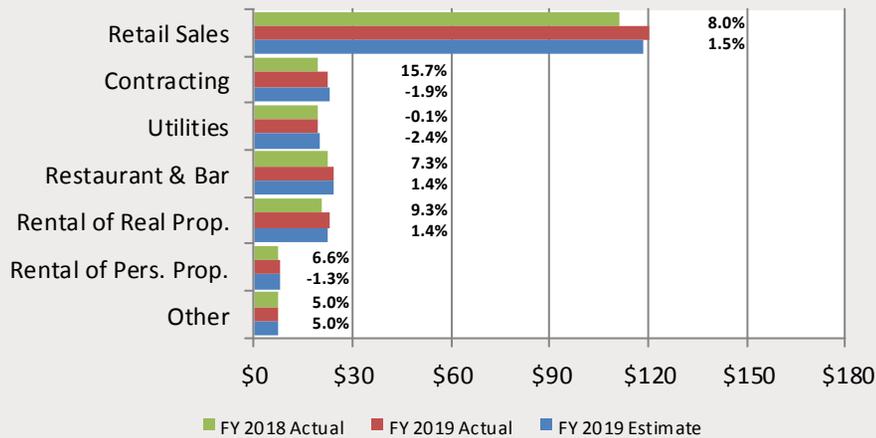
Highlights

- Year-to-date FY 2019 RARF revenues through December surpassed the same period of FY 2018 by 7.9 percent and were 0.8 percent above the forecast.
- Retail sales, the largest revenue category of RARF, grew 8.0 percent year-to-date when compared to the same period of the last fiscal year.
- Year-to-date RARF contracting revenues increased 15.7 percent compared to the same period of the last fiscal year, and were 1.9 percent below forecast. The interest rate on 30 year mortgages in December 2018 was 4.64 percent, higher than the 3.95 percent experienced in December 2017.

Variance from Forecast Year-to-date



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



Monthly Comparison (\$ in Thousands)

	FY 2018 Actual	FY 2019 Actual	Change	FY 2019 Estimate	Change
July	\$35,805	\$37,953	6.0%	\$37,693	0.7%
August	\$33,527	\$36,854	9.9%	\$36,674	0.5%
September	\$34,727	\$37,315	7.5%	\$37,103	0.6%
October	\$34,934	\$37,383	7.0%	\$37,230	0.4%
November	\$34,994	\$37,580	7.4%	\$37,277	0.8%
December	\$35,459	\$38,845	9.5%	\$38,212	1.7%
Subtotal	\$209,445	\$225,930	7.9%	\$224,189	0.8%
January				\$44,576	
February				\$37,032	
March				\$38,242	
April				\$42,912	
May				\$39,444	
June				\$40,005	
Total	\$438,654	\$225,930		\$466,400	

INVESTMENT PERFORMANCE THROUGH DECEMBER 31, 2018 (\$ IN THOUSANDS)

Investment Pools	Monthly Average Available Cash	Monthly Average Invested Balance	Percent Invested	December		Year-to-date (YTD)	
				Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2							
Highway	\$208,705	\$203,537	97.52%	\$399	2.31%	\$1,912	2.07%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$442,036	\$441,556	99.89%	\$867	2.31%	\$4,547	2.07%
HURF Bond Redemption	\$68,325	\$66,031	96.64%	\$129	2.31%	\$414	2.07%
HURF 2013A Proceeds	\$2	\$0	0.00%	\$0	2.31%	\$0	2.07%
Other/1	\$113,802	\$104,696	92.00%	\$208	2.31%	\$1,175	2.07%
Subtotal	\$832,869	\$815,820	97.95%	\$1,603	2.31%	\$8,048	2.07%
Pool 3 Revised							
HELP/2	\$30,774	\$30,774	100.00%	\$65	2.49%	\$349	2.26%
Other/3	\$9,288	\$9,047	97.40%	\$19	2.49%	\$102	2.26%
Subtotal	\$40,062	\$39,821	99.40%	\$84	2.49%	\$451	2.26%
Pool 4							
RARF Bond Redemption	\$65,251	\$63,624	97.51%	\$130	2.43%	\$369	2.09%
RARF 2018 Proceeds	\$193,819	\$189,299	97.67%	\$393	2.43%	\$1,806	2.09%
Regional Area Road Fund	\$470,255	\$468,413	99.61%	\$970	2.43%	\$4,686	2.09%
Subtotal	\$729,326	\$721,336	98.90%	\$1,493	2.43%	\$6,861	2.09%
Total	\$1,602,257	\$1,576,977	98.42%	\$3,180	2.37%	\$15,360	2.08%

Source: State Treasurer's Office Statement of Accounts.

/1 Pool 2 Other includes HURF, Aviation, STAN TOC, Equipment, Highway Postage, 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.