

FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
SEPTEMBER 21, 2018

ECONOMIC HIGHLIGHTS

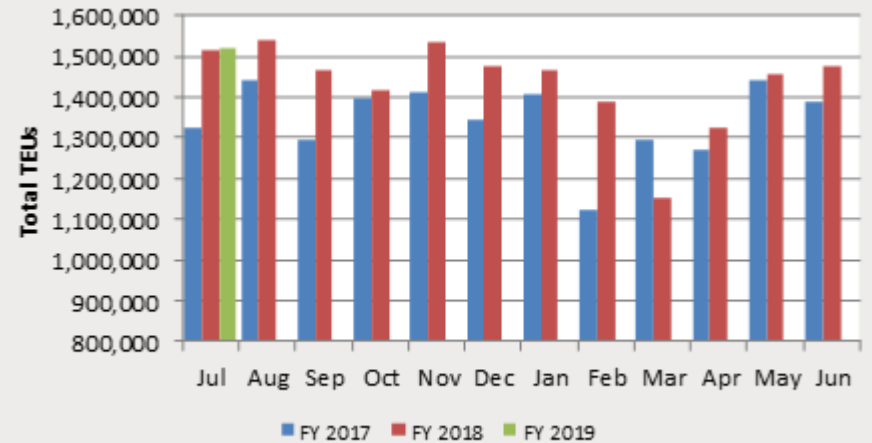
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 0.3 percent higher in July 2018 than in July 2017.
- The U.S. Energy Information Administration reported the price of West Coast No. 2 diesel was \$3.74 per gallon in July 2018, up from \$2.78 per gallon in July 2017. The Arizona average price per gallon for regular unleaded gas was \$2.92 in July 2018, compared to \$2.23 in July 2017.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, fell from 4.7 percent in July 2017 to 4.6 percent in July 2018.

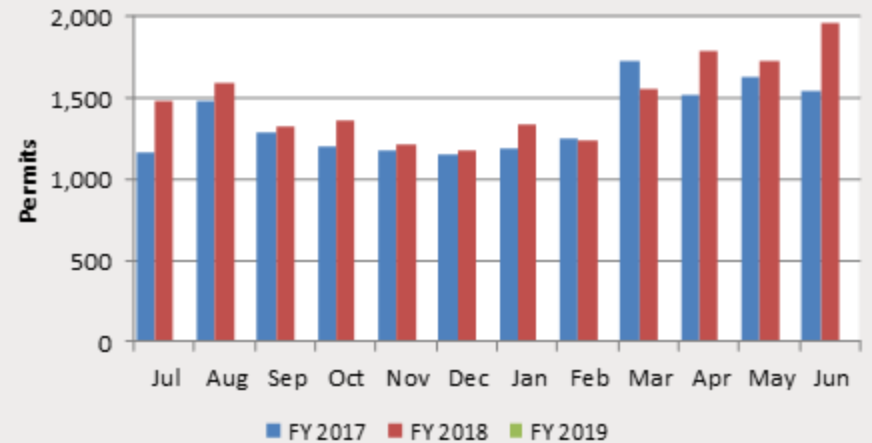
Greater Phoenix Area Indicators

- The number of new single-family building permits issued in Maricopa County in June 2018 grew 27.2 percent compared to the same month of 2017. July data was unavailable at the time this report was published.
- The monthly employment report published by the Arizona Office of Economic Opportunity stated the construction sector in the Greater Phoenix Area gained 13,000 jobs year-over-year from July 2017 to July 2018, an increase of 11.3 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 4.3 percent in July 2018, unchanged from 4.3 percent in July 2017.

Container Statistics for Port of LA and Port of Long Beach



Maricopa County New Single-family Building Permits

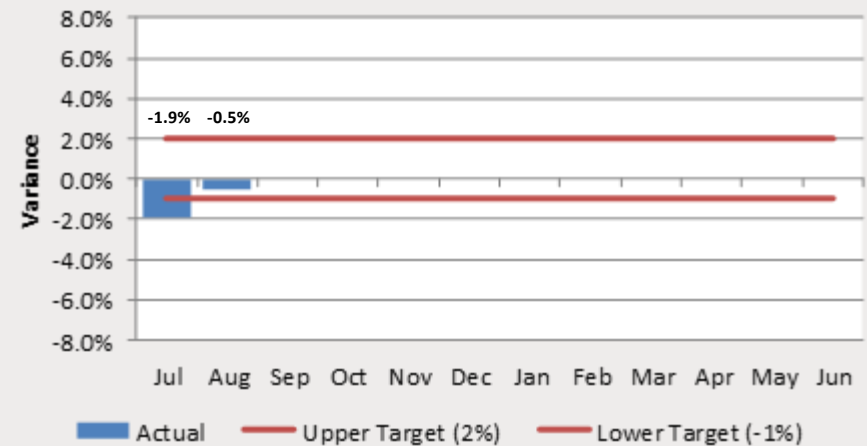


HIGHWAY USER REVENUE FUND (HURF) THROUGH AUGUST 31, 2018

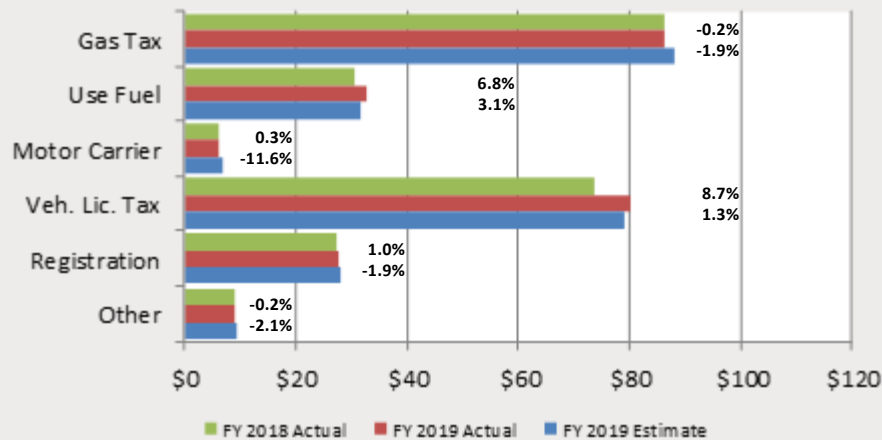
Highlights

- FY 2019 HURF revenues are 0.5 percent below forecast year-to-date and are 3.7 percent above the same period in FY 2018.
- Gas tax revenues have decreased 0.2 percent from FY 2018 to FY 2019 year-to-date. Gas tax collections are 1.9 percent below forecast year-to-date. Although year-to-date FY 2019 gross gas tax receipts slightly exceed the same period in FY 2018, gas tax export refunds have increased year-to-date. These are refunds to suppliers for gas taxed in Arizona, but exported for sale in other states. This increase in gas tax export refunds resulted in a net decrease of total gas tax revenues.
- In FY 2019, vehicle license tax revenues grew 8.7 percent compared to FY 2018 year-to-date. Part of this increase in vehicle license tax revenues is due to revenues received in FY 2018, but not reconciled, recognized and distributed until FY 2019.

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%
Subtotal	\$233,488	\$242,137	3.7%	\$243,328	-0.5%
September	\$120,553			\$122,310	
October	\$118,848			\$120,354	
November	\$117,992			\$119,162	
December	\$123,775			\$122,706	
January	\$121,125			\$125,535	
February	\$123,478			\$126,051	
March	\$117,775			\$123,163	
April	\$132,783			\$136,067	
May	\$118,097			\$122,748	
June	\$127,865			\$128,777	
Total	\$1,455,779	\$242,137		\$1,490,201	

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

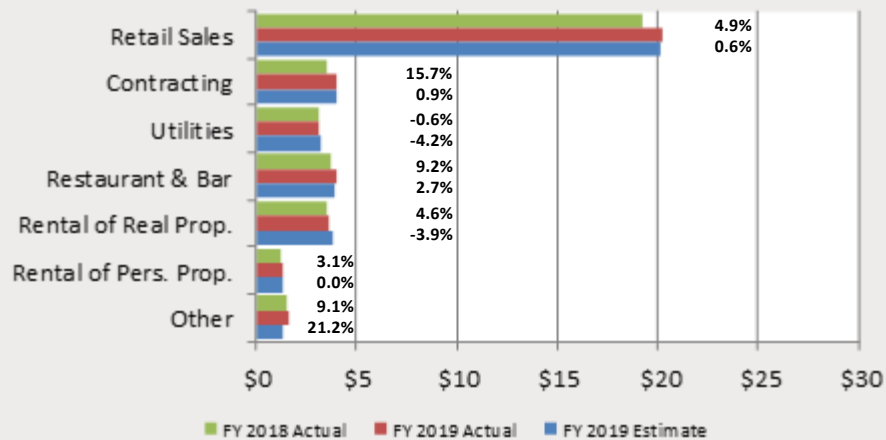
Highlights

- Year-to-date FY 2019 RARF revenues through July surpassed the same period of FY 2018 by 6.0 percent and were 0.7 percent above the forecast.
- Retail sales, the largest revenue category of RARF, grew 4.9 percent in July when compared to July of the last fiscal year.
- July RARF contracting revenues increased 15.7 percent compared to July of the last fiscal year, and were 0.9 percent above forecast. The interest rate on 30 year mortgages in July 2018 was 4.53 percent, higher than the 3.97 percent experienced in July 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%
Subtotal	\$35,805	\$37,953	6.0%	\$37,693	0.7%
August				\$36,674	
September				\$37,103	
October				\$37,230	
November				\$37,277	
December				\$38,212	
January				\$44,576	
February				\$37,032	
March				\$38,242	
April				\$42,912	
May				\$39,444	
June				\$40,005	
Total	\$438,654	\$37,953		\$466,400	

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

Investment Pools	Monthly Average Available Cash	Monthly Average Invested Balance	Percent Invested	July		Year-to-date (YTD)	
				Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2							
Highway	\$169,832	\$161,792	95.27%	\$267	1.94%	\$267	1.94%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$430,250	\$429,936	99.93%	\$707	1.94%	\$707	1.94%
HURF Bond Redemption	\$7,820	\$7,196	92.03%	\$11	1.94%	\$11	1.94%
HURF 2013A Proceeds	\$1,975	\$0	0.00%	\$0	1.94%	\$0	1.94%
Other/1	\$126,840	\$122,187	96.33%	\$208	1.94%	\$208	1.94%
Subtotal	\$736,716	\$721,111	97.88%	\$1,192	1.94%	\$1,192	1.94%
Pool 3 Revised							
HELP/2	\$30,518	\$30,518	100.00%	\$54	2.08%	\$54	2.08%
Other/3	\$8,880	\$8,630	97.19%	\$15	2.08%	\$15	2.08%
Subtotal	\$39,398	\$39,148	99.37%	\$69	2.08%	\$69	2.08%
Pool 4							
RARF Bond Redemption	\$5,414	\$4,982	92.02%	\$7	1.84%	\$7	1.84%
Regional Area Road Fund	\$414,228	\$411,281	99.29%	\$647	1.84%	\$647	1.84%
Subtotal	\$419,642	\$416,263	99.19%	\$654	1.84%	\$654	1.84%
Total	\$1,195,756	\$1,176,523	98.39%	\$1,915	1.91%	\$1,915	1.91%

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.