

FINANCIAL MANAGEMENT SERVICES
MONTHLY FINANCIAL REPORT
DECEMBER 21, 2018

ECONOMIC HIGHLIGHTS

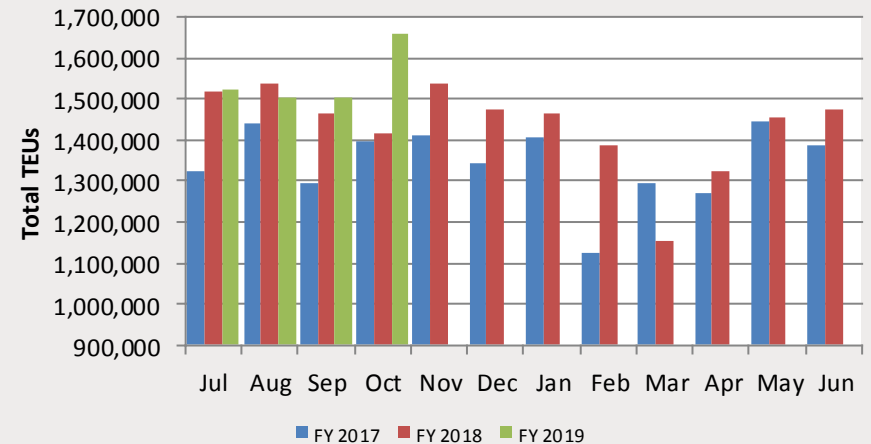
Arizona Indicators

- Combined container volume at the Port of Los Angeles and the Port of Long Beach was 16.9 percent higher in October 2018 than in October 2017. This increase is being supported by strong holiday season imports.
- The U.S. Energy Information Administration reported the price of West Coast No. 2 diesel was \$3.85 per gallon in October 2018, up from \$3.10 per gallon in October 2017. The Arizona average price per gallon for regular unleaded gas was \$2.91 in October 2018, compared to \$2.37 in October 2017.
- The Arizona seasonally adjusted unemployment rate, as reported by the Arizona Office of Economic Opportunity, was 4.7 percent in October 2018, unchanged from 4.7 percent in October 2017.

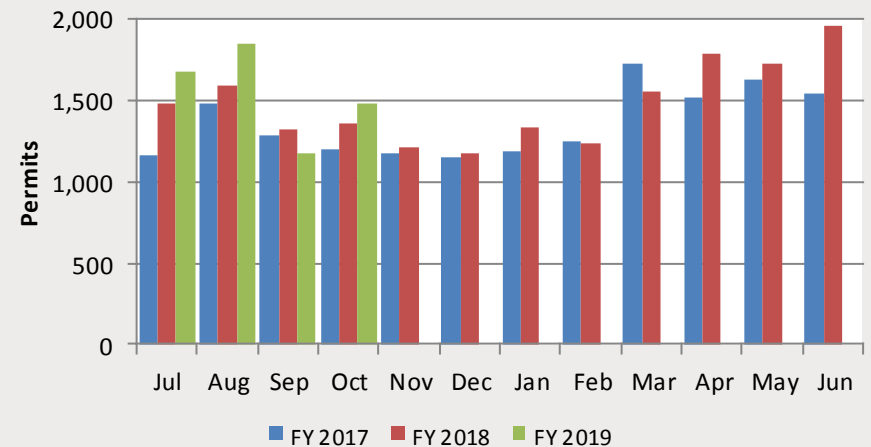
Greater Phoenix Area Indicators

- The number of new single-family building permits issued in Maricopa County in October 2018 grew 8.5 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 16,700 jobs year-over-year from October 2017 to October 2018, an increase of 14.2 percent.
- The Greater Phoenix Area unadjusted unemployment rate was 3.9 percent in October 2018, a decrease from 4.0 percent in October 2017.

Container Statistics for Port of LA and Port of Long Beach



Maricopa County New Single-family Building Permits

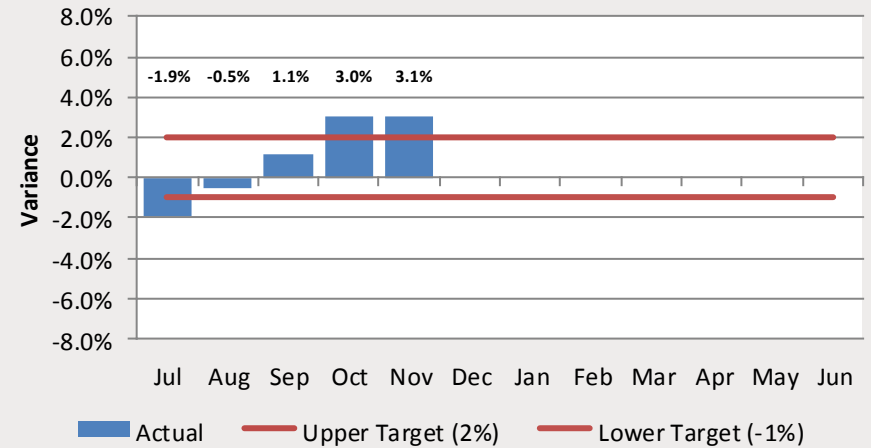


HIGHWAY USER REVENUE FUND (HURF) THROUGH NOVEMBER 30, 2018

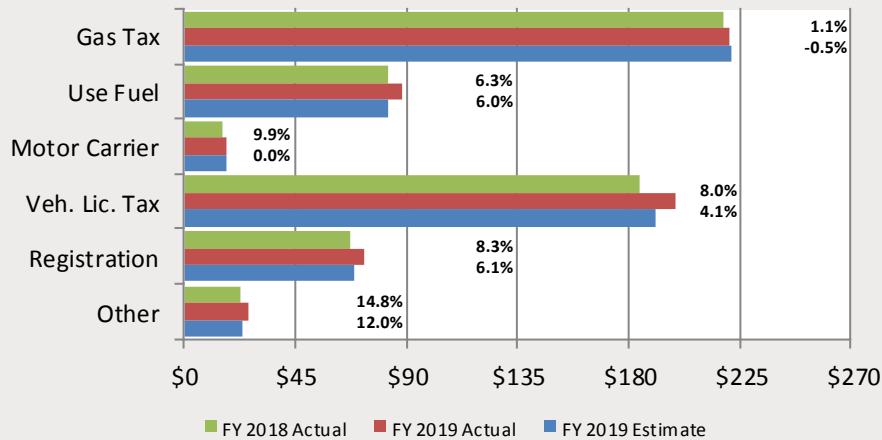
Highlights

- FY 2019 HURF revenues are 3.1 percent above forecast year-to-date and are 5.6 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 0.5 percent below forecast year-to-date.
- In FY 2019, vehicle license tax revenues grew 8.0 percent compared to FY 2018 year-to-date.
- Most of the \$18.6 million variance from forecast year-to-date is due to higher than expected VLT revenues (\$7.8 million difference) and higher than expected use fuel revenues (\$5.0 million difference).

Variance from Forecast Year-to-date



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



Monthly Comparison (\$ in Thousands)

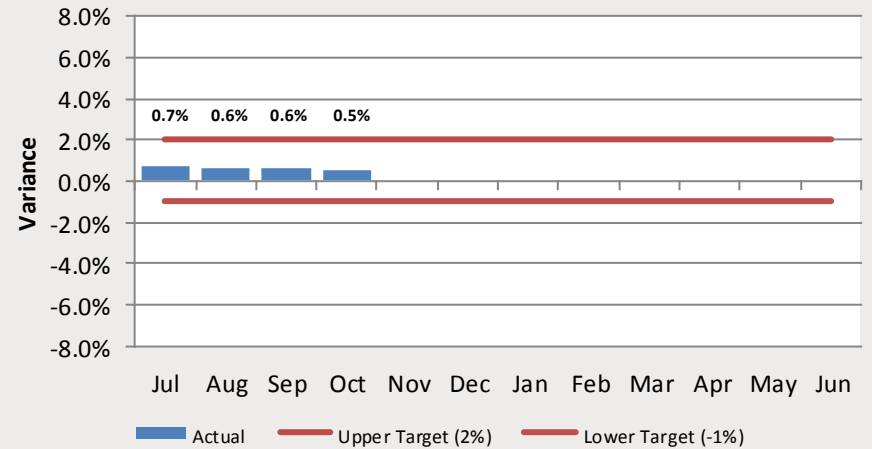
	FY 2018 Actual	FY 2019 Actual	Change	FY 2019 Estimate	Change
July	\$119,155	\$121,456	1.9%	\$123,853	-1.9%
August	\$114,333	\$120,681	5.6%	\$119,475	1.0%
September	\$120,553	\$127,674	5.9%	\$122,310	4.4%
October	\$118,848	\$130,724	10.0%	\$120,354	8.6%
November	\$117,992	\$123,260	4.5%	\$119,162	3.4%
Subtotal	\$590,881	\$623,795	5.6%	\$605,154	3.1%
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	\$623,795		\$1,490,201	

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

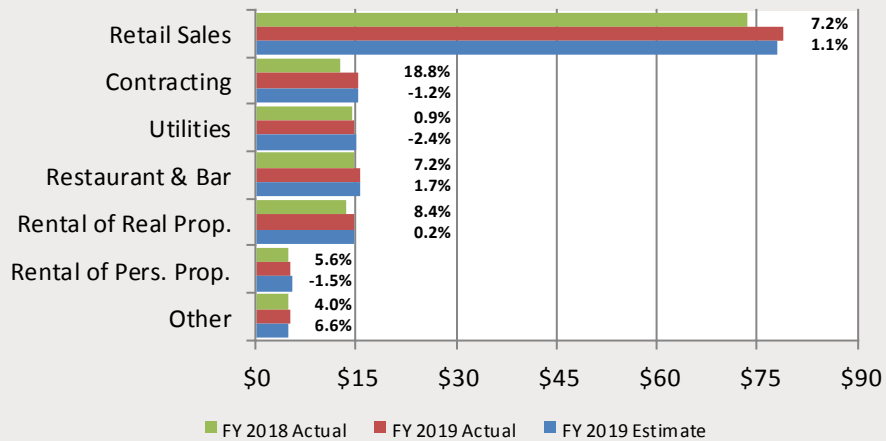
Highlights

- Year-to-date FY 2019 RARF revenues through October surpassed the same period of FY 2018 by 7.6 percent and were 0.5 percent above the forecast.
- Retail sales, the largest revenue category of RARF, grew 7.2 percent year-to-date when compared to the same period of the last fiscal year.
- Year-to-date RARF contracting revenues increased 18.8 percent compared to the same period of the last fiscal year, and were 1.2 percent below forecast. The interest rate on 30 year mortgages in October 2018 was 4.83 percent, higher than the 3.90 percent experienced in October 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%
Subtotal	\$138,993	\$149,505	7.6%	\$148,700	0.5%
November	\$34,994			\$37,277	
December	\$35,459			\$38,212	
January	\$41,557			\$44,576	
February	\$35,485			\$37,032	
March	\$35,962			\$38,242	
April	\$41,265			\$42,912	
May	\$37,027			\$39,444	
June	\$37,914			\$40,005	
Total	\$438,654	\$149,505		\$466,400	

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

Investment Pools	Monthly Average Available Cash	Monthly Average Invested Balance	Percent Invested	October		Year-to-date (YTD)	
				Interest Received	Current Yield	Interest Received	YTD Yield
Pool 2							
Highway	\$185,602	\$180,365	97.18%	\$312	2.03%	\$1,151	1.98%
MAG/PAG 12.6% & 2.6% and PAG STAN	\$434,294	\$434,014	99.94%	\$750	2.03%	\$2,884	1.98%
HURF Bond Redemption	\$47,451	\$46,855	98.75%	\$80	2.03%	\$178	1.98%
HURF 2013A Proceeds	\$1	\$0	0.00%	\$0	2.03%	\$0	1.98%
Other/1	\$121,697	\$113,149	92.98%	\$192	2.03%	\$783	1.98%
Subtotal	\$789,044	\$774,384	98.14%	\$1,334	2.03%	\$4,996	1.98%
Pool 3 Revised							
HELP/2	\$30,679	\$30,679	100.00%	\$58	2.23%	\$224	2.17%
Other/3	\$9,406	\$9,281	98.67%	\$18	2.23%	\$66	2.17%
Subtotal	\$40,085	\$39,960	99.69%	\$76	2.23%	\$290	2.17%
Pool 4							
RARF Bond Redemption	\$40,601	\$39,956	98.41%	\$63	1.87%	\$136	1.95%
RARF 2018 Proceeds	\$246,421	\$246,402	99.99%	\$392	1.87%	\$986	1.95%
Regional Area Road Fund	\$452,983	\$443,101	97.82%	\$703	1.87%	\$2,824	1.95%
Subtotal	\$740,005	\$729,459	98.57%	\$1,158	1.87%	\$3,946	1.95%
Total	\$1,569,133	\$1,543,802	98.39%	\$2,569	1.96%	\$9,231	1.97%

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.