

BLACKROCK MUNIYIELD ARIZONA FUND, INC.

Form N-Q

December 22, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-07083

Name of Fund: BlackRock MuniYield Arizona Fund, Inc. (MZA)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniYield

Arizona Fund, Inc., 55 East 52nd Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 07/31/2016

Date of reporting period: 10/31/2015

Item 1 Schedule of Investments

Schedule of Investments October 31, 2015 (Unaudited)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

(Percentages shown are based on Net Assets)

| | Par (000) | Value |
|--|----------------------|--------------|
| Municipal Bonds | | |
| Arizona 139.9% | | |
| Corporate 17.9% | | |
| County of Maricopa Arizona Pollution Control Corp., Refunding RB, Southern California Edison Co., Series A, 5.00%, 6/01/35 | \$ 4,350 | \$ 4,876,655 |
| County of Pima Arizona IDA, RB, Tucson Electric Power Co. Project, Series A, 5.25%, 10/01/40 | 1,000 | 1,094,750 |
| County of Pima Arizona IDA, Refunding RB, Tucson Electric Power Co. Project, Series A, 4.00%, 9/01/29 | 1,000 | 1,036,330 |
| Salt Verde Financial Corp., RB, Senior: 5.50%, 12/01/29 | 2,000 | 2,407,060 |
| 5.00%, 12/01/37 | 2,500 | 2,785,950 |
| | | 12,200,745 |
| County/City/Special District/School District 34.3% | | |
| City of Tucson Arizona, COP, (AGC), 5.00%, 7/01/29 | 1,000 | 1,104,700 |
| County of Maricopa Arizona Community College District, GO, Series C, 3.00%, 7/01/22 | 1,000 | 1,045,690 |
| County of Maricopa Arizona School District No. 28 Kyrene Elementary, GO, School Improvement Project of 2010, Series B (a): 5.50%, 7/01/29 | 480 | 577,685 |
| 5.50%, 7/01/30 | 400 | 478,636 |
| County of Maricopa Arizona Unified School District No. 89 Dysart, GO, School Improvement Project of 2006, Series C, 6.00%, 7/01/28 | 1,000 | 1,133,640 |
| County of Maricopa Unified School District No 11-Peoria, GO, 5.00%, 7/01/35 | 1,250 | 1,432,437 |
| County of Mohave Arizona Unified School District No. 20 Kingman, GO, School Improvement Project of 2006, Series C (AGC), 5.00%, 7/01/26 | 1,000 | 1,128,260 |
| County of Pinal Arizona, RB, 5.00%, 8/01/33 | 500 | 571,080 |
| | Par (000) | Value |
| Municipal Bonds | | |
| Arizona (continued) | | |
| County/City/Special District/School District (continued) | | |
| County of Yuma Arizona Library District, GO, (Syncora), 5.00%, 7/01/26 | \$ 500 | \$ 536,835 |
| Gilbert Public Facilities Municipal Property Corp., RB, 5.50%, 7/01/27 | 2,000 | 2,255,340 |
| Gladden Farms Community Facilities District, GO, 5.50%, 7/15/31 | 750 | 754,905 |
| Greater Arizona Development Authority, RB, Santa Cruz County Jail, Series 2, 5.25%, 8/01/31 | 1,155 | 1,259,054 |
| Marana Municipal Property Corp., RB, Series A, 5.00%, 7/01/28 | 2,500 | 2,727,125 |
| Phoenix-Mesa Gateway Airport Authority, RB, Mesa Project, AMT, 5.00%, 7/01/38 | 3,600 | 3,867,588 |
| Town of Buckeye Arizona, RB, 5.00%, 7/01/43 | 4,000 | 4,443,320 |
| | | 23,316,295 |
| Education 25.3% | | |
| Arizona Board of Regents, COP, Refunding, University of Arizona, Series C, 5.00%, 6/01/30 | 2,595 | 2,909,592 |
| Arizona State University, RB, Series C (b): 6.00%, 7/01/18 | 970 | 1,100,737 |
| 6.00%, 7/01/18 | 745 | 845,411 |
| 6.00%, 7/01/18 | 425 | 482,281 |
| 6.00%, 7/01/18 | 400 | 453,912 |
| City of Phoenix Arizona IDA, RB: Candeo School, Inc. Project, 6.63%, 7/01/33 | 500 | 555,980 |
| Great Hearts Academies Veritas Project, 6.30%, 7/01/42 | 500 | 528,320 |
| Great Hearts Academies Project, Series A, 5.00%, 7/01/44 (c) | 2,000 | 2,015,260 |
| Legacy Traditional Schools Project, Series A, 6.75%, 7/01/44 (c) | 440 | 491,137 |
| City of Phoenix Arizona IDA, Refunding RB (c): Basis Schools, Inc. Projects, Series A, 5.00%, 7/01/45 | 1,000 | 992,280 |
| Legacy Traditional School Projects, 5.00%, 7/01/45 | 500 | 477,655 |

Schedule of Investments (continued)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

| | Par (000) | Value |
|---|--------------|--------------|
| Municipal Bonds | | |
| Arizona (continued) | | |
| Education (continued) | | |
| County of Pima Arizona IDA, Refunding RB, Arizona Charter Schools Project, Series O, 5.00%, 7/01/26 | \$ 915 | \$ 916,784 |
| Northern Arizona University, RB, Stimulus Plan for Economic and Educational Development, 5.00%, 8/01/38 | 3,000 | 3,333,210 |
| Student & Academic Services LLC, RB, 5.00%, 6/01/39 | 1,400 | 1,568,868 |
| Town of Florence, Inc. Arizona, IDA, ERB, Legacy Traditional School Project, Queen Creek and Casa Grande Campuses, 6.00%, 7/01/43 | 500 | 536,425 |
| | | 17,207,852 |
| Health 16.9% | | |
| Arizona Health Facilities Authority, RB, Catholic Healthcare West, Series B-2 (AGM), 5.00%, 3/01/41 | 500 | 544,060 |
| Arizona Health Facilities Authority, Refunding RB: | | |
| Banner Health, Series D, 5.50%, 1/01/38 | 4,800 | 5,142,096 |
| Phoenix Children's Hospital, Series A, 5.00%, 2/01/42 | 1,000 | 1,054,210 |
| City of Tempe Arizona IDA, Refunding RB, Friendship Village of Tempe, Series A, 6.25%, 12/01/42 | 500 | 540,310 |
| County of Maricopa Arizona IDA, RB, Catholic Healthcare West, Series A, 6.00%, 7/01/39 | 170 | 191,430 |
| County of Maricopa Arizona IDA, Refunding RB, Samaritan Health Services, Series A (NPFGC), 7.00%, 12/01/16 (d) | 1,000 | 1,019,060 |
| County of Yavapai IDA, Refunding RB, Northern Arizona Healthcare System, 5.25%, 10/01/26 | 1,000 | 1,159,370 |
| University Medical Center Corp., RB, 6.50%, 7/01/19 (b) | 500 | 596,630 |
| | Par (000) | Value |
| Municipal Bonds | | |
| Arizona (continued) | | |
| Health (continued) | | |
| University Medical Center Corp., Refunding RB, 6.00%, 7/01/21 (b) | \$ 1,000 | \$ 1,245,560 |
| | | 11,492,726 |
| Housing 0.5% | | |
| City of Phoenix & County of Maricopa Arizona IDA, Refunding RB, S/F Housing, AMT (Fannie Mae): | | |
| Series A-1, 5.75%, 5/01/40 | 30 | 32,104 |
| Series A-2, 5.80%, 7/01/40 | 35 | 36,562 |
| City of Phoenix & County of Pima Arizona IDA, RB, S/F Housing, Series 1A, AMT (Fannie Mae), 5.65%, 7/01/39 | 154 | 154,079 |
| City of Phoenix & County of Pima Arizona IDA, Refunding RB, S/F Housing, AMT (Fannie Mae): | | |
| Series 1, 5.25%, 8/01/38 | 11 | 10,739 |
| Series 2, 5.50%, 12/01/38 | 39 | 40,701 |
| County of Maricopa Arizona IDA, RB, S/F Housing, Series 3-B, AMT (Ginnie Mae), 5.25%, 8/01/38 | 50 | 50,013 |
| | | 324,198 |
| State 14.7% | | |
| Arizona Department of Transportation State Highway Fund, RB, Series B, 5.00%, 7/01/18 (b) | 4,000 | 4,441,680 |
| Arizona School Facilities Board, COP (b): | | |
| 5.13%, 9/01/18 | 1,000 | 1,120,020 |
| 5.75%, 9/01/18 | 2,000 | 2,275,000 |
| State of Arizona, RB, Lottery Revenue, Series A (AGM), 5.00%, 7/01/29 | 1,930 | 2,164,572 |
| | | 10,001,272 |
| Transportation 4.4% | | |
| City of Phoenix Arizona Civic Improvement Corp., RB, Senior Lien, Series A, AMT, 5.00%, 7/01/33 | 1,000 | 1,087,530 |

Schedule of Investments (continued)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

| | Par (000) | Value |
|---|----------------------|--------------------|
| Municipal Bonds | | |
| Arizona (continued) | | |
| Transportation (continued) | | |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB: | | |
| Junior Lien, Series A, 5.00%, 7/01/40 | \$ 1,000 | \$ 1,100,890 |
| Senior Lien, AMT, 5.00%, 7/01/32 | 700 | 777,518 |
| | | 2,965,938 |
| Utilities 25.9% | | |
| City of Lake Havasu City AZ Wastewater System Revenue, RB, Series B, 5.00%, 7/01/40 | 3,500 | 3,896,970 |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB, Senior Lien, 5.50%, 7/01/22 | 2,000 | 2,245,020 |
| County of Pinal Arizona, RB, Electric District No. 4, 6.00%, 12/01/18 (b) | 2,000 | 2,307,200 |
| County of Pinal Arizona, Refunding RB, Electric District No. 3, 5.25%, 7/01/36 | 2,500 | 2,754,150 |
| County of Pinal Arizona IDA, RB, San Manuel Facility Project, AMT, 6.25%, 6/01/26 | 500 | 510,090 |
| Gilbert Water Resource Municipal Property Corp., RB, Subordinate Lien (NPFGC), 5.00%, 10/01/29 | 900 | 958,797 |
| Greater Arizona Development Authority, RB, Series B (NPFGC), 5.00%, 8/01/30 | 45 | 45,141 |
| Salt River Project Agricultural Improvement & Power District, RB, Series A, 5.00%, 1/01/24 | 1,000 | 1,089,910 |
| Salt River Project Agricultural Improvement & Power District, Refunding RB, Series A: 5.00%, 1/01/16 (b) | 1,500 | 1,512,180 |
| | Par (000) | Value |
| Municipal Bonds | | |
| Arizona (continued) | | |
| Utilities (continued) | | |
| Salt River Project Agricultural Improvement & Power District, Refunding RB, Series A (continued): 5.00%, 12/01/41 | | |
| | \$ 2,000 | \$ 2,298,680 |
| | | 17,618,138 |
| Total Municipal Bonds in Arizona | | 95,127,164 |
| Guam 3.1% | | |
| State 3.1% | | |
| Territory of Guam, RB, Business Privilege Tax: | | |
| Bonds, Series A, 5.25%, 1/01/36 | 65 | 71,222 |
| Bonds, Series A, 5.13%, 1/01/42 | 800 | 863,240 |
| Bonds, Series B-1, 5.00%, 1/01/37 | 80 | 86,143 |
| Series B-1, 5.00%, 1/01/42 | 1,000 | 1,068,800 |
| Total Municipal Bonds in Guam | | 2,089,405 |
| Total Municipal Bonds 143.0% | | 97,216,569 |
| Municipal Bonds Transferred to | | |
| Tender Option Bond Trusts (e) | | |
| Arizona 11.0% | | |
| Utilities 11.0% | | |
| City of Mesa Arizona, RB, Utility System, 5.00%, 7/01/35 | 3,000 | 3,423,390 |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB, Water System, Junior Lien, Series A, 5.00%, 7/01/34 | 3,000 | 3,339,960 |
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38 | 660 | 708,965 |
| Total Municipal Bonds Transferred to | | 7,472,315 |
| Tender Option Bond Trusts 11.0% | | 7,472,315 |
| Total Long-Term Investments | | |
| (Cost \$96,809,549) 154.0% | | 104,688,884 |

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Schedule of Investments (continued)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

| Short-Term Securities | Shares | Value |
|---|-----------|----------------|
| FFI Institutional Tax-Exempt Fund, 0.02% (f)(g) | 2,553,014 | \$ 2,553,014 |
| Total Short-Term Securities | | |
| (Cost \$2,553,014) 3.8% | | 2,553,014 |
| | | Value |
| Total Investments (Cost \$99,362,563*) 157.8% | | \$ 107,241,898 |
| Other Assets Less Liabilities 2.0% | | 1,353,642 |
| Liability for TOB Trust Certificates, Including Interest | | |
| Expense and Fees Payable (4.9)% | | (3,330,371) |
| VRDP Shares, at Liquidation Value (54.9)% | | (37,300,000) |
| Net Assets Applicable to Common Shares 100.0% | | \$ 67,965,169 |

* As of October 31, 2015, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

| | |
|-------------------------------|---------------|
| Tax cost | \$ 96,022,182 |
| Gross unrealized appreciation | \$ 7,941,776 |
| Gross unrealized depreciation | (52,060) |
| Net unrealized appreciation | \$ 7,889,716 |

Notes to Schedule of Investments

- (a) Variable rate security. Rate shown is as of period end.
- (b) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) Security is collateralized by municipal bonds or U.S. Treasury obligations.
- (e) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Fund. These bonds serve as collateral in a secured borrowing.

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(f) During the period ended October 31, 2015, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at July 31, 2015 | Net Activity | Shares Held at October 31, 2015 | Income |
|-----------------------------------|---|-------------------------|--|---------------|
| FFI Institutional Tax-Exempt Fund | 1,074,105 | 1,478,909 | 2,553,014 | \$ 59 |

(g) Represents the current yield as of period end.

For Fund compliance purposes, the Fund's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment advisor. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Schedule of Investments (continued)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

Portfolio Abbreviations

| | |
|----------------|---|
| AGC | Assured Guarantee Corp. |
| AGM | Assured Guaranty Municipal Corp. |
| AMT | Alternative Minimum Tax (subject to) |
| COP | Certificates of Participation |
| ERB | Education Revenue Bonds |
| GO | General Obligation Bonds |
| IDA | Industrial Development Authority |
| NPFGC | National Public Finance Guarantee Corp. |
| RB | Revenue Bonds |
| S/F | Single-Family |
| Syncora | Syncora Guarantee |

Financial Futures Contracts

| Contracts Short | Issue | Expiration | Notional Value | Unrealized Appreciation |
|------------------------|----------------------------|-------------------|-----------------------|--------------------------------|
| (5) | 5-Year U.S. Treasury Note | December 2015 | \$598,867 | \$ 7,103 |
| (5) | 10-Year U.S. Treasury Note | December 2015 | \$638,438 | 10,463 |
| (3) | Long U.S. Treasury Bond | December 2015 | \$469,312 | 5,355 |
| Total | | | | \$ 22,921 |

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Schedule of Investments (continued)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access

Level 2 other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs)

Level 3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments are typically categorized as Level 3.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Fund's most recent financial statements as contained in its annual report.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|--------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments: | | | | |
| Long-Term Investments ¹ | | \$ 104,688,884 | | \$ 104,688,884 |
| Short-Term Investments | \$ 2,553,014 | | | 2,553,014 |
| Total | \$ 2,553,014 | \$ 104,688,884 | | \$ 107,241,898 |

¹ See above Schedule of Investments for values in each sector.

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|---------|---------|-----------|
| Derivative Financial Instruments ¹ | | | | |
| Assets: | | | | |
| Interest rate contracts | \$ 22,921 | | | \$ 22,921 |

¹ Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

Schedule of Investments (concluded)

BlackRock MuniYield Arizona Fund, Inc. (MZA)

The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial reporting purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|-----------|-----------------|---------|-----------------|
| Assets: | | | | |
| Cash pledged for financial futures contracts | \$ 22,000 | | | \$ 22,000 |
| Liabilities: | | | | |
| TOB Trust Certificates | | \$ (3,330,000) | | (3,330,000) |
| VRDP Shares | | (37,300,000) | | (37,300,000) |
| Total | \$ 22,000 | \$ (40,630,000) | | \$ (40,608,000) |

During the period ended October 31, 2015, there were no transfers between levels.

BLACKROCK MUNIYIELD ARIZONA FUND, INC.

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Item 2 Controls and Procedures

- 2(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock MuniYield Arizona Fund, Inc.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of BlackRock MuniYield Arizona Fund, Inc.

Date: December 22, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski
John M. Perlowski
Chief Executive Officer (principal executive officer) of BlackRock MuniYield Arizona Fund, Inc.

Date: December 22, 2015

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of BlackRock MuniYield Arizona Fund, Inc.

Date: December 22, 2015